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COMPANY REGISTRATION NUMBER FC16180

**HALLEY INVESTMENT
COMPANY LIMITED**
UNAUDITED FINANCIAL STATEMENTS
31 DECEMBER 2008

THURSDAY



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10/09/2009

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COMPANIES HOUSE

HALLEY INVESTMENT COMPANY LIMITED

Officers and professional advisers

The board of directors

The Earl of Harrington
Viscount Petersham
M J W Scriven

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 2008

	Note	2008 £	2007 £
Turnover	1	4,000	4,000
Administrative expenses		(9,664)	(5,315)
Operating loss	2	(5,664)	(1,315)
Income from shares in group undertakings	3	1,900,000	1,100,000
Interest receivable	4	–	13
Interest payable and similar charges	5	(9,557)	(9,555)
Profit on ordinary activities before taxation		1,884,779	1,089,143
Tax on profit on ordinary activities	6	–	–
Profit for the financial year		1,884,779	1,089,143

The accounting policies and notes on pages 5 to 10 form part of these unaudited financial statements.

HALLEY INVESTMENT COMPANY LIMITED

Statement of total recognised gains and losses

Year ended 31 December 2008

	2008 £	2007 £
Profit for the financial year attributable to the shareholders	1,884,779	1,089,143
Unrealised profit on revaluation of tangible fixed assets:		
Freehold investment property	—	115,000
Total gains and losses recognised since the last annual report	<u>1,884,779</u>	<u>1,204,143</u>

The accounting policies and notes on pages 5 to 10 form part of these unaudited financial statements.

HALLEY INVESTMENT COMPANY LIMITED

Balance sheet

31 December 2008

	Note	£	2008 £	£	2007 £
Fixed assets					
Tangible assets	8		160,000		160,000
Investments	9		70,758		70,758
			<u>230,758</u>		<u>230,758</u>
Current assets					
Debtors	10	1,272,776		1,284,959	
Cash at bank		7,195		678	
		<u>1,279,971</u>		<u>1,285,637</u>	
Creditors: Amounts falling due within one year	11	<u>(358,280)</u>		<u>(358,280)</u>	
Net current assets			<u>921,691</u>		<u>927,357</u>
Total assets less current liabilities			<u>1,152,449</u>		<u>1,158,115</u>
Creditors: Amounts falling due after more than one year	12		<u>(91,000)</u>		<u>(91,000)</u>
			<u>1,061,449</u>		<u>1,067,115</u>
Capital and reserves					
Called-up equity share capital	14		6,750		6,750
Revaluation reserve	15		140,000		140,000
Profit and loss account	16		914,699		920,365
Shareholders' funds			<u>1,061,449</u>		<u>1,067,115</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 7 September 2009, and are signed on their behalf by:



M J W Scriven
Director

The accounting policies and notes on pages 5 to 10 form part of these unaudited financial statements.

HALLEY INVESTMENT COMPANY LIMITED

Accounting policies

Year ended 31 December 2008

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.

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 2008

1. Turnover

Turnover and profit 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:

	2008 £	2007 £
Net loss on foreign currency translation	<u>474</u>	<u>92</u>

3. Income from shares in group undertakings

	2008 £	2007 £
Income from group undertakings	<u>1,900,000</u>	<u>1,100,000</u>

4. Interest receivable

	2008 £	2007 £
Bank interest receivable	<u>-</u>	<u>13</u>

5. Interest payable and similar charges

	2008 £	2007 £
Other interest and similar charges	<u>9,557</u>	<u>9,555</u>

6. Taxation on ordinary activities

The company has surplus management expenses to carry forward of approximately £40,500 (2007 - £35,000).

7. Dividends

Equity dividends

	2008 £	2007 £
Equity dividends paid on ordinary shares	<u>1,900,000</u>	<u>1,100,000</u>

HALLEY INVESTMENT COMPANY LIMITED

Notes to the unaudited financial statements

Year ended 31 December 2008

8. Tangible fixed assets

	Freehold investment property £
Cost or valuation	
At 1 January 2008 and 31 December 2008	<u>160,000</u>
Net book value	
At 31 December 2008	<u>160,000</u>
At 31 December 2007	<u>160,000</u>

The freehold investment property was valued by the directors on 31 December 2008 at £160,000 on the basis of open market value.

9. Investments

Investment in subsidiary undertakings

	£
Cost	
At 1 January 2008 and 31 December 2008	<u>70,758</u>
Net book value	
At 31 December 2008 and 31 December 2007	<u>70,758</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.

In previous years, investments included a loan due from the subsidiary undertaking. This loan is now disclosed within debtors owed by group undertakings.

10. Debtors

	2008 £	2007 £
Trade debtors	8,000	4,000
Amounts owed by group undertakings	1,238,774	1,263,774
The Stanhope Trust	23,227	17,185
Prepayments and accrued income	2,775	-
	<u>1,272,776</u>	<u>1,284,959</u>

The debtors above include the following amounts falling due after more than one year:

	2008 £	2007 £
Amounts owed by group undertakings	<u>1,238,774</u>	<u>1,263,774</u>

HALLEY INVESTMENT COMPANY LIMITED

Notes to the unaudited financial statements

Year ended 31 December 2008

11. Creditors: Amounts falling due within one year

	2008	2007
	£	£
Amounts owed to group undertakings	162,540	162,540
Amounts due to related undertakings	192,802	192,802
Accruals and deferred income	2,938	2,938
	<u>358,280</u>	<u>358,280</u>

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

	2008	2007
	£	£
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, the 12th Earl of Harrington (formerly 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 debtors is an amount due from a subsidiary company, Elvaston Investments Limited, of £1,238,774 (2007 - £1,263,774). This amount is not due for repayment before 31 December 2009 and is interest free.

Included in creditors is an amount due to a group undertaking, Stanhope Hotels Limited, of £162,540 (2007 - £162,540).

Included in creditors are the following amounts due to related parties: Doublard Investment Company Limited - £37,848 (2007 - £37,848), The Chesterfield Trust - £149,744 (2007 - £149,744) and Stanhope Gardens Limited - £5,210 (2007 - £5,210).

All creditors are payable within one year and are interest free.

The Earl of Harrington 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.

14. Share capital

Authorised share capital:

	2008	2007
	£	£
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>

HALLEY INVESTMENT COMPANY LIMITED

Notes to the unaudited financial statements

Year ended 31 December 2008

14. Share capital *(continued)*

Allotted, called up and fully paid:

	2008		2007	
	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>

	2008	2007
	£	£
Amounts presented in equity:		
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 24 years (2007 - 23) in arrears, amounting to £229,320 (2007 - £219,765).

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.

15. Revaluation reserve

	2008	2007
	£	£
Balance brought forward	140,000	25,000
Revaluation of fixed assets	—	115,000
Balance carried forward	<u>140,000</u>	<u>140,000</u>

HALLEY INVESTMENT COMPANY LIMITED

Notes to the unaudited financial statements

Year ended 31 December 2008

16. Profit and loss account

	2008	2007
	£	£
Balance brought forward	920,365	921,667
Profit for the financial year	1,884,779	1,089,143
Equity dividends	(1,900,000)	(1,100,000)
Non-equity appropriation	9,555	9,555
Balance carried forward	<u>914,699</u>	<u>920,365</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 £832,129 (2007 - £847,350).
Non-equity shareholders' interests at the end of the financial year are £320,320 (2007 - £310,765).