

GROVECASTLE LIMITED
ABBREVIATED FINANCIAL STATEMENTS
31ST OCTOBER 1998

Registered number: 1799743



THE DAVID NAISH PARTNERSHIP
REGISTERED AUDITORS
Bath

GROVECASTLE LIMITED
ABBREVIATED FINANCIAL STATEMENTS
for the year ended 31st October 1998

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GROVECASTLE LIMITED**AUDITORS' REPORT ON ABBREVIATED FINANCIAL STATEMENTS**

**Auditors' report to
Grovecastle Limited
under section 247B of the Companies Act 1985**

We have examined the abbreviated financial statements set out on pages 2 to 5 together with the financial statements of the company for the year ended 31st October 1998 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated financial statements on pages 5 to 8 are properly prepared in accordance with those provisions.

Other information

On 19 November 1999 we reported as auditors to the members of the company on the financial statements prepared under section 226 of the Companies Act 1985 and our report was as follows:

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

continued

GROVECASTLE LIMITED
AUDITORS' REPORT ON ABBREVIATED FINANCIAL STATEMENTS
(continued)

Auditors' report to
Grovecastle Limited
under section 247B of the Companies Act 1985

Basis of opinion

We conducted our audit in accordance with 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 error or other irregularity. However, the evidence available to us was limited in respect of the revaluation of the leasehold property and its contents to £2,500,000 made at 31 March 1996 carried out by the directors during that year. The directors estimate of the market value of the property is based on their own financial projections and opinion of market conditions. There were no satisfactory audit procedures that we could adopt to confirm the directors' assessment of market value. Any adjustment to this figure would also have a consequential effect on the revaluation reserve.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Qualified opinion arising from limitation in audit scope

Except for any adjustments to the financial statements that might have been found to be necessary had we been able to obtain sufficient third party evidence concerning the revaluation of the leasehold property, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 October 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.'

the David Naish partnership

The David Naish Partnership
Bath
Registered Auditors

24th November 1999

GROVECASTLE LIMITED
ABBREVIATED BALANCE SHEET
at 31st October 1998

	Note	1998 £	1997 £
Fixed assets			
Tangible assets	2	2,735,419	2,715,561
Current assets			
Stocks		18,726	19,607
Debtors		33,185	46,765
Cash at bank and in hand		41,262	3,258
		<u>93,173</u>	<u>69,630</u>
Creditors: amounts falling due within one year		<u>(172,352)</u>	<u>(293,926)</u>
Net current liabilities		(79,179)	(224,296)
Total assets less current liabilities		<u>2,656,240</u>	<u>2,491,265</u>
Creditors: amounts falling due after more than one year	3	<u>(704,704)</u>	<u>(580,526)</u>
		<u>1,951,536</u>	<u>1,910,739</u>
Capital and reserves			
Called up share capital	4	1,210,282	1,210,282
Share premium account		186,617	186,617
Revaluation reserve		1,235,924	1,235,924
Profit and loss account		<u>(681,287)</u>	<u>(722,084)</u>
Total shareholders' funds		<u>1,951,536</u>	<u>1,910,739</u>

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The abbreviated financial statements on pages 2 to 5 were approved by the board of directors on 19 November 1999 and signed on its behalf by:

M A Lutyens

M A Lutyens
Director

GROVECASTLE LIMITED
NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st October 1998

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it qualifies as a small company under the Companies Act 1985.

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Long leasehold property	not depreciated
Motor vehicles	10% straight line
Fixtures and fittings	10% straight line

Depreciation is not provided on the leasehold property which is a long lease. It is the company's policy to maintain this asset in a continual state of sound repairs and to make improvements thereto from time to time. Accordingly the Directors consider that the life of this asset and residential values is such that the depreciation is insignificant

Stocks

Stocks are valued at the lower of cost and net realisable value. Stocks of glass, linen and china are valued at cost and all replacements are written off to the profit and loss account.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities crystallise in the foreseeable future.

GROVECASTLE LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st October 1998

2 Fixed assets

		Tangible fixed assets £
Cost or valuation		
1st November 1997		3,015,795
Additions		72,666
31st October 1998		<u>3,088,461</u>
Depreciation		
1st November 1997		300,234
Charge for the year		52,808
31st October 1998		<u>353,042</u>
Net book amount		
31st October 1998		<u><u>2,735,419</u></u>
1st November 1997		<u><u>2,715,561</u></u>

3 Creditors:

	1998 £	1997 £
Creditors include the following amounts:		
Amounts falling due after more than five years:		
Bank loans	<u>72,224</u>	<u>144,446</u>

The bank loan is repayable in annual instalments of £72,222 to be repaid by 31 August 2005. Interest is payable on the loan at a rate equal to base rate plus 2% Security for the bank loan and overdraft is provided by a debenture date 13 June 1994 having a fixed and floating charge over the undertaking and all property and assets and a legal charge over the property.

GROVECASTLE LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st October 1998

4 Called up share capital

	1998		1997	
	Number of shares	£	Number of shares	£
Authorised				
Preferred ordinary shares of £1 each	4,900	4,900	4,900	4,900
'A' ordinary shares of 25p each	4,321,526	1,080,382	4,321,526	1,080,382
'B' ordinary shares of 50p each	829,437	414,718	829,437	414,718
	<u> </u>	<u>1,500,000</u>	<u> </u>	<u>1,500,000</u>
Allotted called up and fully paid				
Preferred ordinary shares of £1 each	4,900	4,900	4,900	4,900
'A' ordinary shares of 25p each	4,321,526	1,080,382	4,321,526	1,080,382
'B' ordinary shares of 50p each	250,000	125,000	250,000	125,000
	<u> </u>	<u>1,210,282</u>	<u> </u>	<u>1,210,282</u>

5 Ultimate parent undertaking

The ultimate parent company is Birmos Inc. incorporated in the Bahamas.