

SOUTH EASTERN RECOVERY II LIMITED
FINANCIAL STATEMENTS
30 SEPTEMBER 2011

MONDAY



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SOUTH EASTERN RECOVERY II LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2011

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SOUTH EASTERN RECOVERY II LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

M A Kelly
T G Walsh

Company secretary

Terrace Hill (Secretaries) Limited

Registered office

24 Great King Street
Edinburgh
EH3 6QN

Auditor

BDO LLP
Statutory Auditor
55 Baker Street
London
W1U 7EU

SOUTH EASTERN RECOVERY II LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 SEPTEMBER 2011

The directors present their report and the financial statements of the company for the year ended 30 September 2011.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the provision and letting of residential property.

DIRECTORS

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

M A Kelly

T G Walsh

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.

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.

SOUTH EASTERN RECOVERY II LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 SEPTEMBER 2011

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:
24 Great King Street
Edinburgh
EH3 6QN

Signed by order of the directors



TERRACE HILL (SECRETARIES)
LIMITED
Company Secretary

Approved by the directors on 05 April 2012

SOUTH EASTERN RECOVERY II LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH EASTERN RECOVERY II LIMITED

YEAR ENDED 30 SEPTEMBER 2011

We have audited the financial statements of South Eastern Recovery II 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 loss 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.

SOUTH EASTERN RECOVERY II LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH EASTERN RECOVERY II 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

05 April 2012

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

SOUTH EASTERN RECOVERY II LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2011

		Year to 30 Sep 11 £	Period from 1 Nov 09 to 30 Sep 10 £
TURNOVER	Note 2	154,245	126,860
Cost of sales		<u>61,667</u>	<u>44,760</u>
GROSS PROFIT		92,578	82,100
Administrative expenses		<u>102</u>	2,546
Other provisions		<u>1,240,775</u>	-
OPERATING PROFIT	3	(1,148,299)	79,554
Interest payable and similar charges	5	<u>47,707</u>	40,892
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(1,196,006)</u>	38,662
Tax on (loss)/profit on ordinary activities	6	<u>11,409</u>	7,087
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(1,207,415)</u>	<u>31,575</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.

SOUTH EASTERN RECOVERY II LIMITED

BALANCE SHEET

30 SEPTEMBER 2011

	Note	2011 £	2010 £
CURRENT ASSETS			
Debtors	7	2,193,841	3,430,012
Cash at bank		10	174
		<u>2,193,851</u>	<u>3,430,186</u>
CREDITORS: Amounts falling due within one year	8	<u>35,872</u>	<u>64,792</u>
NET CURRENT ASSETS		<u>2,157,979</u>	<u>3,365,394</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,157,979</u>	<u>3,365,394</u>
CAPITAL AND RESERVES			
Called-up equity share capital	11	2,045,393	2,045,393
Share premium account	12	1,102,716	1,102,716
Profit and loss account	13	(990,130)	217,285
SHAREHOLDER'S FUNDS	14	<u>2,157,979</u>	<u>3,365,394</u>

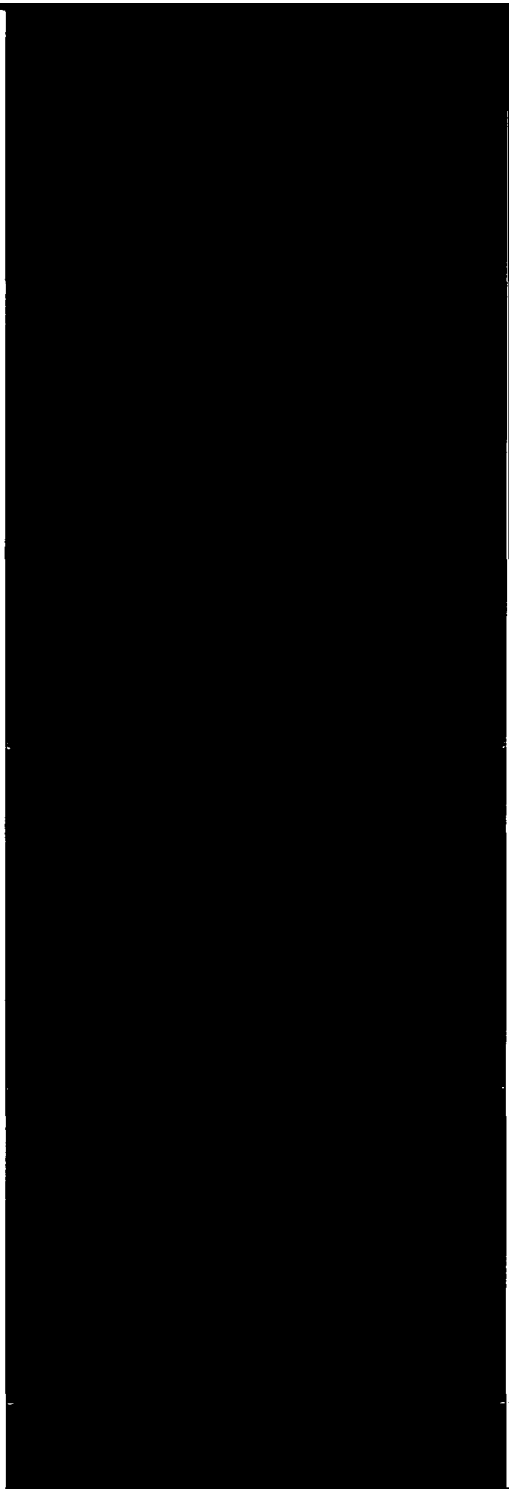
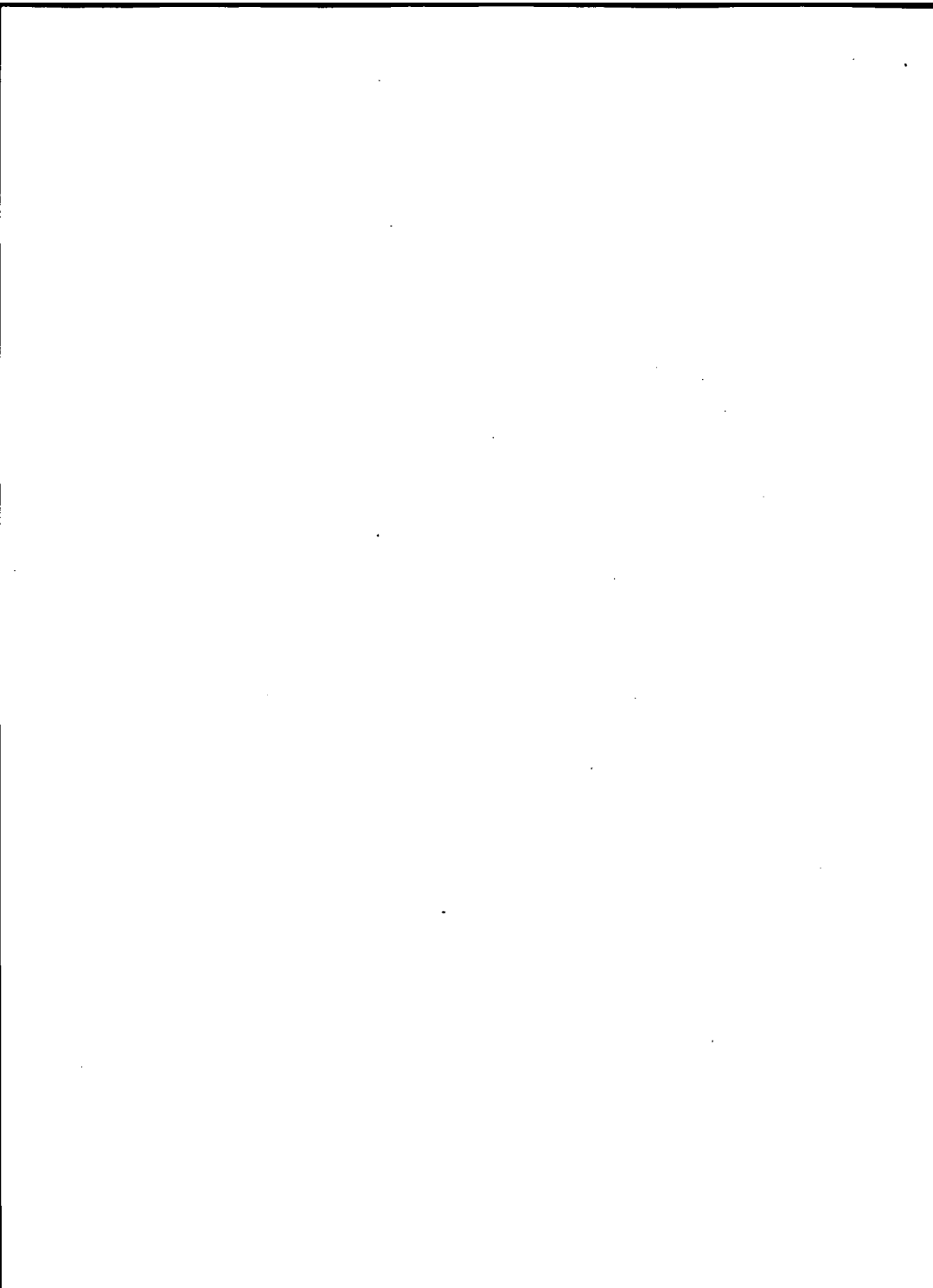
These financial statements were approved by the directors and authorised for issue on 05 April 2012, and are signed on their behalf by:



T G Walsh
Director

Company Registration Number: SC130778

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



SOUTH EASTERN RECOVERY II 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 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

Rental income arising from property is accounted for on a straight-line basis over the term of the lease.

2. TURNOVER

An analysis of turnover is given below:

	Year to 30 Sep 11 £	Period from 1 Nov 09 to 30 Sep 10 £
Rental income	<u>154,245</u>	<u>126,860</u>

3. OPERATING PROFIT

Operating profit 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.		

4. PARTICULARS OF EMPLOYEES

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

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year to 30 Sep 11 £	Period from 1 Nov 09 to 30 Sep 10 £
Amounts payable to group undertakings	<u>47,707</u>	<u>40,892</u>

SOUTH EASTERN RECOVERY II LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2011

6. 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 £
Current tax:		
UK Corporation tax based on the results for the year at 27% (2010 - 28%)	<u>11,409</u>	<u>7,087</u>
Total current tax	<u>11,409</u>	<u>7,087</u>

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher 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 £
(Loss)/profit on ordinary activities before taxation	<u>(1,196,006)</u>	<u>38,662</u>
(Loss)/profit on ordinary activities by rate of tax	(322,922)	10,825
Expenses not deductible for tax purposes	335,009	-
Other movements	377	715
Group relief	<u>(1,055)</u>	<u>(4,453)</u>
Total current tax (note 6(a))	<u>11,409</u>	<u>7,087</u>

SOUTH EASTERN RECOVERY II LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2011

7. DEBTORS

	2011	2010
	£	£
Trade debtors	8,889	22,586
Amounts owed by group undertakings	2,101,194	3,331,560
Other debtors	75,866	75,866
Prepayments and accrued income	7,892	–
	<u>2,193,841</u>	<u>3,430,012</u>

All amounts shown under debtors fall due for payment within one year.

8. CREDITORS: Amounts falling due within one year

	2011	2010
	£	£
Trade creditors	14,204	12,685
Amounts owed to group undertakings	–	20,427
Corporation tax	11,395	7,087
Other creditors	–	1,445
Accruals and deferred income	10,273	23,148
	<u>35,872</u>	<u>64,792</u>

9. CONTINGENCIES

The company is party to the security arrangements for the bank debts of NC (Res) Limited, a fellow subsidiary company. The amount outstanding at the year end was £9,837,124. These borrowings are secured by way of a standard security and a bond and floating charge over the assets of the company.

10. RELATED PARTY TRANSACTIONS

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.

11. SHARE CAPITAL

Allotted, called up and fully paid:

	2011		2010
	No	£	No £
4,090,785 Ordinary shares of £0.50 each	<u>4,090,785</u>	<u>2,045,393</u>	<u>4,090,785 2,045,393</u>

12. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year.

SOUTH EASTERN RECOVERY II LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2011

13. PROFIT AND LOSS ACCOUNT

	Year to 30 Sep 11 £	Period from 1 Nov 09 to 30 Sep 10 £
Balance brought forward	217,285	185,710
(Loss)/profit for the financial year	<u>(1,207,415)</u>	<u>31,575</u>
Balance carried forward	<u>(990,130)</u>	<u>217,285</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £	2010 £
(Loss)/profit for the financial year	(1,207,415)	31,575
Opening shareholders' funds	<u>3,365,394</u>	<u>3,333,819</u>
Closing shareholders' funds	<u>2,157,979</u>	<u>3,365,394</u>

15. ULTIMATE PARENT COMPANY

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.