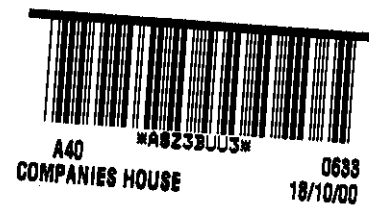


THE VINEYARD AT STOCKCROSS LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1999



Company No. 2233431

THE VINEYARD AT STOCKCROSS LIMITED

COMPANY INFORMATION

Directors	Malcolm V Morris Margaret V Morris
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Secretary	Margaret V Morris
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Company number	2233431
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Registered office	Stockcross Newbury Berkshire RG16 8JU
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Auditors	Feltons 12 Sheet Street Windsor Berkshire SL4 1BG
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THE VINEYARD AT STOCKCROSS LIMITED

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THE VINEYARD AT STOCKCROSS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1999

The directors present their report and the audited accounts for the company for the year ended 31st December 1999.

Principal activities and review of business

The company's principal activity continued to be that of running a restaurant and hotel.

Results and dividends

The results for the year are set out in the profit and loss account on page 4.

The directors consider the loss achieved on ordinary activities before taxation to be £3,438,805.

Dividends

The directors do not recommend a dividend .

Review of Financial Position and Future Developments

During the year a major programme of refurbishment continued. The Directors are continuing to monitor the options to enable the company to react to changes in market requirements and to take advantage of the altering economic position.

Directors

The directors who served during the year were

Malcolm V Morris

Margaret V Morris

Ian A Leslie (Resigned 31 July 1999)

No director had any interest in the issued share capital of the company.

Political and charitable contributions

During the year the company made the following political and charitable contributions:

	£
Charitable Donations	5,720

Year 2000

Many computer and digital storage systems express dates using only the last two digits of the year. These systems require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. There is, therefore, an exposure to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The company is well advanced in the phase of assessing the risks to our business resulting from the date change to the Year 2000. Once this phase is completed we can assess the likely impact on our activities and develop prioritised action plans to deal with the key risks.

THE VINEYARD AT STOCKCROSS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1999

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 year. 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;

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 keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and 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

Feltons have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

By order of the Board



Margaret V Morris, Secretary

Date: 7/10/2000

AUDITORS' REPORT TO THE

SHAREHOLDERS OF THE VINEYARD AT STOCKCROSS LIMITED

We have audited the accounts on pages 4 to 12 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and report our opinion to you.

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 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 the 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 31st December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Feltons
Chartered Accountants and Registered Auditors
12 Sheet Street
Windsor
Berkshire
SL4 1BG
Date: 9th October 2000

THE VINEYARD AT STOCKCROSS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1999

	Notes	1999 £	1998 £
Turnover	2	1,499,385	448,683
Cost of sales		(547,931)	(201,220)
Gross profit		951,454	247,463
Administrative expenses		(4,177,375)	(1,895,275)
Operating (Loss)	3	(3,225,921)	(1,647,812)
Interest receivable	4	2,649	11,276
Interest payable and similar charges	5	(215,533)	(236,306)
(Loss) on Ordinary Activities before Taxation		(3,438,805)	(1,872,842)
Tax on (loss) on ordinary activities		-	-
(Loss) for the Financial Year	17	(3,438,805)	(1,872,842)
Retained loss brought forward		(4,384,239)	(2,511,397)
Retained loss carried forward		(7,823,044)	(4,384,239)

All amounts relate to continuing activities.

There were no recognised gains or losses for 1999 or 1998 other than those included in the profit and loss account.


THE VINEYARD AT STOCKCROSS LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 1999

	Notes	£	1999 £	£	1998 £
Fixed assets					
Tangible assets	7		12,345,095		12,151,491
Investments	8		192,308		192,308
			<u>12,537,403</u>		<u>12,343,799</u>
Current assets					
Stocks	10	605,727		389,394	
Debtors	11	513,638		773,033	
Cash at bank and in hand		1,533		140,972	
		<u>1,120,898</u>		<u>1,303,399</u>	
Creditors: amounts falling due within one year	12	<u>(922,934)</u>		<u>(536,104)</u>	
Net current assets			<u>197,964</u>		<u>767,295</u>
Total assets less current liabilities			<u>12,735,367</u>		<u>13,111,094</u>
Creditors: amounts falling due after more than one year	13		16,901,851		13,838,773
Capital and reserves					
Share capital	16		2,867,895		2,867,895
Share premium account	17		20,587		20,587
Revaluation reserve	17		768,078		768,078
Profit and loss account	17		(7,823,044)		(4,384,239)
Shareholders' funds	18		<u>12,735,367</u>		<u>13,111,094</u>

These accounts were approved by the board on 7 October 2000 and signed on its behalf by:


 Malcolm V Morris
 Director

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

1 Accounting policies

Basis of accounting

The Financial Statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention, as modified by the revaluation of certain fixed assets.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary.

Consolidation

The accounts contain information about The Vineyard at Stockcross Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a small group.

Turnover

Turnover comprises the value of sales excluding value added tax and trade discounts.

Depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates and periods generally applicable are:

Plant and machinery	5-50%
Motor vehicles	25%
Fixtures and fittings	20-50%

Depreciation is not provided on freehold property because it is the company's practice to maintain the property in a continual state of sound repair and to extend and make improvements thereto from time to time. The useful economic life of the asset is thus so long and residual value so high that any depreciation would not be material. Any permanent diminution in the value of freehold property is charged to the profit and loss account as it arises.

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal annual instalments over the expected useful lives of the relevant assets.

Government grants/assistance of a revenue nature are/is credited to the profit and loss account in the same period as the related expenditure.

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Stocks

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

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

Deferred taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a material liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Hire purchase and leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

2 Turnover

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

3 Operating loss

The operating loss is arrived at after charging or crediting:

	1999	1998
	£	£
Depreciation of tangible fixed assets:		
-owned assets	391,983	94,377
-assets held under finance leases and hire purchase	-	6,450
Hire of equipment	5,905	21,790
Directors' remuneration (including pension contributions)	4,121	42,417
Auditors' remuneration	6,000	8,225

4 Interest receivable

	1999	1998
	£	£
Bank interest receivable	2,649	11,276

5 Interest payable and similar charges

	1999	1998
	£	£
Interest payable on bank loans and overdrafts	215,533	231,508
Finance leases and hire purchase contracts	-	4,798
	215,533	236,306

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

6 Directors and Employees

Staff costs, including directors' remuneration, were as follows:

	1999	1998
	£	£
Wages and salaries	1,030,196	1,002,125
Social security costs	86,065	85,070
Other pension costs	19,561	12,791
	<u>1,135,822</u>	<u>1,099,986</u>

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

	1999	1998
	Number	Number
Management and Administration	9	16
Sales and Marketing	6	3
Operational	82	54
	<u>97</u>	<u>73</u>

Directors' emoluments

	1999	1998
	£	£
Aggregate emoluments	<u>4,121</u>	<u>42,417</u>
	<u>4,121</u>	<u>42,417</u>

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

7 Tangible fixed assets

	Land, Buildings and Fixtures £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or Valuation					
At 1st January 1999	10,888,733	1,411,911	61,050	1,094,117	13,455,811
Additions	74,980	310,107	20,000	180,500	585,587
At 31st December 1999	10,963,713	1,722,018	81,050	1,274,617	14,041,398
Depreciation					
At 1st January 1999	-	412,740	27,687	863,893	1,304,320
Charge for the year	-	311,041	20,263	60,679	391,983
At 31st December 1999	-	723,781	47,950	924,572	1,696,303
Net book value					
At 31st December 1999	10,963,713	998,237	33,100	350,045	12,345,095
<i>At 31st December 1998</i>	<i>10,888,733</i>	<i>999,171</i>	<i>33,363</i>	<i>230,224</i>	<i>12,151,491</i>

During 1996, freehold land and buildings were revalued to the open market value of £4,250,000.

On a historical cost basis, freehold land and buildings would have been included as follows:

	31st December 1999 £	1st January 1999 £
Cost	11,279,901	11,037,824

Assets held under finance leases and hire purchase originally cost £- (1998: £32,250) and have a net book value of £- (1998: £12,900). Depreciation charged for the year was £- (1998: £6,450).

8 Fixed asset investments

	Shares in Group Under- takings £	Total £
Cost and Net Book Value		
At 31st December 1999	192,308	192,308
<i>At 31st December 1998</i>	<i>192,308</i>	<i>192,308</i>

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

9 Shares in group undertakings

The company holds 100% of the ordinary share capital of the following companies:

Name of company and registered office	Country of Incorporation & registration	Principle activities	Share capital and reserves	Profit/(Loss) for year
Knights Valley Hotels Limited	England	Dormant	£92,308	Nil
Foley Lodge Limited	England	Dormant	£100,000	Nil

10 Stocks

	1999	1998
	£	£
Finished goods and goods for resale	605,727	389,394
	<u>605,727</u>	<u>389,394</u>

11 Debtors

	1999	1998
	£	£
Trade debtors	167,436	42,144
Amounts owed by related parties	212,287	-
Other debtors	79,961	310,476
Prepayments and accrued income	53,954	420,413
	<u>513,638</u>	<u>773,033</u>

12 Creditors: amounts falling due within one year

	1999	1998
	£	£
Bank loans and overdrafts (Note 15)	302,723	157,000
Trade creditors	460,930	242,208
Other creditors	29,222	7,308
Accruals and deferred income	130,059	75,104
Other taxes and social security	-	30,764
Obligations under hire purchase and finance lease (Note 14)	-	23,720
	<u>922,934</u>	<u>536,104</u>

The bank loan is secured by a fixed and floating charge over all of the company's assets.

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

13	Creditors: amounts falling due after more than one year	1999	1998
		£	£
	Bank loan (Note 15)	2,014,543	2,191,465
	Amounts owed to associated undertakings (Note 15)	14,887,308	11,647,308
		16,901,851	13,838,773
	The bank loan is secured by a fixed and floating charge over all of the company's assets.		
14	Obligations under hire purchase and finance leases	1999	1998
		£	£
	Obligations under hire purchase contracts and finance leases are analysed between amounts payable:		
	In the next year	-	23,720
		-	23,720
15	Loans and borrowings	1999	1998
		£	£
	Analysis of loans		
	Bank loans and overdraft	2,317,266	2,348,465
	Obligations under hire purchase and finance lease	-	23,720
	Amounts owed to associated undertakings	14,887,308	11,647,308
		17,204,574	14,019,493
	Maturity of debt		
	In one year or less, or on demand	302,723	157,000
	In more than one year, but not more than two years	15,078,308	11,820,308
	In more than two years, but not more than five years	825,000	979,000
	In more than five years	998,543	1,039,465
		17,204,574	13,995,773
	Loans payable by instalments		
	Amounts included in creditors and payable in more than five years	998,543	1,039,465
		998,543	1,039,465

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

16	Share capital	1999	1998
		£	£
	Authorised		
	Equity shares		
	4,800,000 Ordinary shares of £1.00 each	<u>4,800,000</u>	<u>4,800,000</u>
		<u>4,800,000</u>	<u>4,800,000</u>
	Issued		
	Equity shares		
	2,867,895 Allotted, called up and fully paid ordinary shares of £1.00 each	<u>2,867,895</u>	<u>2,867,895</u>
		<u>2,867,895</u>	<u>2,867,895</u>
17	Reserves		
		Share premium account	Revaluation reserve
		£	£
	At 1st January 1999	20,587	768,078
	(Loss) for the year	-	-
	At 31st December 1999	<u>20,587</u>	<u>768,078</u>
18	Reconciliation of movement in shareholders' funds	1999	1998
		£	£
	(Loss) for the financial year	<u>(3,438,805)</u>	<u>(1,872,842)</u>
	(Decrease) in the shareholders' funds	<u>(3,438,805)</u>	<u>(1,872,842)</u>
	Opening shareholders' funds	<u>(727,679)</u>	<u>1,145,163</u>
	Closing shareholders' funds	<u>(4,166,484)</u>	<u>(727,679)</u>
19	Capital commitments		
	The company had the following capital commitments:	1999	1998
		£	£
	Contracted for but not provided in the financial statements	<u>-</u>	<u>95,000</u>
20	Ultimate holding company		
	The company's ultimate holding company and controlling party is Stockford Limited, a company incorporated in the United Kingdom and registered in England.		
	The Company has taken advantage of the exemption under FRS 8 regarding disclosure of related party transactions as it is a wholly owned subsidiary. The company's results are included in the consolidated financial statements of Stockford Limited		