

Hartford Hall Estate Limited

FINANCIAL STATEMENTS

for the year ended

31 March 2007

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COMPANIES HOUSE

Hartford Hall Estate Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T N H Sanderson
M A Sanderson

SECRETARY

M A Sanderson

REGISTERED OFFICE

Eshott Hall
Morpeth
Northumberland
NE65 4AD

AUDITOR

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

BANKERS

Yorkshire Bank Plc
46 Coney Street
York
YO1 9NQ

SOLICITORS

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

Hartford Hall Estate Limited

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of the purchase of land, renovating apartments for resale and general property development

DIRECTORS

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

T N H Sanderson
S E Aitchison
M A Sanderson

M A Sanderson was appointed as a director on 9 November 2006

S E Aitchison retired as a director on 9 November 2006

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 have 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

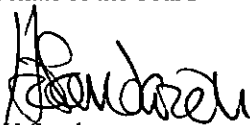
AUDITOR

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

On behalf of the board



T N H Sanderson
Director

14/08/08

Hartford 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.

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

We have audited the financial statements on pages 6 to 11

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, except that the scope of our work was limited as explained below.

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 as despite the company having prepared cash flow projections for an appropriate period subsequent to the balance sheet date, it was unable to provide sufficient evidence to support them.

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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HARTFORD HALL ESTATE LIMITED (continued)

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
- have been properly prepared in accordance with the Companies Act 1985

In respect solely of the limitation of 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
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

14/8/08

Hartford Hall Estate Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2007

	<i>Notes</i>	2007 £	2006 £
TURNOVER		5,044,543	5,636,277
Cost of sales		<u>(6,392,687)</u>	<u>(6,594,755)</u>
Gross loss		(1,348,144)	(958,478)
Administrative expenses		<u>(762,816)</u>	<u>(505,601)</u>
OPERATING LOSS	2	(2,110,960)	(1,464,079)
Interest receivable		37	17,641
		<u>(2,110,923)</u>	<u>(1,446,438)</u>
Interest payable and similar charges		(103,067)	(161,948)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(2,213,990)</u>	<u>(1,608,386)</u>
Taxation		-	(117,835)
LOSS FOR THE FINANCIAL YEAR		<u>(2,213,990)</u>	<u>(1,490,551)</u>

Hartford Hall Estate Limited


BALANCE SHEET

31 March 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible assets	4	<u>692</u>	<u>10,937</u>
CURRENT ASSETS			
Stocks		1,286,796	2,613,727
Debtors	5	1,622,657	1,812,405
Cash at bank		<u>70,000</u>	<u>70,000</u>
		2,979,453	4,496,132
CREDITORS			
Amounts falling due within one year	6	<u>6,274,165</u>	<u>5,582,959</u>
NET CURRENT LIABILITIES		<u>(3,294,712)</u>	<u>(1,086,827)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(3,294,020)</u>	<u>(1,075,890)</u>
CREDITORS			
Amounts falling due after more than one year	7	<u>-</u>	<u>4,140</u>
		<u>(3,294,020)</u>	<u>(1,080,030)</u>
CAPITAL AND RESERVES			
Called up equity share capital	10	10,000	10,000
Profit and loss account	11	<u>(3,304,020)</u>	<u>(1,090,030)</u>
DEFICIT		<u>(3,294,020)</u>	<u>(1,080,030)</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 11 were approved by the directors and authorised for issue on 14/08/08 and are signed on their behalf by


T N H Sanderson
Director

Hartford Hall Estate Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

TURNOVER

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

FIXED ASSETS

All fixed assets are initially recorded at cost

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

Plant & Machinery	-	25% reducing balance
Fixtures & Fittings	-	25% reducing balance
Motor Vehicles	-	25% reducing balance

STOCKS AND WORK IN PROGRESS

Stocks and work in progress is valued at the lower of cost and net realisable value

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

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

PENSION COSTS

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account

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

Hartford 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 overall deficit, 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 directors have prepared projected cash flow 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 prepared 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

Operating loss is stated after charging

	2007	2006
	£	£
Directors' pension contributions	1,243	–
Depreciation of owned fixed assets	1,629	541
Depreciation of assets held under hire purchase agreements	–	3,105
Loss on disposal of fixed assets	2,091	–
Auditor's fees	<u>5,000</u>	<u>4,200</u>

3 DIVIDENDS

Equity dividends

	2007	2006
	£	£
Paid during the year		
Dividends on equity 'A' shares £– (2006 £10 42)	<u>–</u>	<u>52,083</u>

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

4 TANGIBLE FIXED ASSETS

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost				
At 1 April 2006	3,495	2,555	12,420	18,470
Disposals	—	(659)	(12,420)	(13,079)
At 31 March 2007	<u>3,495</u>	<u>1,896</u>	<u>—</u>	<u>5,391</u>
Depreciation				
At 1 April 2006	2,951	1,477	3,105	7,533
Charge for the year	136	135	1,358	1,629
On disposals	—	—	(4,463)	(4,463)
At 31 March 2007	<u>3,087</u>	<u>1,612</u>	<u>—</u>	<u>4,699</u>
Net book value				
At 31 March 2007	<u>408</u>	<u>284</u>	<u>—</u>	<u>692</u>
At 31 March 2006	<u>544</u>	<u>1,078</u>	<u>9,315</u>	<u>10,937</u>

Hire purchase agreements

Included within the net book value of £692 is £Nil (2006 - £9,315) 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 £Nil (2006 - £3,105).

5 DEBTORS

	2007 £	2006 £
Trade debtors	1,396,697	1,642,234
Amounts owed by undertakings in which the company has a participating interest	47,261	—
Directors current accounts	127,287	—
Other debtors (including s419 recoverable)	51,412	170,171
	<u>1,622,657</u>	<u>1,812,405</u>

6 CREDITORS Amounts falling due within one year

	2007 £	2006 £
Bank overdrafts	876,568	2,206,260
Trade creditors	140,013	413,373
Amounts owed to group undertakings and undertakings in which the company has a participating interest	4,830,746	2,548,190
Other taxation	6,104	27,280
Hire purchase agreements	—	4,140
Other creditors (including s419 payable)	420,734	383,716
	<u>6,274,165</u>	<u>5,582,959</u>

The bank borrowings and the net obligations under hire purchase contracts are secured

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

7 CREDITORS Amounts falling due after more than one year

	2007	2006
	£	£
Hire purchase agreements (note 6)	<u>—</u>	<u>4,140</u>

8 CONTINGENCIES

There were no contingent liabilities at the balance sheet date (2006: £nil)

9 RELATED PARTY TRANSACTIONS

The ordinary shareholders of the company are TNH Sanderson (through Eshott Hall Estate Limited) and SE Aitchison who both own a 50% shareholding. The ultimate controlling interest is TNH Sanderson by virtue of his ownership of the entire share capital of the ultimate parent company, Eshott Hall Estate Limited shareholder.

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):

At the year end the company had a balance of £4,830,746 due to Eshott Homes Limited, a company under common control.

At the year end the company had a balance of £47,261 due to Hartford Limited, a company with a common shareholder.

There was a directors loan account of £127,287 due from the directors.

10 SHARE CAPITAL

	2007	2006
	£	£
Authorised		
250,000 Ordinary A shares of £1 each	250,000	250,000
250,000 Ordinary B shares of £1 each	250,000	250,000
	<u>500,000</u>	<u>500,000</u>

	2007	2006
	£	£
Allotted, called up and fully paid		
5,000 Ordinary A shares of £1 each	5,000	5,000
5,000 Ordinary B shares of £1 each	5,000	5,000
	<u>10,000</u>	<u>10,000</u>

The ordinary A and B shares rank pari passu as to one class of share. The A and B shares have equal voting rights.

11 PROFIT AND LOSS ACCOUNT

	2007	2006
	£	£
At 1 April 2006	(1,090,030)	452,604
Accumulated loss for the financial year	(2,213,990)	(1,490,551)
Equity dividends	—	(52,083)
At 31 March 2007	<u>(3,304,020)</u>	<u>(1,090,030)</u>