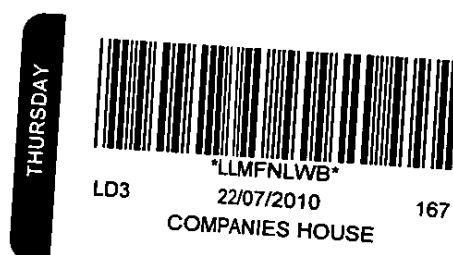


COMPANY REGISTRATION NUMBER 3214316

TERRACE HILL (GUILDFORD NO 1) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2009



TERRACE HILL (GUILDFORD NO 1) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

T G Walsh
N M Wakefield

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 (GUILDFORD NO 1) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2009

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 October 2009

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

K Grundy resigned as a director on 31 July 2009.

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 (GUILDFORD NO 1) 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 (GUILDFORD NO 1) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
TERRACE HILL (GUILDFORD NO 1) LIMITED
YEAR ENDED 31 OCTOBER 2009

We have audited the financial statements of Terrace Hill (Guildford No 1) Limited for the year ended 31 October 2009 which comprise the Profit and Loss Account, Balance Sheet, Accounting Policies 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 profit 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 (GUILDFORD NO 1) LIMITED

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

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 OCTOBER 2009

| | Note | 2009 £ | 2008 £ |
|--|----------|----------------------|----------------------|
| TURNOVER | 1 | – | 544,401 |
| Cost of sales | | <u>30,105</u> | <u>(441,762)</u> |
| GROSS PROFIT | | 30,105 | 102,639 |
| Administrative expenses | | <u>(88)</u> | <u>(6,420)</u> |
| OPERATING PROFIT | 2 | 30,017 | 96,219 |
| Interest receivable | | 220 | 3,501 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | <u>30,237</u> | <u>99,720</u> |
| Tax on profit on ordinary activities | 4 | – | – |
| PROFIT FOR THE FINANCIAL YEAR | | <u>30,237</u> | <u>99,720</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.

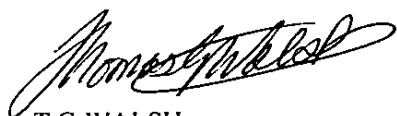
TERRACE HILL (GUILDFORD NO 1) LIMITED

BALANCE SHEET

31 OCTOBER 2009

| | Note | 2009 £ | £ | 2008 £ |
|---|------|-----------|----------|---------------|
| FIXED ASSETS | | | | |
| Investments | 6 | | <u>2</u> | <u>2</u> |
| CURRENT ASSETS | | | | |
| Debtors | 7 | 2 | | 90,316 |
| Cash at bank | | <u>-</u> | | <u>43,001</u> |
| | | 2 | | 133,317 |
| CREDITORS: Amounts falling due within one year | 8 | <u>2</u> | | <u>33,597</u> |
| NET CURRENT ASSETS | | | - | <u>99,720</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>2</u> | <u>99,722</u> |
| CAPITAL AND RESERVES | | | | |
| Called-up equity share capital | 10 | | 2 | 2 |
| Profit and loss account | 11 | | <u>-</u> | <u>99,720</u> |
| SHAREHOLDERS' FUNDS | 12 | | <u>2</u> | <u>99,722</u> |

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 3214316

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

TERRACE HILL (GUILDFORD NO 1) LIMITED

ACCOUNTING POLICIES

YEAR ENDED 31 OCTOBER 2009

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 the sale of development properties, rental and service charge income excluding value added tax and arises solely within the United Kingdom

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 subsidiaries are carried at cost

TERRACE HILL (GUILDFORD NO 1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2009

1. TURNOVER

Turnover is attributable to the one principal activity of the company
An analysis of turnover is given below

| | 2009 £ | 2008 £ |
|----------------|-----------|----------------|
| United Kingdom | <u>-</u> | <u>544,401</u> |

2. OPERATING PROFIT

Operating profit is stated after crediting

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

3. PARTICULARS OF EMPLOYEES

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

4. TAXATION ON ORDINARY ACTIVITIES

Factors affecting current tax charge

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

| | 2009 £ | 2008 £ |
|---|---------------|---------------|
| Profit on ordinary activities before taxation | <u>30,237</u> | <u>99,720</u> |
| Profit on ordinary activities by rate of tax | 8,466 | 28,749 |
| Group relief | (8,466) | (32,191) |
| Other movements | - | 3,442 |
| Total current tax | <u>-</u> | <u>-</u> |

5. DIVIDENDS

Equity dividends

| | 2009 £ | 2008 £ |
|----------------------------|----------------|----------------|
| Paid during the year | | |
| Dividends on equity shares | <u>129,957</u> | <u>242,411</u> |

TERRACE HILL (GUILDFORD NO 1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2009

6. INVESTMENTS

| | Investment in subsidiaries £ |
|--|------------------------------------|
| COST | |
| At 1 November 2008 and 31 October 2009 | <u>2</u> |
| NET BOOK VALUE | |
| At 31 October 2009 and 31 October 2008 | <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 £2 at 31 October 2009.

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 £2 at 31 October 2009.

7. DEBTORS

| | 2009 £ | 2008 £ |
|------------------------------------|-----------|---------------|
| Amounts owed by group undertakings | <u>2</u> | <u>90,316</u> |

8. CREDITORS: Amounts falling due within one year

| | 2009 £ | 2008 £ |
|------------------------------|-----------|---------------|
| Trade creditors | – | 6,147 |
| Other creditors | 2 | 2 |
| Accruals and deferred income | – | 27,448 |
| | <u>2</u> | <u>33,597</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.

TERRACE HILL (GUILDFORD NO 1) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2009

10. SHARE CAPITAL

Authorised share capital:

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

Allotted, called up and fully paid:

| | 2009 | | 2008 |
|------------------------------|----------|----------|----------|
| | No | £ | No |
| | | | £ |
| 2 Ordinary shares of £1 each | <u>2</u> | <u>2</u> | <u>2</u> |

11. PROFIT AND LOSS ACCOUNT

| | 2009 | 2008 |
|-------------------------------|-----------|---------------|
| | £ | £ |
| Balance brought forward | 99,720 | 242,411 |
| Profit for the financial year | 30,237 | 99,720 |
| Equity dividends | (129,957) | (242,411) |
| Balance carried forward | <u>—</u> | <u>99,720</u> |

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2009 | 2008 |
|--------------------------------------|-----------|---------------|
| | £ | £ |
| Profit for the financial year | 30,237 | 99,720 |
| Equity dividends | (129,957) | (242,411) |
| Net reduction to shareholders' funds | (99,720) | (142,691) |
| Opening shareholders' funds | 99,722 | 242,413 |
| Closing shareholders' funds | <u>2</u> | <u>99,722</u> |

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