

TERRACE HILL NORTH EAST LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2014

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TERRACE HILL NORTH EAST LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2014

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TERRACE HILL NORTH EAST LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

J M Austen
P A J Leech
R E Lane

Company secretary

Terrace Hill (Secretaries) Limited

Registered office

1 Portland Place
London
W1B 1PN

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

TERRACE HILL NORTH EAST LIMITED

STRATEGIC REPORT

YEAR ENDED 30 SEPTEMBER 2014

REVIEW OF THE BUSINESS

The company continues to co-ordinate the property development activities of its subsidiaries and appraise development opportunities. There have been no significant operational events in the year under review.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties are considered to be credit risk from group undertakings and liquidity risk. The group debtors are regularly reviewed and the activities of the subsidiaries monitored to assess the likelihood of recoverability. If there is doubt over the recoverability of the debt, a provision is included in the year end accounts. The company maintains a rolling, stress-tested cashflow forecast to ensure funds are available when required.

PERFORMANCE AND POSITION OF THE BUSINESS

The net assets of the company have dropped from 2013, predominately due to a balance due from a subsidiary company being fully provided for and another being partially provided for. These provisions amassed to £6.5 million. At present the company does not have any significant development projects in the pipeline, although continues to appraise opportunities as they arise.

Signed by order of the directors

TERRACE HILL (SECRETARIES)
LIMITED
Company Secretary

Approved by the directors on 6 May 2015

TERRACE HILL NORTH EAST LIMITED

DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2014

The directors present their report and the financial statements of the company for the year ended 30 September 2014.

RESULTS AND DIVIDENDS

The loss for the year amounted to £6,834,871. The directors have not recommended a dividend.

DIRECTORS

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

J M Austen
P A J Leech
R E Lane

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 Strategic Report, 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 year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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 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.

STRATEGIC REPORT

The company has included a Strategic report in its accounts for the year ended 30 September 2014 and information on the principal risks and uncertainties and a review of the business can be found there.

TERRACE HILL NORTH EAST LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2014

AUDITOR

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

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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 6 May 2015

TERRACE HILL NORTH EAST LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TERRACE
HILL NORTH EAST LIMITED
YEAR ENDED 30 SEPTEMBER 2014

We have audited the financial statements of Terrace Hill North East Limited for the year ended 30 September 2014 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, 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 members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the statement of directors' responsibilities, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 30 September 2014 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 MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

TERRACE HILL NORTH EAST LIMITED


INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TERRACE HILL NORTH EAST LIMITED (continued)

YEAR ENDED 30 SEPTEMBER 2014

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.



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

6 May 2015

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

TERRACE HILL NORTH EAST LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2014

	Note	2014 £	2013 £
TURNOVER	2	90,433	9,823,485
Cost of sales		<u>(193,290)</u>	<u>(6,588,854)</u>
GROSS (LOSS)/PROFIT		(102,857)	3,234,631
Administrative expenses		<u>(6,732,014)</u>	<u>(1,842,108)</u>
OPERATING (LOSS)/PROFIT	3	(6,834,871)	1,392,523
Income from shares in group undertakings	5	—	51,370
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(6,834,871)</u>	<u>1,443,893</u>
Tax on (loss)/profit on ordinary activities	6	—	—
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(6,834,871)</u>	<u>1,443,893</u>

All of the activities of the company are classed as continuing.

The notes on pages 10 to 14 form part of these financial statements.

TERRACE HILL NORTH EAST LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 30 SEPTEMBER 2014

	2014 £	2013 £
(Loss)/Profit for the financial year attributable to the shareholders	(6,834,871)	1,443,893
Unrealised (loss)/profit on revaluation of: Shares in group companies brought forward	<u>(93,663)</u>	<u>13,388</u>
Total gains and losses recognised since the last annual report	<u><u>(6,928,534)</u></u>	<u><u>1,457,281</u></u>

The notes on pages 10 to 14 form part of these financial statements.

TERRACE HILL NORTH EAST LIMITED

BALANCE SHEET

30 SEPTEMBER 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Investments	7	<u>393,171</u>	<u>486,834</u>
CURRENT ASSETS			
Stocks	8	–	59,407
Debtors	9	6,522,970	5,176,700
Cash at bank		<u>223</u>	<u>435</u>
		6,523,193	5,236,542
CREDITORS: Amounts falling due within one year	10	<u>9,574,238</u>	<u>1,452,716</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(3,051,045)</u>	<u>3,783,826</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(2,657,874)</u>	<u>4,270,660</u>
CAPITAL AND RESERVES			
Called-up equity share capital	12	100	100
Revaluation reserve	13	393,157	486,820
Profit and loss account	14	<u>(3,051,131)</u>	<u>3,783,740</u>
SHAREHOLDERS' (DEFICIT)/FUNDS	15	<u>(2,657,874)</u>	<u>4,270,660</u>

These accounts were approved by the directors and authorised for issue on 6 May 2015, and are signed on their behalf by:



J M AUSTEN
Director

Company Registration Number: 3125799

The notes on pages 10 to 14 form part of these financial statements.

TERRACE HILL NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2014

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable UK accounting standards.

These financial statements have been prepared in accordance with the going concern concept which the directors consider to be appropriate due to the continued support of fellow subsidiary undertakings.

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company and incorporated in the EEA and included in the consolidated accounts of that company. In accordance with Section 400 of the Companies Act 2006, the company is not required to produce, and has not published, consolidated accounts of its own.

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 wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

Turnover represents sales of trading properties and rental and service charge income excluding value added tax and arises solely within the United Kingdom. Sales of properties are reflected in the accounts if the property is practically complete and an unconditional contract is exchanged by the balance sheet date.

Work in progress

Work in progress is stated at the lower of cost and net realisable value. Interest costs and other attributable direct overheads are included in the value of work in progress where appropriate.

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.

Investment in subsidiaries

Investments in subsidiary undertakings are accounted using the equity method whereby the original cost of the investment is adjusted for changes in the value of the underlying net assets. Changes in the net asset value of subsidiaries allocated to a revaluation reserve except permanent diminution in value which are charged to the profit and loss account.

TERRACE HILL NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2014

2. TURNOVER

An analysis of turnover is given below:

	2014 £	2013 £
United Kingdom	<u>90,433</u>	<u>9,823,485</u>

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after crediting:

	2014 £	2013 £
Directors' remuneration	<u>-</u>	<u>-</u>
Auditor's remuneration is paid by the ultimate parent company.		

4. PARTICULARS OF EMPLOYEES

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

5. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2014 £	2013 £
Dividend Received	<u>-</u>	<u>51,370</u>

6. 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 22% (2013 - 23.50%).

	2014 £	2013 £
(Loss)/profit on ordinary activities before taxation	<u>(6,834,871)</u>	<u>1,443,893</u>
(Loss)/profit on ordinary activities by rate of tax	<u>(1,503,672)</u>	<u>339,315</u>
Group Relief	<u>81,261</u>	<u>(407,499)</u>
Non taxable income	<u>1,422,411</u>	<u>(12,072)</u>
Expenses not deductible for tax purposes and non-taxable income	<u>-</u>	<u>80,256</u>
Total current tax	<u>-</u>	<u>-</u>

TERRACE HILL NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2014

7. INVESTMENTS

	Investment in Subsidiaries
	£
COST OR VALUATION	
At 1 October 2013	2,848,180
Revaluations	(93,663)
At 30 September 2014	<u>2,754,517</u>
AMOUNTS WRITTEN OFF	
At 1 October 2013 and 30 September 2014	<u>2,361,346</u>
NET BOOK VALUE	
At 30 September 2014	<u>393,171</u>
At 30 September 2013	<u>486,834</u>

The company's principal subsidiaries are listed below. The company owns 100% of the issued ordinary share capital of these companies and they are all registered in England and Wales.

	2014 £	2013 £
Aggregate capital and reserves		
Terrace Hill (Bishop Auckland) Limited	50,565	209,095
Terrace Hill (Baltic No.2) Limited	1,980	1,980
Terrace Hill (Baltic No.4) Limited	295,813	275,758
Terrace Hill (Middlesbrough) Limited	44,803	—
Profit and (loss) for the year		
Terrace Hill (Bishop Auckland) Limited	(158,530)	47,507
Terrace Hill (Baltic No.2) Limited	—	—
Terrace Hill (Baltic No.4) Limited	20,055	17,251
Terrace Hill (Middlesbrough) Limited	1,020,074	—

8. STOCKS

	2014 £	2013 £
Work in progress	<u>—</u>	<u>59,407</u>

Development work in progress does not include interest capitalised.

TERRACE HILL NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2014

9. DEBTORS

	2014	2013
	£	£
Trade debtors	–	30,343
Amounts owed by group undertakings	6,372,268	4,936,038
VAT recoverable	2,137	210,319
Other debtors	140,384	–
Prepayments and accrued income	8,181	–
	<u>6,522,970</u>	<u>5,176,700</u>

10. CREDITORS: Amounts falling due within one year

	2014	2013
	£	£
Trade creditors	8,942	83,432
Amounts owed to group undertakings	9,242,455	1,369,284
Other creditors	82,841	–
Accruals and deferred income	240,000	–
	<u>9,574,238</u>	<u>1,452,716</u>

11. RELATED PARTY TRANSACTIONS

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 Urban&Civic Plc and are 100% owned.

12. SHARE CAPITAL

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

13. REVALUATION RESERVE

	2014	2013
	£	£
Balance brought forward	486,820	473,432
Revaluation of fixed assets	(93,663)	13,388
Balance carried forward	<u>393,157</u>	<u>486,820</u>

14. PROFIT AND LOSS ACCOUNT

	2014	2013
	£	£
Balance brought forward	3,783,740	2,339,847
(Loss)/profit for the financial year	(6,834,871)	1,443,893
Balance carried forward	<u>(3,051,131)</u>	<u>3,783,740</u>

TERRACE HILL NORTH EAST LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2014

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014	2013
	£	£
(Loss)/profit for the financial year	(6,834,871)	1,443,893
Other net recognised gains and losses	(93,663)	13,388
Net (reduction)/addition to shareholders' funds	(6,928,534)	1,457,281
Opening shareholders' funds	4,270,660	2,813,379
Closing shareholders' (deficit)/funds	(2,657,874)	4,270,660

16. ULTIMATE PARENT COMPANY

The immediate parent company is Terrace Hill Limited which is registered in England and Wales. The ultimate parent company is Urban&Civic Plc which is registered in Scotland.

Copies of the consolidated financial statements of Urban&Civic Plc are available from the company's registered office.