

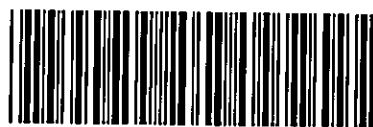
Eshott Hall Estate Limited

FINANCIAL STATEMENTS

for the year ended

31 March 2007

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COMPANIES HOUSE

Eshott Hall Estate Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T N H Sanderson
M A Sanderson

SECRETARY

T N H Sanderson

REGISTERED OFFICE

Eshott Hall
Eshott
Morpeth
Northumberland
NE65 9EP

AUDITOR

Baker Tilly UK Audit LLP
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

BANKERS

Yorkshire Bank Plc
46 Coney Street
York
YO1 9NQ

SOLICITORS

Eversheds Solicitors
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3XX

Eshott Hall Estate Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Eshott Hall Estate Limited for the year ended 31 March 2007

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of property management, development and investment

RESULTS AND DIVIDENDS

The results for the year are set out on page 6

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company holds or issues financial instruments in order to achieve three main objectives, being

- a) to finance its operations,
- b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance, and
- c) for trading purposes

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the company's operations

DIRECTORS

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

T N H Sanderson
M A Sanderson

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

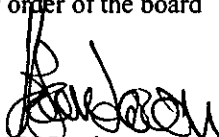
AUDITOR

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditor will be put to the members at the annual general meeting

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

By order of the board


T N H Sanderson
Company Secretary
11 August 2008

Eshott Hall Estate Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 these financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c 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 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 requirements of 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.

Eshott Hall Estate Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESHOTT HALL ESTATE LIMITED

We have audited the financial statements on pages 6 to 14

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditor

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 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 judgements 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 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. However, the evidence available to us to confirm the appropriateness of preparing the financial statements on the going concern basis was limited because the company has not prepared any profit or cash flow projections for an appropriate period subsequent to the balance sheet date. Further, insufficient audit evidence was available concerning the recoverability of amounts owed by the group undertakings, associated companies and directors. As a result, and in the absence of any alternative evidence available to us, we have been unable to form a view as to the recoverability of these balances, and therefore the applicability of the going concern basis, the circumstances of which, together with the effect on the financial statements should this basis be inappropriate, are set out in Note 1 to the financial statements.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Eshott Hall Estate Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESHOTT HALL ESTATE LIMITED

Opinion: Disclaimer on view given by the financial statements

Because of the possible effect of the limitation in evidence available to us we are unable to form an opinion as to whether 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 March 2007 and of its loss for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985

In respect solely of the limitations in our work referred to above we have not obtained all the information and explanations that we considered necessary for the purpose of our audit

Notwithstanding our disclaimer on the view given by the financial statements, in our opinion the information given in the Directors' Report is consistent with the financial statements



BAKER TILLY UK AUDIT LLP
Registered Auditor
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

11/8/08

Eshott Hall Estate Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2007

	<i>Notes</i>	2007 £	2006 £
Administrative expenses		(188,408)	(167,338)
Other operating income		<u>186,501</u>	<u>193,423</u>
OPERATING (LOSS)/PROFIT	2	(1,907)	26,085
Income from shares in group undertakings	3	–	80,000
		<u>(1,907)</u>	<u>106,085</u>
Interest payable and similar charges		160,422	120,064
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(162,329)</u>	<u>(13,979)</u>
Taxation		–	–
LOSS FOR THE FINANCIAL YEAR		<u>(162,329)</u>	<u>(13,979)</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2007

		2007 £	2006 £
Loss on ordinary activities after taxation	14	(162,329)	(13,979)
Unrealised movement on revaluation of property	14	–	<u>2,180,902</u>
Total recognised gains relating to the year		<u>(162,329)</u>	<u>2,166,923</u>

Eshott Hall Estate Limited

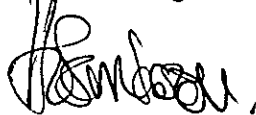
BALANCE SHEET

31 March 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Intangible assets	5	13,000	13,000
Tangible assets	6	6,422,944	6,498,475
Investments	7	5,002	5,002
		<u>6,440,946</u>	<u>6,516,477</u>
CURRENT ASSETS			
Stocks		9,538	9,538
Debtors	8	1,278,795	1,097,785
Cash at bank		876	—
		<u>1,289,209</u>	<u>1,107,323</u>
CREDITORS			
Amounts falling due within one year	9	2,385,240	2,110,127
NET CURRENT LIABILITIES			
		<u>(1,096,031)</u>	<u>(1,002,804)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>5,344,915</u>	<u>5,513,673</u>
CREDITORS			
Amounts falling due after more than one year	10	6,428	12,857
		<u>5,338,487</u>	<u>5,500,816</u>
CAPITAL AND RESERVES			
Called up equity share capital	13	100	100
Share premium account	14	839,377	839,377
Revaluation reserve	14	4,651,116	4,651,116
Profit and loss account	14	(152,106)	10,223
SHAREHOLDERS' FUNDS			
		<u>5,338,487</u>	<u>5,500,816</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005)

The financial statements on pages 6 to 14 were approved by the directors and authorised for issue on 11 August 2008 and are signed on their behalf by



T N H Sanderson
Director

Eshott Hall Estate Limited

ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

INTANGIBLE FIXED ASSETS

These relate to sporting rights over estate land. These will retain their value for the foreseeable future and as such are not amortised.

FIXED ASSETS

All fixed assets are initially recorded at cost.

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset over the useful economic life of that asset as follows:

Freehold Buildings	-	Straight line over fifty years
Freehold Land	-	Not depreciated
Woodland	-	Not depreciated

STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

LEASING AND HIRE PURCHASE COMMITMENTS

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

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, with the following exceptions:

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.

Eshott Hall Estate Limited

ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

GROUP ACCOUNTS

The company is entitled to the exemption under Section 248 of the Companies Act 1985 from the obligation to prepare group accounts.

Eshott Hall Estate Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Due to the significance of the company's net current liabilities and the uncertainty with regard to the recoverability of amounts owed from group undertakings, associated companies and directors as shown in the balance sheet, the directors have considered the appropriateness of the going concern basis of preparation used in the financial statements

The group undertakings, to which the balances are owed from, are considered in the directors' opinions, to be going concerns. As a result no provision has been made in relation to these balances within the financial statements. The directors are also of the opinion that they will have the ability to repay these loans at some stage in the future.

The directors have not prepared projected profit or cashflow information for a period of at least twelve months from the anticipated date of approval of the financial statements. The company meets its working capital requirements through the support of the company's bankers, group undertakings, associated companies and directors.

Subject to the above support the directors believe that the cashflows expected to be generated will allow the company to operate within its facilities.

On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements accordingly do not include any adjustment in order to reflect presentation on a break up basis.

2 OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging

	2007	2006
	£	£
Depreciation of owned fixed assets	74,303	44,811
Depreciation of assets held under hire purchase agreements	1,228	1,228
Auditor's fees	<u>5,000</u>	<u>4,000</u>

3 INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2007	2006
	£	£
Income from group undertakings	<u>-</u>	<u>80,000</u>

4 DIVIDENDS

Equity dividends

	2007	2006
	£	£
Paid during the year		
Equity dividends on Ordinary shares £Nil (2006 £500)	<u>-</u>	<u>50,000</u>

Eshott Hall Estate Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

5 INTANGIBLE FIXED ASSETS

	Sporting Rights £
Cost	
At 1 April 2006 and 31 March 2007	<u>13,000</u>
Amortisation	<u>—</u>
Net book value	
At 31 March 2007	<u>13,000</u>
At 31 March 2006	<u>13,000</u>

The directors believe the value of the sporting rights has not decreased since their acquisition by the company

6 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Long leasehold property £	Total £
Cost or valuation			
At 1 April 2006 and 31 March 2007	<u>6,480,265</u>	<u>18,210</u>	<u>6,498,475</u>
Depreciation			
Charge for the year	<u>75,531</u>	<u>—</u>	<u>75,531</u>
At 31 March 2007	<u>75,531</u>	<u>—</u>	<u>75,531</u>
Net book value			
At 31 March 2007	<u>6,404,734</u>	<u>18,210</u>	<u>6,422,944</u>
At 31 March 2006	<u>6,480,265</u>	<u>18,210</u>	<u>6,498,475</u>

Freehold land and buildings is made up of investment and estate properties, both of which were revalued on an open market basis as at 31 March 2006 by Mr J F Turnbull, BSc, FRICS, FAAV of Youngs Chartered Surveyors of 3 Wentworth Place, Hexham

The directors believe that the woodland is currently worth at least the amount shown above at the balance sheet date

Hire purchase agreements -

Included within the net book value of £6,422,944 is £55,186 (2006 - £56,414) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £1,228 (2006 - £1,228)

Eshott Hall Estate Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

6 TANGIBLE FIXED ASSETS *(continued)*

Tangible fixed assets included at a valuation would have been included on a historical cost basis at

	2007 £	2006 £
Cost	2,033,307	2,033,307
Depreciation	229,146	204,160
Net book value	<u>1,804,161</u>	<u>1,829,147</u>

7 INVESTMENTS

	Subsidiary undertakings shares £	Participating interests shares £	Total £
Cost At 1 April 2006 and 31 March 2007	<u>2</u>	<u>5,000</u>	<u>5,002</u>
Net book value At 31 March 2007	<u>2</u>	<u>5,000</u>	<u>5,002</u>
At 31 March 2006	<u>2</u>	<u>5,000</u>	<u>5,002</u>

Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies

Company	Country of registration or incorporation	Nature of business	Share held class	Proportion of shares held
Subsidiary undertaking Eshott Homes Limited	England	Property development	Ordinary shares	100%
Participating interest Hartford Hall Estate Limited	England	Property development	Ordinary shares	50% minority

The aggregate amount of capital and reserves and the results of these undertakings as at 31 March 2006 were as follows

	Capital and reserves £	Profit/(Loss) for the year £
Eshott Homes Limited	(224,532)	(37,749)
Hartford Hall Estate Limited	(1,080,030)	(1,542,633)

Eshott Hall Estate Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2007

8 DEBTORS

	2007	2006
	£	£
Amounts owed by group undertakings	523,767	500,387
Amounts owed by undertakings in which the company has a participating interest	268,105	261,739
Directors loan accounts	38,863	38,863
Other debtors	350,676	296,796
s419 recoverable	97,384	–
	<u>1,278,795</u>	<u>1,097,785</u>

9 CREDITORS Amounts falling due within one year

	2007	2006
	£	£
Bank loans and overdrafts	2,252,029	2,081,408
Trade creditors	198	103
Hire purchase agreements	6,429	7,829
Other creditors	29,200	20,787
s419 payable	97,384	–
	<u>2,385,240</u>	<u>2,110,127</u>

10 CREDITORS Amounts falling due after more than one year

	2007	2006
	£	£
Hire purchase agreements	<u>6,428</u>	<u>12,857</u>

11 TRANSACTIONS WITH DIRECTORS

At the start and end of the year the company had a balance of £38,863 due from T N H Sanderson, s419 tax has been provided on this balance. There is no interest accruing on this balance and the year end balance represented the maximum overdrawn position throughout the year.

Eshott Hall Estate Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

12 RELATED PARTY TRANSACTIONS

Disclosure of the following transactions, which were all on normal commercial terms, is required in line with the provisions of FRSSE 2005 (effective January 2005)

During the year Eshott Homes Limited, a wholly owned subsidiary of Eshott Hall Estate Limited repaid £5,000 to the Eshott Hall Estate Limited. Further, Eshott Hall Estate Limited has recharged interest paid of £28,380 to Eshott Homes Limited, which has been recognised as other operating income. As a result, at 31 March 2007 Eshott Hall Estate Limited was owed £523,767 (2006 £500,387) from Eshott Homes Limited.

During the year, Filebase Limited, a company under common control, paid expenses amounting to £8,316 on behalf of Eshott Hall Estate Limited. Further, Eshott Hall Estate Limited has recharged interest paid of £14,682 to Filebase Limited, which has been recognised as other operating income. As a result, at 31 March 2007 Eshott Hall Estate Limited was owed £268,105 (2006 £261,739) from Filebase Limited.

During the year, Eshott Home Farm, a sole trader controlled by T N H Sanderson, paid expenses amounting to £89,559 on behalf of Eshott Hall Estate Limited, £87,241 of these expenses have been recharged to Eshott Hall Estate Limited. They also collected rent on behalf of Eshott Hall Estate Limited totalling £126,588 which has been reclaimed by Eshott Hall Estate Limited and recognised as other operating income at the year end. Finally, Eshott Hall Estate Limited has recharged interest paid of £16,851 to Eshott Home Farm, which has again been recognised as other operating income. As a result, at 31 March 2007 Eshott Hall Estate Limited was owed £350,676 (2006 £296,796) from Eshott Home Farm.

13 SHARE CAPITAL

	2007 £	2006 £
Authorised 100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
	2007 £	2006 £
Allotted, called up and fully paid 100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

14 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Share premium account £	Revaluation reserve £	Profit and loss account £	Total shareholders' funds £
Balance brought forward	100	839,377	4,651,116	10,223	5,500,816
Loss for the year	—	—	—	(162,329)	(162,329)
Balance carried forward	<u>100</u>	<u>839,377</u>	<u>4,651,116</u>	<u>(152,106)</u>	<u>5,338,487</u>

15 CONTINGENT LIABILITIES

The company has guaranteed the bank borrowings of Eshott Homes Limited through unlimited cross guarantees between the two companies. The borrowings of Eshott Homes Limited amounted to £4,702,108 at 31 March 2007 (2006 £1,646,665).

16 CONTROLLING

INTEREST

The company was controlled throughout the current and previous period by T N H Sanderson by virtue of his ownership of the entire share capital of the company.