

COMPANY REGISTRATION NUMBER 3214316

**TERRACE HILL (GUILDFORD NO 1) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 OCTOBER 2004**



# **TERRACE HILL (GUILDFORD NO 1) LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2004**

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# **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

**Auditors**

Thompson Taraz LLP  
Chartered Accountants  
& Registered Auditors  
3 New Burlington Mews  
Mayfair  
London  
W1B 4QB

# TERRACE HILL (GUILDFORD NO 1) LIMITED

## THE DIRECTORS' REPORT

### YEAR ENDED 31 OCTOBER 2004

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 October 2004.

#### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is property investment.

#### RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2004	2003
	£	£
Dividends paid on ordinary shares	<u>284,376</u>	<u>—</u>

#### 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

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 8, and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

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.

# TERRACE HILL (GUILDFORD NO 1) LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 OCTOBER 2004

### AUDITORS

Thompson Taraz LLP will not be offering themselves for re-appointment as auditors at the annual general meeting in accordance with section 385 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 26 July 2005

**TERRACE HILL (GUILDFORD NO 1) LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF**  
**TERRACE HILL (GUILDFORD NO 1) LIMITED**  
**YEAR ENDED 31 OCTOBER 2004**

We have audited the financial statements of Terrace Hill (Guildford No 1) Limited for the year ended 31 October 2004 on pages 6 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 AUDITORS**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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.

**BASIS OF AUDIT OPINION**

We conducted our audit in accordance with United Kingdom Auditing Standards 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.

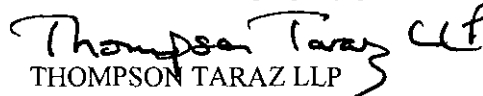
**TERRACE HILL (GUILDFORD NO 1) LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF**  
**TERRACE HILL (GUILDFORD NO 1) LIMITED** *(continued)*

**YEAR ENDED 31 OCTOBER 2004**

**OPINION**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 October 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

3 New Burlington Mews  
Mayfair  
London  
W1B 4QB

  
THOMPSON TARAZ LLP  
Chartered Accountants  
& Registered Auditors

26 July 2005

# TERRACE HILL (GUILDFORD NO 1) LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 OCTOBER 2004

	Note	2004 £	2003 £
<b>TURNOVER</b>	<b>2</b>	<b>3,873,087</b>	<b>1,187,500</b>
Cost of sales		<u>(3,345,905)</u>	<u>(1,187,500)</u>
<b>GROSS PROFIT</b>		<b>527,182</b>	<b>—</b>
Administrative expenses		<u>(25,104)</u>	<u>(159,700)</u>
<b>OPERATING PROFIT/(LOSS)</b>	<b>3</b>	<b>502,078</b>	<b>(159,700)</b>
Interest receivable		<b>8,001</b>	<b>—</b>
Interest payable and similar charges	<b>5</b>	<b>—</b>	<b>(32,752)</b>
		<u>—</u>	<u>—</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>510,079</b>	<b>(192,452)</b>
Tax on profit/(loss) on ordinary activities	<b>6</b>	<b>—</b>	<b>—</b>
		<u>—</u>	<u>—</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>510,079</b>	<b>(192,452)</b>
Dividends	<b>7</b>	<b>(284,376)</b>	<b>—</b>
		<u>—</u>	<u>—</u>
<b>RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<b>225,703</b>	<b>(192,452)</b>
Balance brought forward		<u>(225,703)</u>	<u>(33,251)</u>
Balance carried forward		<u>—</u>	<u>(225,703)</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 2004

	Note	2004 £	£	2003 £
<b>CURRENT ASSETS</b>				
Stocks	8	1,861,179		3,425,467
Debtors	9	886,060		174,248
Cash at bank		41,235		50,141
		<u>2,788,474</u>		<u>3,649,856</u>
<b>CREDITORS: Amounts falling due within one year</b>	10	<u>2,788,472</u>		<u>2,031,578</u>
<b>NET CURRENT ASSETS</b>			2	1,618,278
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			2	1,618,278
<b>CREDITORS: Amounts falling due after more than one year</b>				
	11		—	1,843,979
			<u>2</u>	<u>(225,701)</u>
<b>CAPITAL AND RESERVES</b>				
Called-up equity share capital	13		2	2
Profit and loss account			—	(225,703)
<b>SHAREHOLDERS' FUNDS/(DEFICIENCY)</b>	14		<u>2</u>	<u>(225,701)</u>

These financial statements were approved by the directors on the 26 July 2005 and are signed on their behalf by:

  
N J C TURNBULL

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

# **TERRACE HILL (GUILDFORD NO 1) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2004**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

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

The financial statements have been prepared under the going concern concept, which the directors consider to be appropriate due to continued support of fellow subsidiary undertakings.

#### **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**

Sales of development properties are reflected in the accounts if an unconditional contract is exchanged and the property is practically complete by the balance sheet date.

#### **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.

#### **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.

### **2. TURNOVER**

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

An analysis of turnover is given below:

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
United Kingdom	<b><u>3,873,087</u></b>	<b><u>1,187,500</u></b>

# TERRACE HILL (GUILDFORD NO 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2004

### 3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging:

	2004 £	2003 £
Directors' emoluments	—	—
Auditors' remuneration - as auditors	<u>5,000</u>	<u>2,200</u>

### 4. PARTICULARS OF EMPLOYEES

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

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
Other similar charges payable	<u>—</u>	<u>32,752</u>

### 6. TAXATION ON ORDINARY ACTIVITIES

#### Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

	2004 £	2003 £
Profit/(loss) on ordinary activities before taxation	<u>510,079</u>	<u>(192,452)</u>
Profit/(loss) on ordinary activities by rate of tax	153,024	(57,735)
Group relief	(137,598)	57,735
Losses brought forward	<u>(15,426)</u>	<u>—</u>
Total current tax	<u>—</u>	<u>—</u>

### 7. DIVIDENDS

The following dividends have been paid in respect of the year:

	2004 £	2003 £
Dividend paid on ordinary shares	<u>284,376</u>	<u>—</u>

### 8. STOCKS

	2004 £	2003 £
Work in progress	<u>1,861,179</u>	<u>3,425,467</u>

# TERRACE HILL (GUILDFORD NO 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2004

### 9. DEBTORS

	2004	2003
	£	£
Trade debtors	25,543	129,281
VAT recoverable	2,952	44,967
Other debtors	700,000	—
Prepayments and accrued income	157,565	—
	<u>886,060</u>	<u>174,248</u>

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

	2004	2003
	£	£
Bank loans and overdrafts	670,377	—
Trade creditors	86,482	361,299
Amounts owed to group undertakings	1,325,106	806,085
Amounts owed to undertakings in which the company has a participating interest	393,771	625,000
Accruals and deferred income	312,736	239,194
	<u>2,788,472</u>	<u>2,031,578</u>

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

	2004	2003
	£	£
Bank loans and overdrafts	—	1,843,979
Bank loans and overdraft		
Between one and two years	—	1,919,548
Unamortised finance costs	—	(75,569)
	—	<u>1,843,979</u>

The bank loan is secured by a charge over the development property. The facility expires in June 2005.

### 12. 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.

# TERRACE HILL (GUILDFORD NO 1) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2004

### 13. SHARE CAPITAL

#### Authorised share capital:

	2004	2003
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

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

	2004		2003
	No	£	No
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>

### 14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004	2003
	£	£
Profit/(Loss) for the financial year	510,079	(192,452)
Dividends	<u>(284,376)</u>	<u>-</u>
	225,703	(192,452)
Opening shareholders' equity deficit	<u>(225,701)</u>	<u>(33,249)</u>
Closing shareholders' equity funds/(deficit)	<u>2</u>	<u>(225,701)</u>

### 15. 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.