

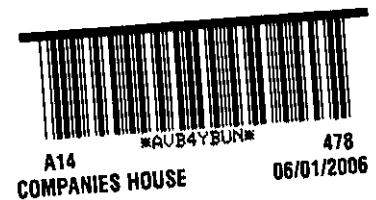
GREAT FOSTERS (1931) LIMITED

COMPANY NUMBER 254708

**DIRECTORS' REPORT
AND
AUDITED ACCOUNTS**

for the year ended 31st March 2005

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 (Resigned 30/09/2004)
 Mrs. J.E. Barrett (Resigned 30/09/2004)
 Mrs. P.M. Nicolai (Resigned 30/09/2004)
 Mrs. F.A. Plummer
 Mrs H.C. Williams (Resigned 30/09/2004)
 Mrs. J.M. Gardner (Resigned 15/10/2004)
 R.H.M. Raison

A.H.W. Sutcliffe QC. (Resigned 30/09/2004)
 J.R.B. Sutcliffe
 M.D.C. Sutcliffe (Resigned 30/09/2004)
 Ms V.M. Raison (Resigned 30/09/2004)
 J.J.R. Raison (Resigned 30/09/2004)
 D. Gardner (Appointed 01/10/2004)
 J.M. Williams (Appointed 01/10/2004)
 R. Young (Appointed 10/03/2005)

The Directors present their report and the accounts for the year ended 31st March 2005.

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 profit or loss 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 principal activity 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 increase in the net asset position of the company compared with the previous year's balance sheet.

The directors are pleased to report that the Company made a profit for the year and that the current trading results show that the Company continues to operate profitably.

We have continued our policy of investing in infrastructure to maintain and improve our facilities as shown by the level of maintenance expenditure this year of £388k (2004: £209k). We are also beginning to see the benefits of the substantial investment in Phase One of our development plan.

The strategy of the Board remains 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 do not recommend the payment of a dividend.

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. In the opinion of the directors the market value of the freehold land and buildings was approximately £11 million.

Directors

The names of the Directors who served during the year are shown above.

Messrs. 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) of those serving at the end of the year in the share capital of the company were as follows:-

	£1 Ordinary Shares	
	<u>31.3.2005</u>	<u>31.3.2004</u>
J.H.V. Sutcliffe CBE	-	-
Mrs. F.A. Plummer	1656	1656
R.H.M. Raison	1656	1656
J.R.B. Sutcliffe	1242	1242
J.M. Williams	-	-
D. Gardner	-	-
R. Young	-	-

At both dates the interests of 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 31st August 2005

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 31st March 2005 on pages five to fourteen. 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 6 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 31st March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Heathrow Business Centre
Egham, Surrey.
31st August 2005


BOLTON COLBY
Registered Auditors
Chartered Accountants

GREAT FOSTERS (1931) LIMITED**Profit and Loss Account***for the year ended 31st March 2005*

	<i>Note</i>	<u>2005</u>	<u>2004</u>
Turnover (wholly arising in the United Kingdom)	(1e)	4653653	4036153
Cost of Sales		<u>829150</u>	<u>739305</u>
Gross Profit		<u>3824503</u>	<u>3296848</u>
Operating Expenses - Administrative Expenses		3490257	3144460
Less : Other Operating Income		(167576)	(201126)
Exceptional Item	(2)	<u>-</u>	<u>(108000)</u>
Net Operating Expenses		<u>3322681</u>	<u>2835334</u>
Operating Profit	(2)	501822	461514
Interest Payable	(5)	<u>(375812)</u>	<u>(330278)</u>
Profit on Ordinary Activities before Taxation		126010	131236
Tax Charge for the Year	(4)	<u>-</u>	<u>-</u>
Profit for the financial year after Taxation		126010	131236
Retained Profit at 1st April 2004 brought forward		<u>1034758</u>	<u>903522</u>
Retained Profit at 31st March 2005 carried forward		<u>£1160768</u>	<u>£1034758</u>

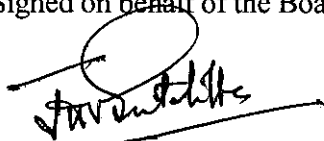
The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

GREAT FOSTERS (1931) LIMITED**Balance Sheet***at 31st March 2005*

		<u>2005</u>	<u>2004</u>
Fixed Assets	<i>Note</i>		
Tangible Assets	(6a)	7907323	7977799
Current Assets			
Stocks	(7)	148634	159797
Debtors	(8)	324784	341799
Cash at Bank and in Hand		<u>3763</u>	<u>4103</u>
		477181	505699
Creditors			
Amounts falling due within one year	(9a)	<u>1537995</u>	<u>2186817</u>
Net Current Liabilities		<u>(1060814)</u>	<u>(1681118)</u>
Total Assets less Current Liabilities		6846509	6296681
Creditors			
Amounts falling due after more than one year (9b)		<u>5665869</u>	<u>5242051</u>
Total Net Assets		<u>£1180640</u>	<u>£1054630</u>
Capital and Reserves			
Called up Share Capital	(10)	19872	19872
Profit and Loss Account		<u>1160768</u>	<u>1034758</u>
Shareholders' Funds – equity interests	(12)	<u>£1180640</u>	<u>£1054630</u>

Signed on behalf of the Board



J.H.V. Sutcliffe

Approved by the Directors on 31st August 2005

GREAT FOSTERS (1931) LIMITED**Cash Flow Statement***for the year ended 31st March 2005*

	<u>2005</u>	<u>2004</u>
Returns on Investments and Servicing of Finance	<u>872704</u>	<u>543882</u>
Interest paid	(375812)	(330278)
Interest received	<u>-</u>	<u>-</u>
Net cash outflow for returns on Investments and Servicing of finance	<u>(375812)</u>	<u>(330278)</u>
Taxation	-	-
Capital Expenditure		
Payments to acquire fixed assets	(230159)	(63806)
Receipts from sale of fixed assets	<u>-</u>	<u>-</u>
Net cash outflow for Capital Expenditure	<u>(230159)</u>	<u>(63806)</u>
Net cash inflow/(outflow) before management of liquid resources and financing	266733	149798
Financing		
Receipt/(repayment) of long term loans	423818	(348812)
(Repayment)/receipt of short term loans	<u>(690891)</u>	<u>192796</u>
Net cash inflow/(outflow) from financing	<u>(267073)</u>	<u>(156016)</u>
(Decrease) in Cash in the year	<u>(340)</u>	<u>(6218)</u>

GREAT FOSTERS (1931) LIMITED

Notes to the Cash Flow Statement

for the year ended 31st March 2005

	<u>2005</u>	<u>2004</u>
Reconciliation of Operating Profit/ to Net Cash Inflow from Operating Activities		
Operating Profit (Page 5)	501822	461514
Depreciation Charges (Note 2a)	300635	277642
Decrease/(Increase) in Stocks	11163	(10376)
Decrease/(Increase) in Debtors	17015	(97917)
(Decrease)/Increase in Creditors within one year	<u>42069</u>	<u>(86981)</u>
Net Cash Inflow from Operating Activities	<u>£872704</u>	<u>£543882</u>

Analysis of Net Funds

	<u>At 1st April 2004</u>	<u>Cash Flows</u>	<u>At 31st March 2005</u>
Cash at Bank and in Hand	<u>£4103</u>	<u>(£340)</u>	<u>£3763</u>
Debt:			
Debt falling due within one year	(1065991)	690891	(375100)
Debt falling due after one year	<u>(5242051)</u>	<u>(423818)</u>	<u>(5665869)</u>
	<u>(63038042)</u>	<u>267073</u>	<u>(6040969)</u>
Net funds	<u>(6303939)</u>	<u>266733</u>	<u>(6037206)</u>

Reconciliation of net cash flow to movement in funds

	<u>2005</u>	<u>2004</u>
Decrease in cash in the year	(340)	(6218)
Cash and inflow from increase in debt	<u>267073</u>	<u>156016</u>
Movement in net funds in year	266733	(6453737)
Opening net funds	<u>(6303939)</u>	<u>(6453737)</u>
Closing net funds	<u>(6037206)</u>	<u>(6303939)</u>

GREAT FOSTERS (1931) LIMITED

Notes to the Accounts

for the year ended 31st March 2005

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/Compliance with Accounting Standards

- 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 £1,060,814 at the balance sheet date. This is because the company's development project, to which reference is made in note 6(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 that the company should have two more years of consolidation to obtain benefit from phase 1 of the development project before embarking on the second phase, which could be in the year 2006/07. In view of the bank's involvement in the financial planning for this project the directors hold the view 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 and therefore hold the view it is correct for the 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

The accounting policy in respect of deferred tax reflects the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Due to the availability of trading losses there is a potential deferred tax asset, however as it is not certain that sufficient profits will be made next year to use these losses the deferred tax asset has not been recognised.

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 2005***f) Pension Costs**

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>2005</u>	<u>2004</u>
2. Operating Profit		
Operating Profit is stated after charging:-		
a) Auditors' Remuneration	£8000	£6960
Hire of Equipment	£26826	£19189
Provision for Depreciation	£300635	£277642
And after crediting: Government Grants Received	-	£72205
Exceptional item	-	£108000

The directors have noted the company's financial position and its indebtedness to the bank as shown in note 9. In these circumstances the rent charge for the current year of £108,000 on the premises referred to in note 6b has been waived by the directors and shareholders entitled to receive it.

b) Directors' Emoluments		
Salaries	63723	57887
Other Emoluments/Benefits etc.	3660	3421
Pension paid to former director's widow	<u>5000</u>	<u>5000</u>
	<u>£72383</u>	<u>£66308</u>
3. Staff Costs		
Wages and Salaries	1694805	1567333
Social Security Costs	127585	117701
Other Pension Contributions	<u>35120</u>	<u>35417</u>
	<u>£1857510</u>	<u>£1720451</u>

The average number of employees during the year was

Full-time	98	89
Part-time	19	18

GREAT FOSTERS (1931) LIMITED**Notes to the Accounts (Continued)***for the year ended 31st March 2005***4. Taxation**

No tax is payable for the year because of the availability of tax losses brought forward.

	<u>2005</u>	<u>2004</u>
5. Interest Payable and Similar Charges		
On bank loans and overdrafts	<u>375812</u>	<u>330278</u>

6. Fixed Assets

a) Tangible Assets	<u>Freehold Land and Buildings</u>	<u>Development Costs</u>	<u>Alterations and Additions to Premises</u>	<u>Motor Vehicles</u>	<u>Furniture and Equipment</u>	<u>Total</u>
Cost						
1st April 2004	738162	165642	6452584	11525	3173280	10541193
Additions	-	-	-	19104	211055	230159
Transfers	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
31st March 2005	<u>738162</u>	<u>165642</u>	<u>6452584</u>	<u>30629</u>	<u>3384335</u>	<u>10771352</u>
Depreciation						
1st April 2004	44287	-	777429	11524	1730154	2563394
Charge for the year	14762	-	75085	4776	206012	300635
Disposals	-	-	-	-	-	-
31st March 2005	<u>59049</u>	<u>-</u>	<u>852514</u>	<u>16300</u>	<u>1936166</u>	<u>2864029</u>
Net Book Value						
31st March 2005	£679113	£165642	£5600070	£14329	£1448169	£7907323
31st March 2004	<u>£693875</u>	<u>£165642</u>	<u>£5675155</u>	<u>£1</u>	<u>£1443126</u>	<u>£7977799</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 9. 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 2005*

6. Fixed Assets (Continued)

b) Directors' Interests in Transactions during the year relating to Fixed Assets

The company incurred expenditure of £ 388,541 (2004 - £208,729) 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 owners waived their entitlement to rent of £108,000, this year and last year, for the use of these premises.

The bank holds a Third Party Legal Mortgage over these premises in addition to the security referred to in note 9.

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.

7. Stocks	<u>2005</u>	<u>2004</u>
Wines, Liquors and Tobacco	67145	66980
Dry Food and Kitchen Stores	8457	6312
Sundry Stocks	<u>73032</u>	<u>86505</u>
	<u>£148634</u>	<u>£159797</u>

The difference between purchase price of stocks and their replacement cost is not material.

8. Debtors

Trade Debtors	206906	237954
Other Debtors	45985	61102
Prepayments	71509	42359
Taxation	<u>384</u>	<u>384</u>
	<u>£324784</u>	<u>£341799</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>£-</u>	<u>£750</u>
Number of officers	<u>0</u>	<u>1</u>

GREAT FOSTERS (1931) LIMITED

Notes to the Accounts (Continued) *for the year ended 31st March 2005*

	<u>2005</u>	<u>2004</u>
9. Creditors		
a) Amounts falling due within one year		
Bank Overdraft	168625	847159
Bank Loan	206475	218832
Trade Creditors	450148	360497
Social Security and Other Taxes	109786	77557
Other Creditors	302840	188812
Accruals	<u>300121</u>	<u>493960</u>
	<u>£1537995</u>	<u>£2186817</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 in more than 1 year but not more than 2 years	222398	458494
Due in more than 2 years but not more than 5 years	762581	1536292
Due in more than 5 years	<u>4680890</u>	<u>3187265</u>
	5665869	5182051
Other Creditor: Due in more than 1 year but not more than 2 years	-	60000
	<u>£5665869</u>	<u>£5242051</u>

The loan was increased during the year and the repayments of the bank loan were re-scheduled to be made over 17 years, to be completed by September 2021. The loan bore interest at "current rates plus 1.25%" up to 2 March 2005 and thereafter at current rates plus 1.5% and will be subject to annual review. All the above repayments falling due after one year will be made by monthly instalments.

10. 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.

GREAT FOSTERS (1931) LIMITED

Notes to the Accounts (Continued) for the year ended 31st March 2005

11. Financial Commitments

At 31 March 2005 the company had annual commitments under non-cancellable operating leases as follows:

	Other items	
	<u>2005</u>	<u>2004</u>
Expiry date:		
Within one year	4606	-
Between two and five years	14084	29324

12. Reconciliation of movements in shareholders' funds

Opening shareholders' funds	1054630	923394
Profit for the financial year	<u>126010</u>	<u>131236</u>
Closing shareholders' funds	<u>£1180640</u>	<u>£1054630</u>

13 Directors' Interests in Transactions

At the year end a director R. Young, who was appointed as a director on 10th March 2005, owed the company £5,625.