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TERRACE GP HOLDINGS LIMITED

ANNUAL REPORT

For the year ended 31 March 2007

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**TERRACE GP HOLDINGS LIMITED**

**ANNUAL REPORT**

**For the year ended 31 March 2007**

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## **TERRACE GP HOLDINGS LIMITED**

### **DIRECTORS REPORT**

#### **For the year ended 31 March 2007**

The directors present their report and the audited financial statements for the year ended 31 March 2007

#### **Principal activities**

Terrace GP Holdings Limited is the parent company of Terrace GP LP Limited, a limited partner in Telereal General Property Limited Partnership, which acquires and holds an interest in the general purpose property estate occupied by British Telecommunication Plc ("BT")

#### **Business Review**

The company receives dividends from its subsidiary undertakings and pays dividends to its holding company

In the year ended 31 March 2007 the company made a profit after tax of £18,610,000 (2006 £32,612,000) The company received dividends of £18,607,000 (2006 £32,610,000) and paid dividends of £18,607,000 (2006 £32,610,000)

The Directors do not anticipate any significant change to the current activity in the foreseeable future and are of the opinion that this is a fair review of the company's business

The company meets the definition of a small company in accordance with the companies Act 1985, and has chosen to take advantage of the small company exemption not to disclose an enhanced business review

#### **Dividends**

The company paid dividends of £18,607,000 during the year ended 31 March 2007 (2006 *interim dividends of £14,091,000 and prior year final dividend £18,519,000*)

#### **Directors**

Details of directors who held office during the year are as follows

Graham Edwards  
Barry Shaw  
Adam Dakin  
Warren Persky

All directors served throughout the year under review and up to the date of this report

## **TERRACE GP HOLDINGS LIMITED**

### **DIRECTORS REPORT**

**For the year ended 31 March 2007**

#### **Statement of 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 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
- 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 confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for maintaining proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable the directors 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

#### **Statement of disclosure of information to auditors**

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 the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

This report was approved by the board on 4 DECEMBER 2007

  
**Eric Wallington**  
Company Secretary

## **TERRACE GP HOLDINGS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TERRACE GP HOLDINGS LIMITED**

We have audited the financial statements of Terrace GP Holdings Limited for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective responsibilities of Directors and Auditors**

The directors' responsibilities for preparing the Annual Report and 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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.

#### **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 judgments 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 GP HOLDINGS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TERRACE GP HOLDINGS LIMITED**

#### **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 March 2007 and of 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

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**

**Chartered Accountants and Registered Auditors**

**London**

*4 December 2007*

# **TERRACE GP HOLDINGS LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**For the year ended 31 March 2007**

	<b>Notes</b>	<b>2007 £ '000</b>	<b>2006 £ '000</b>
<b>Operating profit</b>		-	-
Dividend received	3	18,607	32,610
Interest receivable		4	3
<b>Profit on ordinary activities before taxation</b>		<u>18,611</u>	<u>32,613</u>
Tax on profit on ordinary activities	4	(1)	(1)
<b>Profit for the financial year</b>		<u>18,610</u>	<u>32,612</u>

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

All income was derived from within the United Kingdom from continuing operations

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

**TERRACE GP HOLDINGS LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**For the year ended 31 March 2007**

	<b>Note</b>	<b>2007 £ '000</b>	<b>2006 £ '000</b>
Profit for the financial year		18,610	32,612
<b>Total recognised gains and losses related to the year</b>		<u>18,610</u>	<u>32,612</u>
Prior year adjustments		-	(1)
<b>Total recognised gains and losses since last accounts</b>		<u>18,610</u>	<u>32,611</u>

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



# TERRACE GP HOLDINGS LIMITED

## BALANCE SHEET


As at 31 March 2007

	Notes	2007 £ '000	(restated) 2006 £ '000
<b>Fixed assets</b>			
Investments	6	1	1
<b>Current assets</b>			
Debtors	7	27	33
Cash at bank and in hand	8	4	2
		<u>31</u>	<u>35</u>
<b>Creditors: amounts falling due within one year</b>	9	(27)	(34)
<b>Net current assets</b>		4	1
<b>Net assets</b>		<u>5</u>	<u>2</u>
<b>Capital and reserves</b>			
Called up share capital	11	-	-
Profit and loss account	12	5	2
		<u>5</u>	<u>2</u>
<b>Shareholders' funds</b>	13	<u>5</u>	<u>2</u>

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

The financial statements on pages 5 to 11 have been approved by the board on 4 DECEMBER 2007 and signed on its behalf by

  
Graham Edwards  
Director

  
Warren Persky  
Director

# TERRACE GP HOLDINGS LIMITED

## Notes to the Financial Statements

For the year ended 31 March 2007

### 1 Accounting policies

#### Basis of financial statements

The accounts were prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

As explained in note 10, the requirements of Financial Reporting Standard (FRS) 21, Events After The Balance Sheet Date were adopted and shareholders' funds at 1 April 2005 were restated accordingly.

#### Investments

Investment in subsidiary undertakings is stated at the lower of cost and net realisable value.

#### Receivables

All trade debtors are recognised at the amounts receivable less any provision for doubtful debts. Collectibility of trade debtors is reviewed on an ongoing basis.

#### Income

Income is recognised in the accounts on a receivable basis.

### 2 Operating profit

The audit fee for the year was paid on the company's behalf by Telereal Services Limited.

### 3 Dividend receivable

	2007 £ '000	2006 £ '000
Dividends received	18,607	32,610
	<u>18,607</u>	<u>32,610</u>

### 4 Taxation

	2007 £ '000	2006 £ '000
<b>Analysis of charge in period</b>		
Current tax		
UK corporation tax on profits of the period	1	1
	<u>1</u>	<u>1</u>
Tax on profit on ordinary activities		
	<u>1</u>	<u>1</u>

#### Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2007 £ '000	2006 £ '000
Profit on ordinary activities before tax	<u>18,611</u>	<u>32,613</u>
Standard rate of corporation tax in the UK	30%	30%
	<u>£ '000</u>	<u>£ '000</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax (2006 30%)	5,583	9,784
Effects of		
Dividends received from group companies	(5,582)	(9,783)
	<u>1</u>	<u>1</u>
Current tax charge for period		

# TERRACE GP HOLDINGS LIMITED

## Notes to the Financial Statements

For the year ended 31 March 2007

5	Equity dividends	2007 £ '000	2006 £ '000
	Dividends paid	18,607	32,610
		<u>18,607</u>	<u>32,610</u>

6	Investments	Investments in subsidiary undertakings £ '000
	Cost	
	At 1 April 2006	1
	At 31 March 2007	<u>1</u>

Analysed as follows

Company	Holding	Share class	Share Capital	Total cost of holding at 31 March 2007
			£	£
Terrace GP LP Limited	100%	Ordinary 'A' shares	49	49
Telereal General Property Holdings Limited	50%	Ordinary 'A' shares	1,250	1,250
			<u>1,299</u>	<u>1,299</u>

All companies are incorporated in England and Wales

7	Debtors	2007 £ '000	2006 £ '000
	Amounts owed by group undertakings - Terrace GP LP Limited	2	8
	Subordinated loan to Terrace GP LP Limited	<u>25</u>	<u>25</u>
		<u>27</u>	<u>33</u>

The subordinated loan to Terrace GP LP Limited is unsecured and repayable on demand. Interest is received on the loan at an annual rate of 7.75%.

8	Cash at bank and in hand	2007 £ '000	2006 £ '000
	Cash at bank and in hand	4	2
		<u>4</u>	<u>2</u>

# TERRACE GP HOLDINGS LIMITED

## Notes to the Financial Statements

For the year ended 31 March 2007

9 Creditors: amounts falling due within one year	2007 £ '000	2006 £ '000
Amounts due to group undertakings	-	8
Amounts due to parent	25	25
Corporation tax	2	1
	<u>27</u>	<u>34</u>

Amounts owed to group undertakings and parent are unsecured, repayable on demand and non interest bearing

## 10 Change of accounting policy

The comparatives presented within the 31 March 2006 financial statements were restated to reflect the requirements of Financial Reporting Standard ('FRS') 21, Events After The Balance Sheet Date FRS 21, which is effective for accounting periods commencing on or after 1 January 2005, requires dividends to be recognised in the period in which they are approved. Previously dividends were recognised in the period to which they related, and so opening shareholders funds for both the company and the group have been increased by £nil at 31 March 2006

11 Share capital			2007 £	2006 £
Authorised				
Ordinary shares of £1 each			<u>1,000</u>	<u>1,000</u>
	2007 No	2006 No	2007 £	2006 £
Allotted, called up and fully paid				
Ordinary shares of £1 each	1	1	<u>1</u>	<u>1</u>

12 Reserves	2007 £ '000	2006 £ '000
At 1 April	2	-
Profit for the financial year	18,610	32,612
Dividends	(18,607)	(32,610)
At 31 March	<u>5</u>	<u>2</u>

13 Reconciliation of movement in shareholders' funds	2007 £ '000	2006 £ '000
At 1 April	2	-
Profit for the financial year	18,610	32,612
Dividends	(18,607)	(32,610)
At 31 March	<u>5</u>	<u>2</u>

## **TERRACE GP HOLDINGS LIMITED**

### **Notes to the Financial Statements**

**For the year ended 31 March 2007**

#### **14 Controlling party**

The immediate parent undertaking is Drummond Ventures Limited (a company incorporated in the British Virgin Islands)

The ultimate holding company is Field Nominees Limited (a company incorporated in Bermuda), as nominee for B Pears Family Trust