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Grant Thornton

Financial statements Manor Investments (Ipswich) Limited

For the Year Ended 31 October 2007

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COMPANIES HOUSE

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
Auditor	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 2007

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

Directors

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

Lady A L Cattermole-Dunnett
R W Cattermole
B Heffer

Directors' responsibilities

The directors are responsible for preparing the Directors Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) The financial statements are required by law to 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 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006

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

B Heffer
Secretary

28 August 2008

Grant Thornton

Report of the independent auditor 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 2007 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 auditor's 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 auditor

The directors' responsibilities for preparing the Report of the Directors 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 directors' 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 whether in our opinion the information given in the Report of the Directors is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions is not disclosed

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of 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

Report of the independent auditor 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 October 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in the accounting policies concerning the company's ability to continue as a going concern The company made a net profit of £81,206 during the year ended 31 October 2007, however at that date, the company's current liabilities exceeded its current assets by £2,287,646 These conditions, along with the matters explained in the accounting policies, indicate the existence of a material uncertainty which may cast doubt about the group's ability to continue as a going concern The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

IPSWICH

29 August 2008

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, and in accordance with applicable UK accounting standards

Going concern

During the year the company made a profit after tax of £81,206, but at the year end it was in breach of covenants in respect of loans from its principal lender, and these loans have accordingly been classified as short term liabilities At 31 October 2007, the company therefore had net current liabilities amounting to £2,287,646

The company itself does not operate hotels, but simply rents them to a related company, Elizabeth Hotels Limited The company's main source of income is the rent from these hotels

The company is in negotiation with a new lender provide an ongoing facility which will refinance its existing loans

The ability of the company to continue trading depends upon the refinancing of its loans together with the ability of Elizabeth Hotels Limited to pay its rents The board, however, is confident of the overall outcome and that adequate working capital facilities for the forthcoming year will be available and is therefore of the opinion that it is appropriate that the financial statements are prepared on a going concern basis

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

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

Profit and loss account

	Note	2007 £	2006 £
Turnover	1	**472,500**	472,500
Other operating charges	2	**143,328**	153,222
Operating profit	3	**329,172**	319,278
Interest receivable and similar income	5	**17,060**	15,057
Interest payable and similar charges		**(183,733)**	(188,467)
Profit on ordinary activities before taxation		**162,499**	145,868
Tax on profit on ordinary activities	6	**81,293**	–
Profit for the financial year	16	**81,206**	145,868

All of the activities of the company are classed as continuing

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

Balance sheet

	Note	2007 £	2006 £
Fixed assets			
Tangible assets	7	**4,370,000**	5,073,000
Current assets			
Debtors	8	**338,649**	10,711
Cash at bank		**349,633**	649,172
		688,282	659,883
Creditors: amounts falling due within one year	9	**2,975,928**	576,137
Net current (liabilities)/assets		**(2,287,646)**	83,746
Total assets less current liabilities		**2,082,354**	5,156,746
Creditors: amounts falling due after more than one year	10	**79,102**	2,713,431
		2,003,252	2,443,315
Provisions for liabilities			
Deferred taxation	12	**54,731**	–
		1,948,521	2,443,315
Capital and reserves			
Called-up equity share capital	15	**100**	100
Revaluation reserve	16	**2,280,518**	2,856,518
Profit and loss account	16	**(332,097)**	(413,303)
Shareholders' funds	17	**1,948,521**	2,443,315

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 and authorised for issue on 28/8/08, and are signed on their behalf by

R W Cattermole
Director

Other primary statements

Statement of total recognised gains and losses

	2007 £	2006 £
Profit for the financial year	**81,206**	145,868
Unrealised loss on revaluation of certain fixed assets	**(576,000)**	–
Total gains and losses recognised for the year	**(494,794)**	145,868

Note of historical cost profits and losses

	2007 £	2006 £
Profit on ordinary activities before taxation	**162,499**	145,868
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	**73,087**	73,087
Historical cost profit on ordinary activities before taxation	**235,586**	218,955
Historical cost profit for the year after taxation	**154,293**	218,955

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

	2007	2006
	£	£
Administrative expenses	**143,328**	153,222

3 Operating profit

Operating profit is stated after charging

	2007	2006
	£	£
Depreciation of owned fixed assets	**127,000**	127,000
Auditor's fees	–	–

Auditors' remuneration is borne by a related undertaking

4 Directors and employees

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

5 Interest receivable and similar income

	2007	2006
	£	£
Bank interest receivable	**7,360**	7,496
Other similar income receivable	**9,700**	7,561
	17,060	15,057

6 Taxation on ordinary activities

(a) Analysis of charge in the year

	2007 £	2006 £
Current tax		
UK Corporation tax based on the results for the year	**26,562**	-
Total current tax	**26,562**	-
Deferred tax		
Origination and reversal of timing differences (note 12)		
Capital allowances	**54,731**	-
Tax on profit on ordinary activities	**81,293**	-

Unrelieved tax losses of £nil (2006 - £60,000) remain available to offset against future taxable trading profits

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	2007 £	2006 £
Profit on ordinary activities before taxation	**162,499**	145,868
Profit on ordinary activities by rate of tax	**48,750**	43,760
Expenses not deductible for tax purposes	**-**	271
Capital allowances for period in excess of depreciation	**(27,946)**	(15,753)
Utilisation of tax losses	**(21,831)**	(28,278)
Removal of IBAs	**27,589**	-
Total current tax (note 6(a))	**26,562**	-

7 Tangible fixed assets

	Freehold Land & Buildings £
Cost or valuation	
At 1 November 2006	5,250,000
Revaluation	(880,000)
At 31 October 2007	4,370,000
Depreciation	
At 1 November 2006	177,000
Charge for the year	127,000
Revaluation adjustment	(304,000)
At 31 October 2007	-
Net book value	
At 31 October 2007	**4,370,000**
At 31 October 2006	5,073,000

Freehold land and buildings of £3,000,000 were revalued at 31 October 2007 by an independent valuer Mr J Spurrell FRICS, FCIArb, FFB, F LLA

Freehold land and buildings of £1,370,000 were revalued at 31 October 2007 by the directors based on the current market conditions They had previously been valued at £2,000,000 in 2005 by an independent valuer Mr J Spurrell FRICS, FCIArb, FFB, F LLA

The basis of the valuation was open market value, with hotels being valued as fully equipped operational entities having regard to their trading potential

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	300,247
Net book amount at 31 October 2007	**2,395,424**
Net book amount at 31 October 2006	2,449,337

8 Debtors

	2007 **£**	2006 £
Amounts owed by related undertakings	**338,649**	10,711

9 Creditors: amounts falling due within one year

	2007	2006
	£	£
Bank loans	**2,636,919**	152,089
Trade creditors	**572**	1,980
Corporation tax	**26,562**	–
VAT	**13,624**	11,762
Amounts owed to related undertakings	**234,642**	350,555
Directors current accounts	**32,771**	31,794
Accruals and deferred income	**30,838**	27,957
	2,975,928	576,137

10 Creditors: amounts falling due after more than one year

	2007	2006
	£	£
Bank loans and overdrafts	–	2,637,297
Other creditors including		
Amounts owed to related undertakings	**79,102**	76,134
	79,102	2,713,431

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 £Nil (2006 - £1,921,439) in respect of liabilities which fall due for payment after more than five years from the balance sheet date

Had the loan covenants not been breached the following would apply
Bank loans of £497,916 are repayable in equal monthly instalments of £4,984 and bank loans of £2,139,003 are repayable in equal, monthly instalments of £23,064 The bank loan of £497,916 bears interest at a 1 5% over the bank's base rate and the bank loans of £2,139,003 bear interest at 1 5% above a fixed base rate of 5 14% 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

	2007	2006
	£	£
Amounts repayable		
In one year or less or on demand	**2,636,919**	152,089
In more than one year but not more than two years	–	162,150
In more than two years but not more than five years	–	553,708
In more than five years	–	1,921,439
	2,636,919	2,789,386

12 Deferred taxation

The movement in the deferred taxation provision during the year was

	2007	2006
	£	£
Profit and loss account movement arising during the year	**54,731**	-
Provision carried forward	**54,731**	-

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

	2007		2006	
	Provided	**Unprovided**	**Provided**	**Unprovided**
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	**54,731**	-	-	-
Tax losses available	-	-	-	(18,000)
Other timing differences	-	**638,500**	-	857,000
	54,731	**638,500**	-	839,000

The amount unprovided represents a contingent liability/(asset) at the balance sheet date and is calculated using a tax rate of 28% (2006 - 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 Contingent assets/liabilities

The company has, by way of a cross guarantee, guaranteed the borrowings of £5,328,627 (2006 - £5,761,633) of related companies, Elizabeth Estates (NWB) Limited and Elizabeth Hotels Limited

14 Related party transactions

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

	Debtor 2007 £	**Creditor 2007 £**	Debtor 2006 £	Creditor 2006 £
Amounts due within one year				
Elizabeth Estates (NWB) Limited	–	**51,400**	–	51,400
Elizabeth Hotels Limited	**150,430**	–	–	70,914
Warren Wright (Ipswich) Limited	**8,751**	–	8,751	–
Cavendish Hotels Limited	–	**183,242**	–	228,241
Elizabeth Leisure Limited	**781**	–	781	–
Somersham Properties Limited	**1,164**	–	1,164	–
Manor Investments (Paragon) Limited	–	–	15	–
Lincoln Hotels Limited	**177,523**	–	–	–
Amounts due in more than one year:				
Ryan Elizabeth Holdings plc	–	**79,102**	–	76,134

During the year the company charged rent of £472,500 (2006 - £472,500) to Elizabeth Hotels Limited

At 31 October 2007 an amount of £32,771 (2006 - £31,794) was owed to Mr R W Cattermole The maximum amount owed by Mr Cattermole to the company during the year was £32,771

15 Share capital

Authorised share capital

	2007 £	2006 £
100,000 Ordinary shares of £1 each	**100,000**	100,000

Allotted, called up and fully paid

	2007 No	**2007 £**	2006 No	2006 £
Ordinary shares of £1 each	**100**	**100**	100	100

16 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 November 2006	2,856,518	(413,303)
Profit for the year	–	81,206
Other gains and losses		
- Revaluation of fixed assets	(576,000)	–
At 31 October 2007	2,280,518	(332,097)

17 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the financial year	81,206	145,868
Other net recognised gains and losses	(576,000)	–
Net (reduction)/addition to shareholders' funds	(494,794)	145,868
Opening shareholders' funds	2,443,315	2,297,447
Closing shareholders' funds	1,948,521	2,443,315

18 Pensions

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

19 Capital commitments

The directors have confirmed that there were no capital commitments at 31 October 2007 or 31 October 2006

20 Controlling related party

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