SADBOROW ESTATE LIMITED

DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2006

Company Registration No. 326356 (England and Wales)

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COMPANIES HOUSE

Edwards & Keeping

Chartered Accountants

SADBOROW ESTATE LIMITED

COMPANY INFORMATION

Directors	C G S Eyre Mrs C A Eyre
Secretary	Mrs C A Eyre
Company number	326356
Registered office	Sadborow Chard Somerset TA20 4PW
Accountants	Edwards & Keeping Unity Chambers 34 High East Street Dorchester Dorset DT1 1HA
Bankers	HSBC Plc Trinity Street Axminster Devon EX13 5BY
Solicitors	Messrs Wragge & Co 55 Colmore Row Birmingham B3 2AS

SADBOROW ESTATE LIMITED

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SADBOROW ESTATE LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2006

The directors present their report and financial statements for the year ended 31 March 2006.

Principal activities
The principal activities of the company for the year continued to be that of land management.

Directors
The following directors have held office since 1 April 2005:

C G S Eyre
Mrs C A Eyre

Directors' interests
The directors' interests in the shares of the company were as stated below:

	Ordinary Shares of £1 each	
	31 March 2006	**1 April 2005**
C G S Eyre	15,400	15,400
Mrs C A Eyre	18,200	18,200
Above directors - as trustees of the W J Eyre Settlement	26,400	26,400
Above directors - as trustees of the C G S Eyre Discretionary Settlement	12,000	12,000

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board

C G S Eyre
Director
03/01/07

SADBOROW ESTATE LIMITED

CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE UNAUDITED FINANCIAL STATEMENTS OF SADBOROW ESTATE LIMITED

In accordance with the engagement letter dated 19 January 2005, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of Sadborow Estate Limited for the year ended 31 March 2006, set out on pages 3 to 11 from the accounting records and information and explanations you have given to us.

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters we have agreed to state to them in this 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 Board of Directors as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet as at 31 March 2006 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

Edwards & Keeping

Chartered Accountants

Unity Chambers
34 High East Street
Dorchester
Dorset
DT1 1HA

5 January 2007

SADBOROW ESTATE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2006

	Notes	2006 £	2005 £
Turnover		60,382	114,590
Cost of sales		(753)	(11,483)
Gross profit		59,629	103,107
Administrative expenses		(80,897)	(161,562)
Operating loss	2	(21,268)	(58,455)
Exceptional profit on sale of tangible assets		-	108,237
(Loss)/profit on ordinary activities before interest		(21,268)	49,782
Investment income		264	1,951
Other interest receivable and similar income		428	-
Interest payable and similar charges		(108)	(4,733)
(Loss)/profit on ordinary activities before taxation		(20,684)	47,000
Tax on (loss)/profit on ordinary activities	3	(3,599)	-
(Loss)/profit for the year	11	(24,283)	47,000

SADBOROW ESTATE LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2006

	2006 £	2005 £
(Loss)/profit for the financial year	(24,283)	47,000
Revaluation of investment properties	-	1,177,028
Total gains and losses recognised since last financial statements	(24,283)	1,224,028

SADBOROW ESTATE LIMITED

BALANCE SHEET
AS AT 31 MARCH 2006

	Notes	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Intangible assets	4		-		1,781
Tangible assets	5		1,974,520		1,947,957
Investments	6		1,713		1,713
			1,976,233		1,951,451
Current assets					
Stocks		1,931		2,684	
Debtors	7	45,303		2,194	
Cash at bank and in hand		10,621		32,846	
		57,855		37,724	
Creditors: amounts falling due within one year	8	(539,112)		(469,916)	
Net current liabilities			(481,257)		(432,192)
Total assets less current liabilities			1,494,976		1,519,259
Creditors: amounts falling due after more than one year	9		(100,000)		(100,000)
			1,394,976		1,419,259
Capital and reserves					
Called up share capital	10		72,000		72,000
Revaluation reserve	11		1,177,028		1,177,028
Profit and loss account	11		145,948		170,231
Shareholders' funds			1,394,976		1,419,259

SADBOROW ESTATE LIMITED

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2006

In preparing these financial statements:

(a) The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;

(b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and

(c) The directors acknowledge their responsibilities for:

   (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and

   (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

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

The financial statements were approved by the Board on 03/01/07

C G S Eyre
Director

SADBOROW ESTATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The directors consider it appropriate to prepare the financial statements on the going concern basis. Although net current liabilities are substantial, the directors are able to meet the companies working capital requirements through personal funds and do not require immediate repayment of their £449,789 current account included in other creditors.

Investment properties are included in the balance sheet at their open market value and no depreciation provided, in accordance with the Financial Reporting Standard for Smaller Entities. This represents a departure from the Companies Act 1985 requirements concerning the depreciation of fixed assets. The directors consider that the adoption of this policy is necessary to give a true and fair view.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts, wholly arising in the UK.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets include investment properties valued by the directors on an existing use open market value basis and on which no depreciation is provided. Other tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold land and buildings	4% on cost
Plant and machinery etc	20% on cost
Fixtures, fittings and equipment	10% on cost
Motor vehicles	20% on cost

1.4 Investments

Investment properties are stated at open market value at the balance sheet date. Other fixed asset investments are stated at cost less provision for diminution in value.

2 Operating loss

	2006	2005
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	31,721	35,887
Directors' emoluments	-	150

3 Taxation

	2006 £	2005 £
Domestic current year tax		
U.K. corporation tax	3,599	-
Current tax charge	3,599	-

The company has estimated losses of £1,263,252 (2005: £1,232,304) available for carry forward against future trading profits.

In addition the tax written down value of the company's tangible fixed assets at 31 March 2006 exceeded the book written down value by £298,422 (2005 - £267,711). However, the deferred tax asset that would arise in respect of these, amounting to £296,718 (2005 - £285,003) , calculated at 19%, has not been recognised as the directors are unable to satisfy themselves that it is more likely than not that sufficient taxable profits will arise in the next accounting period.

No deferred tax provision has been made in respect of the revaluation of investment properties as these would be replaced with similar property if sold for their revalued amounts and rollover relief against the tax on the gain would be available.

4 Intangible fixed assets

	Purchased suckler cow quota £
Cost	
At 1 April 2005	3,301
Disposals	(3,301)
At 31 March 2006	-
Amortisation	
At 1 April 2005	1,520
Amortisation on disposals	(1,520)
At 31 March 2006	-
Net book value	
At 31 March 2006	-
At 1 April 2005	1,781

5 Tangible fixed assets

	Investment properties	Freehold land and buildings	Plant and machinery etc	Total
	£	£	£	£
Cost or valuation				
At 1 April 2005	1,870,000	1,191	417,132	2,288,323
Additions	24,773	-	62,200	86,973
Disposals	-	-	(228,381)	(228,381)
At 31 March 2006	1,894,773	1,191	250,951	2,146,915
Depreciation				
At 1 April 2005	-	-	340,366	340,366
On disposals	-	-	(199,692)	(199,692)
Charge for the year	-	-	31,721	31,721
At 31 March 2006	-	-	172,395	172,395
Net book value				
At 31 March 2006	1,894,773	1,191	78,556	1,974,520
At 1 April 2005	1,870,000	1,191	76,766	1,947,957

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
At 1 April 2005	1,189,830
Additions	24,773
At 31 March 2006	1,214,603
Depreciation based on cost	
At 1 April 2005	554,906
Charge for the year	50,615
At 31 March 2006	605,521
Net book value	
At 31 March 2006	609,082
At 31 March 2005	634,924

On the commencement of the farm business tenancy in April 2004, freehold land and buildings subject to tenancy agreements were reclassified as investment properties and stated at open market value, valued at 31 March 2005 by C G S Eyre, a chartered surveyor and director of the company. In the opinion of the directors the value of the property has not changed substantially since that date.

6 Fixed asset investments

	Listed investments £	Unlisted investments £	Total £
Cost or valuation			
At 1 April 2005 & at 31 March 2006	403	1,310	1,713

Investments are stated at historic cost less provision for any diminution in value. The market value of listed investments at 31 March 2006 was £14,294 (2005:- £9,490).

7 Debtors

	2006 £	2005 £
Trade debtors	43,798	869
Other debtors	1,505	1,325
	45,303	2,194

Trade debtors at 31 March 2006 include £5,183 owed by the directors in respect of equipment hire.

8 *Creditors: amounts falling due within one year*

	2006 £	2005 £
Bank loans and overdrafts	-	90,809
Trade creditors	49,005	4,653
Taxation and social security	3,599	-
Other creditors	486,508	374,454
	539,112	469,916

Other creditors include directors' current account balances of £449,789 (2005 - £335,867).

9 Creditors: amounts falling due after more than one year

	2006 £	2005 £
Other creditors	100,000	100,000
Analysis of loans		
Wholly repayable within five years	100,000	100,000

The loan of £100,000 is due to the directors and there is no agreed date for repayment, although the directors have agreed that repayment will not take place within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2006

10 Share capital

	2006 £	2005 £
Authorised		
72,000 Ordinary Shares of £1 each	72,000	72,000
Allotted, called up and fully paid		
72,000 Ordinary Shares of £1 each	72,000	72,000

11 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 April 2005	1,177,028	170,231
Loss for the year	-	(24,283)
Balance at 31 March 2006	1,177,028	145,948

12 Transactions with directors

The directors have a current account and loan account with the company. At the year end the amounts due to the directors were £100,000 due after more than one year (2005- £100,000) and £449,789 due within one year (2005- £335,867). Included in trade debtors is £5,183 owed to the company by the directors in respect of equipment hire.

13 Control

The company was controlled throughout the current and previous year by Mr and Mrs Eyre by virtue of their beneficial interest of 47% of the company's ordinary share capital, their interest in a further 37% of the ordinary shares of the company as trustees of the W J Eyre Settlement and their interest in the remaining 16% of the ordinary shares of the company as trustees of the C G S Eyre Discretionary Settlement.