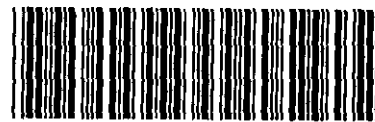


Abbreviated Accounts
for the Year Ended 30 April 2006
for
Chardon Trading Limited

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Chardon Trading Limited

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for the Year Ended 30 April 2006**

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Chardon Trading Limited
Company Information
for the Year Ended 30 April 2006

DIRECTORS

Mr Maurice Vincent Taylor
Mrs Frances Una Taylor

SECRETARY:

Mr Adam Inglis Armstrong

REGISTERED OFFICE:

Victoria Chambers
142 West Nile Street
Glasgow
G1 2RQ

REGISTERED NUMBER:

75521 (Scotland)

AUDITORS.

Stevenson & Kyles
Chartered Accountants
Registered Auditor
25 Sandyford Place
Glasgow
G3 7NJ

Chardon Trading Limited
Report of the Directors
for the Year Ended 30 April 2006

The directors present their report with the accounts of the company for the year ended 30 April 2006

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of consultancy services and property rentals

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed accounts

DIVIDENDS

An interim dividend of 9 23pence per share was paid on 2 November 2005, and a final dividend of 25 98pence per share was paid on 26 April 2006

The total distribution of dividends for the year was £305,000, a total of 35 21 pence per share

FUTURE DEVELOPMENTS

The directors will continue to investigate further business opportunities to enable the company to achieve future growth

DIRECTORS

The directors during the year under review were

Mr Maurice Vincent Taylor
Mrs Frances Una Taylor

The beneficial interests of the directors holding office on 30 April 2006 in the issued share capital of the company were as follows

	30 4 06	1 5 05
Ordinary £1 shares		
Mr Maurice Vincent Taylor	519,600	519,600
Mrs Frances Una Taylor	346,400	346,400

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 these financial statements, the directors are required to

select suitable accounting policies and then apply them consistently,
make judgements and estimates that are reasonable and prudent,
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 which 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. 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

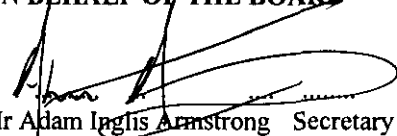
Chardon Trading Limited

**Report of the Directors
for the Year Ended 30 April 2006**

AUDITORS

The auditors, Stevenson & Kyles, will be proposed for re appointment in accordance with Section 385 of the Companies Act 1985

ON BEHALF OF THE BOARD



Mr Adam Inglis Armstrong Secretary

Date 23rd February 2007

**Report of the Independent Auditors to
Chardon Trading Limited
Under Section 247B of the Companies Act 1985**

We have examined the abbreviated accounts set out on pages five to fifteen, together with the financial statements of Chardon Trading Limited for the year ended 30 April 2006 prepared under Section 226 of the Companies Act 1985

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The Special Auditor's Report on Abbreviated Accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.



Stevenson & Kyles
Chartered Accountants
Registered Auditor
25 Sandyford Place
Glasgow
G3 7NJ

Date

27/2/07

Chardon Trading Limited

**Abbreviated Profit and Loss Account
for the Year Ended 30 April 2006**

		Year Ended 30 4 06		Period 1 4 04 to 30 4 05	
	Notes	£	£	£	£
GROSS PROFIT			19,150		18,867
Administrative expenses			52,369		6,575
OPERATING (LOSS)/PROFIT	3		(33,219)		12,292
Income from fixed asset investments		1,240,550		138,000	
Interest receivable and similar income		383,358		58,318	
			1,623,908		196,318
			1,590,689		208,610
Interest payable and similar charges	4		631,696		118,483
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			958,993		90,127
Tax on profit on ordinary activities	5		(2,796)		
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			961,789		90,127

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous period

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous period

The notes form part of these abbreviated accounts

Chardon Trading Limited

**Abbreviated Balance Sheet
30 April 2006**

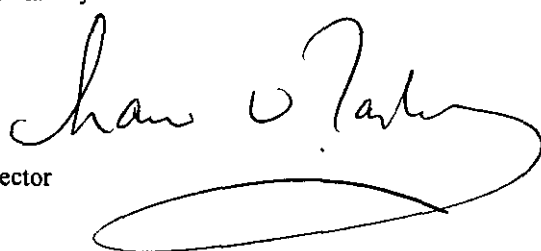
	Notes	30 4 06 £	£	30 4 05 £	£
FIXED ASSETS					
Investments	7		9,178,361		9,178,361
CURRENT ASSETS					
Debtors	8	12,465,759		1,043,591	
Cash at bank		6,407		19,754	
		<u>12,472,166</u>		<u>1,063,345</u>	
CREDITORS					
Amounts falling due within one year	9	4,765,765		4,300,079	
NET CURRENT ASSETS/(LIABILITIES)			<u>7,706,401</u>		<u>(3,236,734)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			16,884,762		5,941,627
CREDITORS					
Amounts falling due after more than one year	10		10,286,346		
NET ASSETS			<u>6,598,416</u>		<u>5,941,627</u>
CAPITAL AND RESERVES					
Called up share capital	13		866,000		866,000
Share premium	14		5,075,840		5,075,840
Profit and loss account	14		656,576		(213)
SHAREHOLDERS' FUNDS	15		<u>6,598,416</u>		<u>5,941,627</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies

The financial statements were approved by the Board of Directors on its behalf by

23/2/07

and were signed on


Director

Chardon Trading Limited

**Cash Flow Statement
for the Year Ended 30 April 2006**

	Notes	Year Ended 30 4 06		Period 1 4 04 to 30 4 05	
		£	£	£	£
Net cash (outflow)/inflow from operating activities	1		(30,919)		15,408
Returns on investments and servicing of finance	2		1,076,697		88,469
Taxation	2		17,846		
Capital expenditure and financial investment	2				(7,676,820)
Equity dividends paid			(305,000)		
			<u>758,624</u>		<u>(7,572,943)</u>
Financing	2		(4,929,684)		7,264,806
Decrease in cash in the period			<u>(4,171,060)</u>		<u>(308,137)</u>
Reconciliation of net cash flow to movement in net debt	3				
Decrease in cash in the period		(4,171,060)		(308,137)	
Cash inflow from increase in debt		<u>(8,461,346)</u>			
Change in net debt resulting from cash flows			<u>(12,632,406)</u>		<u>(308,137)</u>
Movement in net debt in the period			(12,632,406)		(308,137)
Net debt at 1 May			<u>(2,305,246)</u>		<u>(1,997,109)</u>
Net debt at 30 April			<u>(14,937,652)</u>		<u>(2,305,246)</u>

The notes form part of these abbreviated accounts

Chardon Trading Limited

**Notes to the Cash Flow Statement
for the Year Ended 30 April 2006**

1 RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	Year Ended 30 4 06 £	Period 1 4 04 to 30 4 05 £
Operating (loss)/profit	(33,219)	12,292
Decrease in debtors		2,916
Increase in creditors	2,300	200
Net cash (outflow)/inflow from operating activities	<u>(30,919)</u>	<u>15,408</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Year Ended 30 4 06 £	Period 1 4 04 to 30 4 05 £
Returns on investments and servicing of finance		
Interest received	383,358	58,318
Interest paid	(547,211)	(107,849)
Dividends received	1,240,550	138,000
Net cash inflow for returns on investments and servicing of finance	<u>1,076,697</u>	<u>88,469</u>
Taxation		
Taxation refund	17,846	
Net cash inflow for taxation	<u>17,846</u>	
Capital expenditure and financial investment		
Purchase of fixed asset investments		(7,676,820)
Net cash outflow for capital expenditure and financial investment		<u>(7,676,820)</u>
Financing		
New loans in year	10,786,346	
Loan repayments in year	(2,325,000)	
Amount introduced by directors	75,000	1,954,507
Amount withdrawn by directors	(2,028,812)	
Share issue		5,691,840
Amounts paid to group undertakings	(7,519,507)	(381,541)
Amount paid to associated company	(3,917,711)	
Net cash (outflow)/inflow from financing	<u>(4,929,684)</u>	<u>7,264,806</u>

The notes form part of these abbreviated accounts

Chardon Trading Limited

**Notes to the Cash Flow Statement
for the Year Ended 30 April 2006**

3 ANALYSIS OF CHANGES IN NET DEBT

	At 1 5 05 £	Cash flow £	At 30 4 06 £
Net cash			
Cash at bank	19,754	(13,347)	6,407
Bank overdrafts		(4,157,713)	(4,157,713)
	<u>19,754</u>	<u>(4,171,060)</u>	<u>(4,151,306)</u>
 Debt			
Debts falling due within one year	(2,325,000)	1,825,000	(500,000)
Debts falling due after one year		(10,286,346)	(10,286,346)
	<u>(2,325,000)</u>	<u>(8,461,346)</u>	<u>(10,786,346)</u>
 Total	<u>(2,305,246)</u>	<u>(12,632,406)</u>	<u>(14,937,652)</u>

The notes form part of these abbreviated accounts

Chardon Trading Limited

Notes to the Abbreviated Accounts for the Year Ended 30 April 2006

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention

Exemption from preparing consolidated financial statements

The financial statements contain information about Chardon Trading Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 248 of the Companies Act 1985 from the requirements to prepare consolidated financial statements

Turnover

Turnover represents net invoiced sales of services, excluding value added tax

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

2 STAFF COSTS

There were no staff costs for the year ended 30 April 2006 nor for the period ended 30 April 2005

3 OPERATING (LOSS)/PROFIT

The operating loss (2005 operating profit) is stated after charging

	Year Ended 30 4 06 £	Period 1 4 04 to 30 4 05 £
Auditors' remuneration	11,053	6,426
Directors' emoluments		

4 INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 30 4 06 £	Period 1 4 04 to 30 4 05 £
Bank interest	130,532	
Loan interest	501,164	118,483
	631,696	118,483

Chardon Trading Limited

Notes to the Abbreviated Accounts continued for the Year Ended 30 April 2006

5 TAXATION

Analysis of the tax credit

The tax credit on the profit on ordinary activities for the year was as follows

	Year Ended 30 4 06 £	Period 1 4 04 to 30 4 05 £
Current tax		
UK corporation tax	(2,796)	—
Tax on profit on ordinary activities	<u>(2,796)</u>	<u>—</u>

Factors affecting the tax credit

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	Year Ended 30 4 06 £	Period 1 4 04 to 30 4 05 £
Profit on ordinary activities before tax	<u>958,993</u>	<u>90,127</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 30%)	287,698	27,038
Effects of		
Income disallowed	(372,165)	(41,400)
Group relief	61,649	14,362
Expenses disallowed	1,256	
Adjustment to previous years	(2,796)	
Creation of tax losses	<u>21,562</u>	<u>—</u>
Current tax credit	<u>(2,796)</u>	<u>—</u>

6 DIVIDENDS

	Year Ended 30 4 06 £	Period 1 4 04 to 30 4 05 £
Ordinary shares of £1 each		
Final	225,000	
Interim	<u>80,000</u>	<u>—</u>
	<u>305,000</u>	<u>—</u>

7 FIXED ASSET INVESTMENTS

	30 4 06 £	30 4 05 £
Other investments not loans	<u>9,178,361</u>	<u>9,178,361</u>

Chardon Trading Limited

**Notes to the Abbreviated Accounts continued
for the Year Ended 30 April 2006**

7 FIXED ASSET INVESTMENTS continued

Additional information is as follows

	Unlisted investments £
COST	
At 1 May 2005	
and 30 April 2006	9,128,361
NET BOOK VALUE	
At 30 April 2006	9,128,361
At 30 April 2005	9,128,361

Investments (neither listed nor unlisted) were as follows

	30 4 06 £	30 4 05 £
Investment properties	50,000	50,000

The company's investments at the balance sheet date in the share capital of companies include the following

Ingliston Hotels Limited

Country of incorporation Scotland

Nature of business Owning and operating hotels

	%		
Class of shares	holding		
Ordinary	100 00		
		30 4 06 £	30 4 05 £
Aggregate capital and reserves		5,152,237	3,941,205
Profit/(Loss) for the year/period		136,273	(192,693)

Chardon Properties Limited

Country of incorporation Scotland

Nature of business The development and selling of real estate

	%		
Class of shares	holding		
Ordinary	100 00		
		30 4 06 £	30 4 05 £
Aggregate capital and reserves		2,723,000	2,107,904
Profit for the year/period		194,096	187,365

Chardon Leisure Limited

Country of incorporation Scotland

Nature of business Hoteliers

	%		
Class of shares	holding		
Ordinary	100 00		
		30 4 06 £	30 4 05 £
Aggregate capital and reserves		12,406,961	11,481,113
Profit/(Loss) for the year/period		55,648	(88,471)

Chardon Trading Limited

**Notes to the Abbreviated Accounts continued
for the Year Ended 30 April 2006**

8 DEBTORS

	30 4 06 £	30 4 05 £
Amounts falling due within one year		
Amounts owed by group undertakings	8,548,048	627,841
Sundry debtors	3,917,711	
ACT recoverable		15,050
	<u>12,465,759</u>	<u>642,891</u>
Amounts falling due after more than one year		
Amounts owed by group undertakings		<u>400,700</u>
Aggregate amounts	<u>12,465,759</u>	<u>1,043,591</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 4 06 £	30 4 05 £
Bank loans and overdrafts (see note 11)	4,657,713	2,325,000
Directors' loan accounts	695	1,954,507
Accrued expenses	107,357	20,572
	<u>4,765,765</u>	<u>4,300,079</u>

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30 4 06 £	30 4 05 £
Bank loans (see note 11)	<u>10,286,346</u>	

The bank loan is repayable by instalments over a period of fifteen years Interest is charged at the rate of base +1%

11 LOANS

An analysis of the maturity of loans is given below

	30 4 06 £	30 4 05 £
Amounts falling due within one year or on demand		
Bank overdrafts	4,157,713	
Bank loan	500,000	2,325,000
	<u>4,657,713</u>	<u>2,325,000</u>
Amounts falling due between one and two years		
Bank loan	<u>500,000</u>	
Amounts falling due between two and five years		
Bank loan	<u>1,850,000</u>	

Chardon Trading Limited

**Notes to the Abbreviated Accounts - continued
for the Year Ended 30 April 2006**

11 LOANS continued

	30 4 06	30 4 05
	£	£
Amounts falling due in more than five years		
Repayable by instalments		
Bank loan	<u>7,936,346</u>	<u> </u>

12 SECURED DEBTS

The following secured debts are included within creditors

	30 4 06	30 4 05
	£	£
Bank loans	<u>10,786,346</u>	<u>2,325,000</u>

Cross guarantees exist between the company and the other three group companies, supported by a bond and floating charge from each of the companies and existing shareholders worth £26 93 million. There is also a charge over a £500,000 policy on the life of Mr M V Taylor, one of the directors.

13 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value £1	30 4 06 £	30 4 05 £
1,000,000	Ordinary		<u>1,000,000</u>	<u>1,000,000</u>

Allotted, issued and fully paid Number	Class	Nominal value £1	30 4 06 £	30 4 05 £
866,000	Ordinary		<u>866,000</u>	<u>866,000</u>

14 RESERVES

	Profit and loss account £	Share premium £	Totals £
At 1 May 2005	(213)	5,075,840	5,075,627
Profit for the year	961,789		961,789
Dividends	(305,000)		(305,000)
At 30 April 2006	<u>656,576</u>	<u>5,075,840</u>	<u>5,732,416</u>

Chardon Trading Limited

**Notes to the Abbreviated Accounts continued
for the Year Ended 30 April 2006**

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30 4 06 £	30 4 05 £
Profit for the financial year	961,789	90,127
Dividends	(305,000)	
	656,789	90,127
Share premium account		5,075,840
Shares issued in period		616,000
		616,000
Net addition to shareholders' funds	656,789	5,781,967
Opening shareholders' funds	5,941,627	159,660
	5,941,627	159,660
Closing shareholders' funds	6,598,416	5,941,627
Equity interests	6,598,416	5,941,627