

**Report of the Directors and
Financial Statements
for the Year Ended 31 December 2004
for
Burton Inns Limited**



Burton Inns Limited

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for the Year Ended 31 December 2004**

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Burton Inns Limited
Company Information
for the Year Ended 31 December 2004

DIRECTORS: R F Kerry
A A Gentles

SECRETARY: Ms M J Slack

REGISTERED OFFICE: 39 Cornmill Lane
Tutbury
Burton-on-Trent
Staffordshire
DE13 9HA

REGISTERED NUMBER: 1933151 (England and Wales)

AUDITORS: Bourne & Co
3 Charnwood Street
Derby
Derbyshire
DE1 2GY

Burton Inns Limited

Report of the Directors for the Year Ended 31 December 2004

The directors present their report with the financial statements of the company for the year ended 31 December 2004.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a management and holding company.

REVIEW OF BUSINESS

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

DIVIDENDS

No interim dividends were paid during the year ended 31 December 2004.

The directors recommend final dividends per share as follows:

"A" ordinary £1 shares	57.84p
"B" ordinary £1 shares	57.84p

The total distribution of dividends for the year ended 31 December 2004 will be £54,947.

DIRECTORS

The directors during the year under review were:

R F Kerry
A A Gentles

The beneficial interests of the directors holding office on 31 December 2004 in the issued share capital of the company were as follows:

	31.12.04	1.1.04
"A" ordinary £1 shares		
R F Kerry	48,705	48,705
A A Gentles	5,295	5,295
"B" ordinary £1 shares		
R F Kerry	-	-
A A Gentles	-	-

BRANSTON GOLF & COUNTRY CLUB LIMITED

The company's subsidiary, Branston Golf and Country Club Limited, had a principal activity in the year under review of a private golf club, incorporating health and leisure facilities.

The subsidiary's turnover has continued to rise which has once again resulted in healthy pre-tax profits for the subsidiary for this year.

This trend is expected to continue during the current financial year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Burton Inns Limited

**Report of the Directors
for the Year Ended 31 December 2004**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

AUDITORS

The auditors, Bourne & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:


.....
A A Gentles - Director

Date: 24/8/05

**Report of the Independent Auditors to the Shareholders of
Burton Inns Limited**

We have audited the financial statements of Burton Inns Limited for the year ended 31 December 2004 on pages five to thirteen. These financial statements have been prepared under the historical cost convention and 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 on pages two and three the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

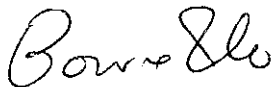
Basis of audit opinion

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 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Bourne & Co
3 Charnwood Street
Derby
Derbyshire
DE1 2GY

Date: 5/9/05

Burton Inns Limited

**Profit and Loss Account
for the Year Ended 31 December 2004**

		31.12.04		31.12.03	
	Notes	£	£	£	£
TURNOVER			-		-
Administrative expenses			14,994		12,072
OPERATING LOSS	3		(14,994)		(12,072)
Profit on sale of fixed asset investment	4		74,197		-
			59,203		(12,072)
Income from investments		24,660		25,448	
Interest receivable and similar income		29,782		22,878	
			54,442		48,326
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			113,645		36,254
Tax on profit on ordinary activities	5		4,794		2,053
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			108,851		34,201
Dividends	6		54,947		30,000
			53,904		4,201
Retained profit brought forward			321,383		317,182
RETAINED PROFIT CARRIED FORWARD			<u>£375,287</u>		<u>£321,383</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

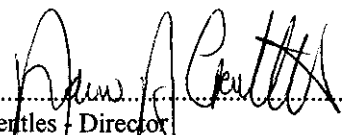
The company has no recognised gains or losses other than the profits for the current and previous years.

Burton Inns Limited

**Balance Sheet
31 December 2004**

		31.12.04		31.12.03	
	Notes	£	£	£	£
FIXED ASSETS:					
Investments	7		330,397		344,222
CURRENT ASSETS:					
Debtors	8	608,106		511,390	
Cash at bank		18,084		18,244	
		<u>626,190</u>		<u>529,634</u>	
CREDITORS: Amounts falling due within one year	9	66,300		37,473	
NET CURRENT ASSETS:			<u>559,890</u>		<u>492,161</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>£890,287</u>		<u>£836,383</u>
CAPITAL AND RESERVES:					
Called up share capital	10		95,000		95,000
Capital redemption reserve	11		420,000		420,000
Profit and loss account			<u>375,287</u>		<u>321,383</u>
SHAREHOLDERS' FUNDS:	13		<u>£890,287</u>		<u>£836,383</u>

ON BEHALF OF THE BOARD:



 A A Gentles - Director

Approved by the Board on 24/8/05

Burton Inns Limited

**Cash Flow Statement
for the Year Ended 31 December 2004**

		<u>31.12.04</u>	<u>31.12.03</u>
	Notes	£	£
Net cash outflow from operating activities	1	(110,571)	(52,433)
Returns on investments and servicing of finance	2	54,442	48,326
Taxation		(2,053)	(3,839)
Capital expenditure and financial investment	2	88,022	-
Equity dividends paid		(30,000)	(20,000)
Decrease in cash in the period		<u>£(160)</u>	<u>£(27,946)</u>
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
Decrease in cash in the period		<u>(160)</u>	<u>(27,946)</u>
Change in net funds resulting from cash flows		<u>(160)</u>	<u>(27,946)</u>
Movement in net funds in the period		<u>(160)</u>	<u>(27,946)</u>
Net funds at 1 January		<u>18,244</u>	<u>46,190</u>
Net funds at 31 December		<u>£18,084</u>	<u>£18,244</u>

The notes form part of these financial statements

Burton Inns Limited

**Notes to the Cash Flow Statement
for the Year Ended 31 December 2004**

1. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	31.12.04 £	31.12.03 £
Operating loss	(14,994)	(12,072)
Increase in debtors	(96,716)	(43,199)
Increase in creditors	1,139	2,838
	<u> </u>	<u> </u>
Net cash outflow from operating activities	<u><u>(110,571)</u></u>	<u><u>(52,433)</u></u>

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

	31.12.04 £	31.12.03 £
Returns on investments and servicing of finance		
Interest received	29,782	22,878
Dividends received	24,660	25,448
	<u> </u>	<u> </u>
Net cash inflow for returns on investments and servicing of finance	<u><u>54,442</u></u>	<u><u>48,326</u></u>
 Capital expenditure and financial investment		
Cash receipts		
- investment sales	88,022	-
	<u> </u>	<u> </u>
Net cash inflow for capital expenditure	<u><u>88,022</u></u>	<u><u>-</u></u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.04 £	Cash flow £	At 31.12.04 £
Net cash:			
Cash at bank	18,244	(160)	18,084
	<u> </u>	<u> </u>	<u> </u>
	18,244	(160)	18,084
	<u> </u>	<u> </u>	<u> </u>
Total	<u><u>18,244</u></u>	<u><u>(160)</u></u>	<u><u>18,084</u></u>
 Analysed in Balance Sheet			
Cash at bank	18,244		18,084
	<u> </u>		<u> </u>
	<u><u>18,244</u></u>		<u><u>18,084</u></u>

The notes form part of these financial statements

Burton Inns Limited

Notes to the Financial Statements for the Year Ended 31 December 2004

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention. The company and its subsidiary comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare consolidated group accounts. Therefore the accounts present information about the company as an individual undertaking and not about its group.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Deferred tax

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

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

2. STAFF COSTS

	31.12.04	31.12.03
	£	£
Wages and salaries	4,000	4,000
Other pension costs	100	100
	<u>4,100</u>	<u>4,100</u>

The average monthly number of employees during the year was as follows:

	31.12.04	31.12.03
Management and administration	<u>2</u>	<u>2</u>

3. OPERATING LOSS

The operating loss is stated after charging:

	31.12.04	31.12.03
	£	£
Auditors' remuneration	<u>1,520</u>	<u>1,100</u>
Directors' emoluments	4,000	4,000
Directors' pension contributions to money purchase schemes	<u>100</u>	<u>100</u>

The number of directors to whom retirement benefits were accruing was as follows:

	1	1
Money purchase schemes	<u>1</u>	<u>1</u>

4. EXCEPTIONAL ITEMS

During the year, the company sold its listed investment (see note 7).

Burton Inns Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2004**

5. TAXATION

Analysis of the tax charge

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

	31.12.04 £	31.12.03 £
Current tax:		
UK corporation tax	4,794	2,053
	<u>4,794</u>	<u>2,053</u>
Tax on profit on ordinary activities	<u>4,794</u>	<u>2,053</u>

Factors affecting the tax charge

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

	31.12.04 £	31.12.03 £
Profit on ordinary activities before tax	113,645	36,254
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2003 - 19%)	21,593	6,888
Effects of:		
Non taxable dividend income	(4,685)	(4,835)
Tax losses utilised	(12,462)	-
Expenses not deductible for tax purposes	720	-
Capital gains indexation adjustments	(372)	-
Current tax charge	<u>4,794</u>	<u>2,053</u>

6. DIVIDENDS

	31.12.04 £	31.12.03 £
Equity shares:		
"A" ordinary shares of £1 each		
Proposed dividend	31,232	17,052
"B" ordinary shares of £1 each		
Proposed dividend	23,715	12,948
	<u>54,947</u>	<u>30,000</u>

Burton Inns Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2004**

7. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 January 2004	344,222
Disposals	(13,825)
	<u>330,397</u>
At 31 December 2004	<u>330,397</u>
NET BOOK VALUE:	
At 31 December 2004	<u>330,397</u>
At 31 December 2003	<u>344,222</u>
	31.12.04
	£
Investments listed on recognised stock exchange	-
Unlisted investments	13,825
	<u>330,397</u>
	<u>330,397</u>
	31.12.03
	£
	13,825
	<u>330,397</u>
	<u>344,222</u>

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

Branston Golf and Country Club Limited

Nature of business: Private golf club and leisure facilities

Class of shares:	%
Ordinary	holding
	64.80

	31.12.04	31.12.03
	£	£
Aggregate capital and reserves	2,004,987	1,974,534
Profit for the year	66,673	126,068
	<u>2,071,660</u>	<u>2,100,602</u>

8. DEBTORS

	31.12.04	31.12.03
	£	£
Amounts falling due within one year:		
Other Debtors	23,974	23,645
Prepayments	13,500	22,113
Amounts owed by subsidiary	10,532	10,532
	<u>48,006</u>	<u>56,290</u>
Amounts falling due after more than one year:		
Amounts owed by subsidiary	560,100	455,100
	<u>560,100</u>	<u>455,100</u>
Aggregate amounts	<u>608,106</u>	<u>511,390</u>

Burton Inns Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2004**

**9. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.12.04	31.12.03
	£	£
Trade Creditors	876	-
Other creditors and accruals	2,677	5,420
Amounts due to subsidiary undertaking	3,006	-
Dividend proposed	54,947	30,000
Corporation Tax	4,794	2,053
	<u>66,300</u>	<u>37,473</u>

10. CALLED UP SHARE CAPITAL

Authorised: Number:	Class:	Nominal value:	31.12.04	31.12.03
			£	£
544,000	"A" ordinary	£1	544,000	544,000
41,000	"B" ordinary	£1	41,000	41,000
415,000	5% redeemable preference shares	£1	415,000	415,000
			<u>1,000,000</u>	<u>1,000,000</u>

Allotted, issued and fully paid: Number:	Class:	Nominal value:	31.12.04	31.12.03
			£	£
54,000	"A" ordinary	£1	54,000	54,000
41,000	"B" ordinary	£1	41,000	41,000
			<u>95,000</u>	<u>95,000</u>

The "A" ordinary shares and the "B" ordinary shares rank pari passu in all respects other than as follows :

The majority of the "A" ordinary shareholders are entitled to appoint three directors.

The majority of the "B" ordinary shareholders are entitled to appoint one director.

11. CAPITAL REDEMPTION RESERVE

	31.12.04	31.12.03
	£	£
Brought forward	<u>420,000</u>	<u>420,000</u>

12. TRANSACTIONS WITH DIRECTORS

During the year the company charged interest of £28,687 (2003 - £22,112) and paid management charges of £2,500 (2003 - £2,500) to Branston Golf and Country Club Limited. R F Kerry and A A Gentles are directors in Branston Golf and Country Club Limited. The company has a material interest in the share capital of Branston Golf and Country Club Limited. The balance due from that company at 31st December 2004 was £581,016 (2003 - £487,444).

Burton Inns Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2004**

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.04	31.12.03
	£	£
Profit for the financial year	108,851	34,201
Dividends	(54,947)	(30,000)
	<hr/>	<hr/>
Net addition to shareholders' funds	53,904	4,201
Opening shareholders' funds	836,383	832,182
	<hr/>	<hr/>
Closing shareholders' funds	890,287	836,383
	<hr/>	<hr/>
Equity interests	890,287	836,383
	<hr/>	<hr/>

14. CONTROL

The company is controlled by its principal shareholder R F Kerry.

Burton Inns Limited

**Profit and Loss Account
for the Year Ended 31 December 2004**

	31.12.04		31.12.03	
	£	£	£	£
Income		-		-
Other income:				
Dividends received	1,190		1,978	
Dividends from subsidiaries	23,470		23,470	
Other interest receivable	29,782		22,878	
		54,442		48,326
		54,442		48,326
Expenditure:				
Directors' remuneration	4,000		4,000	
Pension Contributions	100		100	
Pension scheme costs	1,800		2,145	
Group central charges	2,500		2,500	
Sundry expenses	(32)		-	
Audit and accountancy	1,520		1,100	
Professional charges	5,078		2,452	
Rates and water	(85)		(345)	
		14,881		11,952
		39,561		36,374
Finance costs:				
Bank charges		113		120
		39,448		36,254
Exceptional items:				
Profit on sale of fixed asset investment		74,197		-
NET PROFIT		<u>£113,645</u>		<u>£36,254</u>