

**Company Registration No. 03524915 (England and Wales)**

**STARNHURST PLC**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**SATURDAY**



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**COMPANIES HOUSE**

# STARNHURST PLC

## DIRECTORS AND ADVISERS

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<b>Directors</b>	T Meredith J Redmayne (Appointed 25 September 2007)
<b>Secretary</b>	Clifford Chance Secretaries Ltd
<b>Company number</b>	03524915
<b>Registered office</b>	10 Upper Bank Street London E14 5JJ
<b>Registered auditors</b>	Donald Reid & Co Prince Albert House 20 King Street Maidenhead Berkshire SL6 1DT

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# STARNHURST PLC

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# **STARNHURST PLC**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2007**

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The directors present their report and financial statements for the year ended 31 December 2007

#### **Directors**

The following directors have held office since 1 January 2007

A Clinch (Resigned 25 September 2007)

T Meredith

J Redmayne (Appointed 25 September 2007)

#### **Principal activities and review of the business**

The principal activity of the company is to hold investments in subsidiary undertakings

On 13 December 2001, the company's 100% direct interest (through an intermediate holding company) in the ordinary share capital of Bruner Mond Group Limited was cancelled and it ceased to be a subsidiary

The group is currently not in a position to meet its obligations as they fall due if the holders of the demand notes were to demand repayment of the loans and the related interest under the terms of the Demand Loan Note Agreement. The directors do not anticipate that such a demand will be made and accordingly the accounts have been drawn up on a going concern basis

#### **Results and dividends**

The consolidated profit and loss account for the year is set out on page 5

#### **Auditors**

Donald Reid & Co were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting

# STARNHURST PLC

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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### **Directors' responsibilities**

The directors are responsible for preparing 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 group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

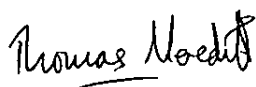
- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



T Meredith

**Director**

22 July 2008

# **STARNHURST PLC**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF STARNHURST PLC**

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We have audited the group and parent company financial statements (the "financial statements") of Starnhurst plc for the year ended 31 December 2007 set out on pages 5 to 14. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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 auditors**

The directors' responsibilities for preparing 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 audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. 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 group's and the company's circumstances, consistently applied and adequately disclosed.

We planned and performed 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. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# STARNHURST PLC

## INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF STARNHURST PLC

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### Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and parent company's affairs as at 31 December 2007 and of the group's loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

### Emphasis of matter

We draw your attention to Note 1 of the financial statements, which describes the net liabilities position of the group and the uncertainty over the group's ability to repay the loans if the holders were to demand repayment. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.



Donald Reid & Co

22 July 2008

Chartered Accountants  
Registered Auditor

Prince Albert House  
20 King Street  
Maidenhead  
Berkshire  
SL6 1DT

# STARNHURST PLC

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	2006 £
Administrative expenses		(14,941)	(20,652)
<b>Operating loss</b>	<b>3</b>	(14,941)	(20,652)
Other interest receivable and similar income		8,454	3,013
Interest payable and similar charges	<b>4</b>	(10,423,000)	(9,306,000)
<b>Loss on ordinary activities before taxation</b>		(10,429,487)	(9,323,639)
Tax on loss on ordinary activities	<b>5</b>	-	-
<b>Loss on ordinary activities after taxation</b>		(10,429,487)	(9,323,639)

Only one subsidiary, Griffinnist Limited, has continuing operations. All other operations are discontinued.

There are no recognised gains and losses other than those passing through the profit and loss account.



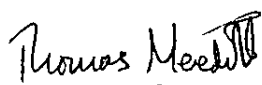
# STARNHURST PLC

## BALANCE SHEETS

AS AT 31 DECEMBER 2007

	Notes	Group 2007 £	2006 £	Company 2007 £	2006 £
<b>Fixed assets</b>					
Investments	7	-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		-	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Current assets</b>					
Cash at bank and in hand		130,782	137,270	-	-
<b>Creditors: amounts falling due within one year</b>	8	(8,783,424)	(7,843,424)	-	-
		<u>(8,783,424)</u>	<u>(7,843,424)</u>	<u>-</u>	<u>-</u>
<b>Total assets less current liabilities</b>		(8,652,642)	(7,706,154)	-	-
		<u>(8,652,642)</u>	<u>(7,706,154)</u>	<u>-</u>	<u>-</u>
<b>Creditors: amounts falling due after more than one year</b>	9	(88,505,653)	(79,022,653)	-	-
		<u>(88,505,653)</u>	<u>(79,022,653)</u>	<u>-</u>	<u>-</u>
		(97,158,295)	(86,728,807)	-	-
		<u>(97,158,295)</u>	<u>(86,728,807)</u>	<u>-</u>	<u>-</u>
<b>Capital and reserves</b>					
Called up share capital	10	100,000	100,000	100,000	100,000
Profit and loss account	11	(97,258,295)	(86,828,807)	(100,000)	(100,000)
		<u>(97,258,295)</u>	<u>(86,828,807)</u>	<u>(100,000)</u>	<u>(100,000)</u>
<b>Shareholders' funds</b>	12	(97,158,295)	(86,728,807)	-	-
		<u>(97,158,295)</u>	<u>(86,728,807)</u>	<u>-</u>	<u>-</u>

Approved by the Board and authorised for issue on 22 July 2008



T Meredith  
Director

# STARNHURST PLC

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	2007	2006
	£	£
Net cash outflow from operating activities	(14,941)	(34,752)
Returns on investments and servicing of finance		
Interest received	8,454	3,013
Net cash inflow for returns on investments and servicing of finance	8,454	3,013
Net cash outflow before management of liquid resources and financing	(6,487)	(31,739)
Financing		
Net cash outflow from financing	-	-
Decrease in cash in the year	(6,487)	(31,739)

# STARNHURST PLC

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

1	Reconciliation of operating loss to net cash outflow from operating activities	2007		2006	
		£		£	
	Operating loss	(14,941)		(20,652)	
	(Decrease)/ increase in creditors within one year	-		(14,100)	
	<b>Net cash outflow from operating activities</b>	<b>(14,941)</b>		<b>(34,752)</b>	
2	Analysis of net debt	1 January 2007	Cash flow	Other non-cash changes	31 December 2007
		£	£	£	£
	Net cash				
	Cash at bank and in hand	137,270	(6,488)	-	130,782
	Debts falling due within one year	(7,834,024)	-	(940,000)	(8,774,024)
	Debts falling due after one year	(79,022,653)	-	(9,483,000)	(88,505,653)
		(86,856,677)	-	(10,423,000)	(97,279,677)
	<b>Net debt</b>	<b>(86,719,407)</b>	<b>(6,488)</b>	<b>(10,423,000)</b>	<b>(97,148,895)</b>
3	Reconciliation of net cash flow to movement in net debt	2007		2006	
		£		£	
	Decrease in cash in the year	(6,488)		(31,739)	
	Increase in debt from non cash changes	(10,423,000)		(9,306,000)	
	<b>Movement in net debt in the year</b>	<b>(10,429,488)</b>		<b>(9,337,739)</b>	
	Opening net debt	(86,719,407)		(77,381,668)	
	<b>Closing net debt</b>	<b>(97,148,895)</b>		<b>(86,719,407)</b>	

### 4 Major non-cash transactions

The interest on both the Demand Notes and the Loan Notes is accrued into the loans and is payable on the date that the Notes are redeemed as per their respective agreements. As a result there is no cash movements in respect to the interest and the increase in the loans.

# STARNHURST PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2007

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#### **1 Accounting policies**

##### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention

The group has net liabilities of £97,158,295 (2006 £86,728,807). In 2001 Starnhurst plc (through its subsidiary Planetcroft Limited) disposed of its investment in Bruner Mond Group Limited and ceased to trade. The group is currently not in a position to meet its obligations as they fall due if the holders of the Demand and Loan Notes were to demand repayment of the loans and the related interest under the terms of the agreements. The directors do not anticipate that such a demand will be made and accordingly the accounts have been drawn up on a going concern basis.

##### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

##### **1.3 Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2007. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

##### **1.4 Goodwill**

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

##### **1.5 Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

##### **1.6 Deferred taxation**

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

##### **1.7 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

##### **1.8 Finance Costs**

Finance costs of debt are recognised in the profit and loss account over the term of such investments at a constant rate on the carrying amount.

##### **1.9 Debt**

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

# STARNHURST PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom

3 Operating loss	2007 £	2006 £
Operating loss is stated after charging		
Auditors' remuneration	9,400	12,190

The audit and non audit fees for the whole group for the current and proceeding year were borne by Griffinmist Limited, a wholly owned subsidiary

The directors did not receive any remuneration for services provided to the company in either year

4 Interest payable	2007 £	2006 £
Other interest	10,423,000	9,306,000

Other interest includes £9,483,000 (2006 £8,467,000) that was payable on 12% long term loan notes and £940,000 (2006 £839,000) that was payable on 12% demand notes

5 Taxation	2007	2006
Current tax charge	-	-

#### Factors affecting the tax charge for the year

Loss on ordinary activities before taxation	(10,429,487)	(9,323,639)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 - 30.00%)	(3,128,846)	(2,797,092)
Effects of		
Tax losses not recognised	3,128,846	2,797,092
	3,128,846	2,797,092
Current tax charge	-	-

A deferred tax asset of £15.4m (2006 £12.3m) arising on the relieved tax losses carried forward has not been recognised on the basis that it is not expected to be recovered in future accounting periods

# STARNHURST PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 6 Loss for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The loss for the financial year is made up as follows

	2007 £	2006 £
Holding company's loss for the financial year	-	-

### 7 Fixed asset investments

#### Company

	Unlisted investments £
<b>Cost</b>	
At 1 January 2007 & at 31 December 2007	100,000
<b>Provisions for diminution in value</b>	
At 1 January 2007 & at 31 December 2007	100,000
<b>Net book value</b>	
At 31 December 2007	-
At 31 December 2006	-

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or Incorporation	Class	Shares held %
<b>Subsidiary undertakings</b>			
Griffinmist Limited	UK	A	100

The principal activity of these undertakings for the last relevant financial year was as follows

	Principal activity
Griffinmist Limited	Intermediate holding company

Griffinmist Limited holds 100% of the ordinary issued share capital of Planetcroft Limited. Both Griffinmist Limited and Planetcroft Limited have been consolidated into the group accounts. Starnhurst plc has written off its investment of £100,000 in the share capital of Griffinmist Limited, as the subsidiary had net liabilities of £97,158,295 in 2007 (2006 net liabilities of £86,728,807) and made a loss of £10,429,487 (2006 loss of £9,323,639).

# STARNHURST PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 8 Creditors : amounts falling due within one year

	Group 2007 £	2006 £	Company 2007 £	2006 £
Demand Notes	8,774,024	7,834,024	-	-
Accruals and deferred income	9,400	9,400	-	-
	<u>8,783,424</u>	<u>7,843,424</u>	<u>-</u>	<u>-</u>

The Demand Notes bear interest at 12% per annum. The Demand Notes are unsecured, and falling earlier redemption at the option of the note holder, fall due on their 21st anniversary in July 2019.

### 9 Creditors : amounts falling due after more than one year

	Group 2007 £	2006 £	Company 2007 £	2006 £
July 2019 12% Loan Notes	<u>88,505,653</u>	<u>79,022,653</u>	<u>-</u>	<u>-</u>
<b>Analysis of loans</b>				
Not wholly repayable within five years by instalments	88,505,653	79,022,653	-	-
Wholly repayable within five years	<u>8,774,024</u>	<u>7,834,024</u>	<u>-</u>	<u>-</u>
	97,279,677	86,856,677	-	-
Included in current liabilities	<u>(8,774,024)</u>	<u>(7,834,024)</u>	<u>-</u>	<u>-</u>
	<u>88,505,653</u>	<u>79,022,653</u>	<u>-</u>	<u>-</u>
Instalments not due within five years	<u>8,774,024</u>	<u>7,834,024</u>	<u>-</u>	<u>-</u>
<b>Loan maturity analysis</b>				
In more than five years	<u>88,505,653</u>	<u>79,022,653</u>	<u>-</u>	<u>-</u>

The Loan Notes are unsecured and bear interest at 12% per annum. They are due for redemption on their 21st anniversary in July 2019.

# STARNHURST PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

10 Share capital	2007 £	2006 £
<b>Authorised</b>		
100,000 Ordinary of each	100,000	100,000
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
100,000 Ordinary of each	100,000	100,000
	<u>          </u>	<u>          </u>

### 11 Statement of movements on profit and loss account Group

	Profit and loss account £
Balance at 1 January 2007	(86,828,808)
Loss for the year	(10,429,487)
	<u>          </u>
Balance at 31 December 2007	(97,258,295)
	<u>          </u>

### Company

	Profit and loss account £
Balance at 1 January 2007	(100,000)
	<u>          </u>
Balance at 31 December 2007	(100,000)
	<u>          </u>



# STARNHURST PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

<b>12 Reconciliation of movements in shareholders' funds</b>	<b>2007</b>	<b>2006</b>
<b>Group</b>	<b>£</b>	<b>£</b>
Loss for the financial year	(10,429,487)	(9,323,639)
Opening shareholders' funds	(86,728,807)	(77,405,168)
	<u>                    </u>	<u>                    </u>
Closing shareholders' funds	(97,158,295)	(86,728,807)
	<u>                    </u>	<u>                    </u>
	<b>2007</b>	<b>2006</b>
<b>Company</b>	<b>£</b>	<b>£</b>
Loss for the financial year	-	-
Opening shareholders' funds	-	-
	<u>                    </u>	<u>                    </u>
Closing shareholders' funds	-	-
	<u>                    </u>	<u>                    </u>

### 13 Employees

#### Number of employees

There were no employees during the year apart from the directors

### 14 Control

There have been immediate or ultimate controlling parties in either year

### 15 Related party transactions

#### Group

There have been no related party transactions in either year

#### Company

There have been no related party transactions in either year