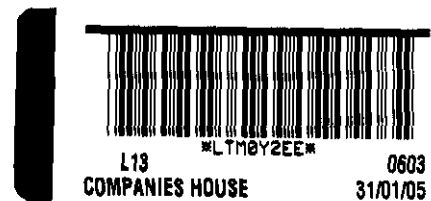


GREAT FOSTERS (1931) LIMITED

COMPANY NUMBER 254708

**ANNUAL REPORT
AND
ACCOUNTS**

for the year ended 31st March 2004



BOLTON COLBY
Chartered Accountants
Heathrow Business Centre
65, High Street
Egham Surrey

GREAT FOSTERS (1931) LIMITED

Directors:

J.H.V. Sutcliffe CBE; DL (Chairman)
 J.E. Baumann
 Mrs. J.E. Barrett
 Mrs. P.M. Nicolai
 Mrs. F.A. Plummer
 Mrs H.C. Williams
 Mrs. J.M. Gardner

R.H.M. Raison
 A.H.W. Sutcliffe QC.
 J.R.B. Sutcliffe
 M.D.C. Sutcliffe
 Ms V.M. Raison
 J.J.R. Raison

The Directors present their report and the accounts for the year ended 31st March 2004.

Statement of Directors' Responsibilities

Company law requires the Directors to prepare accounts for each financial year, which give a true and fair view of the state of affairs of the company and of the surplus/deficit of the company for that period. In preparing those accounts, the Directors are required to:-

- (i) select suitable accounting policies and apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent; and
- (iii) prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue to operate.

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 accounts comply with the Companies Act 1985. 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.

Activities, Review of the Business, Results, Dividend and Future Prospects

The business of the company is the operation of a hotel and catering establishment. The financial position at the end of the year is set out on the balance sheet and shows an improvement in the net asset position of the company compared with the previous year's balance sheet.

In last year's report the Directors stated "current trading patterns indicate the company should return to showing a profit for the year to 31st March 2004". The Directors are pleased to report that the company did make a modest profit as predicted which augers well for the coming year. It has been agreed, however, we are in no position to make a rent payment this year. Economic conditions are more favourable than 12 months ago, and current trading data indicates that the company should be in a far stronger position by 31st March 2005.

The strategy of the Board is to concentrate on consolidating its business activities over the next two years seeking to make full advantage of the 1st. Phase of the development within the terms of the Five Year Plan before contemplating any further investment in the 2nd Phase of the development for which planning consent was given.

The Directors propose that no Dividend should be paid.

GREAT FOSTERS (1931) LIMITED

Fixed Assets

A summary of the fixed assets, and of the changes thereto during the year, is given in note 5 to the accounts on page 10.

Directors

The names of the Directors at the date of the Report are shown above.

Messrs. J E Baumann, J R B Sutcliffe, R H M Raison and Mrs F A Plummer retire by rotation in accordance with Section 80 of the company's articles, and being eligible offer themselves for re-election.

Directors' Interests in Shares

The Directors' interests (as defined by the Companies Act 1985) in the share capital of the company were as follows:-

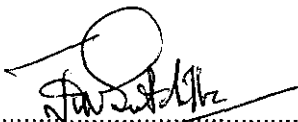
	£1 Ordinary Shares	
	31.3.2004	31.3.2003
Mrs. J.E. Barrett	1656	1656
Mrs. P.M. Nicolai	1656	1656
Mrs. F.A. Plummer	1656	1656
R.H.M. Raison	1656	1656
A.H.W. Sutcliffe	1242	1242
J.R.B. Sutcliffe	1242	1242
M.D.C. Sutcliffe	1242	1242
Ms. V.M. Raison	1656	1656
Mrs. H.C. Williams	1242	1242
Mrs. J.M. Gardner	1656	1656
J.J.R. Raison	1656	1656

At both dates the interests of Mrs. J.E. Barrett, Mrs. P.M. Nicolai and Mrs. F.A. Plummer were in a non-beneficial capacity.

Auditors

The Auditors Bolton Colby, offer themselves for re-appointment in accordance with Section 385(2) of the Companies Act 1985.

Signed on behalf of the Board



J.H.V. Sutcliffe - Chairman

Approved by the Board 13 September 2004

Egham
Surrey

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF GREAT FOSTERS (1931) LIMITED

We have audited the financial statements of Great Fosters (1931) Limited for the year ended 31 March 2004 on pages five to thirteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out in Note 1.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 1, the company's directors are responsible for the preparation of accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985.

We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications of our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Audit Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

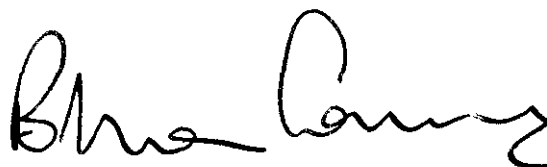
**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
GREAT FOSTERS (1931) LIMITED Continued**

Going Concern

In forming our opinion, we have considered the adequacy of the disclosures made in Notes 1(a) and 5(a) of the financial statements concerning the financing and capitalising of expenditure relating to the company's development project. In view of the significance of these matters we consider they should be drawn to your attention but our opinion is not qualified in these respects.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Heathrow Business Centre
Egham, Surrey.
13 September 2004

BOLTON COLBY
Registered Auditors
Chartered Accountants

GREAT FOSTERS (1931) LIMITED**Profit and Loss Account***for the year ended 31st March 2004*

	<i>Note</i>	<u>2004</u>	<u>2003</u>
Turnover (wholly arising in the United Kingdom)	(1e)	4036153	3523465
Cost of Sales		<u>739305</u>	<u>593208</u>
Gross Profit		3296848	2930257
Operating Expenses - Administrative Expenses		3252460	3204134
Less : Other Operating Income		(201126)	(120068)
Exceptional Item	(12)	<u>(108000)</u>	<u>-</u>
Net Operating Expenses		<u>2835334</u>	<u>3084066</u>
Operating Profit/(Loss) on Ordinary Activities before Interest	(2)	<u>461514</u>	<u>(153809)</u>
Interest Receivable and Similar Income	(10)	-	354
Interest Payable		<u>(330278)</u>	<u>(319023)</u>
Profit/(Loss) on Ordinary Activities before Taxation		131236	(472478)
Tax Credit for the Year	(4a)	<u>-</u>	<u>11700</u>
Profit/(Loss) for the financial year after Taxation		131236	(460778)
Retained Profit at 1st April 2003 brought forward		<u>903522</u>	<u>1364300</u>
Retained Profit at 31st March 2004 carried forward		<u>£1034758</u>	<u>£903522</u>

GREAT FOSTERS (1931) LIMITED**Balance Sheet***at 31st March 2004*

		<u>2004</u>	<u>2003</u>
Fixed Assets	<i>Note</i>		
Tangible Assets	(5a)	7977799	8191635
Current Assets			
Stocks at Cost	(6)	159797	149421
Debtors	(7)	341799	243882
Cash at Bank and in Hand		<u>4103</u>	<u>10321</u>
		505699	403624
Creditors			
Amounts falling due within one year	(8a)	<u>2186817</u>	<u>2081002</u>
Net Current Liabilities		<u>(1681118)</u>	<u>(1677378)</u>
Total Assets less Current Liabilities		6296681	6514257
Creditors			
Amounts falling due after more than one year (8b)		<u>5242051</u>	<u>5590863</u>
Total Net Assets		<u>£1054630</u>	<u>£923394</u>
Financed by:-			
Capital and Reserves			
Called up Share Capital	(9)	19872	19872
Profit and Loss Account			
Retained Profit		<u>1034758</u>	<u>903522</u>
Shareholders' Funds		<u>£1054630</u>	<u>£923394</u>

Signed on behalf of the Board


J.H.V. Sutcliffe

Approved by the Directors on 13 September 2004

GREAT FOSTERS (1931) LIMITED Cash Flow Statement

for the year ended 31st March 2004

	<u>2004</u>	<u>2003</u>
Operating Profit	461514	(153809)
Add Depreciation	277642	276109
(Increase) in Stocks	(10376)	(32495)
Increase/(Decrease) in Debtors	(97917)	28680
Increase in Creditors	<u>105815</u>	<u>289270</u>
Net Cash Inflow (outflow) from Operating Activities	736678	407755
Returns on Investments and Servicing of Finance		
Interest payable	(330278)	(319023)
Interest received	<u>-</u>	<u>354</u>
	(330278)	(318669)
Capital Expenditure		
Payments to acquire fixed assets	(63806)	(971322)
Financing		
Bank Loan Received	-	889057
Bank Loan Repaid	<u>(348812)</u>	<u>-</u>
(Decrease)/Increase in Cash	<u>(6218)</u>	<u>6821</u>
 Actual Change in Cashflow		
Opening Bank	10321	3500
Closing Bank	4103	10321
(Decrease)/Increase in Cash	(6218)	6821

GREAT FOSTERS (1931) LIMITED

Notes to the Accounts

for the year ended 31st March 2004

1. Accounting Policies

The following principal accounting policies adopted in the preparation of these financial statements have been applied consistently in dealing with items considered material in relation to the company's financial statements.

a) Basis of Preparation

- i) The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.
- ii) The directors note the company had net current liabilities of £1,681,118 at the balance sheet date. This is because the company's development project, to which reference is made in note 5(d), is being funded by borrowings from the bank secured on the land and buildings occupied by the company. The project was discussed with the bank before it commenced and the directors embarked upon it with the bank's support. The bank has indicated to the directors the company should now aim to consolidate its trading activities to benefit from phase 1 of the development project before embarking on phase two. In view of the bank's involvement in the financial planning for this project and the improved trading result for the year to 31 March 2004, the directors are of the opinion its support will continue and that sufficient funds will be available to ensure liabilities will be met as they fall due during the next twelve months. Accordingly they believe it is correct for these accounts to be prepared on the going concern basis.

b) Depreciation

Expenditure on the acquisition of assets is being written off on a straight line basis as follows:-

	<u>Per Annum</u>
Alterations and Improvements to Premises	1% & 5%
Furniture and Equipment	8% & 2%
Motor Vehicles	25%
Kitchen Equipment	20%
Freehold Land and Buildings	2%

c) Stocks

Stock has been valued by a professional valuer, and the manager, at the lower of cost and net realisable value.

d) Deferred Taxation

Provision will be made for deferred taxation arising on timing differences between tax allowances and related accounting treatment where these are expected to crystallise in the foreseeable future. No credit is taken for a deferred tax asset unless it can be reasonably anticipated it will crystallise in the foreseeable future.

e) Turnover

Turnover represents the charges made for goods supplied and services rendered exclusive of value added tax.

GREAT FOSTERS (1931) LIMITED**Notes to the Accounts (Continued)***for the year ended 31st March 2004***f) Pension Plan**

The company contributes to a group personal pension plan whereby it agrees to pay for eligible employees a defined contribution into the employee's own money purchase personal pension scheme. The pension charge represents contributions payable by the company for the year. The company's liability is limited to the amount of the contributions. The liability for meeting future pension payments rests solely with the employees' personal pension schemes.

g) Government Grants

Grants receivable in respect of contributions to operating costs are credited to the profit and loss account in the period in which their receipt is approved by the granting authority. Grants relating to the contributions towards expenditure on fixed assets are credited to the profit and loss account by instalments over the expected useful economic life of the related asset except where such credits are under £1,000 per annum when the whole of the grant is credited to the profit and loss account in the year in which the related asset is capitalised.

	<u>2004</u>	<u>2003</u>
2. Operating Profit		
Operating Profit is stated after charging:-		
a) Auditors' Remuneration	£6960	£7000
Hire of Equipment	£19189	£18341
Provision for Depreciation	£277642	£276109
And after crediting: Government Grants Received	£72205	-
Bank Deposit Interest Received	-	£354
b) Directors' Emoluments		
Salaries	57887	54000
Other Emoluments/Benefits etc.	3421	3281
Pension paid to former director's widow	5000	5000
	<u>£66308</u>	<u>£62281</u>
3. Staff Costs		
Wages and Salaries	1567333	1460216
Social Security Costs	117701	97584
Other Pension Contributions	35417	26773
	<u>£1720451</u>	<u>£1584573</u>
The average number of employees during the year was		
Full-time	89	84
Part-time	18	18
4. Taxation		
a) Current Year	-	-
Transfer from Deferred Taxation Account (Note 4b)	<u>-</u>	<u>11700</u>
(Credit) for the year	<u>-</u>	<u>(£11700)</u>

No corporation tax is payable because of the availability of loss relief.

GREAT FOSTERS (1931) LIMITED

Notes to the Accounts (Continued)

for the year ended 31st March 2004

4. Taxation (Continued)

b) Deferred Taxation

	2004	2003
This comprises:-		
Accelerated Capital Allowances	-	97098
Less: Future Loss Relief	-	(97098)
	-	-

Movements on this account during the year were as follows:-

Provision at 1st April 2003	-	11700
Provision written back during the year (Note 4a)	-	(11700)
Provision at 31st March 2004	-	-

5. Fixed Assets

a) Tangible Assets	Freehold Land and Buildings	Development Costs	Alterations and Additions to Premises	Motor Vehicles	Furniture and Equipment	Total
Cost						
1st April 2003	738162	275616	6452584	11525	2999500	10477387
Additions	-	39205	-	-	24601	63806
Transfers	-	(149179)	-	-	149179	-
Disposals	-	-	-	-	-	-
31st March 2004	<u>£738162</u>	<u>£165642</u>	<u>£6452584</u>	<u>£11525</u>	<u>£3173280</u>	<u>£10541193</u>
Depreciation						
1st April 2003	29525	-	702344	11524	1542359	2285752
Charge for the year	14762	-	75085	-	187795	277642
Disposals	-	-	-	-	-	-
31st March 2004	<u>£44287</u>	<u>-</u>	<u>£777429</u>	<u>£11524</u>	<u>£1730154</u>	<u>£2563394</u>
Net Book Value						
31st March 2004	<u>£693875</u>	<u>£165642</u>	<u>£5675155</u>	<u>£1</u>	<u>£1443126</u>	<u>£7977799</u>
31st March 2003	<u>£708637</u>	<u>£275616</u>	<u>£5750240</u>	<u>£1</u>	<u>£1457141</u>	<u>£8191635</u>

The development costs of £165,642 represent professional fees of architects and surveyors etc in preparing plans for Phase II of the company's development project. It is not anticipated work will start on this until 2006/07.

The freehold land and buildings shown above are subject to mortgages with the bank to secure the loan and overdraft facilities referred to in note 8. It is not possible to split the values between Land and Buildings.

GREAT FOSTERS (1931) LIMITED**Notes to the Accounts (Continued)***for the year ended 31st March 2004***5. Fixed Assets (Continued)****b) Directors' Interests in Transactions during the year relating to Fixed Assets**

The company incurred expenditure of £208,729 (2003 - £371,876) in the ordinary course of business on the maintenance of premises occupied by the company and held as a "bare trust" on behalf of persons who are also the holders of all the issued share capital of the company.

The bank holds a Third Party Legal Mortgage over these premises in addition to the security referred to in note 8.

Mr. R.H.M. Raison, Mr. J.R.B. Sutcliffe, Mr. A.H.W. Sutcliffe, Mr. M.D.C. Sutcliffe, Ms. V.M. Raison, Mrs. H.C. Williams, Mrs. J.M. Gardner and Mr. J.J.R. Raison are beneficially interested in the share capital of the company.

c) Asset Impairment Review

In compliance with the requirements of FRS 11, the directors have reviewed the carrying values of the company's fixed assets and hold the view no further adjustments are necessary to record the carrying value at the recoverable amount.

d) Capital Commitment

The first phase of the company's development project was completed in the year to 31 March 2003. The directors are in regular contact with the company's bankers on the matter of the timing of its next stages. As stated in Note 1(a)(ii) they plan a period of consolidation before embarking on the next phase. In the meantime they are planning for the installation of a new heating system in the next accounting period at a budgeted cost of £120,000.

6. Stocks	<u>2004</u>	<u>2003</u>
Wines, Liquors and Tobacco	66980	61859
Dry Food and Kitchen Stores	6312	6498
Sundry Stocks	<u>86505</u>	<u>81064</u>
	<u>£159797</u>	<u>£149421</u>

7. Debtors

Trade Debtors	237954	163732
Other Debtors	61102	48813
Prepayments	42359	30953
Taxation	<u>384</u>	<u>384</u>
	<u>£341799</u>	<u>£243882</u>

Included in the amount of "other debtors" above are loans and advances made to officers of the company who are not directors as follows:-

Amount outstanding	<u>£22312</u>	<u>£18500</u>
Number of officers	<u>3</u>	<u>2</u>

GREAT FOSTERS (1931) LIMITED**Notes to the Accounts (Continued)***for the year ended 31st March 2004*

	<u>2004</u>	<u>2003</u>
8. Creditors		
a) Amounts falling due within one year		
Bank Overdraft	847159	775495
Trade Creditors	360497	366258
Social Security and Other Taxes	77557	101241
Other Creditors	188812	296742
Accruals	493960	444016
Bank Loan	<u>218832</u>	<u>97250</u>
	<u>£2186817</u>	<u>£2081002</u>

The bank facilities are secured by First Legal Mortgages on the company's land and property and a Mortgage Debenture over all the assets of the company.

b) Amount falling due after one year

Bank Loan: Due within 2-5 years	1994786	2255146
Due after more than 5 years	<u>3187265</u>	<u>3156179</u>
	5182051	5411325
Other Creditor: Due within 2-5 years	<u>60000</u>	<u>179538</u>
	<u>£5242051</u>	<u>£5590863</u>

Repayments of the bank loan are scheduled to be made over 10 years, to be completed by December 2012. The loan bears interest at "current rates plus 1.25%" and will be subject to annual review. All the above repayments falling due after one year will be made by monthly instalments.

9. Share Capital

Authorised		
20000 Shares of £1 each	<u>£20000</u>	<u>£20000</u>
Allotted, Called Up and Fully Paid		
19872 Shares of £1 each	<u>£19872</u>	<u>£19872</u>

No one has a majority or controlling interest in the shares of the company.

10. Future Commitment

The company has a future operating lease commitment of £29,324 per annum for security equipment.

11. Reconciliation of movements in shareholders' funds

Opening shareholders' funds	923394	1384172
Profit/(Loss) for the financial year	<u>131236</u>	<u>(460778)</u>
Closing shareholders' funds	<u>£1054630</u>	<u>£923394</u>

GREAT FOSTERS (1931) LIMITED**Notes to the Accounts (Continued)***for the year ended 31st March 2004*

	<u>2004</u>	<u>2003</u>
12. Exceptional Item	<u>108000</u>	<u>-</u>
The directors have noted the company's financial position and its indebtedness to the bank as shown in note 8. In these circumstances the rent charge for the current year of £108,000 on the premises referred to in note 5b has been waived by the directors and shareholders entitled to receive it. They have further agreed to write back a similar sum provided in the accounts for the year ended 31 March 2003 but not paid because of the company's other financial commitments.		
13. Gross Cash Flows		
Returns on Investments and Servicing of Finance		
Interest Payable	(330278)	(319023)
Interest Received (Note 10)	<u>-</u>	<u>354</u>
	<u>(330278)</u>	<u>(318669)</u>
Capital Expenditure		
Payments to Acquire Tangible Fixed Assets	(63806)	(971320)
Receipts from Sales of Tangible Fixed Assets	<u>-</u>	<u>-</u>
	<u>(63806)</u>	<u>(971320)</u>
Financing		
Bank Loan Received	-	889057
Bank Loan Repaid	<u>(348812)</u>	<u>-</u>
14. Reconciliation of Operating Profit/(Loss) to Net Cash Inflow from Operating Activities		
Operating (Loss) (Page 4)	461514	(153809)
Depreciation Charges (Note 5a)	277642	276109
Decrease/(Increase) in Stocks	(10376)	(32495)
Decrease in Debtors	(97917)	28680
Increase in Creditors	<u>105815</u>	<u>289270</u>
Net Cash Inflow from Operating Activities	<u>£736678</u>	<u>£407755</u>
15. Analysis of the Changes in Net Debt		
	At 1st <u>April 2003</u>	Cash <u>Flows</u> At 31st <u>March 2004</u>
Cash at Bank and in Hand	<u>£10321</u>	<u>(£6218)</u> <u>£4103</u>