Company Registration No. 3221116

DEVA GROUP LIMITED

Report and Financial Statements

31 March 2007

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

The Duke of Westminster KG OBE TD DL (Chairman)
Robin S Broadhurst CBE
Jonathan O Hagger
The Earl of Home CVO CBE
Lesley M S Knox
Mark A Loveday
Jeremy H M Newsum

SECRETARY

Judith P Ball

REGISTERED OFFICE

70 Grosvenor Street
London
W1K 3JP

AUDITORS

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

DIRECTORS' REPORT

The directors present their annual report on the affairs of the group, together with the financial statements and auditors' report, for the year ended 31 March 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The group's principal activities comprise those of hotelier, farming, production of breeding products for the dairy industry and insurance broking operations

Hotel

Turnover at the Hotel increased over the previous 12 months by 5 7% with all areas of the business showing an improvement Occupancy increased by 6% over the year and this clearly benefited the ancillary facilities with growth also experienced in food and beverage outlets The positive added value impact of the Spa continues to attract visitors to the Hotel whilst generating increased revenue The company's gross profit has increased during the year by 3 2% to 35 3% Since the year end over three million pounds will be invested in refurbishing the meeting and private dining facilities which will enable the hotel to be more competitive in this sector and particularly in the residential conference market thereby also improving midweek occupancy

Farming and breeding products

Mainstream commodity farming in the UK continued to be adversely affected by a prolonged recession Dairy farming in particular was very difficult with the annual exodus of dairy farmers from the industry running at over 3000 There are signs that this bear run is coming to an end as both arable and livestock are expected to benefit from strengthening world commodity markets The previous upward movement in productivity gains in livestock operations at Grosvenor Farms was temporarily halted following the poor forage season in 2006 resulting in a reduction in turnover for the year of 7% Income from diversified activities remained strong representing 5 6% of total turnover The current strategy of efficient large scale commodity farming and diversification will continue

The current year was a watershed year for Cogent Following the restructuring of a number of key areas in 2005 the business has generated a small operating profit Excluding prior year income arising from the restructuring, turnover has increased over the previous 12 months by 8 4% and the gross profit margin improved from 5 4% to 16 9% The directors look to further grow the performance of the company during 2007/8 They are also pleased to report the satisfactory settlement during the year of a dispute with the company's licensor of the sexed semen technology With the diversity of income streams and a cost base capable of delivering product in excess of its current demands the directors believe the business is well placed to capitalise on all future opportunities The directors continue to review and invest in technological developments to ensure the business remains a centre of excellence for the production and supply of semen

Insurance broking

Realty Insurances have had another excellent year despite the soft market conditions in the insurance industry and have maintained progress on new business Turnover was up 1 5% over the previous 12 months while profit before tax increased by 8 3% The shareholders funds grew by £178,000 after the payment of a dividend of £1,356,000 to the holding company

FUTURE PROSPECTS

The directors are pleased to be able to report a profit on ordinary activities before taxation for the year ended 31st March 2007 and anticipate a profitable result in the following year to 31st March 2008

DIRECTORS' REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the group's strategy are subject to a number of risks The key business risks and uncertainties affecting the members of the group are noted below

Hotel

Competitive pressure within the industry is a key risk and is managed by

- the development of a business mix which does not rely on one particular sector,
- strong relationships developed and maintained with customers,
- continued investment in poorer performing areas of the business, and
- providing added value services at consistently high standards throughout the hotel

The company also benefits from close commercial relationships with a number of key suppliers and customers Damage to or loss of any of these relationships could have a detrimental effect on the company's results To manage this risk the company undertakes regular reviews to ensure it continue to meet their respective needs Members of the Board also meet with individuals from our strategic partners on at least an annual basis

Farming and breeding products

Disease outbreak is a key risk in these businesses and is managed by the maintenance of bio-security policies and procedures including quarantine, veterinary surveillance, vaccination and routine health checks

Unpredictable world markets, which drive crop prices, is also a risk to the farm particularly as supply and demand tightens The company mitigates this risk by use of market intelligence and by spread and forward selling

Cogent's industry reputation and success in the global marketplace is dependent upon the range and quality of product that it produces and sells Starting with the bulls that graduate from the breeding programme, to the production of conventional semen and the operation of sexed semen technology, procedures have been developed to ensure that output meets the highest standards possible The company maintains its leading edge by ensuring that it is aware of and involved in any new technology through collaboration with other industry members and educational establishments and by participating in key research projects that will bring future benefits to the business

Insurance broking

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due The main areas where the company is exposed to credit risk are amounts due from clients and insurers in respect of premiums already paid, and cash and investment holdings The company monitors its exposure to single counterparties and to connected counterparties and ensures that its cash and investment holdings are kept with a number of different counterparties with appropriate credit ratings

The company operates within a regulated environment and regulatory risk is the risk that the company fails to comply with any of the regulatory requirements laid down by the Financial Services Authority The supervision which forms the basis of the relationship with the Financial Services Authority consists of regulatory reports submitted twice a year and the company has implemented procedures in order to ensure that these reports are prepared and submitted in advance of any deadlines

As insurance intermediaries and advisors, the company is also bound by a set of rules and principles which are designed to protect the consumer, particularly in relation to the handling of client money, and the company has implemented various controls and procedures in order to mitigate the risk of non-compliance with these rules The company is very active in keeping up to date with any changes in the regulatory requirements and where possible it seeks to adhere to best practice as recommended by the Financial Services Authority

DIVIDENDS AND TRANSFERS FROM RESERVES

The results for the year are set out in the consolidated profit and loss account on page 7 The profit for the year after taxation was £817,000 (15 month period ended 31 March 2006 – loss of £93,000) The directors do not recommend the payment of a dividend (31 March 2006 - same)

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out below All directors served throughout the year

The Duke of Westminster KG OBE TD DL (Chairman)
Robin S Broadhurst CBE
Jonathan O Hagger
The Earl of Home CVO CBE
Lesley M S Knox
Mark A Loveday
Jeremy H M Newsum

The directors' interests in the share capital of the company at 31 March 2007 and 31 March 2006 were as follows

	Ordinary shares	Non-voting Ordinary shares	12% non-cumulative irredeemable preference shares
Beneficial			
The Duke of Westminster KG OBE TD DL (Chairman)	5,579,541	44,636,328	5,579,541
Non-beneficial			
Jeremy H M Newsum	4,170,816	33,366,528	4,170,816
The Earl of Home CVO CBE	1,529,810	12,238,480	1,529,810
Robin S Broadhurst CBE	3,947,027	31,576,216	3,947,027
Mark A Loveday	5,390,456	43,123,648	5,390,456
Lesley M S Knox	1,598,514	12,788,112	1,598,514

The non-beneficial interests arise as the above directors are Trustees of the Trusts which hold shares in the company As such there is more than one non-beneficial interest for each ordinary share in issue

EMPLOYEES

The group gives full and fair consideration to applications by disabled persons for employment Disabled employees and those who become disabled are afforded the same training, career development and promotion opportunities as other staff The directors recognise the importance of good communications and relations with the group's employees Each part of the group maintains employee relationships appropriate to its own particular needs and environment

AUDITORS

In so far as the Directors are aware

(a) there is no relevant audit information of which the auditors are unaware, and
(b) the Directors have taken all reasonable steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given in accordance with s234ZA of the Companies Act 1985

A resolution to reappoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board

Secretary

12 JULY 2007

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The dırectors are responsıble for preparıng the Annual Report ıncludıng the financıal statements The dırectors have chosen to prepare the financıal statements for the company and the group ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce (UK GAAP)

Company law requıres the dırectors to prepare such financıal statements for each financıal perıod whıch gıve a true and faır vıew, ın accordance wıth UK GAAP, of the state of affaırs of the company and the group and of the profit or loss of the group for that perıod and comply wıth UK GAAP and the Companıes Act 1985 In preparıng those financıal statements, the dırectors are requıred to

(a) select suıtable accountıng polıcıes and then apply them consıstently,

(b) make ȷudgements and estımates that are reasonable and prudent,

(c) state whether applıcable accountıng standards have been followed, subȷect to any materıal departures dısclose and explaıned ın the financal statements, and

(d) prepare the financıal statements on the goıng concern basıs unless ıt ıs ınappropriate to presume that the company wıll contınue ın busıness

The dırectors are responsıble for keepıng proper accountıng records whıch dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the company and to enable them to ensure that the financıal statements comply wıth the Companıes Act 1985 They are also responsıble for safeguardıng the assets of the company and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DEVA GROUP LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Deva Group Limited for the year ended 31 March 2007 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated note of historical cost profits and losses, the balance sheets, the consolidated cash flow statement and the related notes 1 to 27 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 financial statements in accordance with applicable law and United Kingdom 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 Directors' Report 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 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 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2007 and of the group's 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 Directors' Report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

30 July 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 March 2007

	Note	Year ended 31 March 2007 £'000	15 month period ended 31 March 2006 £'000
TURNOVER	2	18,371	22,073
Cost of sales		(11,824)	(15,678)
GROSS PROFIT		6,547	6,395
Administrative expenses		(6,419)	(7,285)
OPERATING PROFIT / (LOSS)	3	128	(890)
Interest receivable and similar income	7	154	176
Interest payable	8	(27)	(103)
Profit on disposal of fixed asset trade investment		-	346
Release of provision against fixed asset trade investment	13	904	-
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	1,159	(471)
Tax on profit / (loss) on ordinary activities	9	(342)	378
RETAINED PROFIT FOR THE FINANCIAL PERIOD	21,22	817	(93)

All results derive from continuing operations

There are no recognised gains and losses for the current year or preceding period other than the loss shown above

CONSOLIDATED NOTE OF HISTORICAL COST PROFITS AND LOSSES
Year ended 31 March 2007

	Year ended 31 March 2007 £'000	15 month period ended 31 March 2006 £'000
Reported profit /(loss) on ordinary activities before taxation	1,159	(471)
Difference between historical cost depreciation charge and the actual charge calculated on the revalued amount	(103)	(129)
Historical cost profit /(loss) on ordinary activities before taxation	1,056	(600)
Historical cost profit on ordinary activities after taxation	714	(222)

BALANCE SHEETS
31 March 2007

	Note	Group 31 March 2007 £'000	Group 31 March 2006 £'000	Company 31 March 2007 £'000	Company 31 March 2006 £'000
FIXED ASSETS					
Intangible assets	10	-	-	-	-
Tangible assets	11	12,054	12,293	-	-
Investments					
Subsidiary undertakings	12	-	-	16,183	14,228
Trade investments	13	933	29	-	-
		12,987	12,322	16,183	14,228
CURRENT ASSETS					
Stocks	14	2,790	2,758	-	-
Debtors	15	3,635	4,704	-	-
Cash at bank and in hand		3,386	2,160	-	-
		9,811	9,622	-	-
CREDITORS: amounts falling due within one year	16	(7,428)	(7,733)	-	-
NET CURRENT ASSETS		2,383	1,889	-	-
TOTAL ASSETS LESS CURRENT LIABILITIES		15,370	14,211	16,183	14,228
CREDITORS amounts falling due after more than one year	17	(3,000)	(3,000)	(3,000)	(3,000)
PROVISION FOR LIABILITIES AND CHARGES	18	(581)	(239)	-	-
NET ASSETS		11,789	10,972	13,183	11,228
CAPITAL AND RESERVES					
Called up share capital	20	5,580	5,580	5,580	5,580
Merger capital reserve	21	7,603	5,648	7,603	5,648
Profit and loss account	21	(1,394)	(256)	-	-
SHAREHOLDERS' FUNDS	22	11,789	10,972	13,183	11,228

These financial statements were approved by the Board of Directors on 12 JUL 2007

Signed on behalf of the Board of Directors

Director M.A. Lovell

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 March 2007

	Note	£'000	Year ended 31 March 2007 £'000	£'000	15 month period ended 31 March 2006 £'000
Net cash inflow from operating activities	23		2,929		2,711
Returns on investments and servicing of finance					
Interest received		154		176	
Interest paid		(27)		(103)	
Net cash inflow from returns on investments and servicing of finance			127		73
Taxation received / (paid)			74		(74)
Capital expenditure and financial investment					
Payments to acquire fixed assets		(1,492)		(1,898)	
Receipts from sale of fixed assets		227		1,067	
Receipts from sale of fixed asset investments		-		530	
Net cash outflow from investing activities			(1,265)		(301)
Net cash inflow before use of liquid resources and financing			1,865		2,409
Management of liquid resources					
Repayment of short term loans		(500)		(1,400)	
Net cash outflow from management of liquid resources			(500)		(1,400)
Financing					
Capital element of finance lease payments		(32)		(30)	
Net cash outflow from financing			(32)		(30)
Increase in cash in the period	24, 25		1,333		979

NOTES TO THE ACCOUNTS
Year ended 31 March 2007

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards The particular accounting policies adopted are described below They have been applied consistently throughout the current year and previous period

Basis of accounting

The financial statements are prepared under the historical cost convention, modified by the revaluation of leasehold property

Basis of consolidation

The group's consolidated financial statements include those of the company and all its subsidiaries

The company has elected under Section 230 of the Companies Act 1985 not to include its own profit and loss account in these financial statements The profit for the company for the year ended 31 March 2007 was £1,051,000 (15 month period ended 31 March 2006 – loss of £4,360,000)

Turnover

Turnover which is recognised on an accruals basis, comprises gross income net of VAT arising from the farming, hotel and insurance broking operations

Investments

Investments held as fixed assets are stated at cost less provision for impairment

Intangible fixed assets

Intangible fixed assets are stated at cost less amortisation and provision for any permanent impairment in value They are amortised on a straight line basis over their expected useful economic lives

Tangible fixed assets

Tangible assets are stated at cost less depreciation and provision for any permanent impairment in value

Depreciation is provided on leasehold buildings on a straight line basis over the term of the lease Leasehold improvements, plant and equipment, and bulls are depreciated on a straight line basis so as to spread their cost over their useful economic lives, at rates varying between 10% and 100% per annum

The dairy herd, representing cows used for milk production, is included as a fixed asset and is depreciated on a straight line basis at a rate of 12½% per annum

No depreciation is provided on assets in the course of construction

Trading stocks

Stocks are stated at the lower of cost and net realisable value

The valuation of home-grown produce is based upon direct costs related to the production and a proportion of attributable indirect costs

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the company's taxable profits and the results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, differences are expected to reverse, based on tax and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

NOTES TO THE ACCOUNTS
Year ended 31 March 2007

1. **ACCOUNTING POLICIES (continued)**

Pension costs

The defined benefit pension scheme (Grosvenor Pension Plan - "GPP") operated by the company is a multi-employer scheme and the company's share of the underlying assets and liabilities cannot be identified, FRS 17 'Retirement Benefits' requires that the scheme is accounted for in the same way as a defined contribution scheme

For defined contribution schemes (Grosvenor Estate Money Purchase Scheme - "GEMPS") the amount charged to the profit and loss account in respect of pension costs is the contribution payable in the year Differences between contributions payable in the year and contributions actually paid are shown either in accruals or prepayments in the balance sheet

Research and development expenditure

Research and development expenditure is charged to the profit and loss account as incurred

Leases

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over the shorter of the period of the lease and the estimated useful economic lives of the assets The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the profit and loss account

Operating lease rentals are charged on a straight line basis over the lease term, even if the payments are not made on such a basis

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling on the dates the transactions are recorded Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date Exchange differences are dealt with in the profit and loss account

2. **SEGMENTAL ANALYSIS - GROUP**

	Turnover		Profit/(loss) before taxation		Net assets	
	Year ended 31 March 2007 £'000	15 month period ended 31 March 2006 £'000	Year ended 31 March 2007 £'000	15 month period ended 31 March 2006 £'000	Year ended 31 March 2007 £'000	15 month period ended 31 March 2006 £'000
Hotel	7,544	8,508	(647)	(998)	8,897	9,280
Farming and breeding products	8,006	10,270	790	(635)	6,133	5,907
Insurance broking	2,821	3,295	1,515	1,835	(737)	(783)
Holding company	-	-	(499)	(673)	(2,504)	(3,432)
	18,371	22,073	1,159	(471)	11,789	10,972

All business activities are based in the United Kingdom

NOTES TO THE ACCOUNTS
Year ended 31 March 2007

3. OPERATING PROFIT / (LOSS)

	Year ended 31 March 2007 £'000	15 month period ended 31 March 2006 £'000
Operating profit / (loss) is after charging/(crediting)		
Depreciation of tangible fixed assets - owned	1,353	1,678
- leased	1	26
Loss/(profit) on sale of fixed assets	150	(51)
Operating lease rentals		
Plant and machinery	-	31
Land and buildings	820	1,003
Auditors' remuneration		
Audit (including company audit fee £11,000)	92	98
Non-audit services relating to corporate finance transactions	-	153
Other services	2	2
Plant hire	5	32
Rent receivable	(172)	(280)

4 EMPLOYEE INFORMATION

	Year ended 31 March 2007 £'000	15 month period ended 31 March 2006 £'000
Staff cost:		
Wages and salaries	6,012	7,520
Social security costs	577	742
Pension costs		
Defined benefit schemes	450	573
Defined contribution schemes	8	3
	7,047	8,838

Average number of employees by business	**Number**	**Number**
Hotels	135	139
Farming	92	93
Insurance broking	12	11
	239	243

5 DIRECTORS' REMUNERATION

The directors received no remuneration in respect of their services to the Deva Group Limited in the current year or preceding period

	No	No
Number of directors who were members of the defined benefit pension scheme	2	2

NOTES TO ACCOUNTS
Year ended 31 March 2007

6. PENSION SCHEMES

The Deva Group does not maintain a separate pension scheme Its employees are members of the Grosvenor Pension Plan (the 'Plan', formerly the Grosvenor Estates Pension Scheme), a defined benefit scheme and the Grosvenor Estate Money Purchase Scheme (GEMPS), a defined contribution scheme These schemes are administered by independent trustees

The Plan is open to all staff and provides a defined benefit pension up to an upper earnings limit Above this limit the group contributes between 25% and 30% of that tranche of salary into a stakeholder arrangement

Independent qualified actuaries complete valuations of the Plan at least every three years and contributions are paid to the Plan in line with a Schedule of Contributions agreed between the trustees of the Plan and the Group The most recent actuarial valuation was carried out at 31 December 2005 using the projected unit funding method and taking assets at their market value

Although the Plan is a defined benefit scheme, it is a multi employer scheme and the company's share of the underlying assets and liabilities cannot be identified As a result, FRS 17 requires that the Plan is accounted for on a contributions basis and therefore the defined benefit disclosures are not required However, actuarial valuations for the Plan as a whole have been updated to 31 December 2006 by an independent qualified actuary, in accordance with the basis set out in FRS 17, and included below is an analysis of the deficit indicated by that valuation together with the major assumptions used by the actuary

	2006 £m	2005 £m	2004 £m
Pension scheme deficit before tax	(0 7)	(15 6)	(6 7)

Assets in the scheme and the expected rates of return

	2006		2005		2004	
	Value £m	Long-term rate of expected return	Value £m	Long-term rate of expected return	Value £m	Long-term rate of expected return
Equities	100 0	7 5%	87 0	7 3%	70 2	7 5%
Gilts	10 6	4 5%	9 5	4 0%	7 5	4 6%
Other	1 5	4 5%	1 3	4 6%	1 3	5 2%
	112 1		97 8		79 0	
Present value of scheme liabilities	(112 8)		(113 4)		(85 7)	
Pension scheme deficit before tax	(0 7)		(15 6)		(6 7)	
Related deferred tax asset at 30%	0 2		4 7		2 0	
Deficit in scheme	(0 5)		(10 9)		(4 7)	

Major assumptions used by the actuary were

	2006	2005	2004
Rate of increase in salaries	3 9 - 6 9%	3 9 - 6 9%	3 9 - 6 9%
Rate of increase in pensions payment	2 9%	2 9%	2 9%
Discount rate	5 1%	4 7%	5 3%
Inflation	2 9%	2 9%	2 9%

The above analysis relates to the whole of the Grosvenor Pension Plan including the element that relates to non company employees

The Plan pension cost charge amounted to £450,000 (15 months ended 31 March 2006 - £573,000) The groups contributions to the defined contribution scheme for the year was £8,000 (15 months ended 31 March 2006 - £3,000)

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 March 2007 £'000	15 month period ended 31 March 2006 £'000
Bank interest	154	176

8. INTEREST PAYABLE

	Year ended 31 March 2007 £'000	15 month period ended 31 March 2006 £'000
Bank overdraft and loan interest	27	103

9. TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

	Year ended 31 March 2007 £'000	15 month period ended 31 March 2006 £'000
Current year corporation tax at 30% (2006 - 30%)	-	-
Deferred tax		
Timing differences, origination and reversal	63	(333)
Adjustment in respect of prior years	279	(45)
	342	(378)

Factors affecting tax charge/(credit) for the current year : The tax assessed for the year is different to that resulting from applying the standard rate of corporation tax in the UK of 30% (2006 30%) The differences are explained below

	Year ended 31 March 2007 £'000	15 month period ended 31 March 2006 £'000
Profit / (loss) on ordinary activities before tax	1,159	(471)
Tax (charge) / credit at 30% thereon	(348)	141
Expenses not deductible for tax purposes	(171)	(146)
Capital allowances in excess of depreciation	276	(13)
Utilisation of tax losses	(77)	(193)
Notional interest expense	48	59
Release of provision against fixed asset trade investment	272	-
Profit on sale of fixed asset investments	-	98
Other deferred tax movements	-	54
Current year corporation tax	-	-

9. TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES (Continued)

A deferred tax asset has not been recognised in respect of timing differences relating to losses carried forward as there is insufficient evidence that the asset will be recovered The amount of asset not recognised is £2,324,000 (2006 - £2,598,000)

10. INTANGIBLE FIXED ASSETS - GROUP

	Milk quota £'000	Licences £'000	Total £'000
Cost			
At 1 April 2006 and 31 March 2007	1,997	306	2,303
Accumulated amortisation			
At 1 April 2006 and 31 March 2007	1,997	306	2,303
Net book value			
At 31 March 2007 and 31 March 2006	-	-	-

11. TANGIBLE FIXED ASSETS - GROUP

	Assets under course of construction £'000	Leasehold property and improvements £'000	Plant and equipment £'000	Herd £'000	Total £'000
Cost or valuation					
At 1 April 2006	-	10,344	9,530	1,317	21,191
Additions	216	57	732	487	1,492
Disposals	-	-	(280)	(500)	(780)
At 31 March 2007	216	10,401	9,982	1,304	21,903
Depreciation					
At 1 April 2006	-	2,049	6,694	155	8,898
Charge for the year	-	227	955	172	1,354
Disposals	-	-	(222)	(181)	(403)
At 31 March 2007	-	2,276	7,427	146	9,849
Net book value					
At 31 March 2007	216	8,125	2,555	1,158	12,054
At 31 March 2006	-	8,295	2,836	1,162	12,293

The leasehold property was valued on 31 December 1995 at £8,000,000 at open market value and is included in the accounts at this valuation plus the cost of subsequent additions The directors took advantage of FRS15 "Tangible Fixed Assets" to retain the leasehold property at this value and as such the value has not been updated The directors consider the open market value of the leasehold property to be not less than the carrying value in the accounts

The historical cost of the leasehold property at 31 March 2007 is £13,500,000 under the historical cost convention (31 March 2006 - £13,500,000)

Included in plant and equipment are assets held under hire purchase contracts having a net book value of £2,000 (31 March 2006 - £124,000)

NOTES TO ACCOUNTS
Year ended 31 March 2007

12. SUBSIDIARY UNDERTAKINGS

Company	**31 March 2007 £'000**	**31 March 2006 £'000**
Shares at cost		
At 1 April 2006 / 1 January 2005	31,804	28,804
Addition in period	-	3,000
At 31 March 2007/2006	31,804	31,804
Provisions		
At 1 April 2006 / 1 January 2005	17,576	13,216
(Released) / provided in the period	(1,955)	4,360
At 31 March 2007/2006	15,621	17,576
Net book value		
At 31 March 2007/2006	16,183	14,228
At 1 April 2006 / 1 January 2005	14,228	15,588

Group

The main subsidiary undertakings and their principal activities at 31 March 2007 were

		% Owned
Chester Grosvenor Hotel Company Limited	(Hotel & restaurants)	100
Grosvenor Farm Holdings Limited	(Holding company)	100
Grosvenor Farms Limited	(Farming)	100
Eaton Park Farms Limited	(Dormant company)	100
Cogent Breeding Limited	(Dairy breeding)	100
Realty Insurances Limited	(Insurance broking)	100
Deva Holdings Limited	(Holding company)	100
Grosvenor (Insurances) Limited	(Dormant company)	100
Deva GP Limited	(Investment company)	100
Wheatsheaf Investments	(Dormant company)	100
Wheatsheaf Developments	(Dormant company)	100
Deva General Partner Limited	(Investment company)	100
Deva General Partner (No 2) Limited	(Investment company)	100

Each of the above companies is incorporated in Great Britain and is indirectly owned, with the exception of Deva Holdings Limited, Deva GP Limited, Deva General Partner Limited and Deva General Partner (No 2) Limited which are held directly

All interests are in the form of ordinary shares

NOTES TO ACCOUNTS
Year ended 31 March 2007

13 TRADE INVESTMENTS

Group	31 March 2007 £'000	31 March 2006 £'000
At cost		
At 1 April 2006 / 1 January 2005	933	1,204
Disposals	-	(271)
At 31 March 2007/2006	933	933
Provisions		
At 1 April 2006 / 1 January 2005	904	991
Disposals	-	(87)
Released in the year	(904)	-
At 31 March 2007/2006	-	904
Net book value		
At 31 March 2007/2006	933	29
At 1 April 2006 / 1 January 2005	29	213

The trade investments represent the Group's interest in unlisted companies registered in the United States and England & Wales The above provision has been released due to recent transactions in the shares of one of the holdings indicating that the carrying value is at least equal to cost at the year end

14. STOCK

	Group		Company	
	31 March 2007 £'000	31 March 2006 £'000	31 March 2007 £'000	31 March 2006 £'000
Livestock	431	458	-	-
Consumables	421	436	-	-
Growing crops	443	444	-	-
Semen	513	513	-	-
Goods for resale	982	907	-	-
	2,790	2,758	-	-

15 DEBTORS

	Group		Company	
	31 March 2007 £'000	31 March 2006 £'000	31 March 2007 £'000	31 March 2006 £'000
Amounts falling due within one year				
Trade debtors	3,080	3,076	-	-
Other debtors	116	1,049	-	-
Prepayments and accrued income	398	519	-	-
	3,594	4,644	-	-
Amounts falling due after one year				
Other debtors	41	60	-	-
Total	3,635	4,704	-	-

16. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31 March 2007 £'000	31 March 2006 £'000	31 March 2007 £'000	31 March 2006 £'000
Bank overdrafts	144	251	-	-
Bank loan	-	500	-	-
Obligations under hire purchase contracts	2	34	-	-
Trade creditors	5,475	4,951	-	-
Other taxes and social security	420	485	-	-
Accruals and deferred income	1,387	1,512	-	-
	7,428	7,733	-	-

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31 March 2007 £'000	31 March 2006 £'000	31 March 2007 £'000	31 March 2006 £'000
Related company loan	3,000	3,000	3,000	3,000

18 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax	31 March 2007 £'000	31 March 2006 £'000
At 1 April 2006 / 1 January 2005	239	617
Charge /(credit) to profit and loss account	342	(378)
At 31 March 2007/2006	581	239

The analysis of deferred tax is as follows

	31 March 2007 £'000	31 March 2006 £'000
Capital allowances in excess of depreciation	1,295	1,096
Losses carried forward	(714)	(857)
	581	239

19. AUTHORISED SHARE CAPITAL

At 1 April 2006 and 31 March 2007	Number of shares	£'000
Ordinary shares of 10p each	80,000,000	8,000
Non-voting shares of 10p each	640,000,000	64,000
12% Non-cumulative irredeemable preference shares of 10p each	80,000,000	8,000
	800,000,000	80,000

Rights of classes of shares

Profits determined by the directors as available for distribution are to be applied first in paying a fixed non-cumulative dividend of 12% per annum on the amounts paid up on 12% non-cumulative irredeemable preference shares The balance of profits for distribution is payable to the holders of the ordinary shares and non-voting ordinary shares in proportion to the amounts paid up on their shares

On a return of the company's assets to shareholders, the assets are to be applied first in repaying to the holders of the 12% non-cumulative irredeemable preference shares other amounts paid up on their shares The balance of the assets is payable to the holders of the ordinary shares and non-voting ordinary shares in proportion to the amounts paid up on their shares

Holders of the 12% non-cumulative irredeemable preference shares and non-voting shares are not entitled to vote at general meetings of the members of the company except on resolutions varying or abrogating any of the special rights or privileges attaching to their shares

20 ALLOTTED, CALLED UP AND FULLY PAID SHARE CAPITAL

At 1 April 2006 and 31 March 2007	Number of shares	£'000
Equity interests		
Ordinary shares of 10p each (2006 - 10p)	5,579,541	558
Non-voting shares of 10p each (2006 - 10p)	44,636,328	4,464
12% Non-cumulative irredeemable preference shares of 10p each (2006 - 10p)	5,579,541	558
	55,795,410	5,580

21. RESERVES

	Merger capital reserve £'000	Profit and loss account £'000
Group		
At 1 April 2006	5,648	(256)
Profit for the year	-	817
Transfer between reserves	1,955	(1,955)
Balance at 31 March 2007	6,699	(1,394)

The transfer between reserves relates to the partial reversal of the impairment provision against investments (see note 12) as the original merger reserve of £23,224,000 arose in respect of these investments

	Merger capital reserve £'000	Profit and loss account £'000
Company		
At 1 April 2006	5,648	-
Profit for the year	-	1,955
Transfer between reserves	1,955	(1,955)
Balance at 31 March 2007	7,603	-

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 March 2007 £'000	31 March 2006 £'000
Group		
Opening shareholders' funds	10,972	11,065
Profit / (loss) for the period	817	(93)
Closing shareholders' funds	11,789	10,972

	31 March 2007 £'000	31 March 2006 £'000
Company		
Profit / (loss) for the period	1,955	(4,360)
Opening shareholders' funds	11,228	15,588
Closing shareholders' funds	13,183	11,228

23. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year ended 31 March 2007 £'000	15 month period ended 31 March 2006 £'000
Operating profit / (loss)	128	(890)
Depreciation	1,354	1,704
Loss / (profit) on disposal of fixed assets	150	(51)
(Increase) / decrease in trading stocks	(32)	230
Decrease in debtors	995	6,482
Increase / (decrease) in creditors	334	(4,764)
Net cash inflow from operating activities	2,929	2,711

24. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT)

	Year ended 31 March 2007 £'000	15 month period ended 31 March 2006 £'000
Increase in cash in the year	1,333	979
Cash inflow from decrease in financing and increase in liquid resources (see note 25)	532	1,430
Change in net debt resulting from cashflows	1,865	2,409
Net debt at 1 April / 1 January	(1,625)	(4,034)
Net funds /(debt) at 31 March	240	(1,625)

25 ANALYSIS OF NET FUNDS / (DEBT)

	At 1 April 2006 £'000	Cash flow £'000	At 31 March 2007 £'000
Cash at bank and in hand	2,160	1,226	3,386
Overdraft	(251)	107	(144)
	1,909	1,333	3,242
Debt due within one year	(534)	532	(2)
Debt due after one year	(3,000)	-	(3,000)
	(1,625)	1,865	240

26. COMMITMENTS

The group was committed to make the following payments in respect of non-cancellable operating leases which expire

	31 March 2007		31 March 2006	
	Land and buildings £'000	Other assets £'000	Land and buildings £'000	Other assets £'000
Within one year	107	-	-	31
Within 2 to 5 years	172	-	277	-
After 5 years	500	-	500	-
	779	-	777	31

CAPITAL EXPENDITURE COMMITMENTS

	31 March 2007 £'000	31 March 2006 £'000
Contracted for but not provided	366	-

£341,000 of this commitment is part of the post year end £3 3 million investment in the Chester Grosvenor Hotel

OTHER COMMITMENTS

At the year end the group had entered into forward contracts to sell 6,442 tonnes (2006 3,898 tonnes) of wheat for £578,465 (2006 £289,520), 450 tonnes (2006 760 tonnes) of oil seed rape for £69,233 (2006 £113,433) and to buy 5,283 tonnes of cattle feed for £184,124 Post year end these commitments are being fulfilled in line with the date upon which these contracts fall due

27. RELATED PARTY TRANSACTIONS

The company is wholly owned by trusts and members of the Grosvenor family headed by the Duke of Westminster

The group arranges insurance cover on normal commercial terms to certain directors, members of the Grosvenor Family and Grosvenor Trusts through its insurance broking subsidiary Aggregate premiums paid in the year were £1,217,000 (15 months ended 31 March 2006 - £949,000) In addition, insurance premiums were paid by other related parties to the group of £10,614,000 (15 months ended 31 March 2006 - £17,511,000)

Rental and other administrative costs totalling £947,000 (15 months ended 31 March 2006 - £992,000) were paid by group companies to a Grosvenor Trust whose trustees form a majority of the directors At 31 March 2007 Group companies owed the Trust £255,000 (31 March 2006 - £155,000) In addition, subsidiaries within the group provided services to this Trust of £28,000 (15 months ended 31 March 2006 - £33,000) At 31 March 2007 the Trust owed Group companies £nil (31 March 2006 – £3,000)

Rent and management charges totalling £388,000 (15 months ended 31 March 2006 - £399,000) were paid to companies within Grosvenor Group Ltd At 31 March 2007 Group companies owed £22,000 (31 March 2006 - £76,000) to these companies Deva Group Ltd and Grosvenor Group Ltd are under common control In addition, subsidiaries within the group provided services to Grosvenor Group Ltd of £237 000 (31 March 2006 - £294,000) and at the year end £4,000 was included in debtors in respect of this (31 March 2006 - £5,000)

There is a commitment by Grosvenor Group Limited to provide financial assistance to Deva Group Limited and its subsidiaries up to £22m (31 March 2006 - £22m)