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COMPANY REGISTRATION NUMBER FC16180

**HALLEY INVESTMENT COMPANY LIMITED**

**UNAUDITED FINANCIAL STATEMENTS**

**31 DECEMBER 2004**



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22/12/2005

# HALLEY INVESTMENT COMPANY LIMITED

## Officers and professional advisers

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**The board of directors**

Viscount Petersham  
The Honourable W H L Stanhope  
R Waddington

**Company secretary**

S J Morris

**Registered office**

Cedar House  
41 Cedar Avenue  
Hamilton  
Bermuda

# HALLEY INVESTMENT COMPANY LIMITED

## Profit and loss account

Year ended 31 December 2004

	Note	2004 £	2003 £
Turnover		4,000	4,000
Administrative expenses		(9,271)	(9,970)
Operating loss		(5,271)	(5,970)
Profit on disposal of fixed assets		13,278	—
		<u>8,007</u>	<u>(5,970)</u>
Interest receivable	3	67	—
Profit/(loss) on ordinary activities before taxation		<u>8,074</u>	<u>(5,970)</u>
Tax on profit/(loss) on ordinary activities	4	—	—
Profit/(loss) on ordinary activities after taxation		<u>8,074</u>	<u>(5,970)</u>
Non-equity dividends proposed		(9,555)	(9,555)
Loss for the financial year		<u>(1,481)</u>	<u>(15,525)</u>

The accounting policies and notes on pages 4 to 8 form part of these unaudited financial statements.

# HALLEY INVESTMENT COMPANY LIMITED

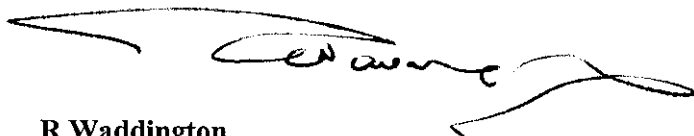
## Balance sheet

31 December 2004

	Note	2004 £	2003 £
<b>Fixed assets</b>			
Tangible assets	5	45,000	45,000
Investments	6	3,944,055	3,945,055
		<u>3,989,055</u>	<u>3,990,055</u>
<b>Current assets</b>			
Debtors	7	10,389	8,677
Cash at bank		10,493	4,723
		<u>20,882</u>	<u>13,400</u>
<b>Creditors: Amounts falling due within one year</b>	8	<u>(2,954,858)</u>	<u>(2,956,450)</u>
<b>Net current liabilities</b>		<u>(2,933,976)</u>	<u>(2,943,050)</u>
<b>Total assets less current liabilities</b>		<u>1,055,079</u>	<u>1,047,005</u>
<b>Capital and reserves</b>			
Called-up equity share capital	10	97,750	97,750
Revaluation reserve	11	25,000	25,000
Profit and loss account	12	932,329	924,255
<b>Shareholders' funds</b>		<u>1,055,079</u>	<u>1,047,005</u>

These unaudited financial statements have been prepared in accordance with the special provisions for overseas companies under Section 700 of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These unaudited financial statements were approved by the directors on the 19 December 2005 and are signed on their behalf by:



R Waddington  
Director

The accounting policies and notes on pages 4 to 8 form part of these unaudited financial statements.

# HALLEY INVESTMENT COMPANY LIMITED

## Accounting policies

Year ended 31 December 2004

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### Basis of accounting

The unaudited 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 June 2002).

### Turnover

Turnover represents invoiced amounts for rents receivable during the year, excluding value added tax.

### Fixed assets

All fixed assets are initially recorded at cost.

### Investment properties

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with the Financial Reporting Standard for Smaller Entities which, unlike Schedule 4 to the Companies Act 1985, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

### 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:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

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.

### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

# HALLEY INVESTMENT COMPANY LIMITED

## Notes to the unaudited financial statements

Year ended 31 December 2004

**1. Turnover**

Turnover and profit/(loss) before taxation arise directly from the principal activity and are generated in the United Kingdom in the ordinary course of business.

**2. Directors' emoluments**

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

	2004 £	2003 £
Aggregate emoluments	<u>2,938</u>	<u>2,692</u>

**3. Interest receivable**

	2004 £	2003 £
Bank interest receivable	<u>67</u>	<u>-</u>

**4. Taxation on ordinary activities**

The company has surplus management expenses to carry forward of approximately £26,000 (2003 -£40,000).

**5. Tangible fixed assets**

	Freehold investment property £
<b>Valuation</b>	
At 1 January 2004 and 31 December 2004	<u>45,000</u>
<b>Net book value</b>	
At 31 December 2004	<u>45,000</u>
At 31 December 2003	<u>45,000</u>

The directors are of the opinion that the value of the investment property, on the basis of open market value for existing use, is not materially different from the balance sheet amount. The directors therefore do not consider that any revaluation adjustment is required at 31 December 2004.

# HALLEY INVESTMENT COMPANY LIMITED

## Notes to the unaudited financial statements

Year ended 31 December 2004

### 6. Investments

#### Investment in subsidiary undertakings

£

#### Cost

At 1 January 2004 and 31 December 2004

70,758

#### Loans

At 1 January 2004

3,874,297

Repaid in year

(1,000)

At 31 December 2004

3,873,297

#### Net book value

At 31 December 2004

3,944,055

At 31 December 2003

3,945,055

The company owns 100% of the ordinary share capital of Elvaston Investments Limited, a company incorporated in Great Britain and registered in England and Wales.

The loan due from the subsidiary undertaking is unsecured, interest free and is not due for repayment before 31 December 2006.

### 7. Debtors

	2004	2003
	£	£
Trade debtors	4,000	4,000
The Stanhope Trust	6,389	4,677
	<u>10,389</u>	<u>8,677</u>

All debtors are repayable within one year of the balance sheet date.

### 8. Creditors: Amounts falling due within one year

	2004	2003
	£	£
Other creditors:		
Amounts due to related undertakings	2,789,802	2,791,121
Amounts due to subsidiary undertaking	162,540	162,540
Accruals and deferred income	2,516	2,789
	<u>2,954,858</u>	<u>2,956,450</u>

# HALLEY INVESTMENT COMPANY LIMITED

## Notes to the unaudited financial statements

Year ended 31 December 2004

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### 9. Related party transactions

The Stanhope Trust owns all of the allotted ordinary share capital of the company.

Throughout the year and the previous year, Viscount Petersham had a beneficial interest in all of the allotted ordinary share capital through The Stanhope Trust, of which he is sole life tenant.

Included in creditors is an amount due to a group undertaking, Stanhope Hotels Limited, of £162,540 (2003 - £162,540).

Included in creditors are the following amounts due to related parties: Doublard Investment Company Limited - £37,848 (2003 - £38,889); The Chesterfield Trust - £2,749,744 (2003 - £2,750,022); and Stanhope Gardens Limited - £2,210 (2003 - £2,210).

Viscount Petersham had a beneficial interest in all the issued share capital of Doublard Investment Company Limited and Stanhope Gardens Limited as sole life tenant of The Chesterfield Trust.

All balances are payable or repayable within one year and are interest free.

### 10. Share capital

#### Authorised share capital:

	2004	2003
	£	£
9,000 Ordinary shares of £1 each	9,000	9,000
91,000 net 10.5% non redeemable cumulative preference shares of £1 each	91,000	91,000
	<u>100,000</u>	<u>100,000</u>

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

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	6,750	6,750	6,750	6,750
Net 10.5% non redeemable cumulative preference shares of £1 each	91,000	91,000	91,000	91,000
	<u>97,750</u>	<u>97,750</u>	<u>97,750</u>	<u>97,750</u>



# HALLEY INVESTMENT COMPANY LIMITED

## Notes to the unaudited financial statements

Year ended 31 December 2004

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### 10. Share capital *(continued)*

The dividend on the above preference shares is 20 years (2003 - 19) in arrears, amounting to £191,100 (2003 - £181,545).

The respective rights of the different classes of share capital are as follows:

#### Dividends

Dividends shall be applied in the following manner and priority:

- 1) Preference shares to receive a 10.5% dividend per annum together with any arrears; and
- 2) Any further dividends shall be paid to ordinary shareholders.

#### Winding up

On a winding up the surplus assets available to shareholders shall be applied in the following manner and priority:

- 1) Repayment of capital to preference shareholders; and
- 2) Any balance shall be paid to ordinary shareholders.

#### Voting

Preference shareholders have no voting rights, other than on a winding up or at a meeting called to reduce the share capital of the company, at which they have equal voting rights with ordinary shareholders. Ordinary shareholders have voting rights in all circumstances.

### 11. Revaluation reserve

There was no movement on the revaluation reserve during the financial year.

### 12. Profit and loss account

	2004	2003
	£	£
Balance brought forward	924,255	930,225
Accumulated loss for the financial year	(1,481)	(15,525)
Non-equity appropriation	9,555	9,555
Balance carried forward	<u>932,329</u>	<u>924,255</u>

The non-equity appropriation has been credited to the profit and loss account.

### 13. Analysis of shareholders' funds

Equity shareholders' interests at the end of the financial year are £772,979 (2003 - £774,460). Non-equity shareholders' interests at the end of the financial year are £282,100 (2003 - £272,545).