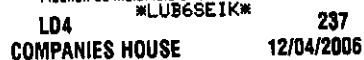


1786119

24 November 2005



ETTINGTON PARK GROUP LIMITED
Report and accounts
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ETTINGTON PARK GROUP LIMITED
Company Information

Directors

R C Felton
J Hands

Secretary

Jordans Company Secretaries Limited

Auditors

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London, UK
EC1M 3AP

Registered office

The Old Library
The Drive
Sevenoaks
Kent
TN13 3AB

Registered number

1786119

ETTINGTON PARK GROUP LIMITED

Directors' Report

The directors present their report and accounts for the 52 weeks ended 24 November 2005.

Principal activities

The company's principal activity during the period continued to be that of the ownership and rental of the Ettington Park Hotel.

Review of business and future developments

The results for the period and financial position of the company are as shown in the annexed financial statements. The directors are optimistic as to the future success of the company.

Dividends

No dividends will be distributed for the period ended 24 November 2005.

Directors

The directors who served during the period under review were:

R.C. Felton

J. Hands

The directors holding office at 24 November 2005 did not hold any beneficial interest in the issued share capital of the company or any other company within the group at 25 November 2004 or 24 November 2005, except J Hands, who holds two shares.

Statement of Directors' responsibilities

Company law requires the directors to prepare accounts 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 for that period. In preparing those accounts, the directors are required to:

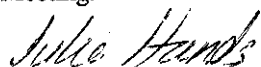
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the directors' report and other information included in the financial statements is prepared in accordance with company law in the United Kingdom.

The directors are responsible for maintaining 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 accounts 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.

Auditors

On 23 May 2005, PKF transferred their business to PKF (UK) LLP, a limited liability partnership. Under section 26 (5) of the Companies Act 1989, the company consented to extend the audit appointment to PKF (UK) LLP from 23 May 2005. Accordingly, the audit report has been signed in the name of PKF (UK) LLP and a resolution for the reappointment of PKF (UK) LLP will be proposed at the forthcoming Annual General Meeting.



J Hands

Director

ETTINGTON PARK GROUP LIMITED

Independent auditors' report to the members of ETTINGTON PARK GROUP LIMITED

We have audited the accounts of Ettington Park Group Limited for the period ended 24 November 2005 which comprise the Profit and Loss account, the Balance Sheet and the related notes. 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 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 auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom 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 to you 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit 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 24 November 2005 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PKF(UK)LLP

PKF (UK) LLP
Registered auditors

London, UK

5 April 2006

ETTINGTON PARK GROUP LIMITED**Profit and Loss Account****for the period from 26 November 2004 to 24 November 2005**

	Notes	52 weeks ended 24 November 2005 £	52 weeks ended 25 November 2004 £
Administrative expenses		(85,081)	(85,081)
Operating loss	2	<u>(85,081)</u>	<u>(85,081)</u>
Loss on ordinary activities before taxation		<u>(85,081)</u>	<u>(85,081)</u>
Tax on loss on ordinary activities	4	(69,500)	-
Retained loss for the period	10	<u>(154,581)</u>	<u>(85,081)</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two periods.

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the loss for the above two periods.

ETTINGTON PARK GROUP LIMITED

Balance Sheet

as at 24 November 2005

	Notes	24 November 2005 £	25 November 2004 £
Fixed assets			
Tangible assets	5	6,219,483	6,304,564
Current assets			
Debtors	6	243,895	243,895
Creditors: amounts falling due within one year	7	(287,213)	(287,213)
Net current liabilities		(43,318)	(43,318)
Total assets less current liabilities		6,176,165	6,261,246
Provisions for liabilities and charges			
Deferred taxation	4	(69,500)	-
		<u>6,106,665</u>	<u>6,261,246</u>
Capital and reserves			
Called up share capital	8	2,063,433	2,063,433
Revaluation reserve	9	3,146,226	3,179,938
Profit and loss account	10	897,006	1,017,875
Shareholders' funds (includes non-equity)	11	<u>6,106,665</u>	<u>6,261,246</u>

J Hands

J Hands

Director

Approved by the board on 28 March 2006

ETTINGTON PARK GROUP LIMITED

Notes to the Accounts

for the period from 26 November 2004 to 24 November 2005

1 Accounting policies

Fundamental Accounting Concept

The accounts have been prepared on a going concern basis on the basis of continuing financial support from the immediate parent undertaking Hand Picked Hotels Limited.

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land and assets in the course of construction, at rates calculated to write off the cost less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold land and buildings	over the period of the lease
Fixtures and fittings	4 to 25 years

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company is a wholly owned subsidiary undertaking.

Deferred taxation

Deferred tax is provided on material timing differences between the incidence of income and expenditure for taxation and accounts purposes using the full provision basis set out in Financial Reporting Standard 19.

Related party transactions

The company has taken advantage of the exemptions in FRS 8 in connection with the disclosure of transactions with other group undertakings.

2 Operating loss

	2005	2004
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	85,081	85,081

The auditors' remuneration for the period ended 24 November 2005 has been borne by another group company.

ETTINGTON PARK GROUP LIMITED

Notes to the Accounts

for the period from 26 November 2004 to 24 November 2005

3 Staff costs	2005	2004
Average number of employees during the year	Number	Number
Administration	<u>2</u>	<u>2</u>

There were no staff costs for the period ended 24 November 2005 (2004: £nil).

None of the directors received any remuneration for the period (2004: £nil).

4 Taxation	2005	2004
	£	£
Current year charge		
Corporation tax	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred taxation		
Current year	35,500	-
Adjustments in respect of prior years	34,000	-
Total tax	<u>69,500</u>	<u>-</u>
	2005	2004
	£	£
Factors affecting tax charge for the period		
Loss on ordinary activities before tax	<u>(85,081)</u>	<u>(85,081)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax (30%)	(25,524)	(25,524)
<i>Explained by:</i>		
Expenses not deductible for corporation tax purposes	18,797	18,797
Capital allowances in excess of depreciation	(35,471)	(39,592)
Losses carried forward for future offset	42,198	-
Group relief surrendered	-	46,319
Total current tax	<u>-</u>	<u>-</u>
Deferred tax	£	
At 26 November 2004	-	
Charged to profit and loss	(69,500)	
At 24 November 2005	<u>(69,500)</u>	
Deferred tax is analysed as follows:		
Accelerated capital allowances	(69,500)	
	<u>(69,500)</u>	

ETTINGTON PARK GROUP LIMITED

Notes to the Accounts

for the period from 26 November 2004 to 24 November 2005

5 Tangible fixed assets

	Long leasehold land and buildings £	Fixtures and fittings £	Total £
Cost			
At 26 November 2004	6,516,235	560,628	7,076,863
At 24 November 2005	<u>6,516,235</u>	<u>560,628</u>	<u>7,076,863</u>
Depreciation			
At 26 November 2004	632,677	139,622	772,299
Charge for the 52 weeks	<u>62,656</u>	<u>22,425</u>	<u>85,081</u>
At 24 November 2005	<u>695,333</u>	<u>162,047</u>	<u>857,380</u>
Net book value			
At 24 November 2005	<u>5,820,902</u>	<u>398,581</u>	<u>6,219,483</u>
At 25 November 2004	<u>5,883,558</u>	<u>421,006</u>	<u>6,304,564</u>

Leasehold land and buildings are included at open market valuation at November 1999 by Weatherall Green & Smith Chartered Surveyors. It is not intended that the land and buildings will be subject to further periodic valuations.

Cumulative capitalised interest amounts to £16,253 (2004: £16,253).

If leasehold land and buildings had not been revalued they would have been included at the following historical cost:

	2005 £	2004 £
Cost	3,014,947	3,014,947
Aggregate depreciation	<u>340,271</u>	<u>311,327</u>

6 Debtors

	2005 £	2004 £
Amounts due from immediate parent undertaking	<u>243,895</u>	<u>243,895</u>

7 Creditors: amounts falling due within one year

	2005 £	2004 £
Amounts due to intermediate parent undertaking	237,213	237,213
Accruals and deferred income	<u>50,000</u>	<u>50,000</u>
	<u>287,213</u>	<u>287,213</u>

ETTINGTON PARK GROUP LIMITED

Notes to the Accounts

for the period from 26 November 2004 to 24 November 2005

8 Share capital	2005 No	2004 No	2005 £	2004 £
Authorised:				
<i>Non-equity</i>				
Cumulative redeemable non-participating preference shares of £1 each	500,000	500,000	500,000	500,000
<i>Equity</i>				
'A' Ordinary shares of £1 each	4,000,000	4,000,000	4,000,000	4,000,000
'B' Ordinary shares of 75p each	666,666	666,666	500,000	500,000
			<u>5,000,000</u>	<u>5,000,000</u>
Allotted, issued and fully paid:				
<i>Non-equity</i>				
Cumulative redeemable non-participating preference shares of £1 each	500,000	500,000	500,000	500,000
<i>Equity</i>				
'A' Ordinary shares of £1 each	1,063,433	1,063,433	1,063,433	1,063,433
'B' Ordinary shares of 75p each	666,666	666,666	500,000	500,000
			<u>2,063,433</u>	<u>2,063,433</u>

The preference shares carry dividend rights at 10%. The holder of the preference shares has waived its right to the dividend in 2004 and 2005. The preference shares are redeemable at par at the option of either the company or the shareholder subject to certain conditions.

The preference shares are nonvoting, the A and B shares attract one vote per share held. On return of capital the assets of the company shall first be applied in repaying the preference shares, then the amounts paid up on ordinary shares then finally the balance among the A and B shareholders on the basis of £1 for each share held.

9 Revaluation reserve	2005 £	2004 £
At 26 November 2004	3,179,938	3,213,650
Transfers relating to revalued assets	(33,712)	(33,712)
At 24 November 2005	<u>3,146,226</u>	<u>3,179,938</u>

ETTINGTON PARK GROUP LIMITED

Notes to the Accounts

for the period from 26 November 2004 to 24 November 2005

10 Profit and loss account	2005 £	2004 £
At 26 November 2004	1,017,875	1,069,244
Retained loss	(154,581)	(85,081)
Transfers relating to revalued assets	33,712	33,712
At 24 November 2005	<u>897,006</u>	<u>1,017,875</u>

11 Reconciliation of movement in shareholders' funds	2005 £	2004 £
At 26 November 2004	6,261,246	6,346,327
Loss for the financial 52 weeks	(154,581)	(85,081)
At 24 November 2005	<u>6,106,665</u>	<u>6,261,246</u>
Non-equity	500,000	500,000
Equity	<u>5,606,665</u>	<u>5,761,246</u>
	<u>6,106,665</u>	<u>6,261,246</u>

12 Contingent liability

The company has granted a fixed and floating charge over the company and all property and assets, present and future, as part of the group's banking arrangements. The amount owed by the Hand Picked Hotels group, as at 24 November 2005 was £50,541,367 (2004: £54,057,276).

On 1 December 2005 the group paid off its bank loans and entered into a new facility. As part of this arrangement, the company has granted a new fixed and floating charge over the company and certain current property and assets. The amount owed following this transaction was £80,000,000.

13 Ultimate Parent Company

The company's ultimate parent undertaking is Benfica Limited, which is registered in the Isle of Man. The company's immediate parent is Wy (Ettington Park) Limited a company registered in England and Wales. The largest and smallest group, in whose financial statements the results of the company will be consolidated is Hand Picked Hotels Limited, which is registered in England and Wales. The consolidated accounts of Hand Picked Hotels Limited will be available to the public and will be obtainable in due course from the Registrar of Companies, Companies House, Crown Way, Cardiff.

The controlling party is Mr G Hands.