

**HIGHSTONE ESTATES (VICAR LANE)  
LIMITED**

**Report and Financial Statements**

**31 March 2007**

**DSC, Chartered Accountants**



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COMPANIES HOUSE



# HIGHSTONE ESTATES (VICAR LANE) LIMITED

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

P Sykes  
R W Dawson

**SECRETARY**

R W Dawson

**REGISTERED OFFICE**

Beech Villa  
1 Esplanade  
Harrogate  
North Yorkshire  
HG2 0LN

**BANKERS**

National Westminster Bank plc  
3 Cambridge Crescent  
Harrogate  
HG1 1PE

**SOLICITORS**

Addleshaw Goddard  
Sovereign House  
Sovereign Street  
Leeds  
LS1 1HQ

**AUDITORS**

DSC  
Chartered Accountants and Registered Auditors  
4 Princes Square  
Harrogate  
HG1 1LX

**TAX ADVISERS**

Deloitte & Touche LLP  
1 City Square  
Leeds  
LS1 2AL

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 2007

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company is property investment. The company was profitable but sold its sole investment property during the year and so the company will not continue as a going concern. Information relating to the coming year is shown in note 14 of the financial statements.

### **RESULTS AND DIVIDENDS**

The profit for the year after tax amounted to £1,107,688 (2006 £245,355). The directors do not recommend payment of a dividend (2006 £Nil).

### **DIRECTORS AND THEIR INTERESTS**

The directors who served during the year and up to the date of this report, were as follows:

P Sykes

C J Dalzell (resigned 14 March 2007)

R W Dawson

None of the directors in office at the period end held any beneficial interest in the shares of the company at 31 March 2007 or 1 April 2006. The interests of the directors in the share capital of Highstone Group Ltd, the company's ultimate parent company, are disclosed in the directors' report of that company.

### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **AUDITORS**

A resolution to reappoint DSC as the company's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



R W Dawson  
Secretary

17 July 2007

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the directors to prepare financial statements for each financial year 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 the profit or loss of the company 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HIGHSTONE ESTATES (VICAR LANE) LIMITED**

We have audited the financial statements of Highstone Estates (Vicar Lane) Limited for the year ended 31 March 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 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**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the directors' report for the above period and consider the implications for our report if we become aware of any apparent misstatements.

### **Basis of 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 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.

### **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 company's affairs as at 31 March 2007 and of its profit for the year then ended and
- have been properly prepared in accordance with the Companies Act 1985.

DSC

DSC

Chartered Accountants and Registered Auditors

17 July 2007

# HIGHSTONE ESTATES (VICAR LANE) LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 March 2007

|   | Note | Discontinued<br>activities<br>£ | 2007<br>£               | 2006<br>£             |
|---|------|---------------------------------|-------------------------|-----------------------|
| <b>TURNOVER</b>   |      | 127,721                         | 127,721                 | 348,978               |
| Cost of sales   |      | (330)                           | (330)                   | (5,432)               |
| <b>GROSS PROFIT</b>   |      | <u>127,391</u>                  | <u>127,391</u>          | <u>343,546</u>        |
| Administrative expenses   |      | (3,390)                         | (3,390)                 | (3,315)               |
| <b>OPERATING PROFIT</b>   |      | <u>124,001</u>                  | <u>124,001</u>          | <u>340,231</u>        |
| Profit on disposal of investment property   |      | 1,904,902                       | 1,904,902               | -                     |
| Interest receivable   |      | -                               | -                       | 1,671                 |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE<br/>TAXATION</b>                          | 3    | <u>2,028,903</u>                | <u>2,028,903</u>        | <u>341,902</u>        |
| Tax on profit on ordinary activities  | 4    | (921,215)                       | (921,215)               | (96,547)              |
| <b>PROFIT ON ORDINARY ACTIVITIES AFTER<br/>TAXATION AND RETAINED FOR THE YEAR</b> | 10   | <u><u>1,107,688</u></u>         | <u><u>1,107,688</u></u> | <u><u>245,355</u></u> |

The accompanying notes are an integral part of this profit and loss account

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 31 March 2007

|  | Note | 2007<br>£               | 2006<br>£               |
|--|------|-------------------------|-------------------------|
| Profit for the financial year                              | 10   | 1,107,688               | 245,355                 |
| Unrealised surplus on revaluation of fixed assets          |      | -                       | 1,743,286               |
| Total gains and losses recognised since last annual report |      | <u><u>1,107,688</u></u> | <u><u>1,988,641</u></u> |

The accompanying notes are an integral part of this statement of total recognised gains and losses

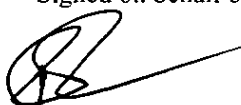
# HIGHSTONE ESTATES (VICAR LANE) LIMITED

## BALANCE SHEET 31 March 2007

|   | Note | 2007<br>£ | 2006<br>£   |
|---|------|-----------|-------------|
| <b>FIXED ASSETS</b>                                   |      |           |             |
| Tangible assets                                       | 5    | -         | 6,250,000   |
| <b>CURRENT ASSETS</b>                                 |      |           |             |
| Debtors   | 6    | 4,753,474 | 128,410     |
| <b>CREDITORS, amounts falling due within one year</b> | 7    | (941,000) | (3,656,624) |
| <b>NET CURRENT ASSETS/(LIABILITIES)</b>               |      | 3,812,474 | (3,528,214) |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |      | 3,812,474 | 2,721,786   |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>         | 8    | -         | (17,000)    |
| <b>NET ASSETS</b>                                     |      | 3,812,474 | 2,704,786   |
| <b>CAPITAL AND RESERVES</b>                           |      |           |             |
| Called up share capital                               | 9    | 1         | 1           |
| Revaluation reserve                                   | 10   | -         | 1,743,286   |
| Profit and loss account                               | 10   | 3,812,473 | 961,499     |
| <b>EQUITY SHAREHOLDERS' FUNDS</b>                     | 11   | 3,812,474 | 2,704,786   |

These financial statements were approved by the Board of Directors on 17 July 2007

Signed on behalf of the Board of Directors



R W Dawson  
Director

The accompanying notes are an integral part of this balance sheet



**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2007**

**1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have been applied consistently throughout the year and preceding period.

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards.

The company has taken advantage of the exemption from the requirement of FRS 1 to present a cash flow statement because it is a wholly owned subsidiary of Highstone Group Limited, which prepares consolidated financial statements which are publicly available.

**Investment properties**

Investment properties are revalued annually. Any surplus or deficit on individual properties is transferred to the revaluation reserve, unless a deficit is expected to be permanent. Permanent deficits in excess of any previously recognised surplus on the same property (or the reversal of such a deficit) are charged (or credited) to the profit and loss account.

On the disposal of a revalued fixed asset, any related balance remaining in the revaluation reserve will be transferred to the profit and loss account as a movement on reserves.

**Turnover**

Turnover represents amounts receivable from the normal course of business, net of any VAT.

**Taxation**

Current tax, being UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

The company did not have any employees in the year. No remuneration was paid to the directors in the year. P. Sykes, C. J. Dalzell and R. W. Dawson are also directors of Highstone Group Ltd, the ultimate parent company, and their individual remuneration is disclosed in that company's accounts, in respect of services to all group companies. It is not practicable to allocate their remuneration between their services as executives of Highstone Group and their services to other group companies.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2007**

**3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

|  | <b>2007</b> | <b>2006</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |
| Profit on ordinary activities before taxation is stated after charging |             |             |
| Auditors' remuneration for audit services                              | 2 000       | 2,000       |

**4. TAX ON PROFIT ON ORDINARY ACTIVITIES**

|   | <b>2007</b>     | <b>2006</b>   |
|---|-----------------|---------------|
|   | <b>£</b>        | <b>£</b>      |
| <b>Current tax</b>                                |                 |               |
| UK corporation tax                                | 938 000         | 4 100         |
| Group relief                                      | -               | 95,000        |
| Adjustments in respect of prior years             |                 |               |
| Corporation tax                                   | 4,464           | (4,497)       |
| Group relief                                      | (4,249)         | (56)          |
| <b>Total current tax</b>                          | <b>938,215</b>  | <b>94,547</b> |
| <b>Deferred tax</b>                               |                 |               |
| Origination and reversal of timing differences    | (17,000)        | 2 000         |
| <b>Total deferred tax</b>                         | <b>(17,000)</b> | <b>2,000</b>  |
| <b>Total tax on profit on ordinary activities</b> | <b>921,215</b>  | <b>96,547</b> |

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

|  | <b>2007</b>      | <b>2006</b>    |
|--|------------------|----------------|
|  | <b>£</b>         | <b>£</b>       |
| <b>Profit on ordinary activities before tax</b>                        | <b>2,028,903</b> | <b>341 902</b> |
| Tax on profit on ordinary activities at UK corporation tax rate of 30% | 608,671          | 102,571        |
| Effects of   |                  |                |
| Excess depreciation over capital allowances                            | 17,000           | (2,000)        |
| Difference from accounting profit on property disposal                 | 313,000          | -              |
| Rate difference  | -                | (2,357)        |
| Prior year adjustment – corporation tax                                | 4,464            | (4,553)        |
| Prior year adjustment – group relief                                   | (4,249)          | -              |
| Roundings  | (671)            | 886            |
| <b>Current tax charge for the year</b>                                 | <b>938,215</b>   | <b>94,547</b>  |

# HIGHSTONE ESTATES (VICAR LANE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

### 5. TANGIBLE FIXED ASSETS

|                          | Investment<br>property<br>£ |
|--------------------------|-----------------------------|
| <b>Cost or valuation</b> |                             |
| At 1 April 2006          | 6,250 000                   |
| Disposal                 | <u>(6,250 000)</u>          |
| At 31 March 2007         | <u>-</u>                    |
| <b>Net book value</b>    |                             |
| At 31 March 2007         | <u>-</u>                    |
| At 31 March 2006         | <u>6,250,000</u>            |

### 6. DEBTORS

|                                 | 2007<br>£        | 2006<br>£      |
|---------------------------------|------------------|----------------|
| Trade debtors                   | -                | 122,347        |
| Amount due from holding company | 4,753,439        | -              |
| VAT debtor                      | 35               | -              |
| Prepayments and accrued income  | -                | 6,063          |
|                                 | <u>4,753,474</u> | <u>128,410</u> |

### 7. CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

|                                       | 2007<br>£      | 2006<br>£        |
|---------------------------------------|----------------|------------------|
| Amounts owed to parent company        | -              | 3,458,200        |
| Amounts owed to group undertakings    | -              | 95,000           |
| Corporation tax                       | 938,000        | 4,129            |
| Other taxes and social security costs | -              | 15,422           |
| Accruals and deferred income          | 3,000          | 83,873           |
|                                       | <u>941,000</u> | <u>3,656,624</u> |

### 8. PROVISIONS FOR LIABILITIES AND CHARGES

|                                   | Deferred<br>tax<br>£ |
|-----------------------------------|----------------------|
| At 1 April 2006                   | 17,000               |
| Credit to profit and loss account | <u>(17,000)</u>      |
| At 31 March 2007                  | <u>-</u>             |

The amounts of deferred taxation recognised in the accounts are as follows

|  | 2007<br>£ | 2006<br>£     |
|--|-----------|---------------|
| Capital allowances in excess of depreciation | <u>-</u>  | <u>17,000</u> |



**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2007**

**9. CALLED UP SHARE CAPITAL**

|   | <b>2007</b>  | <b>2006</b>  |
|---|--------------|--------------|
|   | <b>£</b>     | <b>£</b>     |
| <b>Authorised</b>                         |              |              |
| 1,000 Ordinary shares of £1 each          | <u>1,000</u> | <u>1,000</u> |
| <b>Called up, allotted and fully paid</b> |              |              |
| 1 Ordinary share of £1 each               | <u>1</u>     | <u>1</u>     |

**10. RESERVES**

|  | <b>Revaluation<br/>reserve</b> | <b>Profit and<br/>loss<br/>account</b> | <b>Total</b>     |
|--|--------------------------------|--|------------------|
|  | <b>£</b>                       | <b>£</b>                               | <b>£</b>         |
| At 1 April 2006                          | 1,743,286                      | 961,499                                | 2,704,785        |
| Retained profit for the year             | -                              | 1,107,688                              | 1,107,688        |
| Transfer revaluation reserve on disposal | <u>(1,743,286)</u>             | <u>1,743,286</u>                       | <u>-</u>         |
| At 31 March 2007                         | <u>-</u>                       | <u>3,812,473</u>                       | <u>3,812,473</u> |

**11. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS**

|   | <b>2007</b>      | <b>2006</b>      |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| Profit for the financial year                 | 1,107,688        | 245,355          |
| Surplus on revaluation                        | <u>-</u>         | <u>1,743,286</u> |
| Net addition to equity shareholders' funds    | 1,107,688        | 1,988,641        |
| Equity shareholders' funds, beginning of year | <u>2,704,786</u> | <u>716,145</u>   |
| Equity shareholders' funds, end of year       | <u>3,812,474</u> | <u>2,704,786</u> |

**12. ULTIMATE PARENT COMPANY**

At the balance sheet date the directors regarded Highstone Group Ltd, a company incorporated in England and Wales, as the ultimate parent company

Highstone Group Limited is the only group in which the results of the company are consolidated. The financial statements of that company are publicly available and can be obtained from Beech Villa, 1 Esplanade, Harrogate, North Yorkshire, HG2 0LN

As a subsidiary undertaking of Highstone Group Limited, the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with other members of the group headed by that company

**13. ULTIMATE CONTROLLING PARTY**

Mr P. Sykes is a director and is the sole shareholder of Highstone Group Limited. The directors regard Mr P. Sykes as the ultimate controlling party of the company

**14. GOING CONCERN**

The company's investment property was sold during the year. The company will therefore not be continuing as a going concern

**ADDITIONAL INFORMATION**

The additional financial information, which comprises the company profit and loss account has been prepared from the accounting records of the company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the auditors' report thereon.

# HIGHSTONE ESTATES (VICAR LANE) LIMITED

## DETAILED PROFIT AND LOSS ACCOUNT Year ended 31 March 2007

|                                | 2007<br>£      | 2006<br>£      |
|--------------------------------|----------------|----------------|
| <b>Income</b>                  |                |                |
| Rents receivable               | 127,721        | 344,384        |
| Interest on late rents         | -              | 4 594          |
| <b>Administration expenses</b> |                |                |
| Audit fees                     | (2,000)        | (2,000)        |
| Legal fees                     | -              | (450)          |
| Professional fees              | (1,375)        | (6,050)        |
| Insurance                      | (237)          | (232)          |
| Marketing expenses             | (93)           | -              |
| General expenses               | (15)           | (15)           |
| <b>Operating profit</b>        | <u>124,001</u> | <u>340,231</u> |

This page is for directors' information only and does not form part of the audited financial statements