

COMPANY REGISTRATION NUMBER 3214316

TERRACE HILL (GUILDFORD NO 1) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2006

THURSDAY



LD4

"L3VFURDW"
19/07/2007
COMPANIES HOUSE

184

TERRACE HILL (GUILDFORD NO 1) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

K W Grundy
T G Walsh
N M Wakefield

Company secretary

Park Circus (Secretaries) Limited

Registered office

1 Portland Place
London
W1B 1PN

Auditor

BDO Stoy Hayward LLP
Chartered Accountants
& Registered Auditors
8 Baker Street
London W1U 3LL

TERRACE HILL (GUILDFORD NO 1) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 October 2006

PRINCIPAL ACTIVITIES

The principal activity of the company is property development. There have been no changes in the company's activities during the year under review.

DIRECTORS

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

K W Grundy
T G Walsh
N M Wakefield

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent and ultimate parent companies.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to select suitable accounting policies, as described on pages 8 to 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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 auditors are 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 auditors are aware of that information.

AUDITOR

A resolution to re-appoint BDO Stoy Hayward LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

TERRACE HILL (GUILDFORD NO 1) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 OCTOBER 2006

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Registered office
1 Portland Place
London
W1B 1PN

Signed by order of the directors



PARK CIRCUS (SECRETARIES) LIMITED
Company Secretary

Approved by the directors on 25 April 2007

TERRACE HILL (GUILDFORD NO 1) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TERRACE HILL (GUILDFORD NO 1) LIMITED

YEAR ENDED 31 OCTOBER 2006

We have audited the financial statements of Terrace Hill (Guildford No1) Limited for the year ended 31 October 2006 which comprise the Profit and Loss account, the Balance Sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion:

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2006 and of

TERRACE HILL (GUILDFORD NO 1) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TERRACE HILL (GUILDFORD NO 1) LIMITED *(continued)*

YEAR ENDED 31 OCTOBER 2006

its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Directors' Report is consistent with the financial statements

BDO Stoy Hayward LLP

8 Baker Street
London W1U 3LL

BDO STOY HAYWARD LLP
Chartered Accountants
& Registered Auditors

25 April 2007

TERRACE HILL (GUILDFORD NO 1) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 OCTOBER 2006

	Note	2006 £	2005 £
TURNOVER	1	1,542,008	879,801
Cost of sales		<u>(1,328,543)</u>	<u>(846,534)</u>
GROSS PROFIT		213,465	33,267
Administrative expenses		<u>(16,338)</u>	<u>(2,250)</u>
OPERATING PROFIT	2	197,127	31,017
Interest receivable		19,233	—
Interest payable and similar charges	4	<u>(20,790)</u>	—
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		195,570	31,017
Tax on profit on ordinary activities	5	<u>(12,305)</u>	—
PROFIT FOR THE FINANCIAL YEAR		<u>183,265</u>	<u>31,017</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 14 form part of these financial statements.

TERRACE HILL (GUILDFORD NO 1) LIMITED

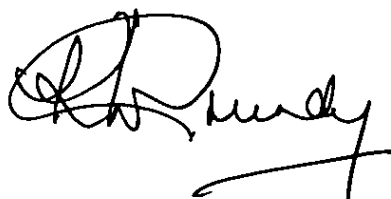
BALANCE SHEET

31 OCTOBER 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Investments	7		2
CURRENT ASSETS			
Stocks	8	1,030,040	1,889,084
Debtors	9	845,424	1,372,524
Cash at bank		89,788	—
		<u>1,965,252</u>	<u>3,261,608</u>
CREDITORS: Amounts falling due within one year	10	<u>1,781,987</u>	<u>2,539,458</u>
NET CURRENT ASSETS		<u>183,265</u>	<u>722,150</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>183,267</u>	<u>722,152</u>
CREDITORS: Amounts falling due after more than one year	11	—	691,133
		<u>183,267</u>	<u>31,019</u>
CAPITAL AND RESERVES			
Called-up equity share capital	14	2	2
Profit and loss account	15	183,265	31,017
SHAREHOLDERS' FUNDS	16	<u>183,267</u>	<u>31,019</u>

These financial statements were approved by the board and authorised for issue on the 25 April 2007 and are signed on their behalf by

K W GRUNDY



The notes on pages 8 to 14 form part of these financial statements.

TERRACE HILL (GUILDFORD NO 1) LIMITED

ACCOUNTING POLICIES

YEAR ENDED 31 OCTOBER 2006

Basis of accounting

The financial statements have been prepared under the historical cost convention

Changes in accounting policies

In preparing the financial statements for the current year, the company has adopted the presentation requirements of 'FRS 25 'Financial Instruments Disclosure and Presentation (IAS 32)', where dividends are charged directly to equity

The adoption of the standard represents a change in accounting policy and accordingly the comparative figures have been restated where required

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 the attributable profit on pre-sold development properties, rental and service charge income excluding value added tax and arises solely within the United Kingdom

The attributable profit is the relevant portion of the total estimated profit appropriate to the progress made in construction and letting

The attributable profit on the sale of development properties is reflected in the accounts if the development properties are pre-sold and the substantial risks derived from completion of the property are passed over to the purchaser

Work in progress

Development work in progress is stated at the lower of cost and net realisable value Interest and other attributable costs are included in the value of stock and work in progress where appropriate

Joint arrangements

The business arrangements of the company are carried out through a joint arrangement that is not an entity ('JANE') as defined by Financial Reporting Standard No 9 Accordingly the company accounts for it's share of the JANE

TERRACE HILL (GUILDFORD NO 1) LIMITED

ACCOUNTING POLICIES *(continued)*

YEAR ENDED 31 OCTOBER 2006

Cost of raising finance

In accordance with Financial Reporting Standard No 4 costs incurred in raising finance are netted off against the loan proceeds and amortised over the life of the loan

Investment in subsidiaries

Investments in subsidiary and associated 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 (GUILDFORD NO 1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2006

1. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	2006 £	2005 £
United Kingdom	<u>1,542,008</u>	<u>879,801</u>

2. OPERATING PROFIT

Operating profit is stated after charging

	2006 £	2005 £
Directors' emoluments	—	—
Auditor's remuneration - as auditor	<u>2,500</u>	<u>2,250</u>

3. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including the directors, during the year

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £	2005 £
Interest payable on bank borrowing	<u>20,790</u>	<u>—</u>

5. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2006 £	2005 £
Current tax		
UK Corporation tax based on the results for the year at 30% (2005 - 30%)	3,000	—
Over/under provision in prior year	<u>9,305</u>	<u>—</u>
Total current tax	<u>12,305</u>	<u>—</u>

TERRACE HILL (GUILDFORD NO 1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2006

5 TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the standard rate of corporation tax in the UK of 30% (2005 - 30%)

	2006 £	2005 £
Profit on ordinary activities before taxation	<u>195,570</u>	<u>31,017</u>
Profit/(loss) on ordinary activities by rate of tax	58,671	9,305
Group relief	(55,671)	(9,305)
Adjustments to tax charge in respect of previous periods	<u>9,305</u>	<u>-</u>
Total current tax (note 5(a))	<u>12,305</u>	<u>-</u>

6. DIVIDENDS

Dividends on equity shares

	2006 £	2005 £
Paid during the year		
Equity dividends on ordinary shares	<u>31,017</u>	<u>-</u>

7. INVESTMENTS

	Investment in subsidiaries £
COST	
At 1 November 2005 and 31 October 2006	<u>2</u>
NET BOOK VALUE	
At 31 October 2006	<u>2</u>
At 31 October 2005	<u>2</u>

The company owns 50% of the issued share capital of Terrace Hill Guildford No 2 Limited a company registered in England which is a nominee company. The company was inactive during the year and had a net asset value of a £2 at 31 October 2006.

The company owns 50% of the issued share capital of Terrace Hill Guildford Limited a company registered in England which is a nominee company. The company was inactive during the year and had a net asset value of a £2 at 31 October 2006.

8 STOCKS

	2006 £	2005 £
Work in progress	<u>1,030,040</u>	<u>1,889,084</u>

Development work in progress includes £227,635 of interest (2005 £200,429)

TERRACE HILL (GUILDFORD NO 1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2006

9. DEBTORS

	2006	2005
	£	£
Trade debtors	2,938	70,436
VAT recoverable	—	85,603
Other debtors	836,019	1,216,303
Prepayments and accrued income	6,467	182
	<u>845,424</u>	<u>1,372,524</u>

10. CREDITORS. Amounts falling due within one year

	2006	2005
	£	£
Bank loans and overdrafts	323,568	130,337
Trade creditors	36,063	172,822
Amounts owed to group undertakings	608,698	1,185,299
Amounts owed to undertakings in which the company has a participating interest	637,403	984,274
Other creditors including taxation	70,014	—
VAT	2	—
Other creditors	<u>1,675,748</u>	<u>2,472,732</u>
Accruals and deferred income	106,239	66,726
	<u>1,781,987</u>	<u>2,539,458</u>

	2006	2005
	£	£
Bank loans and overdraft		
Due within one year	339,292	—
Less Unamortised finance costs	(15,724)	—
	<u>323,568</u>	<u>—</u>

The bank borrowings are secured on the development property

TERRACE HILL (GUILDFORD NO 1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2006

11. CREDITORS: Amounts falling due after more than one year

	2006 £	2005 £
Bank loans and overdrafts	—	691,133
	<u>—</u>	<u>691,133</u>
	2006 £	2005 £
Bank loans and overdraft		
Due between one - two years	—	715,528
Less Unamortised finance costs	—	(24,395)
	<u>—</u>	<u>691,133</u>

The bank borrowings are secured on the development property

12. FINANCIAL COMMITMENTS

The amount of capital expenditure authorised and contracted for at the year end was £nil (2005 £684,658)

13 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

14. SHARE CAPITAL

Authorised share capital:

	2006 £	2005 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Equity shares				
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

TERRACE HILL (GUILDFORD NO 1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2006

15 PROFIT AND LOSS ACCOUNT

	2006	2005
	£	£
Balance brought forward	31,017	—
Profit for the financial year	183,265	31,017
Equity dividends paid	(31,017)	—
Balance carried forward	<u>183,265</u>	<u>31,017</u>

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006	2005
	£	£
Profit for the financial year	183,265	31,017
Equity dividends paid	(31,017)	—
Net addition to shareholders' funds	<u>152,248</u>	<u>31,017</u>
Opening shareholders' funds	31,019	2
Closing shareholders' funds	<u>183,267</u>	<u>31,019</u>

17 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