

COMPANY REGISTRATION NUMBER 2134888

**TERRACE HILL PROPERTIES LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 OCTOBER 2009**

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**TERRACE HILL PROPERTIES LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

<b>The board of directors</b>	T G Walsh R E Lane M A Kelly
<b>Company secretary</b>	Terrace Hill (Secretaries) Limited
<b>Registered office</b>	1 Portland Place London W1B 1PN
<b>Auditor</b>	BDO LLP 55 Baker Street London W1U 7EU

# **TERRACE HILL PROPERTIES LIMITED**

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 31 OCTOBER 2009**

The directors present their report and the financial statements of the company for the year ended 31 October 2009

#### **PRINCIPAL ACTIVITIES**

The company's principal activity was that of a property investment company. There have been no changes in the company's activities in the year under review

#### **DIRECTORS**

The directors who served the company during the year were as follows

R E Lane

M A Kelly

T G Walsh was appointed as a director on 25 June 2010

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report

#### **DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

# **TERRACE HILL PROPERTIES LIMITED**

## **THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31 OCTOBER 2009**

### **AUDITOR**

BDO LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

### **SMALL COMPANY PROVISIONS**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Registered office  
1 Portland Place  
London  
W1B 1PN

Signed by order of the directors

  
TERRACE HILL (SECRETARIES)  
LIMITED  
Company Secretary

Approved by the directors on 13 July 2010

**TERRACE HILL PROPERTIES LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**TERRACE HILL PROPERTIES LIMITED**  
**YEAR ENDED 31 OCTOBER 2009**

We have audited the financial statements of Terrace Hill Properties Limited for the year ended 31 October 2009 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 October 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

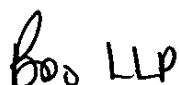
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**TERRACE HILL PROPERTIES LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**TERRACE HILL PROPERTIES LIMITED** *(continued)*  
**YEAR ENDED 31 OCTOBER 2009**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

 BDO LLP

GERAINT JONES (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
55 Baker Street  
London  
W1U 7EU

13 July 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

# TERRACE HILL PROPERTIES LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 OCTOBER 2009

	Note	2009 £	2008 £
<b>TURNOVER</b>	<b>2</b>	<b>51,207</b>	<b>52,179</b>
Cost of sales		<u>(50,127)</u>	<u>(46,289)</u>
<b>GROSS PROFIT</b>		<b>1,080</b>	<b>5,890</b>
Administrative expenses		<u>(25,528)</u>	<u>(3)</u>
<b>OPERATING (LOSS)/PROFIT</b>	<b>3</b>	<b>(24,448)</b>	<b>5,887</b>
Interest receivable		<b>4</b>	<b>208</b>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u><b>(24,444)</b></u>	<u><b>6,095</b></u>
Tax on (loss)/profit on ordinary activities	<b>5</b>	<b>—</b>	<b>—</b>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>(24,444)</b></u>	<u><b>6,095</b></u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 8 to 11 form part of these financial statements.

# TERRACE HILL PROPERTIES LIMITED

## BALANCE SHEET

31 OCTOBER 2009

	Note	2009 £	2008 £
<b>CURRENT ASSETS</b>			
Debtors	6	1,751,682	1,776,431
<b>CREDITORS: Amounts falling due within one year</b>	7	<u>7,752</u>	<u>8,057</u>
<b>NET CURRENT ASSETS</b>		<b>1,743,930</b>	<b>1,768,374</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>1,743,930</u></b>	<b><u>1,768,374</u></b>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	10	1,800,100	1,800,100
Profit and loss account	11	<u>(56,170)</u>	<u>(31,726)</u>
<b>SHAREHOLDERS' FUNDS</b>	12	<b><u>1,743,930</u></b>	<b><u>1,768,374</u></b>

These financial statements were approved by the directors and authorised for issue on 13 July 2010, and are signed on their behalf by

  
T G WALSH

Company Registration Number 2134888

The notes on pages 8 to 11 form part of these financial statements.



**TERRACE HILL PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2009**

**1 ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention

**Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small

**Turnover**

Turnover represents rental income and service charges receivable, excluding Value Added Tax and arises solely within the United Kingdom

**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

**TERRACE HILL PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2009**

**2. TURNOVER**

The turnover and loss before tax are attributable to the one principal activity of the company  
An analysis of turnover is given below

	2009 £	2008 £
United Kingdom	<u>51,207</u>	<u>52,179</u>

**3. OPERATING (LOSS)/PROFIT**

Operating (loss)/profit is stated after crediting

	2009 £	2008 £
Directors' remuneration	<u>-</u>	<u>-</u>
Auditor's remuneration is paid by the parent company		

**4. PARTICULARS OF EMPLOYEES**

There were no employees other than the directors, during the year

**5. TAXATION ON ORDINARY ACTIVITIES**

**Factors affecting current tax charge**

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2008 - 28.83%)

	2009 £	2008 £
(Loss)/profit on ordinary activities before taxation	<u>(24,444)</u>	<u>6,095</u>
(Loss)/profit on ordinary activities by rate of tax	(6,845)	1,757
Group Relief	(1,782)	(1,757)
Other income/(expenses)	<u>8,627</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>

**6. DEBTORS**

	2009 £	2008 £
Trade debtors	3,793	-
Amounts owed by group undertakings	1,740,314	1,769,401
Other debtors	35	-
Prepayments and accrued income	<u>7,540</u>	<u>7,030</u>
	<u>1,751,682</u>	<u>1,776,431</u>

# TERRACE HILL PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2009

### 7. CREDITORS: Amounts falling due within one year

	2009	2008
	£	£
Trade creditors	270	—
Other creditors including taxation	—	176
Other taxation	—	176
	<u>270</u>	<u>176</u>
Accruals and deferred income	7,482	7,881
	<u>7,752</u>	<u>8,057</u>

### 8. COMMITMENTS UNDER OPERATING LEASES

At 31 October 2009 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2009	2008
	£	£
Operating leases which expire		
After more than 5 years	<u>47,520</u>	<u>47,520</u>

### 9. RELATED PARTY TRANSACTIONS

The controlling party of the company was Saffery Champness Trust Corporation, trustees of a life interest trust in which R F M Adair is a beneficiary R F M Adair is a director of the ultimate parent company, Terrace Hill Group Plc

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, 'Related Party Transactions', not to disclose any transactions with entities that are included in the consolidated financial statements of Terrace Hill Group Plc and are 100% owned

### 10. SHARE CAPITAL

#### Authorised share capital:

	2009	2008
	£	£
5,000,000 Ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>

#### Allotted, called up and fully paid:

	2009		2008	
	No	£	No	£
1,800,100 Ordinary shares of £1 each	<u>1,800,100</u>	<u>1,800,100</u>	<u>1,800,100</u>	<u>1,800,100</u>

# **TERRACE HILL PROPERTIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2009**

### **11. PROFIT AND LOSS ACCOUNT**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Balance brought forward	<b>(31,726)</b>	<b>(37,821)</b>
(Loss)/profit for the financial year	<b>(24,444)</b>	<b>6,095</b>
Balance carried forward	<b><u>(56,170)</u></b>	<b><u>(31,726)</u></b>

### **12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
(Loss)/Profit for the financial year	<b>(24,444)</b>	<b>6,095</b>
Opening shareholders' funds	<b><u>1,768,374</u></b>	<b><u>1,762,279</u></b>
Closing shareholders' funds	<b><u>1,743,930</u></b>	<b><u>1,768,374</u></b>

### **13. ULTIMATE PARENT COMPANY**

The immediate parent company is Terrace Hill Limited which is registered in England and Wales  
The ultimate parent company is Terrace Hill Group Plc which is registered in Scotland

Copies of the consolidated financial statements of Terrace Hill Group Plc are available from the company's registered office