

GREAT FOSTERS (1931) LIMITED

FINANCIAL STATEMENTS

31 MARCH 2006



GREAT FOSTERS (1931) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2 to 3
Independent auditor's report to the shareholders	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 to 14
The following pages do not form part of the financial statements	
Detailed profit and loss account	16
Notes to the detailed profit and loss account	17

GREAT FOSTERS (1931) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

J.H.V. Sutcliffe CBE; DL (Chairman)
Mrs F.A. Plummer
R.H.M. Raison
J.R.B. Sutcliffe
D. Gardner
J.M. Williams
R. Young

COMPANY SECRETARY

N. Cooksey

AUDITOR

Menzies Bolton Colby
Chartered Accountants
& Registered Auditors
Heathrow Business Centre
65 High Street
Egham
Surrey
TW20 9EY

BANKERS

Allied Irish Bank (GB)
Sovereign House
361 King Street
Hammersmith
W6 9NA

GREAT FOSTERS (1931) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2006.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was of the operation of a hotel and catering establishment.

The Board was successful last year in its strategy of consolidating its business activities and will seek to achieve further consolidation that may provide the opportunity of investment in refurbishment, in particular of the Coach House.

RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

There are no matters concerning financial risk which are material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 March 2006	At 1 April 2005
J.H.V. Sutcliffe CBE; DL (Chairman)	-	-
Mrs F.A. Plummer	-	-
R.H.M. Raison	1,656	1,656
J.R.B. Sutcliffe	1,242	1,242
D. Gardner	-	-
J.M. Williams	-	-
R. Young	-	-

In addition, Mrs F.A. Plummer holds 1,656 shares in a non-beneficial capacity.

Mr R. Young was appointed as a director on the 10th March 2005.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 8 to 9, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant

GREAT FOSTERS (1931) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2006

audit information and to establish that the auditors are aware of that information.
AUDITOR

A resolution to re-appoint Menzies Bolton Colby as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:

Signed by order of the directors

N. Cooksey
Company Secretary

Approved by the directors on 25-4 Dec 6

GREAT FOSTERS (1931) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GREAT FOSTERS (1931) LIMITED

YEAR ENDED 31 MARCH 2006

We have audited the financial statements of Great Fosters (1931) Limited for the year ended 31 March 2006 on pages 5 to 14 which have been prepared on the basis of the accounting policies set out on pages 8 to 9.

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 auditor's 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 AUDITOR

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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.

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 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 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.

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 company's affairs as at 31 March 2006 and of its profit for the year then ended and 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.

Heathrow Business Centre
65 High Street
Egham
Surrey
TW20 9EY

16 October 2006

Menzies Bolton Colby

MENZIES BOLTON COLBY
Chartered Accountants
& Registered Auditors

GREAT FOSTERS (1931) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2006

	Note	2006 £	2005 £
TURNOVER	2	5,058,211	4,947,526
Cost of sales		940,019	955,447
GROSS PROFIT		4,118,192	3,992,079
Administrative expenses		3,456,885	3,490,257
OPERATING PROFIT	3	661,307	501,822
Interest payable and similar charges	6	352,022	375,812
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		309,285	126,010
Tax on profit on ordinary activities	7	–	–
PROFIT FOR THE FINANCIAL YEAR		309,285	126,010

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

GREAT FOSTERS (1931) LIMITED

BALANCE SHEET

31 MARCH 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible assets	8	7,605,039	7,907,323
CURRENT ASSETS			
Stocks	9	163,302	148,634
Debtors	10	357,994	324,783
Cash at bank and in hand		4,063	3,763
		<u>525,359</u>	<u>477,180</u>
CREDITORS: Amounts falling due within one year	11	<u>1,224,459</u>	<u>1,537,994</u>
NET CURRENT LIABILITIES		(699,100)	(1,060,814)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,905,939</u>	<u>6,846,509</u>
CREDITORS: Amounts falling due after more than one year	12	<u>5,416,014</u>	<u>5,665,869</u>
		<u>1,489,925</u>	<u>1,180,640</u>
CAPITAL AND RESERVES			
Called-up equity share capital	15	19,872	19,872
Profit and loss account	16	1,470,053	1,160,768
SHAREHOLDERS' FUNDS	17	<u>1,489,925</u>	<u>1,180,640</u>

These financial statements were approved by the directors on the 25/09/06 and are signed on their behalf by:


J.H.V. Sutcliffe CBE, DL (Chairman)

GREAT FOSTERS (1931) LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2006

	Note	2006 £	2005 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	663,157	872,705
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(352,022)	(375,812)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(352,022)	(375,812)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(7,485)	(230,159)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(7,485)	(230,159)
CASH INFLOW BEFORE FINANCING		303,650	266,734
FINANCING			
(Repayment of)/increase in bank loans		(204,486)	471,461
Net outflow from long-term accruals		—	(60,000)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING		(204,486)	411,461
INCREASE IN CASH	18	99,164	678,195

The notes on pages 8 to 14 form part of these financial statements.

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

The directors note that the company has net current liabilities of £699,100 at the balance sheet date. This is because the company's development project, to which reference is made in note 9 Capital Commitment, 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 banks support.

In view of the banks 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 12 months and therefore hold the view it is correct for the accounts to be prepared on the going concern basis.

Turnover

The turnover shown in the profit and loss account represents amounts receivable during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Land & Buildings	- 2% per annum
Fixtures & Fittings	- 20%, 8%, 2% per annum
Motor Vehicles	- 25% per annum
Alterations & additions to premises	- 1% & 5% per annum

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions: 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.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

1. ACCOUNTING POLICIES *(continued)*

Government grants

Grants receivable in respect of contributions to operating costs are credited to the profit and loss account in the period to 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.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2006 £	2005 £
United Kingdom	5,058,211	4,947,526

3. OPERATING PROFIT

Operating profit is stated after charging:

	2006 £	2005 £
Depreciation of owned fixed assets	309,769	300,635
Auditor's remuneration		
- as auditor	10,000	8,000
Operating lease costs:		
Other	19,872	-

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2006 No	2005 No
Full time	90	98
Part time	14	19
	104	117

The aggregate payroll costs of the above were:

	2006 £	2005 £
Wages and salaries	1,807,509	1,772,510
Social security costs	126,784	120,538
Other pension costs	33,246	40,120
	1,967,539	1,933,168

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2006 £	2005 £
Emoluments receivable	162,803	67,383
Value of company pension contributions to money purchase schemes	10,000	5,000
	<u>172,803</u>	<u>72,383</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £	2005 £
Interest payable on bank borrowing	<u>352,022</u>	<u>375,812</u>

7. TAXATION ON ORDINARY ACTIVITIES

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

8. TANGIBLE FIXED ASSETS

	Freehold Property £	Furniture and Equipment £	Motor Vehicles £	Development Costs £	Alterations and Additions to Premises £	Total £
COST						
At 1 Apr 2005	738,162	3,384,335	30,629	165,642	6,452,584	10,771,352
Additions	–	7,485	–	–	–	7,485
At 31 Mar 2006	<u>738,162</u>	<u>3,391,820</u>	<u>30,629</u>	<u>165,642</u>	<u>6,452,584</u>	<u>10,778,837</u>
DEPRECIATION						
At 1 Apr 2005	59,049	1,936,166	16,300	–	852,514	2,864,029
Charge for the year	14,762	215,146	4,776	–	75,085	309,769
At 31 Mar 2006	<u>73,811</u>	<u>2,151,312</u>	<u>21,076</u>	<u>–</u>	<u>927,599</u>	<u>3,173,798</u>
NET BOOK VALUE						
At 31 Mar 2006	<u>664,351</u>	<u>1,240,508</u>	<u>9,553</u>	<u>165,642</u>	<u>5,524,985</u>	<u>7,605,039</u>
At 31 Mar 2005	<u>679,113</u>	<u>1,448,169</u>	<u>14,329</u>	<u>165,642</u>	<u>5,600,070</u>	<u>7,907,323</u>

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

8. TANGIBLE FIXED ASSETS *(continued)*

The development costs of £165,642 represent professional fees of architects and surveyors etc in preparing 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 shown in note 12. It is not possible to split the values between Land and Buildings.

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

The company incurred expenditure of £247,591 (2005: £388,541) 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 company waived the total shareholders rent of £108,000, last year this year a notional amount has been paid to each of the shareholders of £1 for each share they held, for the use of these premises. The new lease terms are currently being negotiated.

The bank holds a Third Party Legal Mortgage over these premises in addition to the security referred to in note 12.

Mr RHM Raison and Mr JRB Sutcliffe are beneficially interested in the share capital of the company.

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.

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 they plan a period of consolidation before embarking on the next phase.

At 31 March 2006 the company had capital commitments of £143,776 (2005:£nil) in respect of maintenance works to the premises.

9. STOCKS

	2006 £	2005 £
Finished goods	163,302	148,634

10. DEBTORS

	2006 £	2005 £
Trade debtors	281,615	206,906
Corporation tax repayable	384	384
Other debtors	10,823	45,984
Directors current accounts	1,875	-
Prepayments and accrued income	63,297	71,509
	<u>357,994</u>	<u>324,783</u>

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

11. CREDITORS: Amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	321,605	375,100
Trade creditors	254,260	450,148
PAYE and social security	73,264	109,786
VAT	100,963	83,347
Other creditors	240,757	219,492
Accruals and deferred income	233,610	300,121
	<u>1,224,459</u>	<u>1,537,994</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.

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2006 £	2005 £
Bank loans and overdrafts	<u>251,844</u>	<u>206,475</u>

12. CREDITORS: Amounts falling due after more than one year

	2006 £	2005 £
Bank loans and overdrafts	<u>5,416,014</u>	<u>5,665,869</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2006 £	2005 £
Bank loans and overdrafts	<u>5,416,014</u>	<u>5,665,809</u>

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2006 £	2005 £
Bank loans and overdrafts	<u>3,609,698</u>	<u>4,680,890</u>

13. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2006 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2006 £	2005 £
Operating leases which expire:		
Within 1 year	-	4,606
Within 2 to 5 years	19,872	14,084
	<u>19,872</u>	<u>18,690</u>

14. RELATED PARTY TRANSACTIONS

At the year end a director R. Young, who was appointed as a director on 10th March 2005, owed the company £1,875 (2005: £5,625).

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

15. SHARE CAPITAL

Authorised share capital:

	2006 £	2005 £
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

Allotted, called up and fully paid:

	2006 No	£	2005 No	£
Ordinary shares of £1 each	<u>19,872</u>	<u>19,872</u>	<u>19,872</u>	<u>19,872</u>
Equity shares				
Ordinary shares of £1 each	<u>19,872</u>	<u>19,872</u>	<u>19,872</u>	<u>19,872</u>

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

16. PROFIT AND LOSS ACCOUNT

	2006 £	2005 £
Balance brought forward	1,160,768	1,034,758
Profit for the financial year	<u>309,285</u>	<u>126,010</u>
Balance carried forward	<u>1,470,053</u>	<u>1,160,768</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit for the financial year	309,285	126,010
Opening shareholders' funds	<u>1,180,640</u>	<u>1,054,630</u>
Closing shareholders' funds	<u>1,489,925</u>	<u>1,180,640</u>

18. NOTES TO THE STATEMENT OF CASH FLOWS

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006 £	2005 £
Operating profit	661,307	501,822
Depreciation	309,769	300,635
(Increase)/decrease in stocks	(14,668)	11,163
(Increase)/decrease in debtors	(33,211)	17,017
(Decrease)/increase in creditors	<u>(260,040)</u>	<u>42,068</u>
Net cash inflow from operating activities	<u>663,157</u>	<u>872,705</u>

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

18. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2006		2005	
	£	£	£	£
Increase in cash in the period	99,164		678,195	
Net cash outflow from/(inflow) from bank loans	204,486		(471,461)	
Net outflow from long-term accruals		-		60,000
		303,650		206,734
Change in net debt		303,650		266,734
Net debt at 1 April 2005		(6,037,206)		(6,303,940)
Net debt at 31 March 2006		(5,733,556)		(6,037,206)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Apr 2005 £	Cash flows £	At 31 Mar 2006 £
Net cash:			
Cash in hand and at bank	3,763	300	4,063
Overdrafts	(168,625)	98,864	(69,761)
	(164,862)	99,164	(65,698)
Debt:			
Debt due within 1 year	(206,475)	(45,369)	(251,844)
Debt due after 1 year	(5,665,869)	249,855	(5,416,014)
	(5,872,344)	204,486	(5,667,858)
Net debt	(6,037,206)	303,650	(5,733,556)