

WOOLLEY GRANGE LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2006

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Company no 2503442

WOOLLEY GRANGE LIMITED

FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2006

Company registration number	2503442
Registered office	Sixth Floor 90 Fetter Lane London EC4A 1PT
Director	A Davis
Secretary	G D Secretarial Services Limited
Solicitors	Goodman Derrick Sixth Floor 90 Fetter Lane London EC4A 1PT Kingsley Napley Knights Quarter 14 St Johns Lane London EC1M 4AJ
Auditors	Grant Thornton UK LLP Registered Auditors Chartered Accountants Grant Thornton House Melton Street Euston Square London NW1 2EP

WOOLLEY GRANGE LIMITED

FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2006

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WOOLLEY GRANGE LIMITED

REPORT OF THE DIRECTOR

The director presents his report together with the audited financial statements for the year ended 31 December 2006

Principal activity

The principal activity of the company is that of a hotel operator

Business review

There was a profit, after taxation, in the year amounting to £71,910 (2005 loss £153,497) The directors do not recommend the payment of a dividend

Director

Mr A Davis is the sole director of the company He has no interest in the share capital of the company His interest in the share capital of the parent undertaking is shown in that company's financial statements

Financial risk management objectives and policies

The company uses various financial instruments These include loans to and from group undertakings, cash, loans and various items, such as trade debtors and trade creditors, which arise directly from its operations The main purpose of these financial instruments is to raise finance for the company's operations

The existence of these financial instruments exposes the company to a number of financial risks, the principal ones of which are liquidity risk and credit risk

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably The company finances its operations primarily from retained profits and bank borrowings

Credit risk

The company's principal credit risk relates to the recovery of trade debtors, although it is not considered significant due to the nature of the business Amounts owing from credit card companies represent a proportion of the group's trade debtors However, the directors consider credit risk to be limited due to the terms of contract the group has with the credit card companies In order to manage credit risk relating to other trade debtors, subsidiary credit controllers and directors review the aged debtors and collection history on a regular basis

WOOLLEY GRANGE LIMITED

REPORT OF THE DIRECTOR

Statement of director's responsibilities

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the director 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 these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

In so far as the director is aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all steps that they ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information

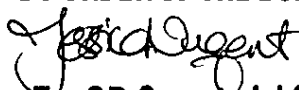
The director is responsible for keeping proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The director is responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Mazars LLP resigned during the year having confirmed there were no circumstances connected with their resignation that needed bringing to the attention of members or creditors. Grant Thornton UK LLP were appointed to fill the casual vacancy arising and offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



For GD Secretarial Services Ltd.

G D Secretarial Services Limited

Secretary

17 September 2007

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
WOOLLEY GRANGE LIMITED**

We have audited the financial statements of Woolley Grange Limited for the year ended 31 December 2006, which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 16. 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 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 director and auditors

The director's responsibilities for preparing the Director's Report and the financial statements, in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice), are set out in the Statement of Director's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Director's 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 director's remuneration and other transactions is not disclosed.

We read the Director's Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
WOOLLEY GRANGE LIMITED**

Opinion

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Director's Report is consistent with the financial statements for the year ended 31 December 2006

Grant Thornton UK LLP

**GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

LONDON

17 September 2007

WOOLLEY GRANGE LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The principal accounting policies of the company remain unchanged from the previous year and are set out below

TURNOVER

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

TANGIBLE FIXED ASSETS AND DEPRECIATION

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

Fixtures, fittings and equipment 3 to 20 years

LEASING AND HIRE PURCHASE COMMITMENTS

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to provide a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

STOCK

Stock is valued at the lower of cost and net realisable value.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured, on a non-discounted basis, using rates of tax that have been enacted or substantively enacted by the balance sheet date.

WOOLLEY GRANGE LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 DECEMBER 2006

	Note	Year ended 31 December 2006 £	Year ended 3 January 2005 £
Turnover	1	1,925,556	1,759,251
Cost of sales		<u>(408,062)</u>	<u>(381,588)</u>
Gross profit		1,517,494	1,377,663
Administrative expenses		<u>(1,807,212)</u>	<u>(1,276,145)</u>
Operating (loss)/profit		(289,718)	101,518
Interest payable and similar charges	2	<u>-</u>	<u>(119,387)</u>
Loss on ordinary activities before taxation	1	(289,718)	(17,869)
Tax on loss on ordinary activities	4	<u>361,628</u>	<u>(135,628)</u>
Profit/(loss) on ordinary activities after taxation	11	<u>71,910</u>	<u>(153,497)</u>

All transactions arise from continuing operations

There were no recognised gains or losses other than the profit/(loss) for the financial year

The accompanying accounting policies and notes form an integral part of these financial statements

BALANCE SHEET AT 31 DECEMBER 2006

For GD Secretarial Services Ltd.

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WOOLLEY GRANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2006

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom

The loss on ordinary activities before taxation is stated after charging

	2006 £	2005 £
Auditors' remuneration	6,250	6,250
Depreciation of tangible fixed assets owned	-	71,325

2 INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £	2005 £
On amounts payable to group companies	-	119,387

3 DIRECTORS AND EMPLOYEES

	2006 £	2005 £
Wages and salaries	705,291	589,913

	2006 Number	2005 Number
The average number of employees (including directors) during the year was	51	50

WOOLLEY GRANGE LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 DECEMBER 2006

4 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax charge/(credit) is based on the loss for the year and represents

	2006 £	2005 £
Deferred tax (credit)/charge current year	<u>(361,628)</u>	<u>135,628</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30% (2005 30%)	(86,915)	(5,361)
Effect of		
Expenses not deductible for tax purposes	129	3,240
Depreciation in excess of capital allowances	455,273	(18,206)
Group tax relief		20,327
Income not taxable for tax purposes	(455,867)	-
Tax losses carried forward	87,380	-
Current tax charge for period	<u>-</u>	<u>-</u>

5 TANGIBLE FIXED ASSETS

	Land and buildings freehold £	Fixture, fittings and equipment £	Total £
Cost			
At 1 January 2006	5,342,752	845,941	6,188,693
Additions	-	7,921	7,921
Disposals	(5,342,752)	(845,941)	(6,188,693)
At 31 December 2006	<u>-</u>	<u>7,921</u>	<u>7,921</u>
Depreciation			
At 1 January 2006	-	188,693	188,693
Disposals	-	(188,693)	(188,693)
At 31 December 2006	<u>-</u>	<u>-</u>	<u>-</u>
Net book value			
31 December 2006	<u>-</u>	<u>7,921</u>	<u>7,921</u>
Net book value			
31 December 2005	<u>5,342,752</u>	<u>657,248</u>	<u>6,000,000</u>

WOOLLEY GRANGE LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 DECEMBER 2006

6 STOCKS

	2006 £	2005 £
Goods for resale	<u>37,496</u>	<u>39,947</u>

7 DEBTORS

	2006 £	2005 £
Trade debtors	72,519	94,908
Amounts owed by other group undertakings	5,208,750	-
Other debtors	95,767	1,880
Prepayments and accrued income	<u>20,782</u>	<u>22,703</u>
	<u>5,397,818</u>	<u>119,491</u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £	2005 £
Bank loans and overdrafts	365,026	8,726
Trade creditors	138,482	80,781
Amounts owed to group undertakings	220,000	1,053,970
Taxation and social security	49,189	56,201
Other creditors	66,956	65,317
Accruals and deferred income	<u>18,670</u>	<u>18,332</u>
	<u>858,323</u>	<u>1,283,327</u>

9 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred tax liability £
Balance at 1 January 2006	361,628
Credit for the year	<u>(361,628)</u>
Balance at 31 December 2006	<u>-</u>

The deferred tax liability is made up as follows

	2006 £	2005 £
Accelerated capital allowances	<u>-</u>	<u>361,628</u>

WOOLLEY GRANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2006

10 SHARE CAPITAL

	2006 £	2005 £
Authorised		
2,000,000 'A' Ordinary shares of 50p each	1,000,000	1,000,000
1,000,000 'B' Ordinary shares of 50p each	500,000	500,000
Allotted, called up and fully paid		
1,646,022 'A' Ordinary shares of 50p each	823,011	823,011
620,150 'B' Ordinary shares of 50p each	310,075	310,075

11 RESERVES

	Share premium £	Revaluation reserve £	Profit and loss account £
At 1 January 2006	360,606	2,692,779	328,267
Profit for the financial year	-	-	71,910
Transfer	-	(2,692,779)	2,692,779
At 31 December 2006	360,606	-	3,092,956

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit/(loss) for the financial year	71,910	(153,497)
Other recognised gains and losses	-	2,593,357
Depreciation written back	-	126,136
Opening shareholders' funds	4,514,738	1,948,742
Closing shareholders' funds	4,586,648	4,514,738

13 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2006 or 31 December 2005

14 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2006 or 31 December 2005

WOOLLEY GRANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2006

15 TRANSACTIONS WITH RELATED PARTIES

The company has taken advantage of the exemption in Financial Reporting Standard No 8 "Related party disclosures" and has not disclosed transactions with group undertakings

There are no other related party transactions

16 CONTROLLING RELATED PARTY

The immediate parent undertaking is von Essen Hotels 4 Limited and the ultimate parent undertaking is von Essen Mining and Development Corporation (UK) Limited, both companies being registered in England and Wales. The registered office is situated at 90 Fetter Lane, London EC4A 1PT

The ultimate parent undertaking is owned by Mr A Davis

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by von Essen Mining and Development Corporation (UK) Limited