

SOLUTIONS ESTATE MANAGEMENT LIMITED

Report and Financial Statements

31 December 2009

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REPORT AND FINANCIAL STATEMENTS 2009

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REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

W Rankin (Chairman)
A Serfontein (Managing Director)
S Baxter (Company Secretary)

REGISTERED OFFICE

Holland Park
Holland Drive
Newcastle upon Tyne
NE2 4LZ

BANKERS

Svenska Handelsbanken AB (pub)
Ground Floor
Earl Grey House
75/85 Grey Street
Newcastle upon Tyne
NE1 6EF

SOLICITORS

Dickinson Dees LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE1 3DX

AUDITORS

Deloitte LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne, United Kingdom

DIRECTORS' REPORT

The directors present their report and the financial statements together with the independent auditors' report for the year ended 31 December 2009

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The ultimate holding company of Solutions Estate Management Limited is Hanro Limited

The company's principal activity is the management of the group's property portfolio. The results for the year to 31 December 2009, as shown on page 6, are in line with the directors' expectations

Details of amounts owed to and from parent and fellow subsidiary companies can be found in notes 6 and 7

Hanro Limited manages its operations on a group basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Hanro Group is discussed in the group's financial statements, which does not form part of this Report

PRINCIPAL RISKS AND UNCERTAINTIES

The company's principal risk and uncertainty is the potential for the current uncertain economic climate to adversely impact management fee income

The directors have considered the company's future trading and cash flow taking into account possible changes in trading performance. As a consequence the directors believe that the company is well placed to manage its business risks successfully despite the current economic conditions

The company is dependent upon finance from the group and has a letter of support from its parent company

After making enquiries, the directors are confident that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts

EMPLOYEES

Details of the number of employees and related costs can be found in note 2 to the financial statements

DIVIDENDS AND TRANSFERS TO RESERVES

The results of the company are set out in detail on page 6. The directors do not recommend the payment of any dividend and the retained losses have been withdrawn from reserves

DIRECTORS

The directors who served during the year are as follows

W Rankin
A Serfontein
S Baxter

DIRECTORS' REPORT (continued)

AUDITORS

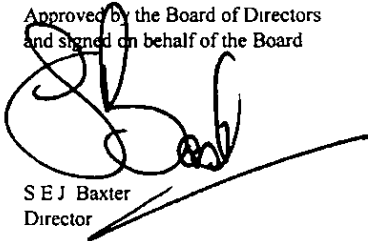
Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) 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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 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



S E J Baxter
Director

Date 28/05/2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 judgements and 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 proper accounting records that 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 SOLUTIONS ESTATE MANAGEMENT LIMITED

We have audited the financial statements of Solutions Estate Management Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 12. 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 December 2009 and of its loss 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.



Paul Williamson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Newcastle Upon Tyne

28 May 2010.

PROFIT AND LOSS ACCOUNT**Year ended 31 December 2009**

		Thirteen month period ended 31 December	
	Note	2009 £'000	2008 £'000
TURNOVER	1	51	14
Administrative expenses		(116)	(50)
OPERATING LOSS		(65)	(36)
Interest receivable and similar income		1	—
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(64)	(36)
Tax on loss on ordinary activities	4	17	10
LOSS FOR THE FINANCIAL YEAR/PERIOD	9	(47)	(26)

All activities derive from continuing operations

There are no recognised gains and losses other than the loss for the current financial year and previous financial period and accordingly no separate Statement of Total Recognised Gains and Losses has been prepared

BALANCE SHEET
31 December 2009

	Note	2009 £'000	2008 £'000
FIXED ASSETS			
Tangible fixed assets	5	<u>14</u>	<u>20</u>
		<u>14</u>	<u>20</u>
CURRENT ASSETS			
Debtors	6	12	13
Cash		<u>358</u>	<u>7</u>
		370	20
CREDITORS amounts falling due within one year	7	<u>(457)</u>	<u>(66)</u>
NET CURRENT LIABILITIES		<u>(87)</u>	<u>(46)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(73)</u>	<u>(26)</u>
NET LIABILITIES		<u>(73)</u>	<u>(26)</u>
CAPITAL AND RESERVES			
Called up share capital	8	—	—
Profit and loss account	9	<u>(73)</u>	<u>(26)</u>
TOTAL SHAREHOLDERS' DEFICIT	9	<u>(73)</u>	<u>(26)</u>

These financial statements were approved and authorised for issue by the Board of Directors on

Signed on behalf of the Board of Directors

28/05/2010



A J Serfontein
Director

NOTES TO THE ACCOUNTS**Year ended 31 December 2009****1 ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards and have been applied consistently in the current financial year and previous financial period. The particular accounting policies adopted are described below.

Accounting convention

The financial statements have been prepared in accordance with the historical cost convention.

Basis of preparation

These financial statements have been prepared on a going concern basis which assumes the company will continue in operational existence for the foreseeable future. This is discussed in the Directors' Report under the heading "Business Review and Principal Activities" and "Principal Risks and Uncertainties".

Turnover

Turnover comprises fees charged for the management of landlords' properties. All turnover arises within the United Kingdom from activities associated with the principal activity of the company.

Tangible fixed assets

Tangible fixed assets are stated at cost. For all tangible fixed assets depreciation is calculated to write down their cost to their estimated residual value by equal monthly instalments over the period of their estimated useful economic lives which are considered to be:

Fixtures, and fittings, plant and machinery - 4 years

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 substantively 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 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.

Cash Flow Statement

The company has taken advantage of the exemption under the rules of FRS1 not to produce a cash flow statement. The appropriate amounts have been included in the group accounts of Hanro Limited.

2 EMPLOYEES

	Thirteen month period ended 31 December	
	2009 No	2008 No
The average number employed by the company within each category of persons (including directors) were:		
Administration	5	3
The total employee costs	£'000	£'000
Wages and salaries	76	—
Social security costs	10	—
Pension costs	5	—
	91	—

The directors received remuneration of £834,558 (2008: £662,800) through Cousins Properties Limited, a fellow subsidiary but it is not practicable to allocate their services as directors of Solutions Estate Management Limited. Two (2008: 2) directors are members of the Hanro pension scheme.

NOTES TO THE ACCOUNTS
Year ended 31 December 2009

3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	Thirteen month period ended 31 December	
	2009	2008
	£'000	£'000
Loss on ordinary activities before taxation is after charging		
Auditors' remuneration for statutory audit services	2	3

4 TAX ON LOSS ON ORDINARY ACTIVITIES

	Thirteen month period ended 31 December	
	2009	2008
	£'000	£'000
(1) Analysis of the tax credit on ordinary activities		
United Kingdom corporation tax at 28.0% (2008 28.5%)	—	—
Group relief	(17)	(10)
Tax on loss on ordinary activities	(17)	(10)

(ii) Factors affecting tax credit for the current year/period

The tax assessed for the year/period differs from that resulting from applying the standard rate of corporation tax in the United Kingdom of 28.0% (2008 28.5%). The differences are explained below

	Thirteen month period ended 31 December	
	2009	2008
	£'000	£'000
Loss on ordinary activities before tax	(64)	(36)
Tax at 28.0% (2008 28.5%) thereon	(18)	(10)
Effect of		
Capital allowances in excess of depreciation	1	—
Current tax credit for the year/period	(17)	(10)

NOTES TO THE ACCOUNTS

Year ended 31 December 2009

5 TANGIBLE FIXED ASSETS

	Fixtures, fittings, plant & equipment £'000	Total £'000
Cost		
At 1 January 2009 and 31 December 2009	25	25
Accumulated depreciation		
At 1 January 2009	5	5
Charge for the year	6	6
At 31 December 2009	11	11
Net book value		
At 31 December 2009	14	14
At 31 December 2008	20	20

6 DEBTORS

	2009 £'000	2008 £'000
Trade debtors	—	2
Amounts owed by subsidiary companies	10	10
Prepayments and accrued income	2	1
	12	13

All amounts are due within one year

7 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £'000	2008 £'000
Amounts owed to group undertakings	455	59
Other taxation and social security	—	1
Accruals and deferred income	2	6
	457	66

NOTES TO THE ACCOUNTS
Year ended 31 December 2009

8 CALLED UP SHARE CAPITAL

	2009 £	2008 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Called up, allotted and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

9 RECONCILIATION OF MOVEMENT IN TOTAL SHAREHOLDERS' DEFICIT

	Share capital £'000	Profit and loss account £'000	Total shareholders' deficit 2009 £'000	Total shareholders' deficit 2008 £'000
At 1 January / On incorporation	—	(26)	(26)	—
Loss for the financial year	<u>—</u>	<u>(47)</u>	<u>(47)</u>	<u>(26)</u>
At 31 December	<u>—</u>	<u>(73)</u>	<u>(73)</u>	<u>(26)</u>

10 CONTINGENT LIABILITIES

At the year end, the company has a cross guarantee regarding certain bank borrowings of Hanro Limited and its subsidiary companies. At 31 December 2009 the contingent liability under this guarantee was £61,068 (2008 £159,748)

11 ULTIMATE PARENT COMPANY

The ultimate controlling party and parent undertaking of the largest and smallest group which includes the company, and for which group accounts are prepared, is Hanro Limited, a company incorporated in England and Wales. Copies of the Hanro Limited group accounts are available from Holland Park, Holland Drive, Newcastle upon Tyne NE2 4LZ.

12 RELATED PARTY TRANSACTIONS

Transactions with group companies have not been disclosed as they fall within the category of exempt conditions detailed in Financial Reporting Standard No 8 "Related Party Disclosures".