

THE VINEYARD AT STOCKCROSS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2001

Company Registration Number 2233431



THE VINEYARD AT STOCKCROSS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

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THE VINEYARD AT STOCKCROSS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Malcolm Morris
Margaret Morris
Andrew McKenzie
Peter Gubb

Company secretary

Margaret Morris

Registered office

Stockcross
Newbury
Berkshire
RG16 8JU

Auditors

Feltons
Chartered Accountants
& Registered Auditors
12 Sheet Street
Windsor
Berkshire
SL4 1BG

THE VINEYARD AT STOCKCROSS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2001

The directors present their report and the financial statements of the company for the year ended 31 December 2001.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was running a restaurant, hotel and other related activities.

During the year the 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.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year were as follows:

Malcolm Morris

Margaret Morris

Andrew McKenzie

Peter Gubb

(Appointed 5 January 2001)

No director had any beneficial interest in the shares of the company.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

THE VINEYARD AT STOCKCROSS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2001

AUDITORS

A resolution to re-appoint Feltons as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the directors



MARGARET MORRIS
Company Secretary

Approved by the directors on 29 Aug 2002

THE VINEYARD AT STOCKCROSS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 DECEMBER 2001

We have audited the financial statements on pages 5 to 14 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 8.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility 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 the directors' report 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 2001 and of the loss of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

12 Sheet Street
Windsor
Berkshire
SL4 1BG

Feltoms
2nd September 2002

FELTONS
Chartered Accountants
& Registered Auditors

THE VINEYARD AT STOCKCROSS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2001

	Note	2001 £	2000 £
TURNOVER	2	3,795,621	3,170,110
Cost of sales		<u>1,368,610</u>	<u>1,103,485</u>
GROSS PROFIT		2,427,011	2,066,625
Administrative expenses		<u>3,550,978</u>	<u>3,327,465</u>
OPERATING LOSS	3	(1,123,967)	(1,260,840)
Loss on revaluation of freehold property	6	<u>(1,496,314)</u>	<u>-</u>
		(2,620,281)	(1,260,840)
Interest receivable		4,407	3,833
Interest payable	7	<u>(179,466)</u>	<u>(197,703)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(2,795,340)	(1,454,710)
Tax on loss on ordinary activities		-	-
LOSS FOR THE FINANCIAL YEAR		<u>(2,795,340)</u>	<u>(1,454,710)</u>

All of the activities of the company are classed as continuing.

THE VINEYARD AT STOCKCROSS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31 DECEMBER 2001

	2001 £	2000 £
Loss for the financial year attributable to the shareholders	(2,795,340)	(1,454,710)
Unrealised loss on revaluation of tangible fixed assets:		
Freehold Land & Buildings	(768,078)	-
Total gains and losses recognised since the last annual report	<u>(3,563,418)</u>	<u>(1,454,710)</u>

The notes on pages 8 to 14 form part of these financial statements.

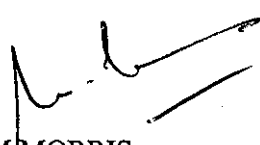
THE VINEYARD AT STOCKCROSS LIMITED

BALANCE SHEET

31 DECEMBER 2001

	Note	2001	2000
		£	£
FIXED ASSETS			
Tangible assets	8	9,638,085	12,213,691
Investments	9	192,308	192,308
		<u>9,830,393</u>	<u>12,405,999</u>
CURRENT ASSETS			
Stocks	10	1,252,845	1,132,331
Debtors	11	557,757	519,241
Cash at bank and in hand		133,489	282,383
		<u>1,944,091</u>	<u>1,933,955</u>
CREDITORS: Amounts falling due within one year	12	<u>(838,772)</u>	<u>(773,498)</u>
NET CURRENT ASSETS		<u>1,105,319</u>	<u>1,160,457</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,935,712</u>	<u>13,566,456</u>
		<u>10,935,712</u>	<u>13,566,456</u>
CREDITORS: Amounts falling due after more than one year	13	20,120,324	19,187,650
CAPITAL AND RESERVES			
Called-up equity share capital	15	2,867,895	2,867,895
Share premium account		20,587	20,587
Revaluation reserve	16	-	768,078
Profit and Loss Account	17	(12,073,094)	(9,277,754)
SHAREHOLDERS' FUNDS	18	<u>10,935,712</u>	<u>13,566,456</u>

These financial statements were approved by the directors on the 29 Aug 2002 and are signed on their behalf by:


MALCOLM MORRIS
Director

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cashflow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

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	- 20-33.3%
Fixtures & Fittings	- 25%
Motor Vehicles	- 25%

Depreciation is not provided on freehold land and buildings as it is part of the company's regular programme to continually refurbish and maintain the property to ensure that the building is maintained to the highest standards. This programme ensures that the useful economic life is to be so long, and residual value so high that any depreciation charge would be immaterial. Any permanent diminution in value is charged to the profit and loss account as it arises.

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.

2. TURNOVER

An analysis of turnover by geographical area is given below:

	2001 £	2000 £
United Kingdom	3,781,313	3,170,110
Europe	14,308	-
	<u>3,795,621</u>	<u>3,170,110</u>

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

3. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2001 £	2000 £
Directors' emoluments	76,521	-
Directors' pension contributions	3,176	-
Depreciation	464,755	478,948
Profit on disposal of fixed assets	-	(9,574)
Auditors' remuneration		
- as auditors	6,000	5,610
- accountancy	2,004	-
Operating lease costs:		
Plant and equipment	14,910	15,718
Net loss on foreign currency translation	-	491

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2001 No.	2000 No.
Number of management and administration staff	30	29
Number of sales and marketing staff	10	7
Number of operational staff	71	75
	<u>111</u>	<u>111</u>

The aggregate payroll costs of the above were:

	2001 £	2000 £
Wages and salaries	1,585,747	1,298,892
Social security costs	127,769	115,715
Other pension costs	25,749	14,336
	<u>1,739,265</u>	<u>1,428,943</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2001 £	2000 £
Emoluments receivable	76,521	-
Value of company pension contributions to money purchase schemes	3,176	-
	<u>79,697</u>	<u>-</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	2001 No.	2000 No.
Money purchase schemes	<u>1</u>	<u>-</u>

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

6. REVALUATION OF FREEHOLD PROPERTY

	2001 £	2000 £
Revaluation of freehold property	<u>(1,496,314)</u>	<u>-</u>

7. INTEREST PAYABLE

	2001 £	2000 £
Interest payable on bank borrowing	179,023	197,590
Other similar charges payable	443	113
	<u>179,466</u>	<u>197,703</u>

8. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Freehold Land & Buildings £	Total £
COST					
At 1 January 2001	1,755,960	1,371,023	91,159	11,140,804	14,358,946
Additions	24,221	14,232	-	123,588	162,041
Disposals	-	-	(19,199)	-	(19,199)
Revaluation	-	-	-	(2,264,392)	(2,264,392)
At 31 December 2001	<u>1,780,181</u>	<u>1,385,255</u>	<u>71,960</u>	<u>9,000,000</u>	<u>12,237,396</u>
DEPRECIATION					
At 1 January 2001	1,096,491	999,353	49,411	-	2,145,255
Charge for the year	393,549	48,410	22,796	-	464,755
On disposals	-	-	(10,699)	-	(10,699)
At 31 December 2001	<u>1,490,040</u>	<u>1,047,763</u>	<u>61,508</u>	<u>-</u>	<u>2,599,311</u>
NET BOOK VALUE					
At 31 December 2001	<u>290,141</u>	<u>337,492</u>	<u>10,452</u>	<u>9,000,000</u>	<u>9,638,085</u>
At 31 December 2000	<u>659,469</u>	<u>371,670</u>	<u>41,748</u>	<u>11,140,804</u>	<u>12,213,691</u>

Revaluation of fixed assets

During the year ended 31 December 2001, freehold land and buildings were revalued by the directors, on an open market basis, to £9,000,000.

In respect of assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2001 £	2000 £
NBV of revalued tangible fixed assets:		
Historical cost	<u>10,496,315</u>	<u>10,372,727</u>

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

8. TANGIBLE FIXED ASSETS *(continued)*

Capital commitments

	2001 £	2000 £
Contracted but not provided for in the accounts	<u>20,000</u>	<u>22,310</u>

9. INVESTMENTS

	Shares in Group Undertakings £
COST	
At 1 January 2001 and 31 December 2001	<u>192,308</u>
NET BOOK VALUE	
At 31 December 2001	<u>192,308</u>
At 31 December 2000	<u>192,308</u>

The company owns 100% of the issued share capital of the companies listed below.

	2001 £	2000 £
Aggregate capital and reserves		
Knights Valley Hotels Limited (dormant)	92,308	92,308
Foley Lodge Limited (dormant)	100,000	100,000
Profit and (loss) for the year		
Knights Valley Hotels Limited (dormant)	nil	nil
Foley Lodge Limited (dormant)	nil	nil

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

10. STOCKS

	2001 £	2000 £
Raw materials	14,951	-
Finished goods	<u>1,237,894</u>	<u>1,132,331</u>
	<u>1,252,845</u>	<u>1,132,331</u>

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

11. DEBTORS

	2001 £	2000 £
Trade debtors	214,862	256,671
Amounts owed by group undertakings	263,680	198,079
Other debtors	273	77
Prepayments and accrued income	78,942	64,414
	<u>557,757</u>	<u>519,241</u>

12. CREDITORS: Amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	213,954	190,900
Trade creditors	343,863	247,555
Amounts owed to group undertakings	1,172	84,009
Taxation and social security	133,712	49,438
Other creditors	22,074	12,506
Accruals and deferred income	123,997	189,090
	<u>838,772</u>	<u>773,498</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2001 £	2000 £
Bank loans and overdrafts	<u>213,954</u>	<u>190,900</u>

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

13. CREDITORS: Amounts falling due after more than one year

	2001 £	2000 £
Bank loans and overdrafts	1,603,513	1,820,339
Amounts owed to group undertakings	18,516,811	17,367,311
	<u>20,120,324</u>	<u>19,187,650</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2001 £	2000 £
Bank loans and overdrafts	<u>1,603,513</u>	<u>1,820,339</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 FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

13. CREDITORS: Amounts falling due after more than one year *(continued)*

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2001 £	2000 £
Bank loans and overdrafts	<u>511,825</u>	<u>590,139</u>

14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 8 regarding disclosure of related party transactions as it is a wholly owned subsidiary.

15. SHARE CAPITAL

Authorised share capital:

	2001 £	2000 £
4,800,000 Ordinary shares of £1.00 each	<u>4,800,000</u>	<u>4,800,000</u>

Allotted, called up and fully paid:

	2001 £	2000 £
Ordinary share capital	<u>2,867,895</u>	<u>2,867,895</u>

16. REVALUATION RESERVE

	2001 £	2000 £
Balance brought forward	768,078	768,078
Revaluation of fixed assets	<u>(768,078)</u>	<u>-</u>
Balance carried forward	<u>-</u>	<u>768,078</u>

17. PROFIT AND LOSS ACCOUNT

	2001 £	2000 £
Balance brought forward	(9,277,754)	(7,823,044)
Retained loss for the financial year	<u>(2,795,340)</u>	<u>(1,454,710)</u>
Balance carried forward	<u>(12,073,094)</u>	<u>(9,277,754)</u>

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2001

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Loss for the financial year	(2,795,340)	(1,454,710)
Other net recognised gains and losses	(768,078)	-
Net reduction to funds	(3,563,418)	(1,454,710)
Opening shareholders' equity funds	(5,621,194)	(4,166,484)
Closing shareholders' equity funds	(9,184,612)	(5,621,194)

19. ULTIMATE PARENT COMPANY

The company considers Stockford Limited, a company registered in England, to be its parent and ultimate controlling party.

The company's results are included in the consolidated financial statements of Stockford Limited.