

**BRIDGEMERE LAND PLC
(FORMERLY HARROW ESTATES
PLC)**

Annual Report and Financial Statements

Year ended 31 March 2010

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BRIDGEMERE LAND PLC (FORMERLY HARROW ESTATES PLC)
REPORT AND FINANCIAL STATEMENTS 2010

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BRIDGEMERE LAND PLC (FORMERLY HARROW ESTATES PLC)

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S P Morgan
J Daly (resigned 16 October 2009)
A M Lewis
V W Fairclough
J R C Masters (resigned 16 October 2009)
M L Nicholls (resigned 16 October 2009)

SECRETARY

A M Lewis

REGISTERED OFFICE

Bridgemere House
Chester Road
Preston Brook
Cheshire
WA7 3BD

BANKERS

Barclays Bank Plc
North West Larger Business Team
Manchester

AUDITORS

Deloitte LLP
Chartered Accountants and Statutory Auditors
Manchester
United Kingdom

BRIDGEMERE LAND PLC (FORMERLY HARROW ESTATES PLC)

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year ended 31 March 2010

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

On 19 October 2009 the company changed its name to Bridgemere Land plc. On 20 October 2009 the majority of the company's staff and directors transferred their employment contracts to Harrow Estates plc (formerly Brand New Co (420) Limited, a newly-incorporated company) and a number of the company's landholdings were transferred to companies under the control of Redrow Homes plc. At the same time, a number of option agreements were granted with a view to Redrow Homes plc being given the opportunity to acquire some of the remaining sites held within the company at a discount to open market value in return for continued access to the extensive skills and experience of the Harrow Estates plc management team. As a result of these transactions and further land disposals achieved during the year to other third party acquirers, the company generated a significant profit as disclosed below and on page 6.

The balance sheet on page 7 of the financial statements reflects the disposal of landholdings as stated above through the reduction in stock from £51.3m to £30.3m during the year with cash received being loaned to other group companies resulting in the large increase in net debtor balances.

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates in a highly competitive market. However, the directors consider that its key strength relates to the extensive skills and experience of the Harrow Estates plc management team together with the support of the overall Bridgemere group infrastructure.

The key risk that the company faces relates to the level of contamination existing in land and buildings acquired, in view of the fact that sites are usually acquired along with the potential liabilities arising as a result of such contamination. This risk is mitigated by the level of due diligence and site investigation procedures performed which take place prior to land acquisitions. In addition, the company also faces market risk. This risk is mitigated via the experience and approach to land buying of the management team, albeit this risk can never be fully mitigated due to the cyclical nature of the market.

Finally, the company also faces planning risk as a consequence of the change in Government strategy in this area following the recent election.

RESULTS AND DIVIDENDS

The results for the year are set out on page 6. The directors do not recommend payment of a dividend and the retained profit for the year of £5,650,221 (2009 – loss £11,036,980) was transferred to reserves (2009 – from reserves).

FUTURE PROSPECTS

The Harrow Estates plc management team continues to manage remediation and removal of contamination on existing sites in line with the contractual arrangements referred to in the above business review. It is not anticipated that there will be any further land acquisitions directly into this company although this activity and property consultancy services will continue to be provided for the foreseeable future. One further site disposal is expected to complete during the coming financial year. The directors view the recent announcement of the abolition of regional planning strategies as being a cause for considerable concern although it is far too early to state with any certainty what the full impact of this announcement will be.

DIRECTORS

The directors of the company, who held office during the financial year and thereafter, are noted on page 1.

GOING CONCERN

After making enquiries and based on the assumptions outlined in note 1 to the financial statements, the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

BRIDGEMERE LAND PLC (FORMERLY HARROW ESTATES PLC)

DIRECTORS' REPORT (continued)

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the 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

The confirmation is given and should be interpreted in accordance with the provisions of s418 of the companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditors, and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors

and signed on behalf of the Board



A M Lewis

Secretary

15 Sept 2010

BRIDGEMERE LAND PLC (FORMERLY HARROW ESTATES PLC)

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for 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 MEMBERS OF BRIDGEMERE LAND PLC (FORMERLY HARROW ESTATES PLC)

We have audited the financial statements of Bridgemere Land Plc (formerly Harrow Estates plc) for the year ended 31 March 2010 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement, the reconciliation of cash flows to movement in net debt and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

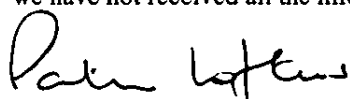
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Patrick Loftus BSc ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Manchester, United Kingdom
15 Sept 2010

BRIDGEMERE LAND PLC (FORMERLY HARROW ESTATES PLC)

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2010

| | Note | 2010 £ | 2009 £ |
|---|-------|-------------|--------------|
| TURNOVER | | | |
| Continuing operations | 2,3 | 35,397,664 | 774,549 |
| OPERATING PROFIT/(LOSS) | | | |
| Continuing operations | 6 | 7,399,723 | (15,162,309) |
| Analysed as | | | |
| Operating profit/(loss) before other operating income and impairment of fixed assets and land assets held for remediation | | 7,176,666 | (593,044) |
| Other operating income | 5 | 223,057 | 210,405 |
| Impairment of land held for remediation | 8 | - | (14,779,670) |
| | | 7,399,723 | (15,162,309) |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION | | 7,399,723 | (15,162,309) |
| Interest receivable and similar income | 7 | 51 | 16,690 |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION | | 7,399,774 | (15,145,619) |
| Tax (charge)/credit on loss on ordinary activities | 9 | (1,749,553) | 4,108,639 |
| PROFIT/(LOSS) FOR THE FINANCIAL YEAR | 17,18 | 5,650,221 | (11,036,980) |

The above results derive entirely from continuing operations

The company has no recognised gains or losses other than the profit for the year and loss for the previous year. Accordingly, no separate statement of total recognised gains and losses has been presented.

BRIDGEMERE LAND PLC (FORMERLY HARROW ESTATES PLC)

BALANCE SHEET As at 31 March 2010

| | Note | 2010 £ | 2009 £ |
|--|------|-------------|--------------|
| FIXED ASSETS | | | |
| Tangible assets | 10 | 59,138 | 107,202 |
| CURRENT ASSETS | | | |
| Stock | 11 | 30,287,641 | 51,340,616 |
| Debtors | 12 | 34,308,058 | 4,329,143 |
| Cash at bank and in hand | | 985,309 | 140,101 |
| | | 65,581,008 | 55,809,860 |
| CREDITORS: amounts falling due within one year | 13 | (699,896) | (921,023) |
| NET CURRENT ASSETS | | 64,881,112 | 54,888,837 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 64,940,250 | 54,996,039 |
| CREDITORS: amounts falling due after more than one year | 14 | (5,051,192) | (757,202) |
| NET ASSETS | | 59,889,058 | 54,238,837 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 16 | 65,012,501 | 65,012,501 |
| Profit and loss account | 17 | (5,123,443) | (10,773,664) |
| TOTAL SHAREHOLDER'S FUNDS | 18 | 59,889,058 | 54,238,837 |

The financial statements of Bridgemere Land Plc (formerly Harrow Estates Plc), registered number 4298202, were approved by the Board of Directors and authorised for issue on 15 June 2010

Signed on behalf of the Board of Directors



A M Lewis

Director

BRIDGEMERE LAND PLC (FORMERLY HARROW ESTATES PLC)

CASH FLOW STATEMENT

Year ended 31 March 2010

| | Note | 2010 £ | 2009 £ |
|--|-----------|----------------|--------------------|
| Cash inflow/(outflow) from operational activities | 20(a) | 848,217 | (1,143,872) |
| Returns on investments and servicing of finance | 20(b) | 51 | 16,690 |
| Taxation received | | - | 49,512 |
| Capital expenditure and financial investment | 20(c) | 37,470 | (2,729) |
| Cash inflow/(outflow) before management of liquid resources and financing | | 885,738 | (1,080,399) |
| Financing | | - | - |
| Increase/(decrease) in cash in the year | 21 | 885,738 | (1,080,399) |

RECONCILIATION OF CASH FLOWS TO MOVEMENT IN NET DEBT

Year ended 31 March 2010

| | Note | 2010 £ | 2009 £ |
|--|------|-------------|--------------|
| Increase/(decrease) in cash in the year | | 885,738 | (1,080,399) |
| Change in net debt resulting from cash flows | | 885,738 | (1,080,399) |
| Other non cash movements | | (4,293,990) | 17,426,190 |
| Change in net debt in the year | | (3,408,252) | 16,345,791 |
| Opening net debt | | (657,631) | (17,003,422) |
| Closing net debt | 21 | (4,065,883) | (657,631) |

BRIDGEMERE LAND PLC (FORMERLY HARROW ESTATES PLC)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2010

1. ACCOUNTING POLICIES

The principal accounting policies adopted are summarised below. They have all been applied consistently throughout the current and preceding years.

Going concern

The company meets its day to day working capital requirements through a combination of intra-group funding provided by the group's ultimate holding company Bridgemere Investments Limited, and bank facilities.

The current economic conditions create uncertainty particularly over the levels of demand within both the construction and property sectors. As a result, and based on the strong trading relationship between the company and its ultimate holding company Bridgemere Investments Limited, the directors have sought and received an expression of Bridgemere Investments Limited's intention to provide such support as may be necessary for the foreseeable future.

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable law and United Kingdom accounting standards.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a reducing balance basis over its expected useful life as follows:

Office furniture, fittings and equipment 15% per annum

Residual value is calculated on prices prevailing at the date of acquisition.

Stocks

Stocks are stated at the lower of cost, including attributable overheads, to the group and estimated net realisable value. Stocks include contaminated land assets held in the course of remediation and are stated at the lower of cost and net realisable value.

Taxation

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 recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in the periods different from those in which they are recognised in the financial statements.

BRIDGEMERE LAND PLC (FORMERLY HARROW ESTATES PLC)

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2010

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Pension costs

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year

Leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term

Revenue recognition

Consultancy turnover comprises amounts receivable by the company in respect of services provided during the financial period. Turnover is recognised when the provision of each service is complete

Sales of remediated land assets are accounted for on a legal completion basis. Turnover excludes sales related taxes

2. SEGMENTAL ANALYSIS

| | 2010 £ | 2009 £ |
|---|-------------------|---------------------|
| Turnover | | |
| Property consultancy income and recharges | 8,125 | 508,043 |
| Land remediation | 35,389,539 | 266,506 |
| | <u>35,397,664</u> | <u>774,549</u> |
| Expenses | | |
| Administrative expenses | (1,234,962) | (1,702,955) |
| Other income | 223,057 | 210,405 |
| Exceptional expenses (note 8) | - | (14,779,670) |
| | <u>7,399,723</u> | <u>(15,162,309)</u> |
| Operating profit/(loss) | 51 | 16,690 |
| Interest receivable and similar income | | |
| | <u>7,399,774</u> | <u>(15,145,619)</u> |
| Profit/(loss) on ordinary activities before tax | | |

3. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. The turnover and pre-tax profit, all of which arises in the United Kingdom is attributable to the company's principal activities

BRIDGEMERE LAND PLC (FORMERLY HARROW ESTATES PLC)

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2010

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

| | 2010 £ | 2009 £ |
|---|---------------------|---------------------|
| Directors' emoluments | | |
| Fees | 500,453 | 517,724 |
| Benefits in kind | 3,738 | 54,062 |
| Pension costs | 34,966 | 51,878 |
| | <u>539,157</u> | <u>623,664</u> |
| Remuneration of the highest paid director | | |
| Emoluments | 181,669 | 157,092 |
| Pension costs | 14,500 | 14,500 |
| | <u>196,169</u> | <u>171,592</u> |
| | 2010 No. | 2009 No. |
| Average number of persons employed (including directors) | | |
| Administration | <u>11</u> | <u>16</u> |
| | 2010 £ | 2009 £ |
| Staff costs during the year (including directors) | | |
| Wages and salaries | 769,446 | 957,719 |
| Social security costs | 93,508 | 139,177 |
| Pension costs | 53,778 | 76,081 |
| | <u>916,732</u> | <u>1,172,977</u> |

5. OTHER INCOME

| | 2010 £ | 2009 £ |
|---------------|----------------|----------------|
| Rental income | <u>223,057</u> | <u>210,405</u> |

6. OPERATING PROFIT/(LOSS)

| | 2010 £ | 2009 £ |
|--|------------|--------------|
| Operating profit/(loss) is stated after charging: | | |
| Depreciation | 10,436 | 18,918 |
| Rentals under operating leases – other operating leases | 46,925 | 85,000 |
| Auditors' remuneration | | |
| - audit of the company's statutory financial statements | 7,380 | 5,000 |
| - non audit tax services | 240 | 1,000 |
| Loss on disposal of fixed assets | <u>158</u> | <u>3,036</u> |

BRIDGEMERE LAND PLC (FORMERLY HARROW ESTATES PLC)

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2010

7. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2010 £ | 2009 £ |
|---------------|-----------|-----------|
| Bank interest | 51 | 16,690 |

8. EXCEPTIONAL EXPENSES

| | 2010 £ | 2009 £ |
|--|-----------|------------|
| Impairment of land assets held for remediation | - | 14,779,670 |

9. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The tax charge/(credit) comprises

| | 2010 £ | 2009 £ |
|--|-----------|-------------|
| Current tax | | |
| UK corporation tax | - | - |
| Adjustment in respect of prior year | - | (97,731) |
| | - | (97,731) |
| Deferred taxation | | |
| Current year tax charge/(credit) | 1,974,888 | (4,010,908) |
| Adjustment in respect of prior year | (225,335) | - |
| | 1,749,553 | (4,010,908) |
| Total tax charge/(credit) on profit/(loss) on ordinary activities | 1,749,553 | (4,108,639) |

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/(loss) before tax are as follows

| | 2010 £ | 2009 £ |
|--|-------------|--------------|
| Profit/(loss) on ordinary activities before tax | 7,399,774 | (15,145,619) |
| Tax on loss on ordinary activities at standard UK corporation tax rate of 28% (2009 – 28%) | 2,071,937 | (4,240,773) |
| Effects of | | |
| Expenses not deductible for tax purposes | 10,538 | 921 |
| Capital allowances (in excess of)/less than depreciation | (1,320) | 5,297 |
| Prior year adjustment | - | (97,731) |
| Group relief utilised | (56,089) | - |
| Increase in tax losses | - | 4,234,555 |
| Utilisation of tax losses brought forward | (1,973,611) | - |
| Uplift on quantifying land remediation expenditure | (51,455) | - |
| Current tax charge/(credit) for year | - | (97,731) |

BRIDGEMERE LAND PLC (FORMERLY HARROW ESTATES PLC)

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2010

10 TANGIBLE FIXED ASSETS

| | Office furniture fittings and equipment £ |
|---------------------------------|---|
| Cost | |
| At 1 April 2009 | 212,690 |
| Disposals | (76,061) |
| At 31 March 2010 | 136,629 |
| Accumulated depreciation | |
| At 1 April 2009 | 105,488 |
| Charge for the year | 10,436 |
| Disposals | (38,433) |
| At 31 March 2010 | 77,491 |
| Net book value at 31 March 2010 | 59,138 |
| Net book value at 31 March 2009 | 107,202 |

11. STOCKS

| | 2010 £ | 2009 £ |
|--|------------|------------|
| Land and property held for remediation | 30,287,641 | 51,340,616 |

12. DEBTORS

| | 2010 £ | 2009 £ |
|---|------------|-----------|
| Trade debtors | 13,588 | 92,762 |
| Amounts owed by from group undertakings (note 22) | 22,904,020 | - |
| Amounts due from other group undertakings (note 22) | 9,059,960 | 11,058 |
| Other debtors | 59,826 | 112,505 |
| Deferred tax (note 15) | 2,261,355 | 4,010,908 |
| Prepayments and accrued income | 9,309 | 101,910 |
| | 34,308,058 | 4,329,143 |

All debtors are due within one year

BRIDGEMERE LAND PLC (FORMERLY HARROW ESTATES PLC)

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2010

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2010 £ | 2009 £ |
|---------------------------------|----------------|----------------|
| Bank overdraft | - | 40,530 |
| Trade creditors | 220,999 | 492,865 |
| Other taxes and social security | 42,199 | 46,122 |
| Other creditors | 15,222 | 50,000 |
| Accruals and deferred income | 421,476 | 291,506 |
| | <u>699,896</u> | <u>921,023</u> |

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2010 £ | 2009 £ |
|---|------------------|----------------|
| Amounts due to group undertakings (note 22) | <u>5,051,192</u> | <u>757,202</u> |

15. DEFERRED TAX ASSET

| | £ |
|---|--------------------|
| At 1 April 2009 | 4,010,908 |
| Charged to profit and loss account (note 9) | <u>(1,749,553)</u> |
| At 31 March 2010 | <u>2,261,355</u> |

| | 2010 £ | 2009 £ |
|------------------------|------------------|------------------|
| Deferred tax comprises | | |
| Tax losses | <u>2,261,355</u> | <u>4,010,908</u> |

The deferred tax asset has been recognised because the directors consider that sufficient taxable profits will be generated in the foreseeable future

16. CALLED-UP SHARE CAPITAL

| | 2010 £ | 2009 £ |
|---|-------------------|-------------------|
| Called up, allotted and fully paid | | |
| 65,000,001 ordinary shares of £1 | 65,000,001 | 65,000,001 |
| Called up, allotted and 25% paid | | |
| 49,999 shares of £1 each | <u>12,500</u> | <u>12,500</u> |
| | <u>65,012,501</u> | <u>65,012,501</u> |

BRIDGEMERE LAND PLC (FORMERLY HARROW ESTATES PLC)

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2010

17 STATEMENT OF MOVEMENT ON RESERVES

| | Profit & loss account £ |
|-------------------------------|-------------------------------|
| At 1 April 2009 | (10,773,664) |
| Profit for the financial year | 5,650,221 |
| At 31 March 2010 | <u>(5,123,443)</u> |

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

| | 2010 £ | 2009 £ |
|--------------------------------------|-------------------|-------------------|
| Profit/(loss) for the financial year | 5,650,221 | (11,036,980) |
| Proceeds from issue of shares | - | 65,000,000 |
| Net addition to shareholder's funds | 5,650,221 | 53,963,020 |
| Opening shareholder's funds | 54,238,837 | 275,817 |
| Closing shareholder's funds | <u>59,889,058</u> | <u>54,238,837</u> |

19. FINANCIAL COMMITMENTS

At 31 March 2010, the company had annual non-cancellable other operating leases as follows

| | Land and buildings 2010 £ | 2009 £ |
|--------------------------------------|---------------------------------|-----------|
| Leases which expire After 5 years | - | 85,000 |

20. NOTES TO THE CASH FLOW STATEMENT

(a) Cash flow from operating activities

| | 2010 £ | 2009 £ |
|---|----------------|--------------------|
| Operating profit/(loss) | 7,399,723 | (15,162,309) |
| Depreciation | 10,436 | 18,918 |
| Loss on disposal of fixed assets | 158 | 3,036 |
| Impairment of land assets held for remediation | - | 14,779,670 |
| (Increase)/decrease in debtors | (31,728,468) | 333,933 |
| Increase in creditors | 4,113,393 | 1,153,972 |
| Decrease/(increase) in stock | 21,052,975 | (2,271,092) |
| Net cash inflow/(outflow) from operating activities | <u>848,217</u> | <u>(1,143,872)</u> |

BRIDGEMERE LAND PLC (FORMERLY HARROW ESTATES PLC)

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2010

20. NOTES TO THE CASH FLOW STATEMENT (continued)

(b) Returns on investments and servicing of finance

| | 2010 £ | 2009 £ |
|-------------------|-----------|-----------|
| Interest received | 51 | 16,690 |

(c) Capital expenditure and financial investment

| | 2010 £ | 2009 £ |
|---|-----------|-----------|
| Sale of tangible fixed assets | 37,470 | - |
| Payments to acquire tangible fixed assets | - | (2,729) |
| | 37,470 | (2,729) |

21. ANALYSIS OF MOVEMENT IN NET DEBT

| | As at 1 April 2009 £ | Cash flow £ | Other non-cash movements £ | As at 31 March 2010 £ |
|--------------|-------------------------------|----------------|-------------------------------------|--------------------------------|
| Cash at bank | 140,101 | 845,208 | - | 985,309 |
| Overdrafts | (40,530) | 40,530 | - | - |
| | 99,571 | 885,738 | - | 985,309 |
| Other debt | (757,202) | - | (4,293,990) | (5,051,192) |
| | (657,631) | 885,738 | (4,293,990) | (4,065,883) |

22. RELATED PARTY TRANSACTIONS

During the year the company charged consultancy fees and recharges of £8,125 (2009 - £508,043) to other group undertakings within the Bridgemere Investments Limited group and was owed £1,332 (2009 - £11,058) in relation to these fees at the year end

At 31 March 2010 the company was owed in respect of intra-company funding by entities in the Bridgemere Securities Limited group £22,904,020 and by entities in the wider Bridgemere Investments Limited group £9,058,628 (2009 - £757,202 owed to). In addition the company owed £5,051,192 to Bridgemere Investments Limited as a result of ongoing intra-group funding

23. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The ultimate holding company is Bridgemere Investments Limited, a company incorporated in Guernsey. The company is a subsidiary undertaking of Bridgemere Securities Ltd, a company incorporated in Guernsey. Copies of the financial statements can be obtained from the registered office detailed on page 1.

Bridgemere Investments Limited is controlled by the trustees of the Trinity Trust.