

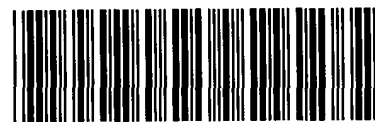
**PH Developments Limited**

**Directors' report and financial  
statements**

**Registered number 02670384**

**31 December 2014**

WEDNESDAY



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## Directors' report

The directors present their annual report and unaudited financial statements for the year ended 31 December 2014.

### Principal activity and business review

The company has been dormant as defined in section 1169 of the Companies Act 2006 throughout the year and preceding financial period. It is anticipated that the company will remain dormant for the foreseeable future.

### Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. With this in mind, the directors have formally considered and concluded that the preparation of the financial statements on a going concern basis is appropriate. Further details are shown in the "Basis of preparation" section of note 1 to the financial statements.

### Directors

The directors during the year under review were:

D J Kay (resigned 31 October 2014)  
M C Royston  
I Smith  
B R Taberner

### Details of ultimate ownership

The ultimate parent undertaking is Terra Firma Holdings Limited, an entity incorporated in Guernsey.

By order of the board



**I Smith**  
Director

Norcliffe House  
Station Road  
Wilmslow  
Cheshire  
SK9 1BU

28 September 2015

## **Statement of directors' responsibilities in respect of the Directors' report and the financial statements**

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 UK 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 the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## Profit and loss account

*for the year ended 31 December 2014*

During the current and preceding financial year the company did not trade and received no income and incurred no expenditure. Consequently, no profit and loss account or statement of total recognised gains and losses have been prepared.

## Balance sheet

*at 31 December 2014*

	<i>Note</i>	<b>2014 £000</b>	2013 £000
<b>Current assets</b>			
Debtors	2	12	12
		<hr/>	<hr/>
<b>Net assets</b>		<b>12</b>	12
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	3	-	-
Profit and loss account		12	12
		<hr/>	<hr/>
<b>Shareholder's funds</b>		<b>12</b>	12
		<hr/>	<hr/>

The financial statements include the notes on pages 4 to 5.

For the year ending 31 December 2014 the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors have acknowledged their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of PH Developments Limited, registered number 02670384, were approved by the Board and authorised for issue on 28 September 2015. They were signed on its behalf by:

*B. R. Taberner*

**B R Taberner**  
*Director*

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

#### *Going concern*

The company, together with its intermediate parent company Elli Investments Limited and fellow subsidiary undertakings (collectively the "Elli Investments group" or "the group"), is party to a number of financing arrangements under which the company has provided guarantees. For this reason, and the operational support provided by the group, the going concern assessment of the company is dependent on that of the Elli Investments group as a whole.

In July 2012, the Elli Investments group issued £350 million of senior secured notes which pay interest at 8.75%, and which are due for repayment in 2019, and £175 million of senior notes which pay interest at 12.25%, and which are due for repayment in 2020. During the year the terms of the group's revolving credit facility were amended such that it was converted to a £40 million term loan facility from January 2015 with a repayment date in December 2017. In addition to its external debt, the group owes £311m to related undertakings which accrues interest at 15% on a compounding basis and which is due for repayment in 2022.

During the year, Terra Firma Capital Partners III LP, the group's ultimate parent undertaking, provided an additional £50 million of equity to the group, which will be used by the Elli Investments group to fund both its capital expenditure programme and the increased costs associated with the group's strategic segmentation plan (see the consolidated financial statements of Elli Investments Limited for further detail).

The directors of the Elli Investments group have prepared trading and cash flow forecasts for the Elli Investments group, including the company, to September 2016. These forecasts include proceeds in the next six months from the on-going disposal process, of which £30 million is required to ensure adequate resources to continue to meet the group's liabilities as they fall due. The directors have a number of options available to them including the phasing of non-mandatory capital expenditure, additional disposals and new equity.

These forecasts, after adjustment for sensitivity analysis to incorporate the impact of reasonably foreseeable changes in trading and cash flow performance, and after taking into account the expected proceeds from the ongoing disposal process and other resources available to the group, show that the group has sufficient funding and covenant headroom within its current financing arrangements. As such, after taking into account the ability of the group to provide continued financial support to the company, should it be required, for the next 12 months, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore believe that it is appropriate to prepare the financial statements on a going concern basis.

#### *Information regarding directors and employees*

The company had no employees during the current and preceding financial year. No emoluments were payable to the directors of the company during the current and preceding financial year.

#### *Cash flow statement*

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that Elli Investments Limited includes the company in its own published consolidated financial statements.

## Notes (continued)

### 1 Accounting policies (continued)

#### Related party transactions

The directors have taken advantage of the exemption in FRS 8, Paragraph 3(c) and as the company is a wholly owned subsidiary of Elli Investments Limited have not disclosed related party transactions with parent and fellow subsidiary undertakings.

#### Guarantees

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other related parties which are subsidiaries of its ultimate parent, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make payment under the guarantee.

### 2 Debtors

	2014 £000	2013 £000
Amounts owed by group undertakings	12	12

The amounts owed by group undertakings are interest free, unsecured and repayable on demand.

### 3 Share capital

	2014 No. of shares	£000	2013 No. of shares	£000
<i>Issued and fully paid</i>				
100 ordinary shares of £1 each	100	-	100	-

### 4 Contingent liability

The company, together with its parent and fellow subsidiary undertakings is party to a number of financing arrangements. The implications of this are explained more fully in note 1.

### 5 Ultimate undertaking

The company's immediate parent company is PH Homes Limited, a company registered in England and Wales.

The ultimate parent undertaking is Terra Firma Holdings Limited, an entity incorporated in Guernsey. The ultimate controlling party is Guy Hands.

The largest group in which the results of the company are consolidated is that headed by FSHC Group Holdings Limited. The consolidated financial statements of this company are available to the public and may be obtained from Morgan Sharpe, Old Bank Chambers, La Grande Rue, St Martin's, Guernsey, GY4 6RT.

The smallest group in which the results of the company are consolidated is that headed by Elli Investments Limited. The consolidated financial statements of this company are available to the public and may be obtained from Morgan Sharpe, Old Bank Chambers, La Grande Rue, St Martin's, Guernsey, GY4 6RT.