

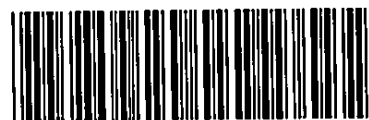
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**Hampton Trust PLC**

Report and Financial Statements

For the year ended 31 December 2006

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**Hampton Trust PLC**

**Annual report and financial statements for the year ended 31 December 2006**

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## Hampton Trust PLC

### Directors and Advisers for the year ended 31 December 2006

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Directors Christopher HB Mills  
*Director*

Jonathan Whittingham  
*Chief Executive*

Robert G Barrett  
*Director*

Secretary JO Hambro Capital Management Limited

Registered office Ground Floor  
Ryder Court  
14 Ryder Street  
London SW1Y 6QB

Company number 267163

Registrar and transfer office Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

Auditors BDO Stoy Hayward LLP  
Commercial Buildings  
11-15 Cross Street  
Manchester M2 1WE

## **Hampton Trust PLC**

### **Report of the Directors for the year ended 31 December 2006**

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The Directors present their annual report on the affairs of the Group, together with the financial statements and auditors' report for the year ended 31 December 2006

#### **Results and dividends**

The Group loss for the year after taxation amounted to £3,847,000 (31 December 2005 - £27,404,000). The Directors do not recommend the payment of an ordinary dividend (31 December 2005 - £nil).

#### **Principal activities**

The principal activities of the Company and its subsidiary undertakings are property investment, management, development and dealing.

#### **Review of the business and future developments**

Following completion of the Group restructuring in December 2005, which was explained in detail in the prior period financial statements, the Directors have been focused primarily in reviewing and managing the historical transactions entered into by the Company and certain of its subsidiary undertakings. The objective of this process is intended to realise assets for the benefit of the unsecured creditors of the Group.

The Directors anticipate that the Group will continue the activities outlined above for the foreseeable future.

#### **Directors**

The Directors who served during the year and changes since the year end were as follows:

Jonathan Whittingham	
Alan Cole	(appointed 21 September 2006; resigned 28 February 2007)
Paul Sellars	(resigned 30 June 2006)
David Mitchell	(appointed 30 June 2006; resigned 5 April 2007)
Robert G Barrett	(appointed 24 April 2007)
Christopher H B Mills	(appointed 24 January 2007)

#### **Post Balance Sheet Events**

Details of other post balance sheet events are given in note 27 to the financial statements.

#### **Financial instruments**

Neither the Company nor the Group have used financial instruments in the reporting period.

#### **Employee Share Ownership Plan**

At 31 December 2006 all the options granted over shares held by the trust had lapsed.

The Trustees have waived the entitlement to receive dividends on all shares held by the trust.

#### **Political and charitable contributions**

During the year the Company made no political and charitable contributions (31 December 2005 - £nil).

#### **Creditors payment policy**

The Group's policy is to pay suppliers on terms agreed with each supplier. The Company's number of trade creditor days outstanding as at 31 December 2006 was 187 days (31 December 2005 - 101 days).

## **Hampton Trust PLC**

### **Report of the Directors for the year ended 31 December 2006 (*continued*)**

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#### **Fixed assets**

In the opinion of the Directors there is no material difference between the open market value of the Group's interest in land and buildings and the book value

#### **Treasury**

The Group's objective is to maintain sufficient facilities to meet its financial requirements at the lowest achievable cost and at minimum risk

The treasury function is controlled centrally in accordance with prudent procedures approved by the Board. During the year, the Group did not enter into any interest rate swaps, currency swaps, forward contracts or any other derivative financial instruments

#### **Prior year adjustment**

The result for the period ended 31 December 2005 have been restated as disclosed in note 1

#### **Auditors**

All of the current directors have taken all of the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware

In accordance with section 384 of the Companies Act, a resolution for the re-appointment of BDO Stoy Hayward LLP as auditors of the Company is to be proposed at the forth coming Annual General Meeting

By order of the Board



JO Hambro Capital Management Limited  
Secretary

Date 7 May 2008

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## **Hampton Trust PLC**

### **Directors' responsibilities**

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 and Group and of the profit or loss of the Group for that year. 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, and
- 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 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 safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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## **Hampton Trust PLC**

### **Report of the independent auditors**

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#### **To the shareholders of Hampton Trust PLC**

We have audited the Group and parent Company financial statements (the "financial statements") of Hampton Trust PLC for the year ended 31 December 2006 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and 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 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 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *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 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.

## Hampton Trust PLC

### Report of the independent auditors (*continued*)

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#### *Opinion*

##### *In our opinion*

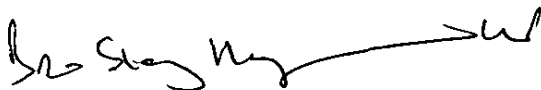
- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Group's and the parent Company's affairs as at 31 December 2006 and of the Group's loss for the year then ended
- the financial statements have been properly 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 – going concern*

In forming our opinion which is not qualified we have considered the adequacy of the disclosures made in the statement of accounting policies to the financial statements concerning the Group's ability to continue as a going concern. The Group incurred a net loss of £3 847 000 for the period to 31 December 2006 and has net liabilities of £55 849,000 at this date. These conditions together with the following uncertainties indicate the existence of a material uncertainty which casts significant doubt over the Group's ability to continue as a going concern.

- the continuation of financial support from the owners and holders of the 15% Loan Stock. Should this support be withdrawn the company would be unable to repay the full value of the Loan Stock
- the payment of debts as they fall due. The Group are reliant upon former subsidiary undertakings not demanding the repayment of debts due from the Group

The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.



**BDO STOY HAYWARD LLP**

*Chartered Accountants  
and Registered Auditors  
Manchester*

Date **8 MAY 2007**



# Hampton Trust PLC

## Consolidated profit and loss account for the year ended 31 December 2006

	Note	Year ended 31 December 2006 £'000	9 months to 31 December 2005 As restated £'000
<b>Turnover</b>	2	5	4 476
Cost of sales	3	(5)	(1 070)
<b>Gross profit</b>		<u>-</u>	<u>3 406</u>
Administrative expenses	3	(2 181)	(5 354)
Other operating income	3	2 108	142
<b>Operating loss</b>	7	<u>(73)</u>	<u>(1 806)</u>
Profit on disposal of investment properties		4	162
Loss on sale of subsidiary undertakings	4	-	(22 020)
<b>Loss on ordinary activities before finance costs</b>		<u>(69)</u>	<u>(23 664)</u>
Investment income	5	-	112
Amounts written off investments	13	(38)	(318)
Interest payable and similar charges	6	(3 740)	(3 534)
<b>Loss on ordinary activities before taxation</b>		<u>(3,847)</u>	<u>(27 404)</u>
Tax on loss on ordinary activities	10	-	-
<b>Loss on ordinary activities after taxation</b>	20	<u>(3 847)</u>	<u>(27 404)</u>

All amounts relate to continuing activities

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

# Hampton Trust PLC

## Balance sheets as at 31 December 2006


	Notes	31 December 2006 £'000	Group 31 December 2005 As restated £'000	Company 31 December 2006 £'000	31 December 2005 As restated £'000
<b>Fixed assets</b>					
Tangible assets	12	42	181	40	179
Investments	13	3	28	3	28
		<u>45</u>	<u>209</u>	<u>43</u>	<u>207</u>
<b>Current assets</b>					
Stocks	14	163	163	-	-
Debtors	15	2 006	3 375	1 527	2,567
Cash at bank and in hand		-	-	-	-
		<u>2 169</u>	<u>3 538</u>	<u>1 527</u>	<u>2 567</u>
<b>Creditors</b> , Amounts falling due within one year	16	(28 772)	(29,403)	(43 949)	(44 171)
<b>Net current liabilities</b>		<u>(26,603)</u>	<u>(25 865)</u>	<u>(42,422)</u>	<u>(41,604)</u>
<b>Total assets less current liabilities</b>		<u>(26 558)</u>	<u>(25 656)</u>	<u>(42 379)</u>	<u>(41,397)</u>
<b>Creditors</b> , Amounts falling due after more than one year (including convertible debt)	17	(24 446)	(21 887)	(24,446)	(21 887)
<b>Provisions for liabilities and charges</b>	18	(4,845)	(5,161)	(4 845)	(5 161)
<b>Net liabilities</b>		<u><u>(55 849)</u></u>	<u><u>(52 704)</u></u>	<u><u>(71 670)</u></u>	<u><u>(68 445)</u></u>

Hampton Trust PLC

Balance sheets as at 31 December 2006 (*continued*)

	Notes	Group		Company	
		31 December 2006	31 December 2005 As restated	31 December 2006	31 December 2005 As restated
		£'000	£'000	£'000	£'000
<b>Capital and reserves</b>					
Called-up share capital	19	7 481	7 481	7 481	7 481
Share premium account	20	670	670	670	670
Equity element of convertible debt	20	8 835	8 133	8 835	8 133
Revaluation reserve	20	18	18	18	18
Capital redemption reserve	20	31,106	31 106	31,106	31 106
Other reserve	20	780	780	-	-
Profit and loss account	20	(104 739)	(100 892)	(119,780)	(115 853)
<b>Shareholders' deficit</b>		<u>(55 849)</u>	<u>(52,704)</u>	<u>(71 670)</u>	<u>(68 445)</u>

The financial statements were approved by the Board and authorised for issue on 7 May 2008



J. Whittingham Director

The accompanying notes are an integral part of these balance sheets

**Hampton Trust PLC**

**Consolidated cash flow statement for the year ended 31 December 2006**

	Notes	Year ended 31 December 2006	9 months to 31 December 2005
Net cash outflow from operating activities	21	(89)	(8,030)
Returns on investments and servicing of finance	22	-	108
Taxation	22	-	-
Capital expenditure and financial investment	22	90	8 154
Acquisitions and disposals		-	-
Cash inflow before management of liquid resources and financing		<u>1</u>	<u>232</u>
Financing	22	-	(876)
Increase/(decrease) in cash in the year	23	<u>1</u>	<u>(644)</u>

The accompanying notes are an integral part of this consolidated cash flow statement

## Hampton Trust PLC

### Other Statements

#### Consolidated statement of total recognised gains and losses

For the year ended 31 December 2006

	Year ended 31 December 2006 £'000	9 months to 31 December 2005 As restated £'000
Loss for the financial year/period	(3 847)	(27 404)
Unrealised surplus on revaluation of investment properties	-	-
Total recognised gains and losses relating to the year/period	<u>(3 847)</u>	<u>(27 404)</u>
Prior period adjustment (as explained in note 1)	(1 868)	
Total recognised gains and loss recognised since the last annual report	<u>(5 715)</u>	

#### Consolidated note of historical cost profits and losses

For the year ended 31 December 2006

	Year ended 31 December 2006 £'000	9 months to 31 December As restated 2005 £'000
Reported loss on ordinary activities before taxation	(3,847)	(27 404)
Realisation of property revaluation surpluses of previous periods	-	8 563
Historical cost loss on ordinary activities before taxation	<u>(3 847)</u>	<u>(18 841)</u>

#### Reconciliation of movements in Group shareholders' funds

For the for the year ended 31 December 2006

	Year ended 31 December 2006 £'000	9 months to 31 December 2005 As restated £'000
Loss for the financial year/period	(3 847)	(27,404)
Other recognised gains and losses relating to the period	-	-
Net movement in shareholders' deficit	<u>(3 847)</u>	<u>(27 404)</u>
Opening shareholders' deficit	(52 704)	(23 975)
Prior period adjustment (as explained in note 1)	-	(1 325)
Equity element of capitalised unpaid interest on convertible debt	702	-
Closing shareholders' deficit	<u>(55 849)</u>	<u>(52 704)</u>

## **Hampton Trust PLC**

### **Statement of accounting policies for the year ended 31 December 2006**

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

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards. Compliance with Statement of Standard Accounting Practice 19 'Accounting for investment properties' requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation of the departure is given under the heading 'Investment properties and development properties' below.

In preparing prior period financial statements the Group adopted FRS 25 'Financial Instruments: Disclosure and presentation' for the first time. Details of a prior period adjustment with respect to the measurement of convertible debt instruments are given in note 1.

#### **Going concern**

The financial statements have been prepared on the assumption that the Group remains a going concern. The following paragraphs summarise the issues and the basis on which the Directors have reached their conclusion.

As the largest unsecured creditor of the Company, the future intentions of the holders of the Convertible Unsecured Loan Stock ( CULS ) are clearly key to the long term future of the Company. The CULS loan stock is however limited recourse and is only repayable depending upon any realisations being made by Hampton Trust PLC.

No element of the principal debt falls due for payment until 2020 save upon the occurrence of one or more events of default. In addition interest payments on this loan stock are contingent on the Company being solvent at the payment date. In preparing the Group's cash flow forecasts the Directors have therefore assumed that there will be no cash outflow in the medium term in respect of the CULS. Payments of interest will be accrued and added to principal amount owed.

The significant other creditors of the Group include balances with former subsidiary undertakings and preference share liabilities. The cash flow forecasts assume that there will be no payments within the next 12 months from the date of approval of these financial statements in respect of these creditors. The preference shares are not due for redemption until 30 June 2016 and dividends on these preference shares can not be paid unless the Company has distributable reserves. The Directors have received assurances from the former subsidiary undertakings that they will not demand repayment of the amounts owed to them within the next 12 months unless the Group have sufficient available funds to make the repayments without prejudicing its ongoing business.

As a result of the Group restructuring in December 2005 Mount Street Properties Group ( MSP ) which comprised a number of former Hampton Trust PLC subsidiaries provided an indemnity to Hampton Trust PLC in respect of any claims which may arise against the Company during the indemnity period. In preparing the Group's cash flow forecast the Directors have assumed that any amounts payable in respect of the provisions made in these financial statements would be covered by this indemnity.

## **Hampton Trust PLC**

### **Statement of accounting policies for the year ended 31 December 2006 (continued)**

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#### **Going concern (continued)**

Having taken into account the limited recourse nature of the CULS, the existence of the MSP indemnity, net proceeds from asset realisations, support from former subsidiary undertakings and a review of cash flows and forecasts for the next 18 months, the Directors have formed a judgment that, at the time of approval of the financial statements, the Group has sufficient resources to continue to operate for the foreseeable future. For these reasons, the Directors continue to prepare the financial statements on a going concern basis.

#### **Basis of consolidation**

The Group financial statements consolidate the financial statements of Hampton Trust PLC and all its subsidiary undertakings drawn up to 31 December. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

#### **Investment properties and development properties**

Completed properties held for long term investment are revalued annually at open market value as at the balance sheet date. Valuations are carried out by external valuers at least every third year. Properties are reviewed regularly by the Directors and if, in their opinion, there has been an impairment the property is written down to its valuation.

Surpluses and deficits on valuation are transferred to a revaluation reserve. Any deficit below original cost is an impairment, in which case it is charged to the profit and loss account, unless the Directors believe the deficit is temporary.

On disposal of a fixed asset property, any surplus or deficit calculated by comparing net sale proceeds with book value, is included in profit on ordinary activities before taxation and any realised revaluation surplus or deficit is reclassified, within reserves, to the profit and loss account.

In accordance with Statement of Standard Accounting Practice No. 19, no depreciation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run, although the Companies Act 1985 would normally require the systematic annual depreciation of fixed assets. The Directors believe that the policy of not providing depreciation in respect of these fixed assets is necessary in order to give a true and fair view, since the current value of investment properties and changes in that current value are of prime importance, rather than a calculation of systematic annual depreciation. Depreciation is only one of the facets reflected in the annual valuation and the amount which might otherwise have been shown, cannot be separately identified or quantified.

#### **Tangible fixed assets**

Tangible fixed assets, other than investment properties, are shown at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties, at rates estimated to write off the cost of each asset on a straight-line basis as follows:

Leasehold property improvements	Term of lease
Plant and equipment	Between 25% and 33% per annum

## **Hampton Trust PLC**

### **Statement of accounting policies for the year ended 31 December 2006 (continued)**

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#### **Taxation**

Current tax including UK corporation tax and foreign 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 periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when 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 not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over being charged to tax only if and when the replacement assets are sold.

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.

#### **Turnover and cost of sales**

Turnover relates to rental income from investment properties net of VAT.

Any costs incurred on behalf of tenants and any recharge thereof to tenants are both treated within cost of sales.

#### **Foreign currency**

Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the rate 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 the profit and loss account.

#### **Leases**

Assets held under finance leases and other similar contracts which confer rights and obligations similar to those attached to owned assets are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful economic lives. The capital elements of future lease obligations are recorded as liabilities while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term even if the payments are not made on such a basis.



## **Hampton Trust PLC**

### **Statement of accounting policies for the year ended 31 December 2006 (continued)**

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#### **Investments**

Fixed asset investments are stated at cost less provision for impairment. In the Company balance sheet for investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

#### **Building work-in-progress**

Work-in-progress is stated at the lower of cost and net realisable value.

#### **Finance costs**

Finance costs of debt and non-equity shares are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount. Where the finance costs of non-equity shares are not equal to the dividends on these instruments, the difference is also accounted for in the profit and loss account as an appropriation of profits.

Interest payable on borrowings directly attributable to financing properties in the course of development is capitalised gross as a cost of the development.

#### **Convertible debt**

The proceeds received on issue of the Group's convertible debt are allocated into their liability and equity components and presented separately on the balance sheet.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently re-measured. On conversion the debt and equity elements are credited to share capital and share premium as appropriate.

Transactions costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

#### **Onerous leases**

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

## Hampton Trust PLC

### Notes forming part of the financial statements for the year ended 31 December 2006

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#### 1 Prior period adjustment

The prior period adjustment comprises three elements as set out below

##### *a) Redeemable preference shares*

The Group adopted the presentational requirements of FRS 25 in the prior period. In accordance with the requirements of the standard, redeemable preference shares previously included within share capital were reclassified as liabilities, as the Company has an obligation to redeem the shares on a specified date. The option to convert to equity within the preference shares has meant the instrument should be accounted for as a compound financial instrument and therefore an element has remained within equity.

As a result of preparing the current year accounts, it has been determined that the prior period split of the preference share instrument was incorrect and accordingly has been restated as at 31 December 2005. The adjustments can be summarised as follows:

- Reduction in opening retained profit of £568,000 with a corresponding increase in amounts shown within creditors due after more than one year
- Reclassification from debt to equity element of convertible debt of £502,000
- Reclassification from creditors due after more than one year to creditors due in less than one year of £1,676,000 in relation to unpaid preference share interest

##### *b) Convertible redeemable loan stock (CULS)*

As with the preference shares, this instrument, having characteristics of both debt and equity, is deemed a compound financial instrument and was disclosed as such in the prior period financial statements.

Again, as a result of preparing the current year accounts, it has been determined that the prior period split between debt and equity components of the CULS instrument was incorrect and accordingly has been restated as at 31 December 2005. The adjustments can be summarised as follows:

- Reclassification of equity element of convertible debt to debt due after more than one year of £1,259,000
- Reclassification from creditors due in less than one year to creditors due after more than one year of £3,563,000 in relation to capitalised unpaid CULS interest up to 31 December 2005

##### *c) Amounts due to former group companies*

During the year, it was established that £1,300,000 of amounts due to former group undertakings had been incorrectly excluded from the consolidated balance sheet as at 31 December 2005. These amounts have now been restated with the corresponding entry being adjusted in the profit and loss account for the 9 month period ended 31 December 2005, increasing the loss on disposal of subsidiary undertakings.

##### *Overall impact of prior period adjustments*

The balance sheet at 31 December 2005 as previously reported showed a net deficit of £50,079,000. In the context of this, the Directors do not necessarily believe that the results and balance sheet at 31 December 2005 were fundamentally misstated; however, given the combined impact of the above items, the adjustments have been accounted for as a prior period adjustment with the overall impact at 31 December 2005 being to:

- Increase the loss for the 9 month period ended 31 December 2005 by £1,300,000
- Reduce current liabilities by £586,000 whilst increasing long term liabilities by £3,211,000
- Reduce equity element of convertible debt reserve by £757,000
- Reduce profit and loss account reserve by £1,868,000
- Increase net liabilities overall by £2,625,000

## Hampton Trust PLC

Notes forming part of the financial statements for the year ended 31 December 2006 (*continued*)

### 2 Segment information

Turnover has arisen from continuing activities as follows

	Year ended 31 December 2006	9 months to 31 December 2005
Rental income	5	2,839
Sale of developments	-	1 470
Property management	-	167
	<u>5</u>	<u>4 476</u>

Turnover was derived from within the United Kingdom for continuing operations

All of the operating loss on ordinary activities before tax was derived from UK property activities. All net assets were employed in the United Kingdom

### 3 Cost of sales, gross profit, other operating expenses (net) and other operating income

	Year ended 31 December 2006 £'000	9 months to 31 December 2005 £'000
Cost of sales	(5)	(1 070)
Gross profit	<u>-</u>	<u>3 406</u>
<b>Administrative expenses</b>		
Increase in provisions	-	(1 192)
Investment/property impairment losses	-	(318)
Restructuring costs	-	(2 239)
Other expenses	(1 598)	(1 605)
Professional fees (see below)	(583)	-
	<u>(2 181)</u>	<u>(5,354)</u>

The Company has received various claims in respect of guarantees given by the Company in prior years relating to the crystallisation of liabilities of certain companies. During the nine months ended 31 December 2005, one of these claims was agreed via a settlement agreement with a deferred payment schedule which is fully reflected in these accounts. Other claims which remain in dispute have however been provided for by the Company based on the information presently available to the Directors. This has resulted in a charge of £Nil (31 December 2005 – charge of £1,192,000) in the year.

# Hampton Trust PLC

## Notes forming part of the financial statements for the year ended 31 December 2006 (continued)

### 3 Cost of sales, gross profit and other operating expenses (net) (continued)

During the period to 31 December 2005 the company went through a solvent restructuring which has resulted in exceptional costs of £2,239,000. These primarily relate to professional fees in relation to the restructuring.

Professional fees relate to the dispute in respect of the Almont portfolio which was settled in 2006 resulting in costs of £583,000.

#### Other operating income

Other operating income receivable during the year relates to amounts recoverable from former Directors. In the nine month period ended 31 December 2005, other operating income related to income receivable in respect of a grant.

### 4 Loss on sale of subsidiary undertakings

As set out in the accounts for the nine month period ending 31 December 2005 the Group went through a major restructuring in December 2005. The impact of this restructuring is set out below:

	Group 9 months to 31 December 2005 As restated £'000
Loss on sale of Hampton Investment Properties Limited	9,901
Loss on sale of other subsidiaries	12,119
	<u>22,020</u>
	<b>£'000</b>
Proceeds	2,078
Net assets disposed of	
Tangible fixed assets	36,147
Investments	186
Stocks - work in progress	1,200
- properties held for resale	3,393
Debtors	86,367
Cash	873
Creditors	(104,068)
	<u>24,098</u>
Loss on sale of subsidiaries	<u>22,020</u>

## Hampton Trust PLC

Notes forming part of the financial statements for the year ended 31 December 2006 (*continued*)

### 5 Investment income

	Year ended 31 December 2006 £'000	9 months to 31 December 2005 £'000
Other interest receivable and similar income	-	112

### 6 Interest payable and similar charges

	Year ended 31 December 2006 £'000	9 months to 31 December 2005 £'000
Bank loans and overdrafts	-	1 142
8% convertible unsecured loan stock 2020	-	1 975
15% convertible unsecured loan stock 2020	3 110	-
Other interest payable	-	4
5.5% preference shares	630	413
	<u>3 740</u>	<u>3 534</u>

### 7 Operating loss

Operating loss is stated after charging

	Year ended 31 December 2006 £'000	9 months to 31 December 2005 £'000
Depreciation and amounts written off tangible fixed assets	40	23
Amortisation and impairment losses of goodwill	-	79
Increase/(decrease) in provisions	-	1 692
Operating lease rentals		
- plant and machinery	32	56
Auditors' remuneration		
- audit fees	60	60
- other	10	10

Included in audit fees above are £60 000 (31 December 2005 - £15 000) in respect of the Company. Of the auditors remuneration above £24 600 audit fees and £3 200 other fees have been recharged to Hampton Investment Properties Limited a related party (see note 28)

## Hampton Trust PLC

Notes forming part of the financial statements for the year ended 31 December 2006 (continued)

### 8 Staff costs

The average number of employees including Directors was 12 (31 December 2005 - 27) of whom none (31 December 2005 - 2) are engaged at certain properties with the costs being recoverable through service charges

Then aggregate remuneration comprised

	Year ended 31 December 2006 £'000	9 months to 31 December 2005 £'000
Wages and salaries	502	699
Social security costs	87	71
	<u>589</u>	<u>770</u>

Of the amounts shown above £147,233 were recharged to Hampton Investment Properties Limited and £58,892 to Mount Street Properties Limited Group both of which are related parties (see note 28)

### 9 Directors' remuneration and interests

#### Directors' remuneration

	Fees/ basic salary £'000	Taxable benefits £'000	Total year ended 31 December 2006 £'000	Pension 31 December 2006 £'000	Total 9 months to 31 December 2005 £'000
<b>Executive</b>					
P Sellars	98	5	103	9	150
J Whittingham	120	23	143	5	104
D Mitchell	52	-	52	-	-
G Jackson	-	-	-	-	73
<b>Non-executive</b>					
A Cole	40	-	40	-	10
Aggregate emoluments	<u>310</u>	<u>28</u>	<u>338</u>	<u>14</u>	<u>337</u>

Benefits receivable consists primarily of car and healthcare benefits. Pension contributions of £15,000 were paid on behalf of Directors in the period ended 31 December 2005

None of the Directors were materially interested in any contract of significance in relation to the Company's business entered into by the Company or its subsidiaries during the year

In addition to the above Paul Sellars received a total of £60,000 in respect of consultancy fees following his resignation as a Director

## Hampton Trust PLC

### Notes forming part of the financial statements for the year ended 31 December 2006 (continued)

#### 10 Tax on loss on ordinary activities

The tax charge is based on the loss for the year and comprises

	Year ended 31 December 2006 £'000	9 months to 31 December 2005 £'000
UK corporation tax liability	-	-
Adjustments in respect of prior period UK corporation tax	-	-
	<u>-</u>	<u>-</u>

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

	Year ended 31 December 2006 £'000	9 months to 31 December As restated 2005 £'000
Group loss on ordinary activities before tax	(3 847)	(27 404)
Tax on Group loss on ordinary activities at standard UK corporation tax rate of 30% (2005 - 30%)	(1 154)	(8,221)
Effects of		
Expenses not deductible for tax purposes	355	1 123
Permanent differences	-	6 433
Capital allowances in excess of depreciation	(10)	154
Movements in provisions	933	(4)
Chargeable gains	-	(176)
Movement in losses carried forward	(124)	691
Group current tax charge for the year	<u>-</u>	<u>-</u>

The Group has surplus ACT amounting to £4 220 000 (31 December 2005 - £4 220,000) available to offset against future corporation tax liabilities. In addition, Group companies have tax losses of approximately £42 874 402 which may be available when suitable taxable profits arise.

#### 11 Loss attributable to Hampton Trust PLC

The loss for the financial year dealt with in the accounts of Hampton Trust PLC was £3 927 000 (31 December 2005 - loss of £51 842 000). As permitted by Section 230 of the Companies Act 1985, no separate profit and loss account is presented in respect of Hampton Trust PLC.

**Hampton Trust PLC**

Notes forming part of the financial statements for the year ended 31 December 2006 (*continued*)

**12 Tangible fixed assets**

<b>Group</b>	<b>Leasehold property £'000</b>	<b>Freehold investment £'000</b>	<b>Plant and £'000</b>	<b>£'000</b>
<b>Cost or valuation</b>				
At 31 December 2005	152	130	71	353
Additions	-	-	6	6
Disposals	-	(105)	-	(105)
At 31 December 2006	<u>152</u>	<u>25</u>	<u>77</u>	<u>254</u>
<b>Depreciation</b>				
At 31 December 2005	114	-	58	172
Charge for the year	31	-	9	40
Disposals	-	-	-	-
At 31 December 2006	<u>145</u>	<u>-</u>	<u>67</u>	<u>212</u>
<b>Net book value</b>				
At 31 December 2006	<u>7</u>	<u>25</u>	<u>10</u>	<u>42</u>
At 31 December 2005	<u>38</u>	<u>130</u>	<u>13</u>	<u>181</u>



# Hampton Trust PLC

Notes forming part of the financial statements for the year ended 31 December 2006 (continued)

## 12 Tangible fixed assets (continued)

Company	Leasehold property £'000	Freehold investment £'000	Plant and £'000	£'000
<b>Cost or valuation</b>				
At 31 December 2005	152	130	66	348
Additions	-	-	6	6
Disposals	-	(105)	-	(105)
At 31 December 2006	152	25	72	249
<b>Depreciation</b>				
At 31 December 2005	114	-	55	169
Charge for the year	31	-	9	40
Disposals	-	-	-	-
At 31 December 2006	145	-	64	209
<b>Net book value</b>				
At 31 December 2006	7	25	8	40
At 31 December 2005	38	130	11	179

Investment properties were valued on an open market value basis at 31 May 2005 by King Sturge LLP Chartered Surveyors. The valuations were undertaken in accordance with the RICS appraisal and valuation manual. In November 2006 King Sturge undertook a desktop valuation of the property portfolio. The directors consider this to reflect the value of properties at 31 December 2006.

If investment and development properties had not been revalued they would have been included at the following amounts:

	Group		Company	
	31 December 2006 £'000	31 December 2005 £'000	31 December 2006 £'000	31 December 2005 £'000
Investment properties - freehold	7	108	7	108

## Hampton Trust PLC

Notes forming part of the financial statements for the year ended 31 December 2006 (*continued*)

### 13 Fixed asset investments

	Group		Company	
	31 December 2006 £'000	31 December 2005 £'000	31 December 2006 £'000	31 December 2005 £'000
Subsidiary undertakings	-	-	-	-
Other investments	3	28	3	28
	<u>3</u>	<u>28</u>	<u>3</u>	<u>28</u>

Details of subsidiary undertakings which do not make a material contribution to the assets or results of the Group have been omitted as permitted by Section 231 (5) of the Companies Act 1985 and it would lead to a statement of excessive length. A full list will be attached to the annual return.

#### *Other investments*

Group and Company	Listed on The London Stock Exchange £'000	Other £'000	Total £'000
At 31 December 2005	1	27	28
Additions	-	13	13
Impairment	-	(38)	(38)
At 31 December 2006	<u>1</u>	<u>2</u>	<u>3</u>

Listed investments are included at cost less a provision of £953 000 (31 December 2005 - £953 000)

## Hampton Trust PLC

Notes forming part of the financial statements for the year ended 31 December 2006 (*continued*)

### 14 Stocks and properties held for resale

	Group		Company	
	31 December 2006 £'000	31 December 2005 £'000	31 December 2006 £'000	31 December 2005 £'000
Building work-in-progress	163	163	-	-

### 15 Debtors

	Group		Company	
	31 December 2006 £'000	31 December 2005 £'000	31 December 2006 £'000	31 December 2005 £'000
<b>Amounts falling due within one year</b>				
Trade debtors	14	11	13	10
Amounts owed by subsidiary undertakings	-	-	-	-
Amounts owed by former subsidiary undertakings	471	2 468	-	2 451
Other debtors	1 511	874	1,511	92
Directors' loan account	3	-	3	-
Prepayments and accrued income	7	22	-	14
	<u>2,006</u>	<u>3 375</u>	<u>1 527</u>	<u>2 567</u>

## Hampton Trust PLC

Notes forming part of the financial statements for the year ended 31 December 2006 (*continued*)

### 16 Creditors. Amounts falling due within one year

	Group		Company	
	31 December 2006	31 December 2005 As restated	31 December 2006	31 December 2005 As restated
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	3	4	3	4
Trade creditors	743	1,048	743	1,048
Amounts owed to subsidiary undertakings	-	-	17,706	17,593
Amounts owed to former subsidiary undertakings	25,691	25,695	23,169	23,263
Other creditors	12	435	11	42
Other taxes and social security	29	30	29	30
Accruals and deferred income	139	515	133	515
Unpaid preference share dividends	2,155	1,676	2,155	1,676
	<u>28,772</u>	<u>29,403</u>	<u>43,949</u>	<u>44,171</u>

The accruals and unpaid preference share dividends balances for both Group and Company as at 31 December 2005 have been restated as described in note 1. Amounts owed to former subsidiary undertakings as at 31 December 2005 have been restated in the Group only as described in note 1.

### 17 Creditors. Amounts falling due after more than one year

	Group		Company	
	31 December 2006	31 December 2005 As restated	31 December 2006	31 December 2005 As restated
	£'000	£'000	£'000	£'000
15% Convertible Secured Loan Stock (Loan Stock)	17,995	15,587	17,995	15,587
Preference shares	6,451	6,300	6,451	6,300
	<u>24,446</u>	<u>21,887</u>	<u>24,446</u>	<u>21,887</u>

Loan Stock and preference share liabilities for both Group and Company as at 31 December 2005 have been restated as described in note 1.

The Loan Stock in issue at 31 December 2006 can be converted at the option of the holders into ordinary shares of 5p each at a rate of £5.88235 in nominal amount of ordinary shares per £100 nominal of stock. The conversion date is any business days in any of the years 2005 to 2020 inclusive while the stock remains outstanding. The Company is required to redeem at par all of the outstanding unconverted stock on 31 December 2020. The debt has a nominal value of £20,295,017 and pays interest of 15% per annum. Interest is only payable to the extent there is cash available.

# Hampton Trust PLC

Notes forming part of the financial statements for the year ended 31 December 2006 *(continued)*

## 17 Creditors Amounts falling due after more than one year *(continued)*

Unpaid interest in the year has been added to the principal amount owed in line with the Loan Stock Trust Deed. The movement in the year on the Loan Stock reflects unpaid interest capitalised as part of the principal of £2 342 000 and the unwinding of the discount on the issue of the instrument of £66 000.

The movement in the year on the preference share liability is the unwinding of the discount on the issue of the instrument totalling £151 000.

Borrowings are repayable as follows:

	Group		Company	
	31 December 2006	31 December 2005 As restated	31 December 2006	31 December 2005 As restated
	£'000	£'000	£'000	£'000
<b>Convertible debt</b>				
On demand or within one year	-	-	-	-
Due after five years	24 446	21 887	24 446	21 887
	<u>24 446</u>	<u>21 887</u>	<u>24 446</u>	<u>21 887</u>
<b>Bank loans and overdrafts</b>				
On demand or within one year	3	4	3	4
	<u>3</u>	<u>4</u>	<u>3</u>	<u>4</u>
<b>Total borrowings</b>				
After five years	24 446	21 887	24 446	21 887
	<u>24 446</u>	<u>21 887</u>	<u>24 446</u>	<u>21 887</u>
On demand or within one year	3	4	3	4
	<u>3</u>	<u>4</u>	<u>3</u>	<u>4</u>
	<u>24 449</u>	<u>21 891</u>	<u>24,449</u>	<u>21 891</u>

# Hampton Trust PLC

Notes forming part of the financial statements for the year ended 31 December 2006 (continued)

## 18 Provisions for liabilities and charges

	Onerous occupational leases £'000	Guarantees £'000	Onerous ground rents £'000	Litigation £'000	Total £'000
<b>Group and Company</b>					
At 31 December 2005	321	4 341	100	399	5 161
Charged to the profit and loss account	-	-	83	-	83
Utilised in period	(142)	(257)	-	-	(399)
At 31 December 2006	<u>179</u>	<u>4 084</u>	<u>183</u>	<u>399</u>	<u>4 845</u>

The provision for onerous ground rent guarantees represents the remaining balance of the agreed settlement amount in respect of guarantees given by the Company in prior years to the freeholder of a property which was disposed of with the sale of Southend Property Holdings PLC ( Southend ) a former subsidiary. This amount was settled after the balance sheet date.

The provision for guarantees represents the Directors' current view of the value of claims being made against the Company in respect of certain guarantees. The Directors are taking legal advice to ensure that these claims are defended to the fullest extent possible but have however provided £4.1 million at 31 December 2006. The Directors believe this provision is sufficient to cover any likely outcome that may arise from these claims.

### Deferred tax

Deferred tax provided/(recognised) and not provided/(unrecognised) can be analysed as follows:

	Provided		Not provided	
	31 December 2006 £'000	31 December 2005 £'000	31 December 2006 £'000	31 December 2005 £'000
<b>Group</b>				
Accelerated capital allowances	-	-	(62)	(20)
Tax losses available	-	-	(14,754)	(16,397)
	<u>-</u>	<u>-</u>	<u>(14,816)</u>	<u>(16,417)</u>
<b>Company</b>				
Accelerated capital allowances	-	-	(62)	(72)
Tax losses available	-	-	(14,185)	(15,828)
	<u>-</u>	<u>-</u>	<u>(14,247)</u>	<u>(15,900)</u>

The deferred tax assets have not been recognised due to uncertainty over future recoverability.

## Hampton Trust PLC

Notes forming part of the financial statements for the year ended 31 December 2006 (*continued*)

### 19 Called-up share capital

	31 December 2006	31 December 2005
	£'000	As restated £'000
<i>Authorised</i>		
237,500 000 (31 December 2005 – 237 500 000) ordinary shares of 5p each	11,875	11 875
40 770 000 5½% (net) cumulative convertible redeemable preference shares of £1 each	40 770	40,770
	<u>52 645</u>	<u>52 645</u>
<i>Allotted called-up and fully paid</i>		
149 621 481 (31 December 2005 – 149 621 481) ordinary shares of 5p each	7 481	7 481
8 707 759 5½% (net) cumulative convertible redeemable preference shares of £1 each	-	-
	<u>7 481</u>	<u>7 481</u>

#### *The 5½% (net) cumulative convertible redeemable preference shares*

These shares may be converted at the option of the shareholders into ordinary shares of 5p each on the basis of 42 30765 ordinary shares for every £100 in nominal amount of convertible redeemable preference shares. Conversion dates are 31 October in any year up to and including 2015.

On a winding-up commenced before the final conversion date, holders of convertible redeemable preference shares are entitled to repayment of the capital paid up on their shares and, rateably with holders of ordinary shares, are entitled to share in any further assets available for distribution (after first paying to holders of ordinary shares an amount equal to any such capital repayment) on the basis of an assumed conversion of their shares.

Holders of convertible preference shares are entitled to vote at general meetings of the Company only if the dividends on their shares are six months or more in arrears or on resolutions concerning their rights or privileges.

The Company is required to redeem at par all the outstanding unconverted convertible redeemable preference shares on 30 June 2016 and may redeem at par all the outstanding unconverted convertible redeemable preference shares at any time after the conversion date in 2015.

In line with the requirements of FRS 25 – financial instruments (FRS 25'), as a compound financial instrument the preference shares are split into debt and equity components: the equity component shown within reserves (see note 20).

## Hampton Trust PLC

Notes forming part of the financial statements for the year ended 31 December 2006 *(continued)*

### 20 Reserves

	Share premium account	Revaluation reserve	Capital redemption reserve	Other reserve	Equity element of convertible debt reserve As restated	Profit and loss account As restated
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Group</b>						
At 31 December 2005	670	18	31,106	780	8 890	(99 024)
Prior period adjustment	-	-	-	-	(757)	(1,868)
At 31 December 2005 as restated	670	18	31 106	780	8 133	(100 892)
Loss for the year	-	-	-	-	-	(3 847)
Equity element of capitalised interest	-	-	-	-	702	-
At 31 December 2006	670	18	31 106	780	8 835	(104 739)
<b>Company</b>						
At 31 December 2005	670	18	31 106	-	8,890	(115 285)
Prior period adjustment	-	-	-	-	(757)	(568)
At 31 December 2005 as restated	670	18	31 106	-	8 133	(115 853)
Loss for the year	-	-	-	-	-	(3 927)
Equity element of capitalised interest	-	-	-	-	702	-
At 31 December 2006	670	18	31 106	-	8 835	(119 780)

Prior period adjustments are detailed in note 1



## Hampton Trust PLC

Notes forming part of the financial statements for the year ended 31 December 2006 (*continued*)

### 21 Reconciliation of operating loss to net cash outflow from operating activities

	Year ended 31 December 2006 £'000	9 months to 31 December 2005 £'000
Operating loss	(73)	(1 806)
Depreciation and amounts written-off fixed assets	40	23
Profit on sale of plant and equipment	-	-
Amortisation and impairment losses of goodwill	-	79
Decrease in debtors	1 369	7 430
Decrease in creditors	(1 109)	(14 349)
(Decrease)/increase in provisions for liabilities and charges	(316)	593
Net cash outflow from operating activities	(89)	(8 030)

### 22 Analysis of cash flows

	Year ended 31 December 2006 £'000	9 months to 31 December 2005 £'000
<b>Returns on investments and servicing of finance</b>		
Interest received	-	112
Interest paid	-	(4)
Net cash outflow	-	108
<b>Taxation</b>		
Corporation tax paid	-	-
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(6)	-
Purchase of fixed asset investments	(13)	-
Sale of tangible fixed assets	109	8 154
Net cash inflow	90	8 154
<b>Financing</b>		
Repayment of bank loans	-	4 924
New bank loans	-	(5 800)
Net cash outflow	-	(876)

## Hampton Trust PLC

Notes forming part of the financial statements for the year ended 31 December 2006 (*continued*)

### 23 Analysis and reconciliation of net debt

	31 December 2005 As restated £'000	Cash flow £'000	Other non-cash changes £'000	31 December 2006 £'000
Other loans due after one year	(21 887)	-	(2,559)	(24,446)
Overdrafts	(4)	1	-	(3)
Cash at hand and in bank	-	-	-	-
		1		
Net debt	(21 891)	1	(2 559)	(24 449)
			Year ended 31 December 2006 £'000	9 months to 31 December 2005 As restated £'000
Increase/(decrease) in cash in the year/period			1	(644)
Cash outflow from (decrease)/increase in debt financing			-	(266)
Change in net debt arising from cash flows			1	(910)
Loans and finance leases disposed with subsidiaries			-	39,101
Non cash items			(2 559)	(3,211)
Movement in net debt in the year/period			(2 558)	34 980
At 1 January 2006/1 April 2005			(21 891)	(56 871)
At 31 December 2006			(24 449)	(21 891)

The restatement noted above relates to the 2005 non-cash items and is the sum of prior period restatements affecting long term debt balances as described in note 1

Non cash items in the current year relate to the movements in long term liabilities as described in note 17

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**Hampton Trust PLC**

Notes forming part of the financial statements for the year ended 31 December 2006 (*continued*)

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**24 Operating lease commitments**

	31 December 2006		31 December 2005	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
<b>Group</b>				
Expiry date				
within one year	107	1	58	-
between two and five years	-	-	5	-
	<u>107</u>	<u>1</u>	<u>63</u>	<u>-</u>
<b>Company</b>				
Expiry date				
within one year	107	1	58	-
between two and five years	-	-	5	-
	<u>107</u>	<u>1</u>	<u>63</u>	<u>-</u>

**25 Capital commitments**

There are no capital commitments outstanding as at 31 December 2006 (31 December 2005 - £nil)

**26 Contingent liabilities**

As set out in note 3 and 18 the Company has received claims in respect of certain guarantees for which provision has been made. Other claims against the Company in respect of certain guarantees have not been provided for based on the Directors consideration of the latest legal advice available with respect to these claims.

**27 Post balance sheet events**

Since the year end the Group has lodged a claim against one of its former professional advisers. The claim alleges that the former professional advisers were involved in both fraudulent and negligent transactions involving former directors of the Group and is valued at circa £14 million before interest and costs.

In January 2007 Further Signed Limited purchased a majority holding in the 15% Convertible Unsecured Loan Stock 2020.

## Hampton Trust PLC

Notes forming part of the financial statements for the year ended 31 December 2006 (*continued*)

### 28 Related party transactions

The following payable and receivable balances relating to former group undertakings in which Mr J Whittingham is a director are outstanding at the year end. Mr C Mills was also a director of Hampton Investment Properties Limited.

	Year ended 31 December 2006 £'000	9 months to 31 December 2005 £'000
<i>Amounts owed by former group undertakings</i>		
Broadhall Hampton Limited	471	339
Europe Property Management Limited	-	2,129
	<u>471</u>	<u>2,468</u>
<i>Amounts owed to former group undertakings</i>		
Europe Property Management Limited	(2,152)	(2,921)
Hampton Land and Estates Limited	(4)	(803)
BSS (Swindon) Limited	-	(52)
Linegarden Limited	(6)	(33)
Formflight Limited	(2,207)	(889)
Hampton Investment Properties Limited	(21,322)	(20,997)
	<u>(25,691)</u>	<u>(25,695)</u>

During the year the Company entered into the following transactions:

A management fee of £354,015 was charged to Hampton Investment Properties Limited and amounts of £677,067 were settled on behalf of the Company by Hampton Investment Properties Limited.

A management fee of £188,000 was charged to Mount Street Properties Group and amounts of £2,328,000 were settled on behalf of the Hampton Trust PLC by Europe Property Management Limited, a member of the Mount Street Properties Group.

A debtor held by the Group of £470,000 has been transferred to Broadhall Hampton Limited, a member of Mount Street Properties Group.

A process was undertaken to simplify balances with former group companies, hence the remaining movements in individual balances noted above.