

Registered Number 05090659

# Temple Row (Birmingham) Limited

Annual report

for the year ended 31 July 2006

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# **Temple Row (Birmingham) Limited**

## **Annual report and financial statements for the year ended 31 July 2006**

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# **Temple Row (Birmingham) Limited**

## **Directors and advisers for the year ended 31 July 2006**

### **Directors**

R J S Palmer

A J Crowther

A Eldred

S C Sanders

B I M Turnbull (resigned 28 February 2006)

R A Elliott (resigned 28 February 2006)

J M Rowney (appointed 27 March 2006)

### **Secretary**

C H Digby-Bell

### **Registered Office**

Sunningdale House

37 Caldecotte Lake Drive

Caldecotte

Milton Keynes

MK7 8LF

### **Auditors**

PricewaterhouseCoopers LLP

Central Business Exchange

Midsummer Boulevard

Central Milton Keynes

MK9 2DF

# Temple Row (Birmingham) Limited

## Directors' report for the year ended 31 July 2006

The directors present their report and the audited financial statements of the company for the year ended 31 July 2006

### Business review and principal activities

The company's principal activity is property development. The company is a special purpose company formed for the development of property. The company continued development of the site during the year.

The results for the company show a pre-tax loss of £780,367 for the year (2005 £413,299). The directors propose no dividends for the year (2005 £nil).

### Future outlook

The company intends to complete development and sell the site.

### Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key risks relate to demand in the occupier market, fluctuation of property value and securing an investment buyer.

### Key performance indicators ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

### Directors and their interests

The directors who held office during the year are given on page 1. No directors had a direct interest in the shares of the company at the 31 July 2005 or at 31 July 2006.

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to 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 suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year to 31 July 2006 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

### Provision of information to auditors

Each person who is a director at the date of approval of this report confirms that

- So far as the directors are aware, there is no relevant audit information (that is, information needed by the company's auditors in preparing their report) of which the company's auditors are unaware, and
- The directors have taken all 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.

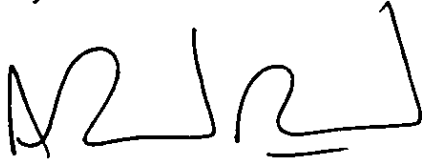
This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

## Temple Row (Birmingham) Limited

### Auditors

A resolution to reappoint the auditors, PricewaterhouseCoopers LLP will be proposed at the Annual General Meeting

By order of the board

A handwritten signature in black ink, appearing to be 'A Eldred', written over a horizontal line.

A Eldred  
Director

[ 11/5/07 ]

## **Independent auditors' report to the members of Temple Row (Birmingham) Limited**

We have audited the financial statements of Temple Row (Birmingham) Limited for the year ended 31 July 2006 which comprise the profit and loss account, 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**

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 (United Kingdom Generally Accepted Accounting Practice).

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 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 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.

### **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 July 2006 and of its loss for the year then ended, and
- 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  
Milton Keynes

*[21 MAY]* 2007

## Temple Row (Birmingham) Limited

### Profit and loss account for the year ended 31 July 2006

	Note	2006 £	14 months ended 31 July 2005 £
Administrative expenses		(67,147)	(4,030)
Other operating income	3	894,159	1,309,333
<b>Operating profit</b>	4	<b>827,012</b>	<b>1,305,303</b>
Interest receivable and similar income		9,172	541
Interest payable and similar charges	7	(1,616,551)	(1,719,143)
<b>Loss on ordinary activities before taxation</b>		<b>(780,367)</b>	<b>(413,299)</b>
Tax on loss on ordinary activities	8	-	-
<b>Loss for the year</b>	16	<b>(780,367)</b>	<b>(413,299)</b>

All items dealt with in arriving at the operating profit above relate to continuing operations

The company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented

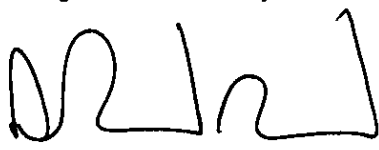
There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents

# Temple Row (Birmingham) Limited

## Balance sheet as at 31 July 2006

	Note	2006 £	2005 £
<b>Current assets</b>			
Stock	9	29,925,595	19,664,707
Debtors	10	183,276	139,536
Cash in hand and at bank		121,656	64,052
		<b>30,230,527</b>	19,868,295
<b>Creditors - amounts falling due within one year</b>	11	<b>(1,222,106)</b>	(386,288)
<b>Net current assets</b>		<b>29,008,421</b>	19,482,007
<b>Creditors – amounts falling due after more than one year</b>	12	<b>(30,202,085)</b>	(19,895,304)
<b>Net liabilities</b>		<b>(1,193,664)</b>	(413,297)
<b>Capital and reserves</b>			
Called up share capital	14	2	2
Profit and loss account	15	(1,193,666)	(413,299)
<b>Total shareholders' deficits</b>	16	<b>(1,193,664)</b>	(413,297)

The financial statements on pages 5 to 13 were approved by the board of directors on 11/5/2007 and were signed on its behalf by



A Eldred  
Director



# **Temple Row (Birmingham) Limited**

## **Notes to the financial statements for the year ended 31 July 2006**

### **1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom

#### **Basis of accounting**

The financial statements are prepared under the historical cost convention

#### **Basis of preparation – going concern**

The company has made a loss on ordinary activities before taxation of £780,367 for the year ended 31 July 2006 (14 months ended 31 July 2005 loss £413,299). However, the directors have prepared the financial statements on a going concern basis, taking into account the current market position and prospects of the company, and an undertaking from the company's immediate controlling parties to continue to provide working capital support to the company

#### **Long-term contracts**

The amount of long term contracts, at costs incurred, net of amounts transferred to cost of sales, after deducting foreseeable losses and payments on account not matched with turnover, is included within stock as long term contract balances

#### **Turnover**

Long term contracts in respect of property development, are included within turnover on the basis of cost plus attributable profit earned to date, provided that the outcome of long term contracts can be assessed with reasonable certainty

#### **Deferred taxation**

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted

### **2 Cashflow statement and related party transactions**

The company has taken advantage of the exemption from preparing a cash flow statement available to small companies under the terms of Financial Reporting Standard 1 (revised 1996)

### **3 Other operating income**

Other operating income includes rental income of £702,405 (14 months ended 31 July 2005 £1,309,333)

# Temple Row (Birmingham) Limited

## Notes to the financial statements for the year ended 31 July 2006 (continued)

### 4 Operating profit

	2006 £	14 months ended 31 July 2005 £
<hr/>		
Operating profit is stated after charging		
Auditors remuneration		
- audit services	1,600	1,650
- non-audit services	2,400	2,275
<hr/>		

### 5 Directors' emoluments

No director received remuneration in respect of services to the company

### 6 Employee information

The company has no employees

### 7 Interest payable and similar charges

	2006 £	14 months ended 31 July 2005 £
<hr/>		
Interest payable on bank loans and overdrafts	1,616,551	1,719,143
<hr/>		

# Temple Row (Birmingham) Limited

## Notes to the financial statements for the year ended 31 July 2006 (continued)

### 8 Tax on loss on ordinary activities

	2006 £	14 months ended 31 July 2005 £
Tax on loss on ordinary activities	-	-
The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%) The differences are explained below		
Loss on ordinary activities before tax	(780,367)	(413,299)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	(234,110)	(123,990)
Effects of		
Deferred tax movement not recognised	234,110	123,990
Current tax charge for the year	-	-

### 9 Stocks

	2006 £	2005 £
Long term contract balances	29,925,595	19,664,707

### 10 Debtors

	2006 £	2005 £
Trade debtors	20,000	4,790
Prepayments	58,634	22,010
Other debtors	104,642	112,738
	183,276	139,536

# **Temple Row (Birmingham) Limited**

## **Notes to the financial statements for the year ended 31 July 2006 (continued)**

### **11 Creditors – Amounts falling due within one year**

	2006 £	2005 £
Trade creditors	47,767	66,266
Accruals and deferred income	1,095,421	279,601
Other creditors	78,918	40,421
	<b>1,222,106</b>	<b>386,288</b>

### **12 Creditors – Amounts falling due after more than one year**

	2006 £	2005 £
Bank loan	29,202,085	18,895,304
Subordinated Loan Stock with related parties (see note 17)	1,000,000	1,000,000
	<b>30,202,085</b>	<b>19,895,304</b>

The Bank loan is secured by a debenture incorporating fixed charges over the assets of the company

### **13 Deferred taxation**

	2006 £	2005 £
<b>Deferred taxation unprovided in the accounts comprises</b>		
Losses	358,100	123,990
Deferred tax asset	358,100	123,990
Deferred tax charge in the profit and loss account	-	-
<b>At end of year</b>	<b>358,100</b>	<b>123,990</b>

## Temple Row (Birmingham) Limited

### Notes to the financial statements for the year ended 31 July 2006 (continued)

#### 14 Called up share capital

	2006 £	2005 £
<b>Authorised</b>		
50 'A' shares of £1 each	500	500
50 'B' shares of £1 each	500	500
	<b>1,000</b>	<b>1,000</b>
<b>Allotted and fully paid</b>		
1 'A' share of £1	1	1
1 'B' share of £1	1	1
	<b>2</b>	<b>2</b>

Dividends paid on 'A' and 'B' shares are currently restricted based on a percentage of the ultimate surplus achieved

'A' and 'B' shares have equal voting rights

#### 15 Reserves

	£
At 1 August 2005	(413,299)
Loss for the financial year	(780,367)
At 31 July 2006	<b>(1,193,666)</b>

# Temple Row (Birmingham) Limited

## Notes to the financial statements for the year ended 31 July 2006 (continued)

### 16 Reconciliation of movements in shareholders' funds

	2006 £	14 months ended 31 July 2005 £
Loss for the year	(780,367)	(413,299)
New share capital issued	-	2
Net change in shareholders' funds	(780,367)	(413,297)
Opening shareholders' deficit	(413,297)	-
Closing shareholders' deficit	(1,193,664)	(413,297)

### 17 Related party transactions

Organisation	Connected party	Nature of transactions	2006		2005	
			Balance owing £	Transactions	Balance owing £	Transactions
Royal Bank of Scotland	KUC Properties Limited (Shareholder)	Trading loan (interest bearing)	29,202,085	8,690,230	18,895,304	-
		Interest on loan	-	1,616,551	-	1,719,143
KUC Properties Limited	Shareholder	Loan stock	500,000	-	500,000	-
Palmer Capital Partners Limited	R J S Palmer (Director)	Loan stock	166,667	-	166,667	-
Tenace Limited	A Eldred (Director)	Loan stock	166,667	-	166,667	-
Rimrock Limited	A J Crowther (Director)	Loan stock	166,667	-	166,667	-
Temple Row (Birmingham) Management Limited	R J S Palmer A J Crowther A Eldred (Directors)	Project management fees	-	100,000	-	275,000

## **Temple Row (Birmingham) Limited**

### **Notes to the financial statements for the year ended 31 July 2006 (continued)**

#### **18 Ultimate controlling parties**

The directors regard Palmer Capital Partners Limited, Tenace Limited, and Rimrock Limited as the ultimate controlling parties of Frontier (Temple Point) Limited (formerly Frobridge (Birmingham) Limited), and The Royal Bank of Scotland plc as the ultimate controlling party of KUC Properties Limited. Frontier (Temple Point) Limited and KUC Properties Limited are the primary shareholders, each holding a 50% interest in the issued share capital of the company.