

COMPANY REGISTRATION NUMBER 254708

GREAT FOSTERS (1931) LIMITED

FINANCIAL STATEMENTS

31 MARCH 2009

TUESDAY



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GREAT FOSTERS (1931) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

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GREAT FOSTERS (1931) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

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

COMPANY SECRETARY

N. Cooksey

REGISTERED OFFICE

Great Fosters
Egham
Surrey
TW20 9UR

AUDITOR

Menzies LLP
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 2009

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

In spite of challenging economic conditions during the second half of the year and the refurbishment of the Coach House, which effectively reduced accommodation stock by 27%, the company produced some excellent results. Overall revenue increased by 0.75%, operating profits increased from 8.20% to 8.28% of revenue, EBITDA increased from £669k to £774k and EBITDA to debt service saw a marked improvement from 1:1.14 to 1:1.39.

A renewed 'high tech' Coach House has proved to be the catalyst that the business badly needed and whilst occupancy levels have dropped over the year (67.41% to 63.28%) the business has outperformed its competitive set in a number of key areas. Its market penetration index (MPI) was 14% above its 'fair share', the average rate index was 10% in excess of its 'fair share' and the RGI (revenue generation index) was 26% above that achieved by its competitive set. Weddings continued to be a key driver of the business with 181 undertaken during the financial year.

After a number of years of continuous investment the hotel is now well positioned to take advantage of a more encouraging economic outlook.

FUTURE DEVELOPMENTS

Following a recommendation from the Board the owners of the hotel agreed that the property should be transferred into the Company. This is due for completion in September 2009.

Whilst one of the key objectives of the Board for the coming year is to consolidate the business and realise the enormous potential of the Coach House, in the short term it will continue to look at modest investment opportunities that add value to the business.

The mid to long term objectives of the Company must be to take advantage of its position within the market place and for a proven demand for larger high profile meetings and events, by adding to its accommodation stock, for which it already has planning permission and listed building consent.

KEY FINANCIAL PERFORMANCE INDICATORS

The Board will continue to review the operating performance of the Company on a regular basis.

The key performance indicator is EBITDA to debt service, which will be measured by the AIB (Allied Irish Bank) on a rolling four quarter basis.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £75,747. The directors have not recommended a dividend.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial instruments, other than derivatives, comprise borrowings, some cash and liquid resources, and various items, such as trade debtors, trade creditors etc, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

The main risks arising from the Company's financial instruments are interest rate risk and liquidity and cash flow risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Company finances its operations through a mixture of retained profits and bank borrowings. The Group borrows at both fixed and floating rates of interest and then uses interest rate swaps to generate the desired interest profile and to manage the Company's exposure to interest rate fluctuations.

Liquidity and cash flow risk

The Company manages its liquidity risk by structuring their borrowings to ensure repayments are made over a suitable period. Cash Flow risk is managed through daily monitoring of working capital requirements.

GREAT FOSTERS (1931) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2009

DIRECTORS

The directors who served the company during the year were as follows:

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

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). The financial statements are required by law to 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 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;
- 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 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.

In so far as the directors are aware:

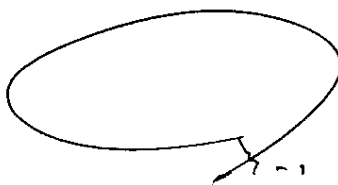
- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

Menzies LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Registered office:
Great Fosters
Egham
Surrey
TW20 9UR

Signed by order of the directors



N. Cooksey
Company Secretary

Approved by the directors on 21.9.2009

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GREAT FOSTERS (1931) LIMITED**YEAR ENDED 31 MARCH 2009**

We have audited the financial statements of Great Fosters (1931) Limited for the year ended 31 March 2009 on pages 5 to 16, which have been prepared on the basis of the accounting policies set out on pages 9 to 10.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing 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.

In addition we 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 2009 and of its 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.

Heathrow Business Centre
65 High Street
Egham
Surrey
TW20 9EY

23/10/2009

Menzies LLP

MENZIES LLP
Chartered Accountants
& Registered Auditor

GREAT FOSTERS (1931) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2009

	Note	2009 £	2008 £
TURNOVER	2	5,546,978	5,506,664
Cost of sales		<u>1,136,056</u>	<u>1,121,037</u>
GROSS PROFIT		4,410,922	4,385,627
Administrative expenses		<u>3,951,677</u>	<u>3,934,191</u>
OPERATING PROFIT	3	459,245	451,436
Interest receivable		1,981	-
Interest payable and similar charges	6	<u>(333,969)</u>	<u>(312,272)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		127,257	139,164
Tax on profit on ordinary activities	7	<u>203,004</u>	<u>(47,298)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(75,747)</u>	<u>186,462</u>

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

The notes on pages 9 to 16 form part of these financial statements.

GREAT FOSTERS (1931) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 MARCH 2009

	2009	2008
	£	£
(Loss)/Profit for the financial year attributable to the shareholders	(75,747)	186,462
Unrealised profit on revaluation of: Investments brought forward	-	11,746
Total gains and losses recognised since the last annual report	<u>(75,747)</u>	<u>198,208</u>

The notes on pages 9 to 16 form part of these financial statements.

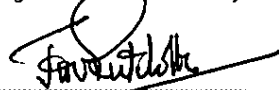
GREAT FOSTERS (1931) LIMITED

BALANCE SHEET

31 MARCH 2009

	Note	2009 £	£	2008 £	£
FIXED ASSETS					
Tangible assets	8		9,068,976		6,787,375
Investments	9		250,000		250,000
			<u>9,318,976</u>		<u>7,037,375</u>
CURRENT ASSETS					
Stocks	10	174,494		191,116	
Debtors	11	218,995		546,064	
Cash at bank and in hand		5,000		106,219	
		<u>398,489</u>		<u>843,399</u>	
CREDITORS: Amounts falling due within one year	13	<u>1,632,062</u>		<u>1,186,085</u>	
NET CURRENT LIABILITIES			(1,233,573)		(342,686)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,085,403</u>		<u>6,694,689</u>
CREDITORS: Amounts falling due after more than one year	14		<u>5,956,272</u>		<u>4,489,811</u>
			<u>2,129,131</u>		<u>2,204,878</u>
CAPITAL AND RESERVES					
Called-up equity share capital	18		19,872		19,872
Revaluation reserve	19		11,746		11,746
Profit and loss account	20		2,097,513		2,173,260
SHAREHOLDERS' FUNDS	21		<u>2,129,131</u>		<u>2,204,878</u>

These financial statements were approved by the directors and authorised for issue on 21/9/2009, and are signed on their behalf by:


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

The notes on pages 9 to 16 form part of these financial statements.

GREAT FOSTERS (1931) LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2009

	Note	2009 £	£	2008 £	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	22		1,111,841		1,380,814
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		1,981		—	
Interest paid		(333,969)		(312,272)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(331,988)		(312,272)
TAXATION			—		384
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT					
Payments to acquire tangible fixed assets		(2,596,399)		(235,479)	
Receipts from sale of fixed assets		—		(238,254)	
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			(2,596,399)		(473,733)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING			(1,816,546)		595,193
FINANCING					
Increase in/(repayment of) bank loans		1,485,009		(439,388)	
NET CASH INFLOW/(OUTFLOW) FROM FINANCING			1,485,009		(439,388)
(DECREASE)/INCREASE IN CASH	22		(331,537)		155,805

The notes on pages 9 to 16 form part of these financial statements.

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

The directors note that the company has net current liabilities of £1,233,573 (2008 : £342,686) at the balance sheet date. This is because the company's borrowings have increased in respect of the refurbishment of the Coach House. This is being funded by borrowings from the bank secured on the land and buildings occupied by the company.

Due to the current economic climate the Board felt it prudent to re-schedule the loans and this was completed in December 2008. The directors consider this, combined with any necessary support of the shareholders, will enable liabilities to 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.

Turnover

The turnover shown in the profit and loss account represents amounts receivable for goods and services provided during the year in the normal course of business, net of trade discounts, VAT and other sales and related taxes.

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:

Fixtures & Fittings	- 20%, 8%, 2% straight line basis
Motor Vehicles	- 25% straight line basis
Alterations & additions to premises	- 2% straight line basis

Investment properties

Investment properties are included in the balance sheet at their open market value. Although this accounting policy is in accordance with SSAP19, it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation, which might have been charged, but cannot be separately identified or quantified.

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.

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES *(continued)*

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:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 measured on a discounted/an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at 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 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:

Derivative instruments

The company uses interest rate swaps to adjust interest rate exposures.

The company considers its derivative instruments qualify for hedge accounting when certain criteria are met.

The company's criteria for interest rate swaps are:

The instrument must be related to an asset or a liability; and

it must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa.

Interest differentials are recognised by accruing with net interest payable. Interest rate swaps are not revalued to fair value. If they are terminated early, the gain or loss is spread over the remaining maturity of the original instrument.

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.

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:

	2009 £	2008 £
United Kingdom	<u>5,546,978</u>	<u>5,506,664</u>

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

3. OPERATING PROFIT

Operating profit is stated after charging:

	2009 £	2008 £
Depreciation of owned fixed assets	314,798	222,750
Auditor's remuneration		
- as auditor	11,500	11,720
Operating lease costs:		
- Other	19,872	19,872

4. PARTICULARS OF EMPLOYEES

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

	2009 No	2008 No
Full time	81	80
Part time	9	8
	<u>90</u>	<u>88</u>

The aggregate payroll costs of the above were:

	2009 £	2008 £
Wages and salaries	2,025,868	1,936,867
Social security costs	159,632	132,331
Other pension costs	44,690	39,304
Pensions paid to former employees	10,324	9,794
	<u>2,240,514</u>	<u>2,118,296</u>

5. DIRECTORS' EMOLUMENTS

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

	2009 £	2008 £
Emoluments receivable	162,487	163,011
Excess retirement benefits funded by the company:		
Pensions to former director	10,324	9,794
	<u>172,811</u>	<u>172,805</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2009 No	2008 No
Money purchase schemes	<u>1</u>	<u>1</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
Interest payable on bank borrowing	<u>333,969</u>	<u>312,272</u>

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

7. TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2009		2008	
	£	£	£	£
Deferred tax:				
Origination and reversal of timing differences				
Capital allowances	62,255		64,491	
Losses	140,749		(111,789)	
Total deferred tax (note 12)		203,004		(47,298)

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

8. TANGIBLE FIXED ASSETS

	Furniture and Equipment £	Motor Vehicles £	Development Costs £	Alterations and Additions to Premises £	Total £
COST					
At 1 April 2008	3,550,850	30,629	213,252	6,633,752	10,428,483
Additions	74,523	-	-	2,521,876	2,596,399
Disposals	(316,437)	-	-	-	(316,437)
Transfers	-	-	(213,252)	213,252	-
At 31 March 2009	3,308,936	30,629	-	9,368,880	12,708,445
DEPRECIATION					
At 1 April 2008	2,517,872	30,629	-	1,092,607	3,641,108
Charge for the year	159,544	-	-	155,254	314,798
On disposals	(316,437)	-	-	-	(316,437)
At 31 March 2009	2,360,979	30,629	-	1,247,861	3,639,469
NET BOOK VALUE					
At 31 March 2009	947,957	-	-	8,121,019	9,068,976
At 31 March 2008	1,032,978	-	213,252	5,541,145	6,787,375

During the year, the company changed the accounting estimate regarding the basis for depreciation of certain fixed assets. The directors have amended the useful economic life of the Alterations and Additions to Premises assets, and accordingly the depreciation rates. The revised rates are stated in the accounting policy for depreciation in note 1. There is no material change to the depreciation charge following this change in accounting estimate.

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

The company incurred expenditure of £298,925 (2008: £578,397) 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 paid a notional rent to each of the shareholders of £1 each per share they held, for the use of the premises occupied by the company.

The bank holds a Third Party Legal Mortgage over these premises in addition to the security referred to in notes 12 and 13.

Capital Commitment

At 31 March 2009 the company had capital commitments of £nil (2008: £2,070,225) in respect of the re-development of the Coach House.

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

9. INVESTMENTS

	Investment land £
COST	
At 1 April 2008 and 31 March 2009	<u>250,000</u>
NET BOOK VALUE	
At 31 March 2009 and 31 March 2008	<u>250,000</u>

The investment properties were valued by the Directors on an open market basis as at 31 March 2009. The historical cost was £238,254.

The investment land shown above is subject to mortgages with the bank to secure the loan and overdraft facilities shown in notes 13 and 14.

10. STOCKS

	2009 £	2008 £
Finished goods	<u>174,494</u>	<u>191,116</u>

11. DEBTORS

	2009 £	2008 £
Trade debtors	81,075	202,002
Other debtors	5,862	5,931
Directors current accounts	9,375	13,125
Prepayments and accrued income	122,683	122,002
Deferred taxation (note 12)	-	203,004
	<u>218,995</u>	<u>546,064</u>

12. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	2009 £	2008 £
Included in debtors (note 11)	-	<u>203,004</u>

The movement in the deferred taxation account during the year was:

	2009 £	2008 £
Balance brought forward	203,004	155,706
Profit and loss account movement arising during the year	(203,004)	47,298
Balance carried forward	<u>-</u>	<u>203,004</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2009 £	2008 £
Excess of depreciation over taxation allowances	-	62,255
Tax losses available	-	140,749
	<u>-</u>	<u>203,004</u>

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

13. CREDITORS: Amounts falling due within one year

	2009 £	2008 £
Bank loans and overdrafts	535,675	286,809
Trade creditors	309,117	296,032
Other taxation and social security	171,544	146,457
Other creditors	347,063	256,524
Accruals and deferred income	268,663	200,263
	<u>1,632,062</u>	<u>1,186,085</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:

	2009 £	2008 £
Bank loans and overdrafts	<u>535,675</u>	<u>286,809</u>

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

	2009 £	2008 £
Bank loans and overdrafts	<u>5,956,272</u>	<u>4,489,811</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 after more than one year are secured by the company:

	2009 £	2008 £
Bank loans and overdrafts	<u>5,965,272</u>	<u>4,489,811</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:

	2009 £	2008 £
Bank loans and overdrafts	<u>4,870,540</u>	<u>3,057,558</u>

15. DERIVATIVES

The Company has entered into an interest rate swap which is a derivative transaction. The purpose of such a transaction is to manage the interest rate risk arising from the Company's sources of finance.

Of the Company's total bank loans and overdraft of £6,500,947, an amount of £5,009,698 was subject to an interest rate swap. The Company has agreed to swap the floating rate of 3 month LIBOR + 1.4% for a fixed rate of £4.78%.

The fair value of the derivative is a liability of £221,373 which has not been provided for in the financial statements.

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

16. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2009 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2009 £	2008 £
Operating leases which expire: After more than 5 years	<u>19,872</u>	<u>19,872</u>

17. RELATED PARTY TRANSACTIONS

At the year end Mr R Young owed the company £9,375 (2008: £13,125). The maximum amount this Director's current account was overdrawn during the year was £13,125.

18. SHARE CAPITAL

Authorised share capital:

	2009 £	2008 £
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

Allotted, called up and fully paid:

	2009 No	£	2008 No	£
Ordinary shares of £1 each	<u>19,872</u>	<u>19,872</u>	<u>19,872</u>	<u>19,872</u>

19. REVALUATION RESERVE

	2009 £	2008 £
Balance brought forward	11,746	-
Revaluation of fixed assets	-	11,746
Balance carried forward	<u>11,746</u>	<u>11,746</u>

20. PROFIT AND LOSS ACCOUNT

	2009 £	2008 £
Balance brought forward	2,173,260	1,986,798
(Loss)/profit for the financial year	(75,747)	186,462
Balance carried forward	<u>2,097,513</u>	<u>2,173,260</u>

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £	2008 £
(Loss)/Profit for the financial year	(75,747)	186,462
Other net recognised gains and losses	-	11,746
Net (reduction)/addition to shareholders' funds	(75,747)	198,208
Opening shareholders' funds	<u>2,204,878</u>	<u>2,006,670</u>
Closing shareholders' funds	<u>2,129,131</u>	<u>2,204,878</u>

GREAT FOSTERS (1931) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2009

22. NOTES TO THE STATEMENT OF CASH FLOWS

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2009 £	2008 £
Operating profit	459,245	451,436
Depreciation	314,798	251,395
Decrease/(increase) in stocks	16,622	(22,786)
Decrease in debtors	124,065	601,785
Increase in creditors	197,111	127,629
Write back of depreciation on freehold property	-	(28,645)
Net cash inflow from operating activities	<u>1,111,841</u>	<u>1,380,814</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2009 £	2008 £
(Decrease)/increase in cash in the period	(331,537)	155,805
Net cash (inflow) from/outflow from bank loans	<u>(1,485,009)</u>	<u>439,388</u>
	(1,816,546)	595,193
Change in net debt	(1,816,546)	595,193
Net debt at 1 April 2008	(4,670,401)	(5,027,340)
Net debt at 31 March 2009	<u>(6,486,947)</u>	<u>(4,670,401)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Apr 2008 £	Cash flows £	At 31 Mar 2009 £
Net cash:			
Cash in hand and at bank	106,219	(101,219)	5,000
Overdrafts	-	(230,318)	(230,318)
	<u>106,219</u>	<u>(331,537)</u>	<u>(225,318)</u>
Debt:			
Debt due within 1 year	(286,809)	(18,548)	(305,357)
Debt due after 1 year	(4,489,811)	(1,466,461)	(5,956,272)
	<u>(4,776,620)</u>	<u>(1,485,009)</u>	<u>(6,261,629)</u>
Net debt	<u>(4,670,401)</u>	<u>(1,816,546)</u>	<u>(6,486,947)</u>

23. POST BALANCE SHEET EVENTS

At the year end, the hotel known as Great Fosters Hotel, was owned by a Trust and leased to the company. On 12 May 2009, the Board approved the gift of the freehold property to the company by the Trust. This transfer is expected to complete during September 2009.

24. CONTROLLING PARTY

The Director's consider there to be no ultimate controlling party.