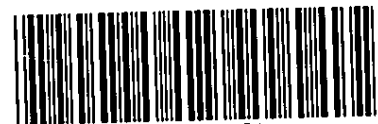


COMPANY REGISTRATION NUMBER 1757832

**BREEDING & RACING ENTERPRISE LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR**  
**31 DECEMBER 2006**

FRIDAY



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31/08/2007  
COMPANIES HOUSE

**SLAVEN JEFFCOTE LLP**  
Chartered Certified Accountants  
1 Lumley Street  
Mayfair  
London  
W1K 6TT

# **BREEDING & RACING ENTERPRISE LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2006**

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# **BREEDING & RACING ENTERPRISE LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

<b>The board of directors</b>	Mr J Bruneau De La Salle Ms Marie - Alice Hayter Mrs L Kneip Lumley Management Limited Mr Y B C Pauthe
<b>Company secretary</b>	JD Secretariat Limited
<b>Registered office</b>	1 Lumley Street Mayfair London W1K 6TT
<b>Accountants</b>	Slaven Jeffcote LLP Chartered Certified Accountants 1 Lumley Street Mayfair London W1K 6TT

# BREEDING & RACING ENTERPRISE LIMITED

## THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2006

The directors present their report and the unaudited financial statements of the company for the year ended 31 December 2006

### PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of breeding and racing horses

### 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 December 2006	At 1 January 2006
Mr J Bruneau De La Salle	-	-
Ms Marie - Alice Hayter	-	-
Mrs L Kneip	-	-
Lumley Management Limited	-	-
Mr Y B C Pauthe	-	-

The directors holding office at 31st December 2004 did not hold any beneficial interest in the issued share capital of the company at 1st January 2004 or 31st December 2004

### SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Registered office  
1 Lumley Street  
Mayfair  
London  
W1K 6TT

Signed by order of the directors



JD SECRETARIAT LIMITED  
Company Secretary

Approved by the directors on

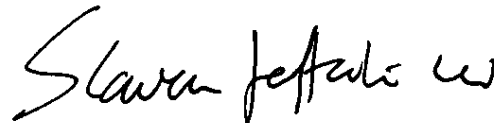
30/08/07

**BREEDING & RACING ENTERPRISE LIMITED**  
**ACCOUNTANTS' REPORT TO THE DIRECTORS OF BREEDING &**  
**RACING ENTERPRISE LIMITED**  
**YEAR ENDED 31 DECEMBER 2006**

As described on the balance sheet, the directors of the company are responsible for the preparation of the financial statements for the year ended 31 December 2006, set out on pages 4 to 9

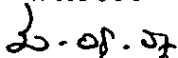
You consider that the company is exempt from an audit under the Companies Act 1985

In accordance with your instructions we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us



SLAVEN JEFFCOTE LLP  
Chartered Certified Accountants

1 Lumley Street  
Mayfair  
London  
W1K 6TT



# BREEDING & RACING ENTERPRISE LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2006

	Note	2006 £	2005 £
<b>TURNOVER</b>		<b>138,698</b>	148,426
Cost of sales		<u>77,765</u>	<u>75,455</u>
<b>GROSS PROFIT</b>		<b>60,933</b>	72,971
Administrative expenses		<u>36,630</u>	<u>6,397</u>
<b>OPERATING PROFIT</b>	2	<b>24,303</b>	66,574
Interest receivable and similar income		<u>744</u>	<u>7</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>25,047</b>	66,581
Tax on profit on ordinary activities	3	—	—
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>25,047</u></b>	<b><u>66,581</u></b>

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

The notes on pages 6 to 9 form part of these financial statements

# BREEDING & RACING ENTERPRISE LIMITED

## BALANCE SHEET

31 DECEMBER 2006

	Note	2006 £	2005 £
<b>FIXED ASSETS</b>			
Tangible assets	4	61,719	628
Investments	5	100	-
		<u>61,819</u>	<u>628</u>
<b>CURRENT ASSETS</b>			
Stocks		30,839	45,369
Debtors	6	53,635	88,485
Cash at bank		2,601	3,225
		<u>87,075</u>	<u>137,079</u>
<b>CREDITORS: Amounts falling due within one year</b>	7	<u>346,350</u>	<u>318,643</u>
<b>NET CURRENT LIABILITIES</b>		<u>(259,275)</u>	<u>(181,564)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(197,456)</u>	<u>(180,936)</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	8	<u>-</u>	<u>41,567</u>
		<u>(197,456)</u>	<u>(222,503)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	10	1,000	1,000
Profit and loss account	11	<u>(198,456)</u>	<u>(223,503)</u>
<b>DEFICIT</b>	12	<u>(197,456)</u>	<u>(222,503)</u>

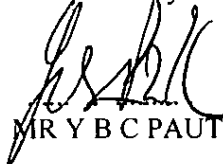
The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act

The directors acknowledge their responsibilities for

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing financial statements 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 its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

These financial statements were approved by the directors on the 30/08/07 and are signed on their behalf by

  
MR Y B C PAUTHE

The notes on pages 6 to 9 form part of these financial statements

# **BREEDING & RACING ENTERPRISE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2006**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention

The financial statements have been prepared on the going concern basis, dependent on the continuing support of the major creditor, who has agreed not to withdraw funds that would cause the company cash flow difficulties

#### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small

#### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced 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

Plant & Machinery	- 25% reducing balance
Motor Vehicles	- 25% reducing balance

#### **Stocks**

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

#### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit

#### **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



# BREEDING & RACING ENTERPRISE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### 2. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2006 £	2005 £
Directors' emoluments	—	—
Depreciation of owned fixed assets	20,573	209
Net loss/(profit) on foreign currency translation	<u>2,181</u>	<u>(155)</u>

### 3. TAXATION ON ORDINARY ACTIVITIES

#### Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2005 - 19%)

	2006 £	2005 £
Profit on ordinary activities before taxation	<u>25,047</u>	<u>66,581</u>
Profit/(loss) on ordinary activities by rate of tax	4,759	12,650
Expenses not deductible for tax purposes	79	—
Utilisation of tax losses	(8,177)	(12,610)
Depreciation in excess of capital allowances	<u>3,339</u>	<u>(40)</u>
Total current tax	<u>—</u>	<u>—</u>

### 4. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Motor Vehicles £	Total £
<b>COST</b>			
At 1 January 2006	2,644	—	2,644
Additions	—	81,664	81,664
<b>At 31 December 2006</b>	<u>2,644</u>	<u>81,664</u>	<u>84,308</u>
<b>DEPRECIATION</b>			
At 1 January 2006	2,016	—	2,016
Charge for the year	157	20,416	20,573
<b>At 31 December 2006</b>	<u>2,173</u>	<u>20,416</u>	<u>22,589</u>
<b>NET BOOK VALUE</b>			
<b>At 31 December 2006</b>	<u>471</u>	<u>61,248</u>	<u>61,719</u>
At 31 December 2005	<u>628</u>	—	628

# BREEDING & RACING ENTERPRISE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### 5. INVESTMENTS

	Subsidiary Undertakings £
<b>COST</b>	
Additions	100
At 31 December 2006	<u>100</u>
<b>NET BOOK VALUE</b>	
At 31 December 2006	<u>100</u>

During the year under review the company acquired 100% of the share capital of Verrerie Stud Farm Limited, a company registered in England and Wales and incorporated on 14 December 2006

### 6. DEBTORS

	2006 £	2005 £
Trade debtors	51,082	81,182
VAT recoverable	2,170	—
Other debtors	383	7,303
	<u>53,635</u>	<u>88,485</u>

### 7. CREDITORS: Amounts falling due within one year

	2006 £	2005 £
Trade creditors	—	5,822
Amounts owed to group undertakings	100	—
Other creditors	346,250	312,821
	<u>346,350</u>	<u>318,643</u>

### 8. CREDITORS: Amounts falling due after more than one year

	2006 £	2005 £
Trade creditors	—	41,567

### 9. RELATED PARTY TRANSACTIONS

Included in other creditors is an amount of £72,426 (2005 - £74,268) due to the director Mr Y Pauthe

During the period under review the director, Mr Y Pauthe, made purchases to the value of nil (2005 - £23,510) on behalf of the company

# BREEDING & RACING ENTERPRISE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

### 10. SHARE CAPITAL

#### Authorised share capital:

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

#### Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

### 11. PROFIT AND LOSS ACCOUNT

	2006	2005
	£	£
Balance brought forward	(223,503)	(290,084)
Profit for the financial year	<u>25,047</u>	<u>66,581</u>
Balance carried forward	<u>(198,456)</u>	<u>(223,503)</u>

### 12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006	2005
	£	£
Profit for the financial year	25,047	66,581
Opening shareholders' deficit	<u>(222,503)</u>	<u>(289,084)</u>
Closing shareholders' deficit	<u>(197,456)</u>	<u>(222,503)</u>