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COMPANY REGISTRATION NUMBER FC16180

HALLEY INVESTMENT COMPANY LIMITED

UNAUDITED FINANCIAL STATEMENTS

31 DECEMBER 2007

THURSDAY



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04/09/2008

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COMPANIES HOUSE

HALLEY INVESTMENT COMPANY LIMITED

Officers and professional advisers

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 2007

	Note	2007 £	2006 £
Turnover		4,000	4,000
Administrative expenses		(5,315)	(9,229)
Operating loss	2	(1,315)	(5,229)
Income from shares in group undertakings	3	1,100,000	–
Interest receivable	4	13	30
Interest payable and similar charges	5	(9,555)	(9,555)
Profit/(loss) on ordinary activities before taxation		1,089,143	(14,754)
Tax on profit/(loss) on ordinary activities	6	–	–
Profit/(loss) for the financial year		1,089,143	(14,754)

The accounting policies and notes on pages 5 to 11 form part of these unaudited financial statements.

HALLEY INVESTMENT COMPANY LIMITED

Statement of total recognised gains and losses

Year ended 31 December 2007

	2007 £	2006 £
Profit/(loss) for the financial year attributable to the shareholders	1,089,143	(14,754)
Unrealised profit on revaluation of tangible fixed assets		
Freehold investment property	<u>115,000</u>	<u>-</u>
Total gains and losses recognised since the last annual report	<u>1,204,143</u>	<u>(14,754)</u>

The accounting policies and notes on pages 5 to 11 form part of these unaudited financial statements.

HALLEY INVESTMENT COMPANY LIMITED

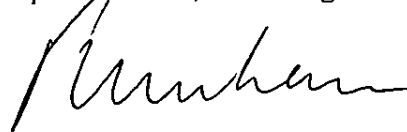
Balance sheet

31 December 2007

	Note	£	2007 £	£	2006 £
Fixed assets					
Tangible assets	8		160,000		45,000
Investments	9		<u>1,334,532</u>		<u>1,336,555</u>
			1,494,532		1,381,555
Current assets					
Debtors	10	21,185		18,735	
Cash at bank		678		2,405	
		<u>21,863</u>		<u>21,140</u>	
Creditors: Amounts falling due within one year	11	<u>(358,280)</u>		<u>(358,278)</u>	
Net current liabilities			<u>(336,417)</u>		<u>(337,138)</u>
Total assets less current liabilities			1,158,115		1,044,417
Creditors: Amounts falling due after more than one year	12		<u>(91,000)</u>		<u>(91,000)</u>
			<u>1,067,115</u>		<u>953,417</u>
Capital and reserves					
Called-up equity share capital	14		6,750		6,750
Revaluation reserve	15		140,000		25,000
Profit and loss account	16		<u>920,365</u>		<u>921,667</u>
Shareholders' funds			<u>1,067,115</u>		<u>953,417</u>

These unaudited financial statements have been prepared in accordance with the special provisions for small companies under Section 700 of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007)

These unaudited financial statements were approved by the directors and authorised for issue on 2 September 2008, and are signed on their behalf by



Viscount Petersham
Director

The accounting policies and notes on pages 5 to 11 form part of these unaudited financial statements.

HALLEY INVESTMENT COMPANY LIMITED

Accounting policies

Year ended 31 December 2007

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 January 2007)

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

Accounting policies *(continued)*

Year ended 31 December 2007

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.

HALLEY INVESTMENT COMPANY LIMITED

Notes to the unaudited financial statements

Year ended 31 December 2007

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. Operating loss

Operating loss is stated after charging:

	2007 £	2006 £
Net loss on foreign currency translation	<u>92</u>	<u>-</u>

3. Income from shares in group undertakings

	2007 £	2006 £
Income from group undertakings	<u>1,100,000</u>	<u>-</u>

4. Interest receivable

	2007 £	2006 £
Bank interest receivable	<u>13</u>	<u>30</u>

5. Interest payable and similar charges

	2007 £	2006 £
Other interest and similar charges	<u>9,555</u>	<u>9,555</u>

6. Taxation on ordinary activities

The company has surplus management expenses to carry forward of approximately £35,000 (2006 -£35,000)

7. Dividends

Equity dividends

	2007 £	2006 £
Paid		
Equity dividends on ordinary shares	<u>1,100,000</u>	<u>-</u>

HALLEY INVESTMENT COMPANY LIMITED

Notes to the unaudited financial statements

Year ended 31 December 2007

8. Tangible fixed assets

	Freehold investment property £
Cost or valuation	
At 1 January 2007	45,000
Revaluation	<u>115,000</u>
At 31 December 2007	<u>160,000</u>
Net book value	
At 31 December 2007	<u>160,000</u>
At 31 December 2006	<u>45,000</u>

The freehold investment property was valued by the directors on 31 December 2007 at £160,000 on the basis of open market value

9 Investments

Investment in subsidiary undertakings

	£
Cost	
At 1 January 2007 and 31 December 2007	<u>70,758</u>
Loans	
At 1 January 2007	1,265,797
Repaid in year	<u>(2,023)</u>
At 31 December 2007	<u>1,263,774</u>
Net book value	
At 31 December 2007	<u>1,334,532</u>
At 31 December 2006	<u>1,336,555</u>

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 includes an amount of £1,000,000 due to be paid before 31 December 2008. An amount of £263,774 is interest free and is not repayable before 31 December 2008

HALLEY INVESTMENT COMPANY LIMITED

Notes to the unaudited financial statements

Year ended 31 December 2007

10. Debtors

	2007	2006
	£	£
Trade debtors	4,000	4,000
The Stanhope Trust	17,185	14,735
	<u>21,185</u>	<u>18,735</u>

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

11. Creditors: Amounts falling due within one year

	2007	2006
	£	£
Other creditors		
Amounts due to related undertakings	192,802	192,800
Amounts due to subsidiary undertaking	162,540	162,540
Accruals and deferred income	2,938	2,938
	<u>358,280</u>	<u>358,278</u>

12. Creditors. Amounts falling due after more than one year

	2007	2006
	£	£
Shares classed as financial liabilities	<u>91,000</u>	<u>91,000</u>

13. Related party transactions

The Stanhope Trust owns all of the allotted ordinary share capital of the company. Throughout the current and 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 (2006 - £162,540)

Included in creditors are the following amounts due to related parties: Doublard Investment Company Limited - £37,848 (2006 - £37,848), The Chesterfield Trust - £149,744 (2006 - £149,744), and Stanhope Gardens Limited - £5,210 (2006 - £5,210)

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.

HALLEY INVESTMENT COMPANY LIMITED

Notes to the unaudited financial statements

Year ended 31 December 2007

14. Share capital

Authorised share capital:

	2007	2006
	£	£
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:

	2007		2006	
	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>

Amounts presented in equity:

	2007	2006
	£	£
Ordinary shares of £1 each	<u>6,750</u>	<u>6,750</u>

Amounts presented in liabilities

Net 10 5% non redeemable cumulative preference shares of £1 each	<u>91,000</u>	<u>91,000</u>
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The dividend on the above preference shares is 23 years (2006 - 22) in arrears, amounting to £219,765 (2006 - £210,210)

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

HALLEY INVESTMENT COMPANY LIMITED

Notes to the unaudited financial statements

Year ended 31 December 2007

15. Revaluation reserve

	2007	2006
	£	£
Balance brought forward	25,000	25,000
Revaluation of fixed assets	115,000	-
Balance carried forward	<u>140,000</u>	<u>25,000</u>

16. Profit and loss account

	2007	2006
	£	£
Balance brought forward	921,667	926,866
Profit/(loss) for the financial year	1,089,143	(14,754)
Equity dividends	(1,100,000)	-
Non-equity appropriation	9,555	9,555
Balance carried forward	<u>920,365</u>	<u>921,667</u>

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

17. Analysis of shareholders' funds

Equity shareholders' interests at the end of the financial year are £847,350 (2006 - £743,207)
Non-equity shareholders' interests at the end of the financial year are £310,765 (2006 - £301,210)