

**TERRACE HILL (MANAGEMENT) LIMITED  
FORMERLY PARK CIRCUS (MANAGEMENT)  
LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 OCTOBER 2009**

THURSDAY



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COMPANIES HOUSE

**TERRACE HILL (MANAGEMENT) LIMITED FORMERLY PARK  
CIRCUS (MANAGEMENT) LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

**The board of directors**

P A J Leech  
T G Walsh  
M A Kelly

**Company secretary**

Terrace Hill (Secretaries) Limited

**Registered office**

James Sellars House  
144 West George Street  
Glasgow  
G2 2HG

**Auditor**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

# **TERRACE HILL (MANAGEMENT) LIMITED FORMERLY PARK CIRCUS (MANAGEMENT) LIMITED**

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 31 OCTOBER 2009**

The directors present their report and the financial statements of the company for the year ended 31 October 2009.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year was the provision of management and administration services.

On 24 November 2009 the company changed its name to Terrace Hill (Management) Limited.

#### **DIRECTORS**

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

P A J Leech  
T G Walsh  
M A Kelly  
A B Wilson

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

A B Wilson resigned as a director on 6 July 2009.

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**TERRACE HILL (MANAGEMENT) LIMITED FORMERLY PARK  
CIRCUS (MANAGEMENT) LIMITED**

**THE DIRECTORS' REPORT** *(continued)*

**YEAR ENDED 31 OCTOBER 2009**

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.

**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.

Signed by order of the directors



TERRACE HILL (SECRETARIES) LIMITED  
Company Secretary

Approved by the directors on 23 July 2010

# **TERRACE HILL (MANAGEMENT) LIMITED FORMERLY PARK CIRCUS (MANAGEMENT) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF TERRACE HILL (MANAGEMENT) LIMITED FORMERLY PARK CIRCUS (MANAGEMENT) LIMITED**

**YEAR ENDED 31 OCTOBER 2009**

We have audited the financial statements of Terrace Hill (Management) Limited formerly Park Circus (Management) Limited for the year ended 31 October 2009 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 shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement, 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 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements.

### **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 31 October 2009 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 FORMERLY PARK  
CIRCUS (MANAGEMENT) LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF  
TERRACE HILL (MANAGEMENT) LIMITED FORMERLY PARK CIRCUS  
(MANAGEMENT) LIMITED *(continued)***

**YEAR ENDED 31 OCTOBER 2009**

**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.

*BDO LLP*

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

23 July 2010

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

**TERRACE HILL (MANAGEMENT) LIMITED FORMERLY PARK  
CIRCUS (MANAGEMENT) LIMITED**

**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31 OCTOBER 2009**

	Note	2009 £	2008 <i>restated</i> £
<b>TURNOVER</b>		<b>5,914,575</b>	<b>9,396,935</b>
Administrative expenses		<b>(5,558,446)</b>	<b>(8,697,795)</b>
<b>OPERATING PROFIT</b>	<b>2</b>	<b>356,129</b>	<b>699,140</b>
Interest receivable	<b>4</b>	<b>1,675</b>	<b>1,464</b>
Interest payable and similar charges		<b>(119)</b>	<b>(397)</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>357,685</b>	<b>700,207</b>
Tax on profit on ordinary activities	<b>5</b>	<b>—</b>	<b>(246,652)</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>357,685</b>	<b>453,555</b>

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 14 form part of these financial statements.

# TERRACE HILL (MANAGEMENT) LIMITED FORMERLY PARK CIRCUS (MANAGEMENT) LIMITED

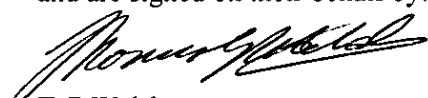
## BALANCE SHEET

31 OCTOBER 2009

	Note	2009 £	2008 £
<b>FIXED ASSETS</b>			
Tangible assets	6	<u>320,618</u>	<u>488,318</u>
<b>CURRENT ASSETS</b>			
Debtors	7	3,875,478	3,331,138
Cash at bank		<u>13,568</u>	<u>89,039</u>
		<u>3,889,046</u>	<u>3,420,177</u>
<b>CREDITORS: Amounts falling due within one year</b>	8	<u>10,007,260</u>	<u>9,345,758</u>
<b>NET CURRENT LIABILITIES</b>		<u>(6,118,214)</u>	<u>(5,925,581)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(5,797,596)</u>	<u>(5,437,263)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	10	300,000	300,000
Profit and loss account	11	<u>(6,097,596)</u>	<u>(5,737,263)</u>
<b>DEFICIT</b>	12	<u>(5,797,596)</u>	<u>(5,437,263)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

These financial statements were approved by the directors and authorised for issue on 23 July 2010, and are signed on their behalf by:

  
T G Walsh

Company Registration Number: SC 149767

The notes on pages 8 to 14 form part of these financial statements.

# **TERRACE HILL (MANAGEMENT) LIMITED FORMERLY PARK CIRCUS (MANAGEMENT) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2009**

### **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:

Leasehold Property	- over the length of the lease
Fixtures & Fittings	- 25% straight line
Motor Vehicles	- 25% straight line
Equipment	- 25% straight line

#### **Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

#### **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.

# TERRACE HILL (MANAGEMENT) LIMITED FORMERLY PARK CIRCUS (MANAGEMENT) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 OCTOBER 2009**

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

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.

#### **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.

#### **Share-based payments**

Under a performance share plan certain employees of the company have been granted rights in the equity of the parent company. The value of the awards is recognised as a cost to the profit and loss account.

#### **Prior year adjustment**

In previous periods the turnover charged for management services was set off in administrative expenses against the costs incurred. A prior year adjustment now shows the management services removed from the administrative expenses and shown in turnover. The restatement has no impact on the results of the company in any period.

### 2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Staff pension contributions	<b>364,816</b>	473,692
Depreciation of owned fixed assets	<b>147,682</b>	140,184
(Profit)/Loss on disposal of fixed assets	<b>(7,014)</b>	4,527

Auditor's remuneration is paid by the parent company.

**TERRACE HILL (MANAGEMENT) LIMITED FORMERLY PARK  
CIRCUS (MANAGEMENT) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2009**

**3. DIRECTORS' REMUNERATION**

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

	2009	2008
	£	£
Aggregate remuneration	646,426	773,039
Value of company pension contributions to money purchase schemes	39,550	40,542
	<u>685,976</u>	<u>813,581</u>

Pension contributions to money purchase schemes were made during the year in respect of 3 directors (2008 - 3).

**4. INTEREST RECEIVABLE**

	2009	2008
	£	£
Bank interest receivable	<u>1,675</u>	<u>1,464</u>

**5. TAXATION ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in the year**

	2009	2008
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 28% (2008 - 28.83%)	-	86,000
Total current tax	-	86,000
Deferred tax:		
Origination and reversal of timing differences		
Other	-	160,652
Tax on profit on ordinary activities	<u>-</u>	<u>246,652</u>

**TERRACE HILL (MANAGEMENT) LIMITED FORMERLY PARK  
CIRCUS (MANAGEMENT) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2009**

**5. TAXATION ON ORDINARY ACTIVITIES** *(continued)*

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2008 - 28.83%).

	2009 £	2008 £
Profit on ordinary activities before taxation	<u>357,685</u>	<u>700,207</u>
Profit on ordinary activities by rate of tax	100,152	201,870
Expenses not deductible for tax purposes and non-taxable income	(14,352)	(11,214)
Depreciation in excess of capital allowances for the period	41,345	-
Adjustments to tax charge in respect of previous periods	-	86,000
Group relief	<u>(127,145)</u>	<u>(190,656)</u>
Total current tax (note 5(a))	<u>-</u>	<u>86,000</u>

**6. TANGIBLE FIXED ASSETS**

	Land and buildings £	Other plant & machinery £	Total £
<b>COST</b>			
At 1 November 2008	159,119	548,697	707,816
Additions	-	5,293	5,293
Disposals	-	(65,765)	(65,765)
<b>At 31 October 2009</b>	<u>159,119</u>	<u>488,225</u>	<u>647,344</u>
<b>DEPRECIATION</b>			
At 1 November 2008	23,662	195,836	219,498
Charge for the year	15,912	131,770	147,682
On disposals	-	(40,454)	(40,454)
<b>At 31 October 2009</b>	<u>39,574</u>	<u>287,152</u>	<u>326,726</u>
<b>NET BOOK VALUE</b>			
<b>At 31 October 2009</b>	<u>119,545</u>	<u>201,073</u>	<u>320,618</u>
At 31 October 2008	<u>135,457</u>	<u>352,861</u>	<u>488,318</u>

**TERRACE HILL (MANAGEMENT) LIMITED FORMERLY PARK  
CIRCUS (MANAGEMENT) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2009**

**7. DEBTORS**

	2009	2008
	£	£
Trade debtors	890	72,543
Amounts owed by group undertakings	2,840,352	2,840,352
VAT recoverable	7,198	—
Other debtors	1,027,038	418,243
	<u>3,875,478</u>	<u>3,331,138</u>

**8. CREDITORS: Amounts falling due within one year**

	2009	2008
	£	£
Trade creditors	86,949	136,386
Amounts owed to group undertakings	9,615,231	8,832,656
Other taxation and social security	273,196	250,874
Other creditors	31,884	125,842
	<u>10,007,260</u>	<u>9,345,758</u>

# TERRACE HILL (MANAGEMENT) LIMITED FORMERLY PARK CIRCUS (MANAGEMENT) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**YEAR ENDED 31 OCTOBER 2009**

### 9. 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 and PAJ Leech are directors in Terrace Hill Group plc. Included in management fee income for the year are amounts totalling £300,000 (2008: £300,000) 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 (2008: £8,163).

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

Skye Holdings Limited £38,000 (2008: £60,000), Skye Securities Limited £46,389 (2008: £nil), Earlycall Limited £1,833 (2008: £nil), Terrace Hill Hampton £1,833 (2008: £nil).

Other debtors includes amounts due from Skye Holdings Limited £5,400 (2008: £nil), Skye Securities Limited £21,450 (2008: £nil), Earlycall £150 (2008: £nil) and Terrace Hill Hampton £150 (2008: £nil).

Management fees of £20,000 (2008: £nil) were charged to Serah Properties plc, a company in which Terrace Hill Group plc has a 91.51% interest.

### 10. SHARE CAPITAL

#### Authorised share capital:

	2009	2008
	£	£
300,000 Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>

#### Allotted, called up and fully paid:

	2009		2008
	No	£	No
			£
300,000 Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>

### 11. PROFIT AND LOSS ACCOUNT

	2009	2008
	£	£
Balance brought forward	(5,737,263)	(6,981,694)
Profit for the financial year	357,685	453,555
Share based payment	(718,018)	790,876
Balance carried forward	<u>(6,097,596)</u>	<u>(5,737,263)</u>

**TERRACE HILL (MANAGEMENT) LIMITED FORMERLY PARK  
CIRCUS (MANAGEMENT) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2009**

**12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2009	2008
	£	£
Profit for the financial year	357,685	453,555
Share based payment	(718,018)	790,876
Net (reduction)/addition to shareholders' deficit	(360,333)	1,244,431
Opening shareholders' deficit	(5,437,263)	(6,681,694)
Closing shareholders' deficit	<u>(5,797,596)</u>	<u>(5,437,263)</u>

**13. 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.