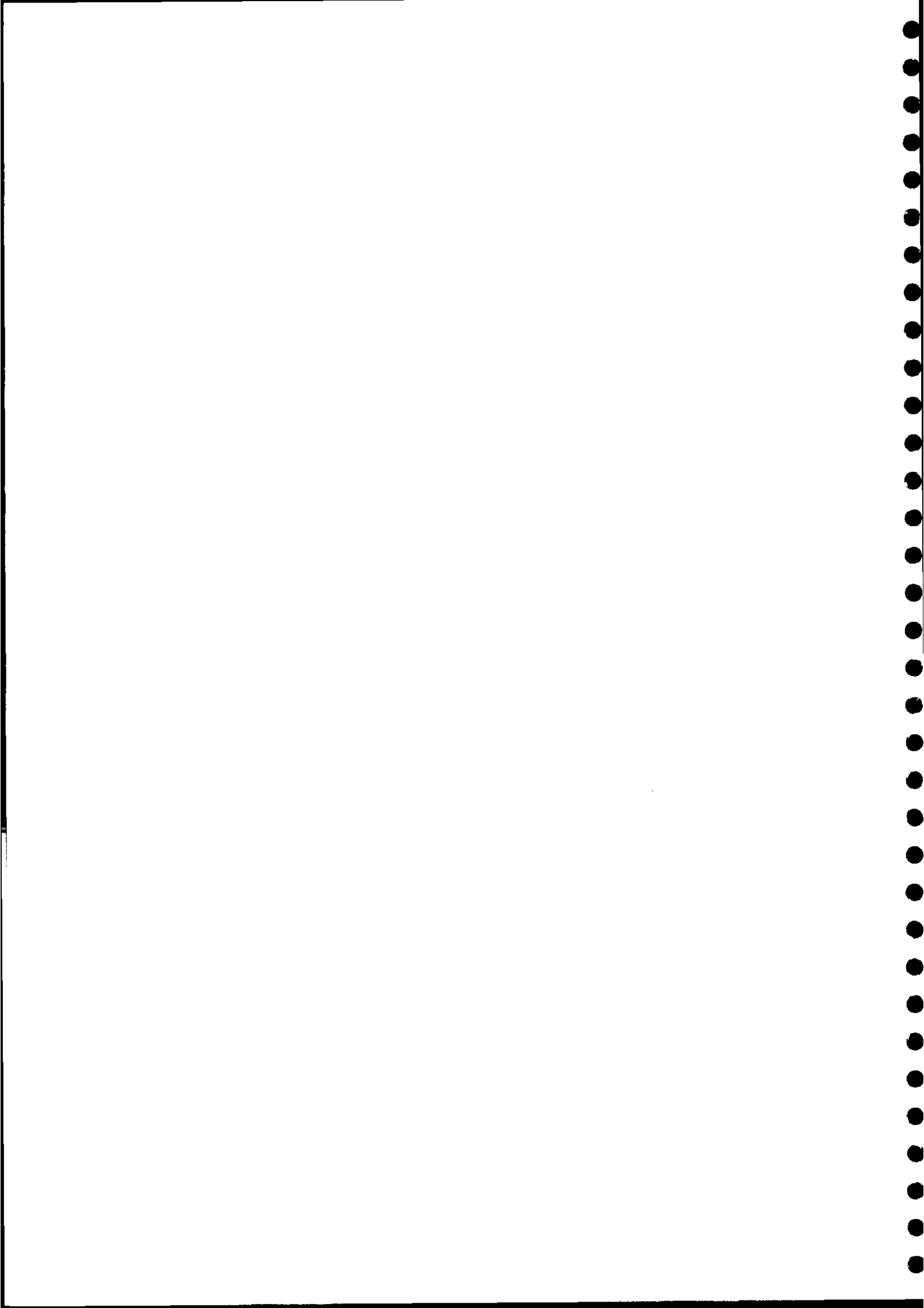


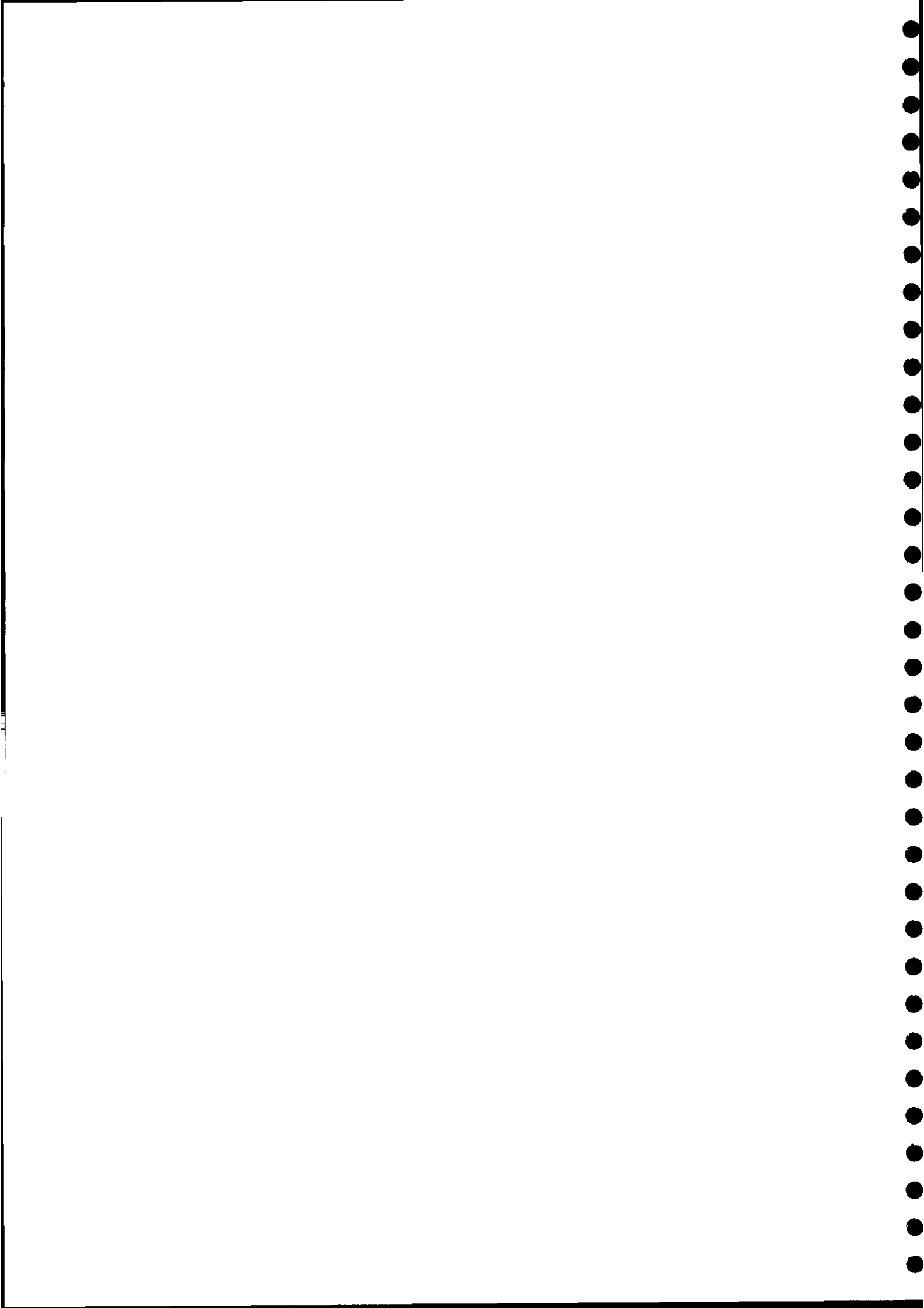
GROSVENOR GARDEN CENTRE

Report and Financial Statements
53 weeks ended 2 January 2005





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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Thompstone (Chairman)
B S Bowden
J O Hagger
F G Thompstone
S J Spencer

SECRETARY

C S Knox

REGISTERED OFFICE

Grosvenor Garden Centre
Wrexham Road
Belgrave
Chester
CH4 9EB

BANKERS

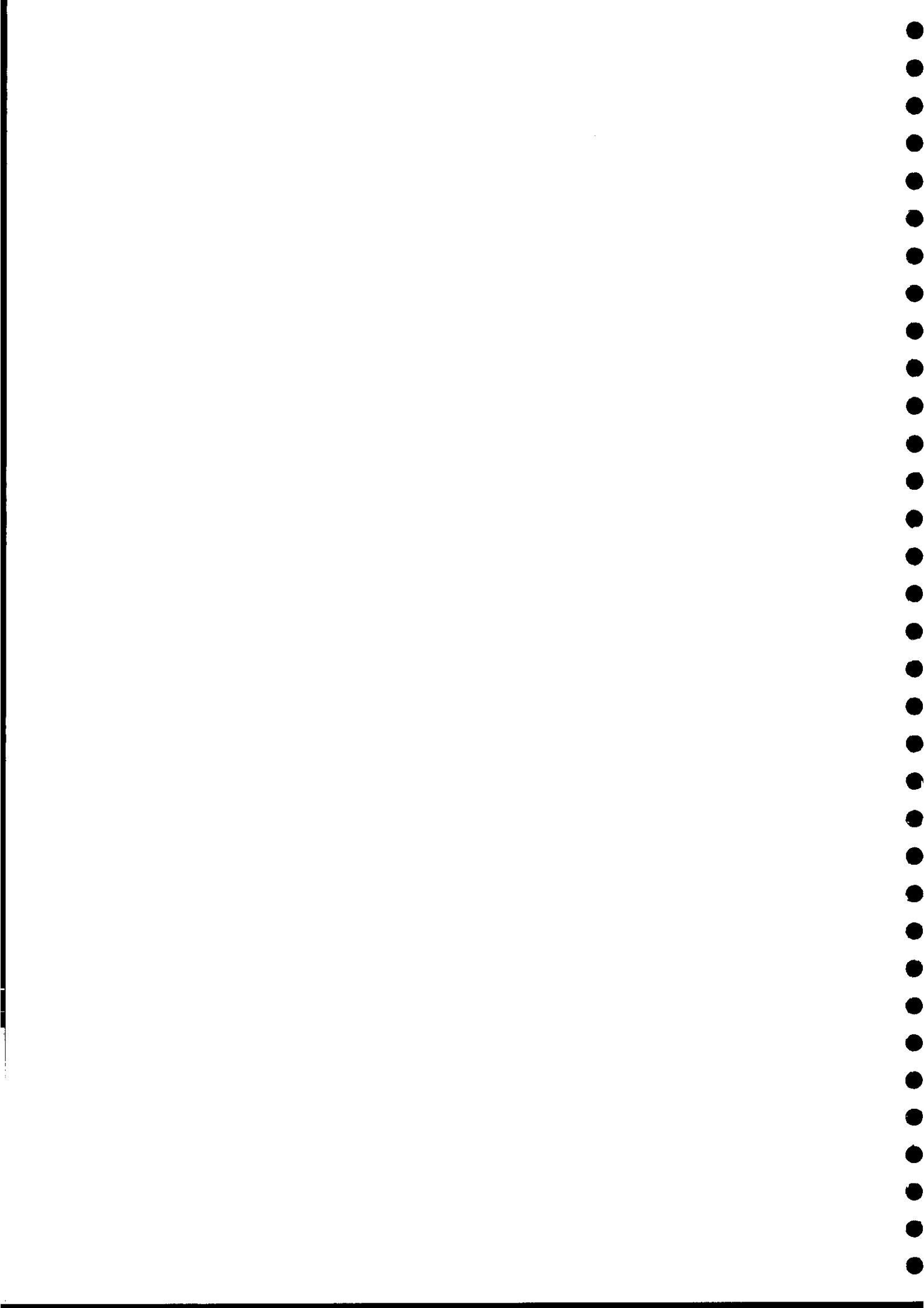
NatWest plc
City of London
PO Box 12258
1 Princess Street
EC2R 8PA

SOLICITORS

Bremner Sons and Corlett
Sixth Floor
Silkhouse Court
Tithebarn Street
Liverpool
L2 2LZ

AUDITORS

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Liverpool



DIRECTORS' REPORT

The directors present their annual report on the affairs of the company together with the financial statements and auditors' report for the 53 weeks ended 2 January 2005.

CONSTITUTION

The company is unlimited having share capital.

PRINCIPAL ACTIVITIES

The company's principal activity is the retailing of gardening and leisure products from its garden centre, located at Belgrave, near Chester.

The directors do not anticipate any significant change in the activities of the company.

DIRECTORS

The directors of the company during the year were:

M Thompstone (Chairman)
B S Bowden
J O Hagger
G W Parry (resigned 5 March 2004)
F G Thompstone
S J Spencer

FIXED ASSETS

The movements in fixed assets during the year are set out in note 6 to the financial statements.

RESULTS AND FUTURE PROSPECTS

The results for the year are set out in the profit and loss account on page 5.

Turnover for the year has decreased by 1% due to poor weather and retail conditions. The directors believe the future prospects of the company to be good particularly in view of the new development which was completed in February 2005, increasing covered retail space by 1,000 sq.ft.

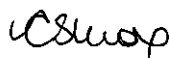
DIRECTORS' INTERESTS IN SHARE AND LOAN CAPITAL

None of the directors held any interest in the share and loan capital of the company at any time during the year (2003 - same).

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



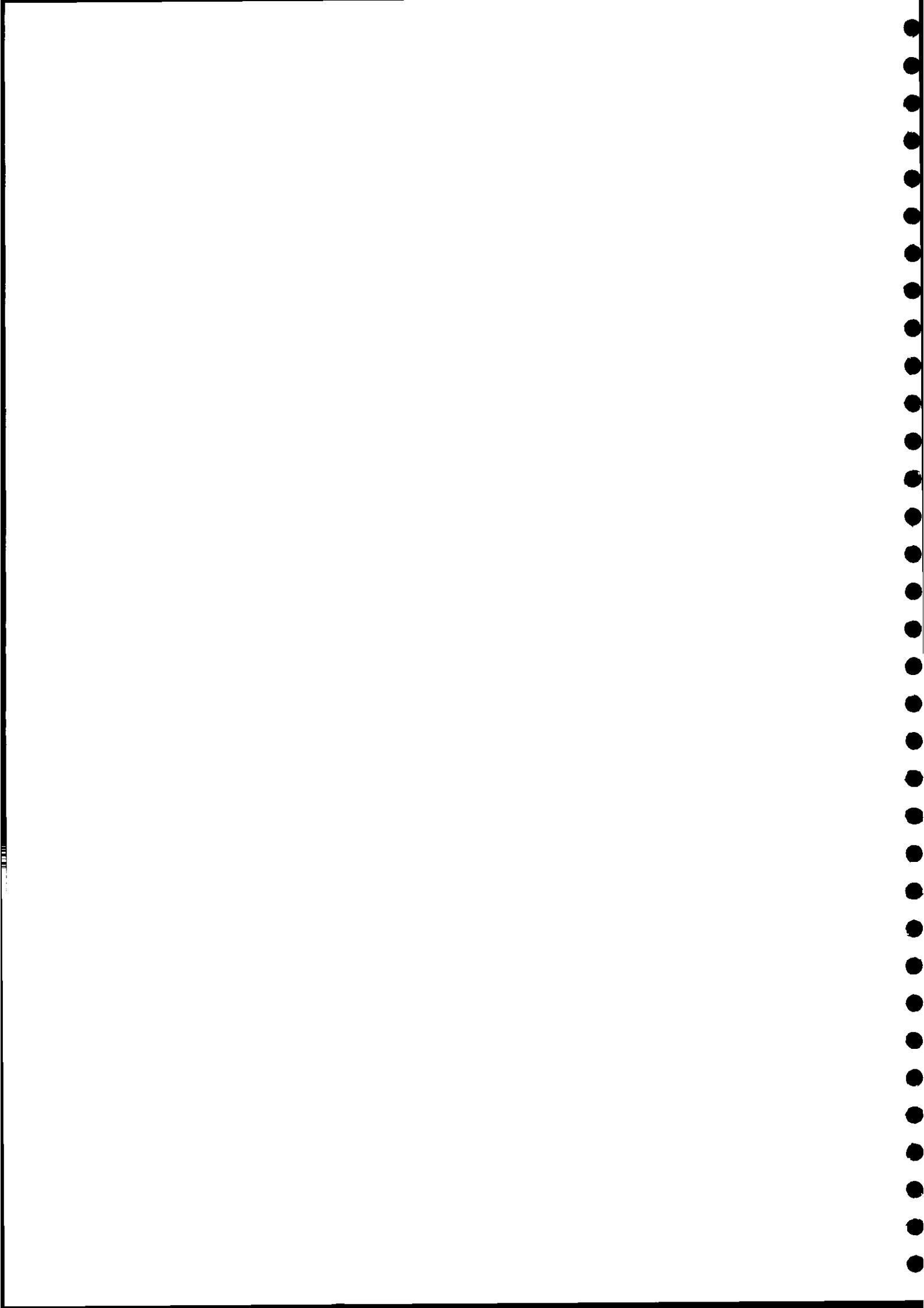
Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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;
- state whether applicable accounting standards have been followed; 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 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 the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GROSVENOR GARDEN CENTRE

We have audited the financial statements of Grosvenor Garden Centre for the 53 weeks ended 2 January 2005 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the cashflow statement and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

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, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 of the state of the company's affairs as at 2 January 2005 and of its loss for the 53 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Liverpool

27 June 2005

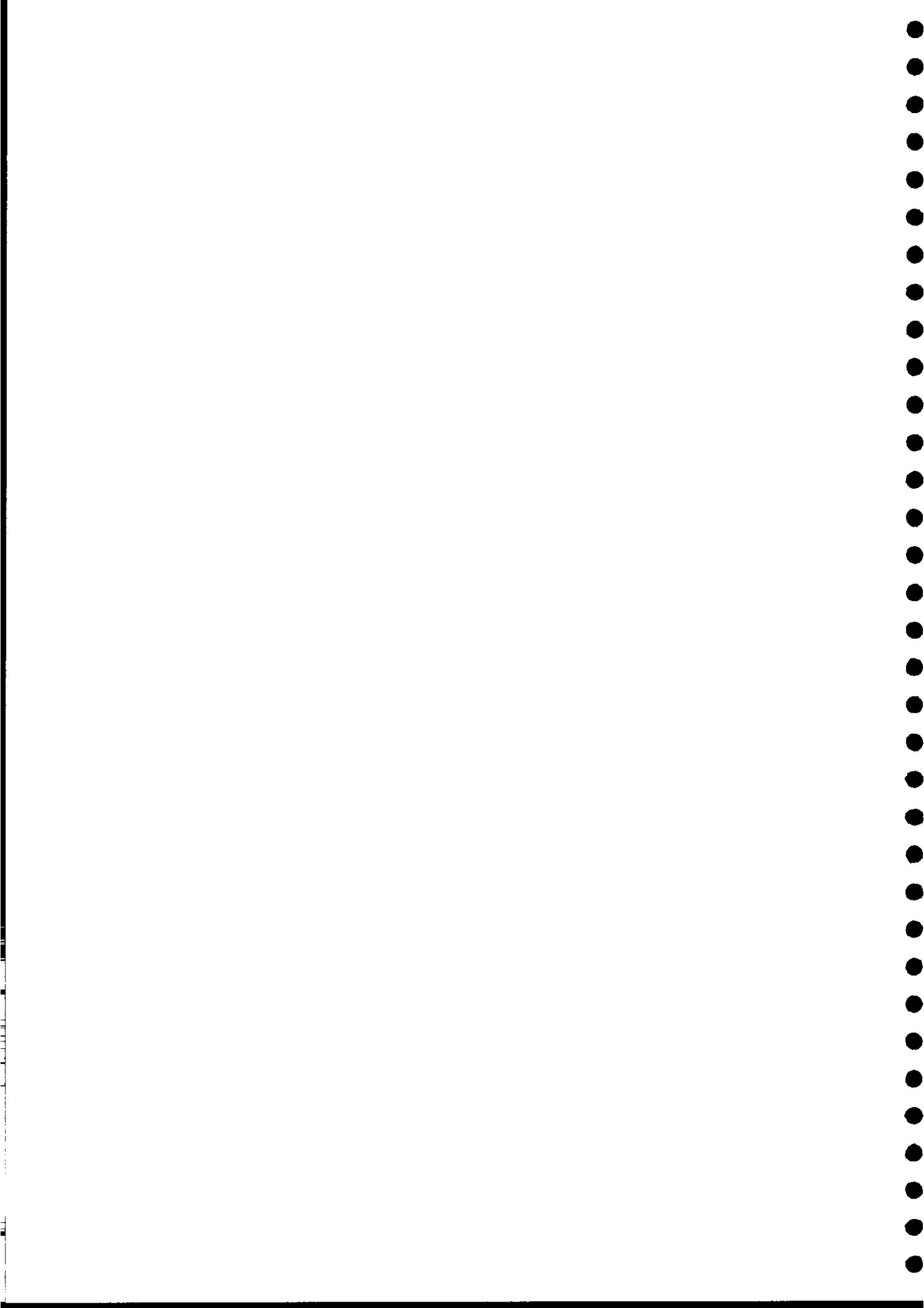
PROFIT AND LOSS ACCOUNT
53 weeks ended 2 January 2005

	Note	53 weeks ended 2 January 2005 £'000	52 weeks ended 31 December 2003 £'000
TURNOVER	1	5,149	5,205
Cost of sales		(2,722)	(3,048)
Gross profit		2,427	2,157
Administrative expenses		(2,559)	(2,529)
OPERATING LOSS	3	(132)	(372)
Interest receivable and similar income		2	-
Interest payable and similar charges	4	(24)	(32)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(154)	(404)
Tax on loss on ordinary activities	5	15	9
RETAINED LOSS FOR THE FINANCIAL YEAR	13	(139)	(395)

All activities derive from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
53 weeks ended 2 January 2005

The company has no recognised gains or losses other than the result for the financial year and preceding year. Accordingly a Statement of Total Recognised Gains and Losses has not been prepared.



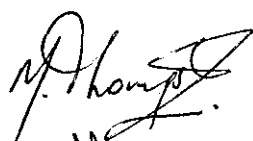
BALANCE SHEET


2 January 2005

	Note	£'000	2 January 2005 £'000	31 December 2003 £'000
FIXED ASSETS				
Tangible assets	6		3,000	2,380
CURRENT ASSETS				
Stocks	7	412		397
Debtors	8	220		181
Cash at bank and in hand		102		20
		<u>734</u>		<u>598</u>
CREDITORS: amounts falling due within one year	9	<u>(650)</u>		<u>(1,405)</u>
NET CURRENT ASSETS/(LIABILITIES)			<u>84</u>	<u>(807)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,084</u>	<u>1,573</u>
FINANCED BY:				
Creditors: amounts falling due after more than one year	10		-	975
CAPITAL AND RESERVES				
Called up share capital - equity	12	4,465		1,840
Share premium account	13	210		210
Profit and loss account	13	<u>(1,591)</u>		<u>(1,452)</u>
Equity shareholders' funds	14		<u>3,084</u>	<u>598</u>
CAPITAL EMPLOYED			<u>3,084</u>	<u>1,573</u>

These financial statements were approved by the Board of Directors on 19 April 2005

Signed on behalf of the Board of Directors





- Directors

CASHFLOW STATEMENT
2 January 2005

			53 weeks ended 2 January 2005 £'000	52 weeks ended 31 December 2003 £'000
	Note	£'000	£'000	£'000
Net cash (outflow)/inflow from operating activities	16		(35)	142
Returns on investments and servicing of finance				
Interest received		2	-	-
Interest paid		(24)	(32)	(32)
Net cash outflow from returns on investments and servicing of finance			(22)	(32)
Taxation			34	(41)
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets		(915)	(318)	(318)
Net cash outflow from capital expenditure and financial investment			(915)	(318)
Cash outflow before financing			(938)	(249)
Financing				
Issue of ordinary share capital		2,625	1,000	
Debt due after one year:				
Other loans paid		(975)	(1,000)	
Capital element of finance lease rentals	18	(6)	(7)	
Net cash inflow/(outflow) from financing			1,644	(7)
Increase/(decrease) in cash	18		706	(256)

NOTES TO THE ACCOUNTS

53 weeks ended 2 January 2005

1. ACCOUNTING POLICIES

The principal accounting policies are described below. They have been applied consistently throughout the current and preceding year.

Basis of Accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of land and buildings and in accordance with the provisions of the Companies Act 1985 and in accordance with applicable United Kingdom standards.

Turnover

Turnover comprises amounts receivable, net of VAT, from the sale of goods and provisions of services from the Garden Centre, located at Belgrave, near Chester.

Tangible fixed assets

Leasehold land and building is depreciated on a straight line basis over its useful economic life of 10 - 25 years.

Assets under the course of construction are not depreciated.

Plant and equipment are depreciated on a straight line basis so as to spread their cost over their expected useful lives at rates of 12.5% to 25% per annum.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Leases

The obligations under finance leases and hire purchase contracts are secured on assets concerned. Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding and are charged to the profit and loss account.

Rents payable under operating leases are charged to the profit and loss account as incurred.

Pension costs

Pension costs are charged to the profit and loss account on a systematic basis over the period expected to benefit from the service of the employees concerned.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by 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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and this results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available differences are expected to reverse, based on tax and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

NOTES TO THE ACCOUNTS
53 weeks ended 2 January 2005

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	53 weeks ended 2 January 2005 £'000	52 weeks ended 31 December 2003 £'000
Directors' emoluments		
Fees	16	15
Other emoluments	80	110
Pension costs	14	15
	<u>110</u>	<u>140</u>
	No	No
Number of directors who are members of defined benefit scheme	<u>1</u>	<u>2</u>
	No	No
Average number of persons employed		
Administration	11	12
Other	72	64
	<u>83</u>	<u>76</u>
	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	1,138	1,084
Social security costs	78	75
Pension costs	78	87
	<u>1,294</u>	<u>1,246</u>

3. OPERATING LOSS

	53 weeks ended 2 January 2005 £'000	52 weeks ended 31 December 2003 £'000
Operating loss is after charging:		
Depreciation		
Owned assets	290	345
Leased assets	5	5
Rentals under operating leases		
Plant and machinery	12	-
Other	64	62
Auditors' remuneration - audit	12	14
Exceptional item - accounting misstatements	<u>-</u>	<u>155</u>

The exceptional charge of £155,000 in 2003 represents the effect of a number of accounting misstatements identified in the year relating to the year ended 31 December 2002. These primarily related to the misallocation of costs between years.

NOTES TO THE ACCOUNTS
53 weeks ended 2 January 2005

4. INTEREST PAYABLE AND SIMILAR CHARGES

	53 weeks ended 2 January 2005 £'000	52 weeks ended 31 December 2003 £'000
On bank overdraft	23	26
On finance leases	1	6
	<u>24</u>	<u>32</u>

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	53 weeks ended 2 January 2005 £'000	52 weeks ended 31 December 2003 £'000
United Kingdom corporation tax at 30% (2003 30%) based on the loss for the period	-	-
Adjustments in respect of prior years	(15)	(9)
	<u>(15)</u>	<u>(9)</u>

Factors affecting the tax credit for the current period

The tax assessed for the period is higher than that resulting from applying the standard rate of corporation tax in the UK: 30% (2003: 30%).

The differences are explained below:

	53 weeks ended 2 January 2005 £'000	52 weeks ended 31 December 2003 £'000
Loss on ordinary activities before tax	(154)	(404)
Tax at 30% thereon	46	121
Expenses not deductible for tax purposes	(50)	(2)
Depreciation in excess of capital allowances	50	(25)
Losses carried forward	(46)	(112)
Other deferred tax movements	-	18
	<u>-</u>	<u>-</u>
Current tax credit for the period	-	-

A deferred tax asset has not been recognised in respect of timing differences relating to losses brought forward as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £105,000 (2003: £118,000)

NOTES TO THE ACCOUNTS
53 weeks ended 2 January 2005

6. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £'000	Assets under course of construction £'000	Plant and equipment £'000	Total £'000
Cost or valuation				
At 1 January 2004	2,645	-	1,441	4,086
Transfer	59	7	(66)	-
Additions	18	792	105	915
Disposals	(73)	-	(324)	(397)
At 2 January 2005	2,649	799	1,156	4,604
Accumulated depreciation				
At 1 January 2004	899	-	807	1,706
Charge for the year	206	-	89	295
Disposals	(73)	-	(324)	(397)
At 2 January 2005	1,032	-	572	1,604
Net book value				
At 2 January 2005	1,617	799	584	3,000
At 1 January 2004	1,746	-	634	2,380

Land and buildings wholly comprise leasehold property which has less than 50 years unexpired. The land and buildings were valued on 31 December 1997 by external valuers, Gerald Eve, on the basis of Existing Use Value in accordance with the Appraisal and Valuation manual of the Royal Institution of Chartered Surveyors. The land and buildings are included in these accounts at that valuation, which was £1,092,000 plus the cost of subsequent additions. The directors have taken advantage of the transitional rules of FRS 15 "Tangible Fixed Assets" to retain the land and buildings at this value and as such the valuation has not been updated. The directors consider the current open market value of the land and buildings to be in excess of the carrying value in the accounts.

The historical cost of the land and building was not available.

Included in plant and equipment is £23k (2003: £52k) in respect of assets held under hire purchase or finance leases.

7. STOCKS

	2 January 2005 £'000	31 December 2003 £'000
Goods for resale	412	397

The replacement value is not materially different from the above.

8. DEBTORS

	2 January 2005 £'000	31 December 2003 £'000
Trade debtors	94	42
Corporation tax	9	26
Other debtors	60	60
Prepayments and accrued income	57	53
	220	181

Included in other debtors is £nil (2003 £60,000) due after more than one year.

NOTES TO THE ACCOUNTS

53 weeks ended 2 January 2005

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2 January 2005 £'000	31 December 2003 £'000
Bank overdraft	-	624
Trade creditors	493	550
Obligations under finance leases	9	15
Other creditors including taxation and social security (note 11)	80	157
Accruals and deferred income	68	59
	<u>650</u>	<u>1,405</u>

The bank overdraft is unsecured.

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2 January 2005 £'000	31 December 2003 £'000
Wholly repayable within five years		
Loan from controlling party (note 20)	-	975
	<u>-</u>	<u>975</u>

11. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	2 January 2005 £'000	31 December 2003 £'000
This heading includes:		
Taxation and social security	71	149
	<u>71</u>	<u>149</u>

12. SHARE CAPITAL

	2 January 2005 £'000	31 December 2003 £'000
Authorised		
5,000,000 (2003 – 2,000,000) ordinary shares of £1 each	5,000	2,000
	<u>5,000</u>	<u>2,000</u>
Allotted and fully paid		
4,465,000 (2003 – 1,840,000) ordinary shares of £1 each	4,465	1,840
	<u>4,465</u>	<u>1,840</u>

The liability of the shareholders is unlimited.

During the year the company increased its authorised share capital and issued 2,625,000 ordinary shares of £1 each at par.

NOTES TO THE ACCOUNTS
53 weeks ended 2 January 2005

13. STATEMENT OF MOVEMENT ON RESERVES

	Profit and loss account £'000	Share premium account £'000
Balance at 1 January 2004	(1,452)	210
Retained loss for the year	(139)	-
Balance at 2 January 2005	<u>(1,591)</u>	<u>210</u>

14. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	53 weeks ended 2 January 2005 £'000	52 weeks ended 31 December 2003 £'000
Loss for the financial period	(139)	(395)
Proceeds of share issue	2,625	1,000
Opening equity shareholders' funds	598	(7)
Closing equity shareholders' funds	<u>3,084</u>	<u>598</u>

15. OPERATING LEASE COMMITMENTS

	Land and buildings 2005 £'000	Other £'000	Land and buildings 2003 £'000	Other £'000
Annual commitments under non-cancellable operating leases are as follows				
Expiry date				
Between two and five years	-	16	-	-
After five years	65	-	63	-
	<u>65</u>	<u>16</u>	<u>63</u>	<u>-</u>

**16. RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW)/INFLOW FROM
OPERATING ACTIVITIES**

	53 weeks ended 2 January 2005 £'000	52 weeks ended 31 December 2003 £'000
Operating loss	(132)	(372)
Depreciation	295	350
(Increase)/decrease in stock	(15)	87
Increase in debtors	(56)	(22)
(Decrease)/increase in creditors	(127)	99
Net cash (outflow)/inflow from operating activities	<u>(35)</u>	<u>142</u>

NOTES TO THE ACCOUNTS

53 weeks ended 2 January 2005

17. RECONCILIATION OF INCREASE/(DECREASE) IN CASH TO MOVEMENT IN NET FUNDS/(DEBT)

	53 weeks ended 2 January 2005 £'000	52 weeks ended 31 December 2003 £'000
Increase/(decrease) in cash in year	706	(256)
Cash inflow from decrease in debt and lease financing	981	1,007
Change in net debt resulting from cash flows	1,687	751
Net debt at 1 January	(1,594)	(2,345)
Net funds/(debt) at 2 January 2005	93	(1,594)

18. ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	At 1 January 2004 £'000	Cash flow £'000	At 2 January 2005 £'000
Cash at bank and in hand	20	82	102
Overdrafts	(624)	624	-
	(604)	706	102
Debt due after one year	(975)	975	-
Finance leases	(15)	6	(9)
	(990)	981	(9)
Total	(1,594)	1,687	93

19. PENSION SCHEME

The Grosvenor Garden Centre does not maintain a group pension scheme. Its employees are members of the Grosvenor Pension Plan (the 'Plan', formerly the Grosvenor Estates Pension Scheme), a defined benefit scheme, or the Grosvenor Estate Money Purchase Scheme (GEMPS), a defined contribution scheme. These schemes are administered by independent trustees.

Grosvenor Pension Plan

The Plan is open to all staff and provides a defined benefit pension up to an upper earnings limit. Above this limit the group contributes between 25% and 30% of that tranche of salary into GEMPS.

The pension cost charge amounted to £71,353 (31 December 2003 - £56,688), representing the amount assessed in accordance with the advice of a qualified actuary as being appropriate to spread the cost of pensions over the working lives of employees, including directors, within the group. At 2 January 2005 the pension prepayment for pension liabilities was £60,000 (2003 - £60,000).

Independent qualified actuaries complete valuations of the Plan at least every three years and in accordance with their recommendations, annual contributions are paid to the scheme so as to secure the benefits set out in the rules.

NOTES TO THE ACCOUNTS**53 weeks ended 2 January 2005****19. PENSION SCHEME (continued)**

The most recent actuarial valuation was carried out at 31 December 2002 using the projected unit funding method and taking assets at their market value. The most important actuarial assumptions made for valuation relate to investment returns with equities assumed to offer a real return of 5% per annum and gilts 2.1% (2.5% for new investments). Salaries were assumed to increase at 3% to 4% per annum above inflation and pensions in line with inflation.

At 31 December 2002, the market value of the Plan assets was £49.5m which was sufficient to cover 72% of the funding target for benefits that had accrued to members after allowing for expected increases in earnings. The funding shortfall is being met by annual fixed payments of £2m plus a one-off contribution of £5m paid during 2003. These contributions will be reviewed following the 31 December 2005 valuation. The regular cost of benefit accrual is in addition to these fixed contributions and payable at a rate of 21.3% of salaries. As a result of the additional contributions paid since 2002 and a recovery in the market, the market value of the Plan assets had increased by £28.2m to £77.7m at 31 December 2004.

Financial Reporting Standard FRS 17 "Retirement Benefits" sets out a different basis for valuing pension scheme liabilities, in particular the discount rates used. There is a phased implementation period for FRS 17 and until it is fully adopted it required certain supplementary disclosures to be given in the notes to the accounts. During this period the accounting treatment for retirement benefits in the financial statements remains on the existing basis (in accordance with SSAP 24) which is explained above.

Although the Plan is a defined benefit scheme, it is a multi employer scheme and the group's share of the underlying assets and liabilities cannot be identified. As a result, FRS 17 requires that the scheme is accounted for on a contributions basis and therefore the defined benefit disclosures are not required. However, actuarial valuations for the Plan as a whole have been updated at 31 December 2004 by an independent qualified actuary, in accordance with the basis set out in FRS 17. The valuations indicate a deficit of £6.7m (2003 £7.8m deficit) for the whole scheme.

GEMPS

Contributions are made by the employers and are invested in independently administered life assurance policies or pension plans.

The pension cost charge amounted to £6,916 (2003 - £29,819), representing employer's contributions payable for the year.

20. RELATED PARTY TRANSACTIONS

Grosvenor Garden Centre received management services from wholly owned subsidiary undertakings of Grosvenor Group Holdings Limited of £16,500 (2003 - £19,735), from the controlling party, The Fourth Duke of Westminster's 1964 Settlement of £22,850 (2003 - £13,554), and from Realty Insurances Limited of £38,117 (2003 - £35,963). Grosvenor Garden Centre made payments to The Fourth Duke of Westminster's 1964 Settlement in respect of rent amounting to £64,375 (2003 - £61,875), and Grosvenor Farms Limited of £5,500 (2003 - £nil).

Grosvenor Group Holdings Limited, Realty Insurances Limited and Grosvenor Farms Limited are related to the Grosvenor Garden Centre due to their association with other Grosvenor companies and trusts.

During the year the company repaid £975,000 (2003 - £1,000,000) to the Fourth Duke of Westminster's 1964 Settlement. The balance due to the trust at the end of the year was £nil (2003- £975,000).

21. ULTIMATE CONTROLLING PARTY

The ultimate controlling party of the Company is The Fourth Duke of Westminster's 1964 Settlement.