

COMPANY REGISTRATION NUMBER SC 149767

**TERRACE HILL (MANAGEMENT) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 SEPTEMBER 2011**

TUESDAY



LD5  
"L1BEIRAA"  
19/06/2012  
COMPANIES HOUSE  
#37

# **TERRACE HILL (MANAGEMENT) LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 30 SEPTEMBER 2011**

<b>CONTENTS</b>	<b>PAGE</b>
Officers and professional advisers	1
The directors' report	2
Independent auditor's report to the members	4
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

# **TERRACE HILL (MANAGEMENT) LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

**The board of directors**

P A J Leech  
T G Walsh  
M A Kelly  
J M Austen

**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

# **TERRACE HILL (MANAGEMENT) 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 of management and administration services.

#### **DIRECTORS**

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

P A J Leech  
T G Walsh  
M A Kelly  
J M Austen

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 (MANAGEMENT) 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

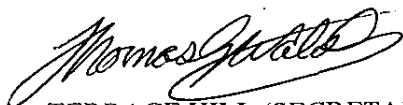
BDO LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

### 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:  
24 Great King Street  
Edinburgh  
EH3 6QN

Signed by order of the directors



TERRACE HILL (SECRETARIES)  
LIMITED  
Company Secretary

Approved by the directors on 7 June 2012

# **TERRACE HILL (MANAGEMENT) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TERRACE HILL (MANAGEMENT) LIMITED**

**YEAR ENDED 30 SEPTEMBER 2011**

We have audited the financial statements of Terrace Hill (Management) 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](http://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 (MANAGEMENT) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TERRACE HILL (MANAGEMENT) 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

7 June 2012

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

# TERRACE HILL (MANAGEMENT) LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2011

		Year to 30 Sep 11 £	Period from 1 Nov 09 to 30 Sep 10 £
<b>TURNOVER</b>	Note <b>2</b>	<b>8,430,236</b>	<b>6,003,485</b>
Administrative expenses		<u><b>7,658,034</b></u>	<u><b>6,031,703</b></u>
<b>OPERATING PROFIT/(LOSS)</b>	<b>3</b>	<u><b>772,202</b></u>	<u><b>(28,218)</b></u>
Interest payable and similar charges	<b>6</b>	—	24
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u><b>772,202</b></u>	<u><b>(28,242)</b></u>
Tax on profit/(loss) on ordinary activities	<b>7</b>	—	—
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<u><u><b>772,202</b></u></u>	<u><u><b>(28,242)</b></u></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 13 form part of these financial statements.



# TERRACE HILL (MANAGEMENT) LIMITED

## BALANCE SHEET

30 SEPTEMBER 2011

	Note	2011 £	2010 £
<b>FIXED ASSETS</b>			
Tangible assets	8	<u>160,602</u>	<u>209,754</u>
<b>CURRENT ASSETS</b>			
Debtors	9	273,570	1,348,866
Cash at bank		<u>140,540</u>	<u>492</u>
		414,110	1,349,358
<b>CREDITORS: Amounts falling due within one year</b>	10	<u>5,048,077</u>	<u>7,001,077</u>
<b>NET CURRENT LIABILITIES</b>		<u>(4,633,967)</u>	<u>(5,651,719)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(4,473,365)</u>	<u>(5,441,965)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	12	300,000	300,000
Profit and loss account	13	<u>(4,773,365)</u>	<u>(5,741,965)</u>
<b>SHAREHOLDER'S DEFICIT</b>	14	<u>(4,473,365)</u>	<u>(5,441,965)</u>

These financial statements were approved by the directors and authorised for issue on 7 June 2012, and are signed on their behalf by:

  
T G WALSH

Company Registration Number: SC 149767

The notes on pages 8 to 13 form part of these financial statements.

# **TERRACE HILL (MANAGEMENT) 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.

The accounts have been prepared under the going concern basis because the parent company has agreed that the group will provide adequate funds for the company to meet its liabilities as they fall due.

#### **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**

Turnover represents fees receivable for services excluding VAT in the normal course of business.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Land & buildings	-	over the length of the lease
Ride to Work	-	straight line over twelve months
Fixtures & Fittings	-	25% straight line
Motor Vehicles	-	25% straight line
Equipment	-	25% straight line

#### **Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Pension costs**

Contributions to defined contribution pension schemes are charged to the profit and loss account in the year in which they become payable.

# TERRACE HILL (MANAGEMENT) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2011

### 1. ACCOUNTING POLICIES *(continued)*

#### Share-based payments

The fair value of granting share awards under the performance share plan and the other share-based remuneration to directors and other employees is recognised through the Profit and Loss Account. The fair value of shares awarded is calculated by using a stochastic pricing model. The resulting fair value is amortised through the Profit and Loss Account on a straight-line basis over the vesting period. The charge is reversed if it is likely that any non-market based criteria will not be met. Disclosures relating to the share-based payments can be found in the Consolidated Financial Statements of Terrace Hill Group Plc.

### 2. TURNOVER

An analysis of turnover is given below:

	Year to 30 Sep 11 £	Period from 1 Nov 09 to 30 Sep 10 £
Management fees	<u>8,430,236</u>	<u>6,003,485</u>

### 3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging:

	Year to 30 Sep 11 £	Period from 1 Nov 09 to 30 Sep 10 £
Depreciation of owned fixed assets	84,292	119,885
Share based payment	<u>196,398</u>	<u>383,873</u>

Auditor's remuneration is paid by the parent company.

### 4. PARTICULARS OF EMPLOYEES

The average number of persons employed by the company during the financial year, including the directors, amounted to 35 (2010 - 37).

The aggregate payroll costs of the above were:

	Year to 30 Sep 11 £	Period from 1 Nov 09 to 30 Sep 10 £
Wages and salaries	4,913,411	3,708,261
Social security costs	652,676	519,831
Other pension costs	495,649	263,861
	<u>6,061,736</u>	<u>4,491,953</u>

# TERRACE HILL (MANAGEMENT) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2011

### 5. DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	Year to 30 Sep 11 £	Period from 1 Nov 09 to 30 Sep 10 £
Remuneration receivable	797,023	539,276
Value of company pension contributions to money purchase schemes	121,070	48,758
	<u>918,093</u>	<u>588,034</u>

#### Remuneration of highest paid director:

	Year to 30 Sep 11 £	Period from 1 Nov 09 to 30 Sep 10 £
Total remuneration (excluding pension contributions)	361,000	346,000
Value of company pension contributions to money purchase schemes	39,000	34,000
	<u>400,000</u>	<u>380,000</u>

Pension contributions to money purchase schemes were made during the year in respect of 4 directors (2010 - 3).

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	Year to 30 Sep 11 £	Period from 1 Nov 09 to 30 Sep 10 £
Other similar charges payable	—	24

# TERRACE HILL (MANAGEMENT) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2011

### 7. 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 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>772,202</u>	<u>(28,242)</u>
Profit/(loss) on ordinary activities by rate of tax	208,495	(7,908)
Expenses not deductible for tax purposes and non-taxable income	4,753	110,844
Depreciation in excess of capital allowances for the period	(12,819)	22,161
Group relief	(187,455)	(125,097)
Depreciation	4,296	-
(Gain)/loss on sales of assets	<u>(17,270)</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>

### 8. TANGIBLE FIXED ASSETS

	Leasehold Improvements £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
<b>COST</b>						
At 1 Oct 2010	159,119	-	112,916	258,298	113,890	644,223
Additions	-	9,949	930	-	59,540	70,419
Disposals	-	-	-	(258,298)	(1,945)	(260,243)
At 30 Sep 2011	<u>159,119</u>	<u>9,949</u>	<u>113,846</u>	<u>-</u>	<u>171,485</u>	<u>454,399</u>
<b>DEPRECIATION</b>						
At 1 Oct 2010	54,160	-	96,567	196,830	86,912	434,469
Charge for the year	15,912	4,880	15,114	27,243	21,143	84,292
On disposals	-	-	-	(224,073)	(891)	(224,964)
At 30 Sep 2011	<u>70,072</u>	<u>4,880</u>	<u>111,681</u>	<u>-</u>	<u>107,164</u>	<u>293,797</u>
<b>NET BOOK VALUE</b>						
At 30 Sep 2011	<u>89,047</u>	<u>5,069</u>	<u>2,165</u>	<u>-</u>	<u>64,321</u>	<u>160,602</u>
At 30 Sep 2010	<u>104,959</u>	<u>-</u>	<u>16,349</u>	<u>61,468</u>	<u>26,978</u>	<u>209,754</u>

# TERRACE HILL (MANAGEMENT) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2011

### 9. DEBTORS

	2011 £	2010 £
Trade debtors	32,696	–
Amounts owed by group undertakings	–	1,020,774
VAT recoverable	1,859	8,651
Other debtors	–	96,195
Prepayments and accrued income	239,015	223,246
	<u>273,570</u>	<u>1,348,866</u>

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

	2011 £	2010 £
Bank loans	–	6,419
Trade creditors	193,100	99,972
Amounts owed to group undertakings	4,600,773	6,521,623
PAYE and social security	163,324	172,176
Other creditors	10,644	28,151
Accruals and deferred income	80,236	172,736
	<u>5,048,077</u>	<u>7,001,077</u>

### 11. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption allowed by FRS 8 not to disclose related party transactions with entities that are included in the consolidated financial statements of Terrace Hill Group PLC and are 100% owned.

RFM Adair, PAJ Leech and JM Austen are directors in Terrace Hill Group plc. Included in management fee income for the year are amounts totalling £102,313 (2010: £73,772) charged to Terrace Hill Residential plc, an associate company of Terrace Hill Group plc. The balance due by Terrace Hill Residential plc at the year end was £nil (2010: £nil).

Management fees were charged to the following companies, of which RFM Adair is a director:

Skye Holdings Limited £6,854 (2010: £nil), Skye Securities Limited £6,350 (2010: £11,811), Earlycall Limited £979 (2010: £nil), Terrace Hill Hampton £979 (2010: £nil).

Trade and other debtors includes amounts due from Skye Holdings Limited £8,225 (2010: £nil), Skye Securities Limited £7,620 (2010: £nil), Earlycall £1,175 (2010: £nil) and Terrace Hill Hampton £1,175 (2010: £nil).

### 12. SHARE CAPITAL

Allotted, called up and fully paid:

	2011 No	£	2010 No	£
300,000 Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>

# TERRACE HILL (MANAGEMENT) 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	(5,741,965)	(6,097,596)
Profit/(loss) for the financial year	772,202	(28,242)
Share based payment	196,398	383,873
Balance carried forward	<u>(4,773,365)</u>	<u>(5,741,965)</u>

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

	2011 £	2010 £
Profit/(loss) for the financial year	772,202	(28,242)
Share based payment	196,398	383,873
Net addition to shareholders' deficit	968,600	355,631
Opening shareholders' deficit	<u>(5,441,965)</u>	<u>(5,797,596)</u>
Closing shareholders' deficit	<u>(4,473,365)</u>	<u>(5,441,965)</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.