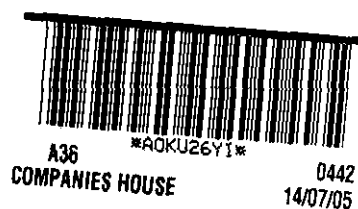


COMPANY REGISTRATION NUMBER 03077946

**VINE DEVELOPMENTS LIMITED**  
**FINANCIAL STATEMENTS**

**31 MARCH 2005**



**HARE WILSON ASSOCIATES**

Chartered Accountants & Registered Auditors  
Redmead House,  
Uxbridge Road,  
Hillingdon Heath,  
Uxbridge  
Middlesex  
UB 10 0LT

**VINE DEVELOPMENTS LIMITED**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2005**

<b>CONTENTS</b>	<b>PAGES</b>
The directors' report	1 to 2
Independent auditors' report to the shareholders	3 to 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 to 11
<b>The following pages do not form part of the financial statements</b>	
Detailed profit and loss account	13
Notes to the detailed profit and loss account	14

# VINE DEVELOPMENTS LIMITED

## THE DIRECTORS' REPORT

### YEAR ENDED 31 MARCH 2005

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2005.

#### PRINCIPAL ACTIVITIES

The principal activity of the company is that of property developing.

#### THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 March 2005	At 1 April 2004
G. DYKE	962,000	962,000
R. WEBB	<u>—</u>	<u>—</u>

#### 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 year.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, 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.

#### AUDITORS

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

# VINE DEVELOPMENTS LIMITED

## THE DIRECTORS' REPORT *(continued)*

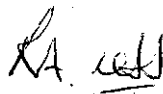
YEAR ENDED 31 MARCH 2005

### SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:  
REDMEAD HOUSE  
UXBRIDGE ROAD  
HILLINGDON HEATH  
MIDDLESEX  
UB10 0LT

Signed by order of the directors



R. WEBB  
Company Secretary

Approved by the directors on 1<sup>st</sup> July 2005

# **VINE DEVELOPMENTS LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VINE DEVELOPMENTS LIMITED**

**YEAR ENDED 31 MARCH 2005**

We have audited the financial statements of VINE DEVELOPMENTS LIMITED for the year ended 31 March 2005 on pages 5 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on page 7.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the 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 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.

# VINE DEVELOPMENTS LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VINE DEVELOPMENTS LIMITED *(continued)*

YEAR ENDED 31 MARCH 2005

### OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

*Hare Wilson Associates*

Redmead House,  
Uxbridge Road,  
Hillingdon Heath,  
Uxbridge  
Middlesex  
UB 10 0LT

HARE WILSON ASSOCIATES  
Chartered Accountants  
& Registered Auditors

11-07-2005

# VINE DEVELOPMENTS LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2005

	Note	2005 £	2004 £
<b>TURNOVER</b>		—	—
Cost of sales		<u>83,302</u>	<u>(4,918)</u>
<b>GROSS (LOSS)/PROFIT</b>		<b>(83,302)</b>	<b>4,918</b>
Administrative expenses		144,796	94,112
Other operating income		<u>(249,490)</u>	<u>(24,948)</u>
<b>OPERATING PROFIT/(LOSS)</b>	<b>2</b>	<b>21,392</b>	<b>(64,246)</b>
Income from shares in group undertakings	<b>3</b>	—	36,411
Interest receivable		231,096	154,602
Interest payable and similar charges		<u>(225,946)</u>	<u>(64,964)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>26,542</b>	<b>61,803</b>
Tax on profit on ordinary activities	<b>4</b>	<b>5,042</b>	<b>4,824</b>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<b>21,500</b>	<b>56,979</b>
Balance brought forward		<u>804,320</u>	<u>747,341</u>
Balance carried forward		<u><b>825,820</b></u>	<u><b>804,320</b></u>

The notes on pages 7 to 11 form part of these financial statements.

# VINE DEVELOPMENTS LIMITED

## BALANCE SHEET

31 MARCH 2005

	Note	2005 £	2004 £
<b>FIXED ASSETS</b>			
Tangible assets	5	131,668	136,354
<b>CURRENT ASSETS</b>			
Stocks		1,800,884	1,677,737
Debtors	6	3,692,061	3,821,750
Investments	7	36,511	36,511
Cash at bank		189,216	43,992
		<u>5,718,672</u>	<u>5,579,990</u>
<b>CREDITORS: Amounts falling due within one year</b>	8	<u>4,037,153</u>	<u>3,924,139</u>
<b>NET CURRENT ASSETS</b>		<u>1,681,519</u>	<u>1,655,851</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,813,187</u>	<u>1,792,205</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	9	956	1,474
		<u>1,812,231</u>	<u>1,790,731</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	12	974,000	974,000
Share premium account	13	12,411	12,411
Profit and loss account		825,820	804,320
<b>SHAREHOLDERS' FUNDS</b>		<u>1,812,231</u>	<u>1,790,731</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 1<sup>st</sup> June 2005 and are signed on their behalf by:



G. Dyke  
Director

The notes on pages 7 to 11 form part of these financial statements.



**VINE DEVELOPMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2005**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

**Fixed assets**

All fixed assets are initially recorded at cost.

**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:

Fixtures, Fittings & Equipment - 20% S.L.Basis (10% S.L.in year of acquisition & disposal)

**Stocks**

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

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**VINE DEVELOPMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2005**

**2. OPERATING PROFIT/(LOSS)**

Operating profit/(loss) is stated after charging:

	2005	2004
	£	£
Directors' emoluments	10,000	9,600
Depreciation of owned fixed assets	6,136	5,069
Auditors' fees	<u>1,800</u>	<u>1,700</u>

**3. INCOME FROM SHARES IN GROUP UNDERTAKINGS**

	2005	2004
	£	£
Income from group undertakings	<u>—</u>	<u>36,411</u>

**4. TAXATION ON ORDINARY ACTIVITIES**

	2005	2004
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 19% (2004 - 19%)	<u>5,560</u>	<u>4,211</u>
Total current tax	<u>5,560</u>	<u>4,211</u>
Deferred tax:		
Origination and reversal of timing differences (note 9)		
Capital allowances	<u>(518)</u>	<u>613</u>
Tax on profit on ordinary activities	<u>5,042</u>	<u>4,824</u>

**VINE DEVELOPMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2005**

**5. TANGIBLE FIXED ASSETS**

	Freehold Property £	Fixtures, Fittings & Equipment £	Total £
<b>COST</b>			
At 1 April 2004	117,845	29,965	147,810
Additions	—	1,450	1,450
<b>At 31 March 2005</b>	<u>117,845</u>	<u>31,415</u>	<u>149,260</u>
<b>DEPRECIATION</b>			
At 1 April 2004	—	11,456	11,456
Charge for the year	—	6,136	6,136
<b>At 31 March 2005</b>	<u>—</u>	<u>17,592</u>	<u>17,592</u>
<b>NET BOOK VALUE</b>			
<b>At 31 March 2005</b>	<u>117,845</u>	<u>13,823</u>	<u>131,668</u>
At 31 March 2004	<u>117,845</u>	<u>18,509</u>	<u>136,354</u>

**6. DEBTORS**

	2005 £	2004 £
VAT recoverable	—	13,538
Other debtors	3,692,061	3,763,318
Prepayments and accrued income	—	44,894
	<u>3,692,061</u>	<u>3,821,750</u>

Included in other debtors are loans made in respect of current projects. The company has either legal mortgages or other security secured on the properties concerned.

**7. INVESTMENTS**

	2005 £	2004 £
Shares in group undertakings	<u>36,511</u>	<u>36,511</u>

# VINE DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2005

### 8. CREDITORS: Amounts falling due within one year

	2005	2004
	£	£
Bank loans and overdrafts	1,629,511	2,500,000
Trade creditors	115,882	1,018,800
Amounts owed to group undertakings	100	100
Other creditors including taxation and social security:		
Corporation tax	7,826	5,202
PAYE and social security	1,922	—
VAT	19,108	—
Directors loan accounts	250,000	—
Other creditors	2,000,240	388,432
Accruals and deferred income	12,564	11,605
	<u>2,291,660</u>	<u>405,239</u>
	<u>4,037,153</u>	<u>3,924,139</u>

The bank loan of £2.5 million is secured by a legal mortgage over Heron House Hotel, Thurlestone Sands, Kingsbridge, together with guarantees from associated company, Vine Leisure Limited.

### 9. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2005	2004
	£	£
Provision brought forward	1,474	861
Profit and loss account movement arising during the year	(518)	613
Provision carried forward	<u>956</u>	<u>1,474</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2005	2004
	£	£
Excess of taxation allowances over depreciation on fixed assets	956	1,474
	<u>956</u>	<u>1,474</u>

### 10. CONTINGENCIES

There were no contingent liabilities as at 31st March 2005 .

**VINE DEVELOPMENTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2005**

**11. RELATED PARTY TRANSACTIONS**

- 1) The company was under the control of Mr G.Dyke throughout the current and previous year, by virtue of the fact that he owns 98.77% of the company's issued share capital.
- 2) During the year the company received £150,000 for Marketing advice from Vine Leisure Limited (2004: Nil). At the balance sheet date the amount owed to Vine Leisure Limited was £1,594,239, a company controlled by Mr.G.Dyke (2004: £200,000). The Bank loan is partly secured by guarantees from Vine Leisure Limited.
- 3) During the year the company received £70,000 for office services & project advice from Gregory Dyke Services. (2004: Nil)
- 4) Mr.G.Dyke made a loan to the company in the year of £250,000, which was still outstanding at the balance sheet date. (2004: Nil)
- 5) At the balance sheet date the company owed £100 to its group company, Vine Productions Limited. (2004: £100)

All of the above were commercial transactions carried out at arms length.

**12. SHARE CAPITAL**

**Authorised share capital:**

	2005 £	2004 £
2,000,000 Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>

**Allotted, called up and fully paid:**

	2005 No	£	2004 No	£
Ordinary shares of £1 each	<u>974,000</u>	<u>974,000</u>	<u>974,000</u>	<u>974,000</u>

**13. SHARE PREMIUM ACCOUNT**

There was no movement on the share premium account during the financial year.