


Manor Investments (Ipswich) Limited

Financial statements

For the year ended 31 October 2005

Grant Thornton **Company No. 03154439**

Company information

Company registration number	03154439
Registered office	Merchant House 33 Fore Street IPSWICH Suffolk IP4 1JL
Directors	Lady A L Cattermole-Dunnett R W Cattermole B Heffer
Secretary	B Heffer
Bankers	HSBC Bank plc National Westminster Bank plc
Solicitors	Birketts
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors Crown House Crown Street IPSWICH Suffolk IP1 3HS

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 October 2005.

Principal activities and business review

The company is principally engaged in property investment and development.

The directors are pleased with the result for the year and anticipate a similar level of activity for the forthcoming year.

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 October 2005	At 1 November 2004
Lady A L Cattermole-Dunnnett	-	-
R W Cattermole	100	100
B Heffer	-	-

Directors' responsibilities

United Kingdom 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 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.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

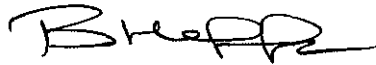
Auditors

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

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.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'B Heffer', with a stylized, cursive script.

B Heffer
Secretary

17 March 2006

Report of the independent auditors to the members of Manor Investments (Ipswich) Limited

We have audited the financial statements of Manor Investments (Ipswich) Limited for the year ended 31 October 2005 which comprise the principal accounting policies, profit and loss account, balance sheet, statement of total recognised gains and losses, note of historical cost profits and losses and notes 1 to 20. 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 directors and auditors

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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 applicable to small companies. 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 other information contained in the report of the directors 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. Our responsibilities do not extend to any other information.

Basis of 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.

Report of the independent auditors to the members of Manor Investments (Ipswich) Limited (continued)

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 affairs of the company as at 31 October 2005 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

IPSWICH

25/5/06

Principal 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.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

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

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:

Freehold Property - Over 50 years

Purchased goodwill - Over 7 years

Freehold property includes purchased goodwill arising on the acquisition of properties on the grounds that freehold properties (mainly hotels) are valued on a going concern basis.

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.

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.

Profit and loss account

	Note	2005 £	2004 £
Turnover	1	525,000	525,000
Other operating charges	2	219,711	261,214
Operating profit	3	305,289	263,786
Interest receivable	5	8,679	6,533
Interest payable and similar charges		(198,975)	(204,247)
Profit on ordinary activities before taxation		114,993	66,072
Tax on profit on ordinary activities	6	—	—
Retained profit for the financial year	15	114,993	66,072


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

Balance sheet

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	7	<u>5,200,000</u>	<u>4,010,000</u>
Current assets			
Debtors	8	215,510	28,338
Cash at bank		<u>173,858</u>	<u>259,581</u>
		<u>389,368</u>	<u>287,919</u>
Creditors: amounts falling due within one year	9	<u>408,287</u>	<u>362,023</u>
Net current liabilities		<u>(18,919)</u>	<u>(74,104)</u>
Total assets less current liabilities		<u>5,181,081</u>	<u>3,935,896</u>
Creditors: amounts falling due after more than one year	10	2,883,634	3,049,442
		<u>2,297,447</u>	<u>886,454</u>
Capital and reserves			
Called-up equity share capital	14	100	100
Revaluation reserve	15	2,856,518	1,560,518
Profit and loss account	15	<u>(559,171)</u>	<u>(674,164)</u>
Shareholders' funds	16	<u>2,297,447</u>	<u>886,454</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on 17 March 2006 and are signed on their behalf by:


R W Cattermole

Other primary statements

Statement of total recognised gains and losses

	2005 £	2004 £
Profit for the financial year	114,993	66,072
Unrealised profit on revaluation of certain fixed assets	<u>1,296,000</u>	—
Total gains and losses recognised for the year	<u>1,410,993</u>	<u>66,072</u>

Note of historical cost profits and losses

	2005 £	2004 £
Profit on ordinary activities before taxation	114,993	66,072
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	<u>52,087</u>	<u>30,087</u>
Historical cost profit on ordinary activities before taxation	<u>167,080</u>	<u>96,159</u>
Historical cost profit for the year retained after taxation and dividends	<u>167,080</u>	<u>96,159</u>

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

Notes to the financial statements

1 Turnover

The turnover and loss before tax are attributable to the principal activities of the company.

2 Other operating charges

	2005 £	2004 £
Administrative expenses	<u>219,711</u>	<u>261,214</u>

3 Operating profit

Operating profit is stated after charging:

	2005 £	2004 £
Depreciation of owned fixed assets	106,000	106,000
Auditors' fees	<u>—</u>	<u>—</u>

Auditors' remuneration is borne by a related undertaking.

4 Directors and employees

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

	2005 No	2004 No
Directors	<u>3</u>	<u>3</u>

No salaries or wages have been paid to employees, including the directors, during the year.

5 Interest receivable

	2005 £	2004 £
Bank interest receivable	<u>8,679</u>	<u>6,533</u>

6 Taxation on ordinary activities

Unrelieved tax losses of £172,000 (2004 - £234,000) remain available to offset against future taxable trading profits.

6 Taxation on ordinary activities (continued)

(a) Factors affecting current tax charge

	2005 £	2004 £
Profit on ordinary activities before taxation	<u>114,993</u>	<u>66,072</u>
(Loss)/profit on ordinary activities multiplied by the effective standard rate of UK Corporation tax of 30% (2004 - 30%).	34,498	19,822
Expenses not deductible for tax purposes	15,297	2,665
Capital allowances for period in excess of depreciation	(31,091)	(19,808)
Utilisation of tax losses	<u>(18,704)</u>	<u>(2,679)</u>
Total current tax	<u>-</u>	<u>-</u>

7 Tangible fixed assets

	Freehold Land & Buildings £
Cost or valuation	
At 1 November 2004	4,200,000
Revaluation	1,050,000
At 31 October 2005	<u>5,250,000</u>
Depreciation	
At 1 November 2004	190,000
Charge for the year	106,000
Revaluation	(246,000)
At 31 October 2005	<u>50,000</u>
Net book value	
At 31 October 2005	<u>5,200,000</u>
At 31 October 2004	<u>4,010,000</u>

Freehold land and buildings of £5,200,000 were revalued at 31 October 2005 by an independent valuer Mr J Spurrell FRICS, FCIArb, FFB, FLLA. The basis of the valuation was open market value, with hotels being valued as fully equipped operational entities having regard to their trading potential.

7 Tangible fixed assets (continued)

If certain fixed assets had not been revalued, they would have been included on the historical cost basis at the following amounts:

	Freehold Land & Buildings £
Cost	2,695,671
Accumulated depreciation	192,421
Net book amount at 31 October 2005	<u>2,503,250</u>
Net book amount at 1 November 2004	<u>2,557,163</u>

8 Debtors

	2005 £	2004 £
Amounts owed by related undertakings	30,510	28,338
Other debtors	185,000	—
	<u>215,510</u>	<u>28,338</u>

The debtors above include the following amounts falling due after more than one year:

	2005 £	2004 £
Amounts owed by related undertakings	<u>21,759</u>	<u>21,759</u>

9 Creditors: amounts falling due within one year

	2005 £	2004 £
Bank loans and overdrafts	147,232	132,125
Trade creditors	5,691	30,462
VAT	14,726	8,377
Amounts owed to related undertakings	141,759	91,793
Directors current accounts	71,488	69,924
Accruals and deferred income	27,391	29,342
	<u>408,287</u>	<u>362,023</u>

10 Creditors: amounts falling due after more than one year

	2005 £	2004 £
Bank loans and overdrafts	2,805,472	2,990,107
Other creditors including: Amounts owed to related undertakings	78,162	59,335
	<u>2,883,634</u>	<u>3,049,442</u>

The bank loans are secured on the company's freehold investment properties.

Included within creditors falling due after more than one year is an amount of £2,114,990 (2004 - £2,371,688) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

Bank loans of £550,419 are repayable in equal monthly instalments of £4,984 and bank loans of £2,401,275 are repayable in equal, monthly instalments of £23,064. The bank loan of £550,419 bears interest at a fixed rate of 6.64% and bank loans of £2,401,275 bear interest at a rate of 1.5% over the bank's base rate. Both the loans are due to be repaid by 2017.

The bank loans and overdrafts are secured by a cross guarantee with Elizabeth Estates (NWB) Limited and Elizabeth Hotels Limited.

11 Borrowings

Creditors include finance capital which is due for repayment as follows:

	2005 £	2004 £
Amounts repayable:		
In one year or less or on demand	146,222	132,125
In more than one year but not more than two years	156,128	140,177
In more than two years but not more than five years	534,354	478,242
In more than five years	2,114,990	2,371,688
	<u>2,951,694</u>	<u>3,122,232</u>

12 Deferred taxation

No provision has been made in the financial statements and the amounts unprovided at the end of the year are as follows:

	2005 £	2004 £
Excess of taxation allowances over depreciation on fixed assets	(37,000)	(74,000)
Tax losses available	(51,000)	(70,000)
Other timing differences	857,000	468,000
	<u>769,000</u>	<u>324,000</u>

12 Deferred taxation (continued)

The amount unprovided represents a contingent liability/(asset) at the balance sheet date and is calculated using a tax rate of 30% (2004 - 30%).

No provision has been made for taxation which would accrue if the land and buildings were disposed of at their revalued amounts. The unrealised capital gains on these properties is the amount unprovided as other timing differences.

13 Related party transactions

The following balances relate to companies in which Mr R W Cattermole has a material interest.

	Debtor 2005 £	Creditor 2005 £	Debtor 2004 £	Creditor 2004 £
Amounts due within one year:				
Elizabeth Estates (NWB) Limited	—	92,650	—	40,731
Elizabeth Hotels Limited	—	49,109	—	49,109
Warren Wright (Ipswich) Limited	8,751	—	6,579	—
Informer Limited	—	—	—	1,953
Cavendish Hotels Limited	21,759	—	21,759	—
	<u>21,759</u>	<u>—</u>	<u>21,759</u>	<u>—</u>
Amounts due in more than one year:				
Ryan Elizabeth Holdings plc	—	78,162	—	59,335
	<u>—</u>	<u>78,162</u>	<u>—</u>	<u>59,335</u>

During the year the company charged rent of £525,000 (2004 - £525,000) to Elizabeth Hotels Limited.

At 31 October 2005 an amount of £71,488 (2004 - £69,924) was owed to Mr R W Cattermole.

14 Share capital

Authorised share capital:

	2005 £	2004 £
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2005 No	£	2004 No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

15 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 November 2004	1,560,518	(674,164)
Retained profit for the year	—	114,993
Revaluation of fixed assets	1,296,000	—
At 31 October 2005	<u>2,856,518</u>	<u>(559,171)</u>

16 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial year	114,993	66,072
Other net recognised gains and losses	1,296,000	—
Net addition to shareholders' equity funds	<u>1,410,993</u>	<u>66,072</u>
Opening shareholders' equity funds	886,454	820,382
Closing shareholders' equity funds	<u>2,297,447</u>	<u>886,454</u>

17 Pensions

The company has not operated, or contributed to any pension scheme on behalf of its employees.

18 Contingencies

The company has, by way of cross guarantee, guaranteed borrowings of £5,368,267 (2004 - £4,471,885) of related companies, Elizabeth Estates (NWB) Limited and Elizabeth Hotels Limited.

The directors have confirmed that there were no other contingent liabilities which should be disclosed at 31 October 2005 or 31 October 2004.

19 Capital commitments

The directors have confirmed that there were no capital commitments at 31 October 2005 or 31 October 2004.

20 Controlling related party

Mr R W Cattermole is this company's controlling related party by virtue of his shareholding in the company.