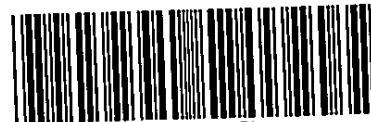


TERRACE HILL BALTIC (NO.4) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2011

MONDAY



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COMPANIES HOUSE

TERRACE HILL BALTIC (NO.4) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2011

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TERRACE HILL BALTIC (NO.4) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

P A J Leech
T G Walsh

Company secretary

Terrace Hill (Secretaries) Limited

Registered office

1 Portland Place
London
W1B 1PN

Auditor

BDO LLP
Statutory Auditor
55 Baker Street
London
W1U 7EU

TERRACE HILL BALTIC (NO.4) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2011

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 September 2011

PRINCIPAL ACTIVITIES

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

DIRECTORS

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

P A J Leech
T G Walsh
M C Vickerman

M C Vickerman retired as a director on 31 March 2011.

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,
- state whether applicable UK 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 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.

TERRACE HILL BALTIC (NO.4) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2011

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

AUDITOR

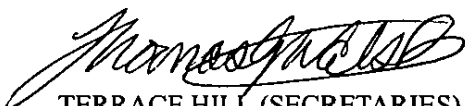
BDO LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

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 30 March 2012

TERRACE HILL BALTIC (NO.4) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TERRACE HILL BALTIC (NO.4) LIMITED

YEAR ENDED 30 SEPTEMBER 2011

We have audited the financial statements of Terrace Hill Baltic (No 4) Limited for the year ended 30 September 2011 which comprise the Profit and Loss Account, Balance Sheet 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 members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the statement of directors' responsibilities, 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 and express an opinion on 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 30 September 2011 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 BALTIC (NO.4) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TERRACE HILL BALTIC (NO.4) LIMITED *(continued)*

YEAR ENDED 30 SEPTEMBER 2011

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, or
- the directors were not entitled to prepare the directors' report in accordance with the small companies regime

BDO LLP

STEPHEN ELSWORTH (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
55 Baker Street
London
W1U 7EU

30 March 2012

BDO LLP is a limited liability partnership registered in England & Wales (with registered number OC305127)

TERRACE HILL BALTIC (NO.4) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2011

| | Note | Year to 30 Sep 11 £ | Period from 1 Nov 09 to 30 Sep 10 £ |
|---|----------|---------------------------|--|
| TURNOVER | 2 | 8,842,936 | 11,085 |
| Cost of sales | | <u>(7,703,745)</u> | <u>(11,084)</u> |
| GROSS PROFIT | | 1,139,191 | 1 |
| Administrative expenses | | <u>(396,258)</u> | <u>(10,091)</u> |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION | | 742,933 | (10,090) |
| Tax on profit/(loss) on ordinary activities | 5 | <u>(152,420)</u> | <u>152,420</u> |
| PROFIT FOR THE FINANCIAL YEAR | | <u>590,513</u> | <u>142,330</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 BALTIC (NO.4) LIMITED

BALANCE SHEET

30 SEPTEMBER 2011

| | Note | 2011 £ | 2010 £ |
|---|------|------------------|------------------|
| CURRENT ASSETS | | | |
| Debtors | 6 | 1,520,563 | 154,271 |
| Cash at bank | | <u>2,529</u> | <u>-</u> |
| | | 1,523,092 | 154,271 |
| CREDITORS: Amounts falling due within one year | 8 | <u>1,354,766</u> | <u>576,458</u> |
| NET CURRENT ASSETS/(LIABILITIES) | | <u>168,326</u> | <u>(422,187)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>168,326</u> | <u>(422,187)</u> |
| CAPITAL AND RESERVES | | | |
| Called-up equity share capital | 10 | 1 | 1 |
| Profit and loss account | 11 | <u>168,325</u> | <u>(422,188)</u> |
| SHAREHOLDER'S FUNDS/(DEFICIT) | 12 | <u>168,326</u> | <u>(422,187)</u> |

These financial statements were approved by the directors and authorised for issue on 30 March 2012, and are signed on their behalf by



T G WALSH

Company Registration Number 06514201

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

TERRACE HILL BALTIC (NO.4) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2011

1. ACCOUNTING POLICIES

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) 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

Turnover represents development income and rental and service charge income excluding value added tax and arises solely within the United Kingdom. Development income and costs arising from the construction of property on behalf of third parties are recognised on the basis of the stage of completion of the project. The stage of completion is determined as the proportion of total estimated development costs incurred at the reporting date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. TURNOVER

An analysis of turnover is given below

| | Year to 30 Sep 11 £ | Period from 1 Nov 09 to 30 Sep 10 £ |
|----------------------|------------------------------------|--|
| Property development | <u>8,842,936</u> | <u>11,085</u> |

3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after crediting

| | Year to 30 Sep 11 £ | Period from 1 Nov 09 to 30 Sep 10 £ |
|--|------------------------------------|--|
| Directors' remuneration | <u>-</u> | <u>-</u> |
| Auditor's remuneration is paid by the parent company | | |

TERRACE HILL BALTIC (NO.4) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2011

4. PARTICULARS OF EMPLOYEES

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

5. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

| | Year to 30 Sep 11 £ | Period from 1 Nov 09 to 30 Sep 10 £ |
|--|---------------------------|--|
| Deferred tax | | |
| Origination and reversal of timing differences | <u>152,420</u> | <u>(152,420)</u> |

(b) 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 27% (2010 - 28%)

| | Year to 30 Sep 11 £ | Period from 1 Nov 09 to 30 Sep 10 £ |
|--|---------------------------|--|
| Profit/(loss) on ordinary activities before taxation | <u>742,933</u> | <u>(10,090)</u> |
| Profit/(loss) on ordinary activities by rate of tax | 200,592 | (2,825) |
| Group Relief | (48,172) | 2,825 |
| Losses brought forward | (152,420) | (157,802) |
| Adjustments to tax charge in respect of previous periods | - | 157,802 |
| Total current tax (note 5(a)) | <u>-</u> | <u>-</u> |

(c) Factors that may affect future tax charges

The Treasury have confirmed that a change in the corporation tax rate is expected to occur in separate Finance Acts in the years 2011 to 2013 inclusive. During this period the tax rate reduced from 28% to 24%. The rate of 25% has been used in calculating the deferred tax asset and if appropriate this may be reduced, if required, by a further 1% next year.

6. DEBTORS

| | 2011 £ | 2010 £ |
|--------------------------------|------------------|----------------|
| Trade debtors | 1,153,946 | - |
| Other debtors | 366,617 | 1,766 |
| Prepayments and accrued income | - | 85 |
| Deferred taxation (note 7) | - | 152,420 |
| | <u>1,520,563</u> | <u>154,271</u> |

TERRACE HILL BALTIC (NO.4) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2011

7. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

| | Year to 30 Sep 11 £ | Period from 1 Nov 09 to 30 Sep 10 £ |
|------------------------------|---------------------------|--|
| Included in debtors (note 6) | - | 152,420 |

The movement in the deferred taxation account during the year was

| | Year to 30 Sep 11 £ | Period from 1 Nov 09 to 30 Sep 10 £ |
|--|---------------------------|--|
| Balance brought forward | 152,420 | - |
| Profit and loss account movement arising during the year | (152,420) | 152,420 |
| Balance carried forward | - | 152,420 |

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

| | 2011 £ | 2010 £ |
|----------------------|-----------|-----------|
| Tax losses available | - | 152,420 |
| | - | 152,420 |

8. CREDITORS: Amounts falling due within one year

| | 2011 £ | 2010 £ |
|------------------------------------|------------------|----------------|
| Trade creditors | 1,145,838 | - |
| Amounts owed to group undertakings | 39,835 | 576,458 |
| Accruals and deferred income | 169,093 | - |
| | <u>1,354,766</u> | <u>576,458</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 BALTIC (NO.4) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2011

10. SHARE CAPITAL

Allotted, called up and fully paid:

| | 2011 | | 2010 | |
|------------------------------|----------|----------|----------|----------|
| | No | £ | No | £ |
| 1 Ordinary shares of £1 each | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> |

11. PROFIT AND LOSS ACCOUNT

| | Year to 30 Sep 11 £ | Period from 1 Nov 09 to 30 Sep 10 £ |
|-------------------------------|---------------------------|--|
| Balance brought forward | (422,188) | (564,518) |
| Profit for the financial year | <u>590,513</u> | <u>142,330</u> |
| Balance carried forward | <u>168,325</u> | <u>(422,188)</u> |

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2011 £ | 2010 £ |
|---------------------------------------|------------------|------------------|
| Profit for the financial year | 590,513 | 142,330 |
| Opening shareholders' deficit | <u>(422,187)</u> | <u>(564,517)</u> |
| Closing shareholders' funds/(deficit) | <u>168,326</u> | <u>(422,187)</u> |

13. ULTIMATE PARENT COMPANY

The immediate parent company is Terrace Hill North East Limited, a company 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.