Financial statements Barrough Limited

For the year ended 31 December 2009

Company No. 3730967

Officers and professional advisers

Company registration number	3730967
Registered office	The Estate Office Blenheim Palace WOODSTOCK Oxfordshire OX20 1PP
Directors	J F D Hoy D M Hare R L File
Secretary	D M Hare
Bankers	Barclays Bank plc Apex Plaza Forbury Road READING Berkshire RG1 1AX
Solicitors	Withers LLP 16 Old Bailey London EC4M 7EG
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditor 1 Westminster Way OXFORD OX2 0PZ

Contents

Report of the directors

The directors present their report and the financial statements of the group for the year ended 31 December 2009

Principal activities and business review

The principal activity of the company during the year was that of a holding company The group had two principal activities during the year The group is involved in the provision of hospitality space and related services This is provided by means of a contractual agreement with Sodexho Prestige Limited, trading as Blenheim Hospitality Limited

The group's other principal activity is the management of commercial letting properties and related investments

Both parts of the business of the group developed pleasingly The functions and banquetting business delivered its highest ever earnings, as did both the commercial and residential lettings businesses The latter businesses provide great stability with some growth opportunities The directors are satisfied with the year's results

Results and dividends

The profit for the year amounted to £317,084 The directors have not recommended a dividend

Directors

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

J F D Hoy
D M Hare
R L File

Directors' responsibilities

The directors are responsible for preparing the Report of the directors 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 the group and of the profit or loss of the group for that year 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 group will continue in business

The directors are responsible for keeping adequate 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 2006 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 received notice under section 488(1) of the Companies Act 2006

BY ORDER OF THE BOARD

D M Hare
Secretary

Report of the independent auditor to the member of Barrough Limited

We have audited the financial statements of Barrough Limited for the year ended 31 December 2009 which comprise the group profit and loss account, the group and company balance sheets, the group cash flow statement, the group statement of total recognised gains and losses and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/UKNP

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2009 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Report of the independent auditor to the member of Barrough Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or

- the parent company financial statements are not in agreement with the accounting records and returns, or

- certain disclosures of directors' remuneration specified by law are not made, or

- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP

Tracey James
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford
8 July 2010

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 are in accordance with applicable accounting standards

The financial statements have been prepared on the going concern basis as the company has the continuing financial support of Vanbrugh Unit Trust

The principal accounting policies are set out below and remain unchanged from the prior year

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings These are adjusted, where appropriate, to conform to group accounting policies Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition The results of companies acquired or disposed of are included in the group profit and loss account after or up to the date that control passes respectively

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own profit and loss account

Related parties transactions

The group has taken advantage of the exemption in FRS 8 from disclosing transactions with other members of the Barrough Limited group

Turnover

Turnover is respect of commissions received from Sodexho Prestige Limited is recognised in the period to which the commissions relate

Turnover in respect of rental income is recognised on a straight line basis over the period in which the property is leased Any lease incentives are spread over the length of the lease up to the first date at which prevailing market rents become payable

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

Plant & Machinery - 4 years straight line

Depreciation is only provided on assets from the date on which they are brought into use by the entity As a result Assets in the course of construction are not depreciated until they have been completed

Investment properties

Investment properties are shown at their open market value The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year

This is in accordance with SSAP 19 which, unlike the Companies Act 2006, does not require depreciation of investment properties Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance The departure for the provisions of the Act is required in order to give a true and fair view

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

Group profit and loss account

	Note	2009 £	2008 £
Group turnover	1	**1,595,788**	1,604,369
Other operating charges	2	**(812,864)**	(791,124)
Operating profit	3	**782,924**	813,245
Interest receivable		-	-
Interest payable and similar charges	5	**(375,286)**	(609,823)
Profit on ordinary activities before taxation		**407,638**	203,422
Tax (charge)/credit on profit on ordinary activities	6	**(90,554)**	8,603
Profit for the financial year	7 / 15	**317,084**	212,025

All of the activities of the group are classed as continuing

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

Group balance sheet

	Note	2009 £	2008 £
Fixed assets			
Tangible assets	8	**16,795,770**	16,852,083
		16,795,770	16,852,083
Current assets			
Debtors	10	**2,274,200**	1,906,195
Cash at bank		**25,446**	253,950
		2,299,646	2,160,145
Creditors: amounts falling due within one year	11	**(11,552,554)**	(11,832,754)
Net current liabilities		**(9,252,908)**	(9,672,609)
Total assets less current liabilities		**7,542,862**	7,179,474
Capital and reserves			
Called-up equity share capital	14	**2**	2
Revaluation reserve	15	**7,422,746**	7,376,442
Profit and loss account	15	**120,114**	(196,970)
Shareholders' funds	15	**7,542,862**	7,179,474

These financial statements were approved by the directors and authorised for issue on 5 July 2010, and are signed on their behalf by

J F D Hoy
Director

Company number 3730967

Company balance sheet

	Note	2009 £	2008 £
Fixed assets			
Investments	9	**2**	2
Current assets			
Debtors	10	**2,120,355**	2,120,355
Cash at bank		**1**	1
		2,120,356	2,120,356
Creditors: amounts falling due within one year	11	**(2,190,689)**	(2,190,689)
Net current liabilities		**(70,333)**	(70,331)
Total assets less current liabilities		**(70,331)**	(70,331)
Capital and reserves			
Called-up equity share capital	14	**2**	2
Profit and loss account	15	**(70,333)**	(70,333)
Deficit		**(70,331)**	(70,331)

These financial statements were approved by the directors and authorised for issue on 5 July 2010, and are signed on their behalf by

J F D Hoy
Director

Company number 3730967

Group cash flow statement

	Note	2009 £	2008 £
Net cash inflow from operating activities	16	**167,044**	844,246
Returns on investments and servicing of finance	16	**(375,286)**	(609,823)
Taxation		**(20,262)**	-
Capital expenditure and financial investment	16	**-**	11,119
Cash (outflow)/inflow before financing		**(228,504)**	245,542
(Decrease)/increase in cash	16	**(228,504)**	245,542

Other primary statements

Group statement of total recognised gains and losses

	2009	2008
	£	£
Profit for the financial year attributable to the shareholders of the parent company	**317,084**	212,025
Unrealised profit/(loss) on revaluation of certain fixed assets	**46,304**	(1,280,787)
Total gains and losses recognised for the year	**363,388**	(1,068,762)

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the principal activities of the group
An analysis of turnover is given below

	2009	2008
	£	£
United Kingdom	**1,595,788**	1,604,369

2 Other operating charges

	2009	2008
	£	£
Administrative expenses	**812,864**	791,124

3 Operating profit

Operating profit is stated after charging

	2009	2008
	£	£
Depreciation of owned fixed assets	**102,616**	101,986

The audit fees for the group were borne by Vanbrugh Unit Trust

Liability Limitation Agreement with the auditor
The directors propose that the company enter into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 31 December 2009 The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements, and will be proposed for approval by the members

4 Particulars of employees

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

5 Interest payable and similar charges

	2009	2008
	£	£
Interest payable to Vanbrugh Unit Trust	**375,286**	609,823

6 Taxation on ordinary activities

a) Analysis of charge in the year

	2009 £	2008 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year	**90,527**	20,263
Adjustments to tax charge in respect of previous periods	**27**	(28,866)
Total current tax	**90,554**	(8,603)
Deferred tax		
Origination and reversal of timing differences	-	-
Tax on profit on ordinary activities	**90,554**	(8,603)

(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 28% (2008 - 20 75%)

	2009 £	2008 £
Profit on ordinary activities before taxation	**407,638**	203,422
Profit on ordinary activities by rate of tax	**104,830**	45,180
(Income)/expenses not (allowable)/deductible for tax purposes	**(2,092)**	131
Capital allowances for period in excess of depreciation	**(1,389)**	(1,435)
Utilisation of tax losses	**(2,287)**	(28,353)
Adjustments to tax charge in respect of previous periods	**27**	(28,866)
Marginal relief	**(8,535)**	
Other adjustments	-	4,740
Total current tax (note 7(a))	**90,554**	(8,603)

7 Profit attributable to members of the parent company

The profit dealt with in the accounts of the parent company was £Nil (2008 - £Nil)

8 Tangible fixed assets

Group

	Investment properties £	Plant & machinery £	Total £
Cost or valuation			
At 1 January 2009	15,609,196	1,421,520	17,030,716
Revaluation	46,304	-	46,304
At 31 December 2009	15,655,500	1,421,520	17,077,020
Depreciation			
At 1 January 2009	-	178,634	178,634
Charge for the year	-	102,616	102,616
At 31 December 2009	-	281,250	281,250
Net book value			
At 31 December 2009	**15,655,500**	**1,140,270**	**16,795,770**
At 31 December 2008	15,609,196	1,242,887	16,852,083

The investment properties were valued at the open market value on 31 December 2009 by Carter Jonas LLP, chartered surveyors

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

	Investment properties £
Net book amount at 31 December 2009	**8,232,755**
Net book amount at 31 December 2008	8,232,755

9 Investments

Company	Group companies £
Cost and net book value	
At 1 January 2009 and 31 December 2009	2

At 31 December 2009 the company held 20% or more of the nominal value of any class of share capital, all of which were incorporated in England and Wales, details as follows

	Class of share capital held	Proportion held	Nature of the business held
Barrough Hospitality Limited	Ordinary	100%	Investment company
Blenheim Estates Properties Limited	Ordinary	100%	Property development

In addition to the above investments, Barrough Hospitality Limited also held an investment in the Godolphin partnership during the year, an entity set up to exhibit to the public the Godolphin rooms at Blenheim Palace The directors consider that the Godolphin partnership qualifies as a subsidiary undertaking and so the partnership has been consolidated in these financial statements

10 Debtors

	The group 2009 £	The group 2008 £	The company 2009 £	The company 2008 £
Trade debtors	**282,578**	282,034	-	–
Amounts owed by group undertakings	-	–	**1,795,656**	1,795,656
Amounts owed by related parties	**1,850,221**	1,566,869	**324,699**	324,699
Other debtors	**68,089**	–	-	–
Prepayments and accrued income	**73,312**	57,292	-	–
	2,274,200	1,906,195	**2,120,355**	2,120,355

11 Creditors: amounts falling due within one year

	The group 2009 £	The group 2008 £	The company 2009 £	The company 2008 £
Trade creditors	**69,029**	8,684	-	–
Amounts owed to parent undertaking	**11,237,104**	11,551,461	**2,190,689**	2,190,689
Amounts owed to related parties	-	40,160	-	–
Other creditors	**58,078**	139,244	-	–
Corporation tax	**90,527**	20,236	-	–
Social security and other taxes	**29,092**	-	-	–
Accruals and deferred income	**68,724**	72,969	-	–
	11,522,554	11,832,754	**2,190,689**	2,190,689

12 Contingencies

The company is party to a cross guarantee with respect to the bank borrowings of its fellow group undertakings Blenheim Estates Properties Limited and Barrough Hospitality Limited At 31 December 2009 the potential liability with respect to this guarantee amounted to £nil (2008 £nil)

The group had no other contingent liabilities at 31 December 2009 or 31 December 2008

13 Related party transactions

The company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group

During the period interest of £375,286 (2008 £609,823) was charged to the group by Vanbrugh Unit Trust in respect of loans made to the group by Vanbrugh Unit Trust As at 31 December 2009 £10,124,988 (2008 £10,734,988) was outstanding in respect of these loans

14 Share capital

Authorised share capital

	2009	2008
	£	£
100 Ordinary shares of £1 each	**100**	100

Allotted, called up and fully paid

	2009		2008	
	No	**£**	No	£
Ordinary shares of £1 each	2	**2**	2	2

15 Reconciliation of shareholders' funds and movement on reserves

Group	**Share capital**	**Revaluation reserve**	**Profit and loss account**	**Total shareholders' funds**
	£	**£**	**£**	**£**
At 1 January 2009	2	**7,376,442**	**(196,970)**	**7,179,474**
Profit for the year	-	-	**317,084**	**317,084**
Other gains and losses				
- Revaluation of fixed assets	-	**46,304**	-	**46,304**
At 31 December 2009	2	**7,422,746**	**120,114**	**7,542,862**

Company	**Share capital**	**Profit and loss account**	**Total shareholders' funds**
	£	**£**	**£**
At 1 January 2009 and 31 December 2009	2	**(70,333)**	**(70,331)**

16 Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2009 £	2008 £
Operating profit	782,924	813,245
Depreciation	102,616	101,986
Impairment of investments	-	500
(Increase) in debtors	(368,005)	(656,435)
(Decrease)/increase in creditors	(342,942)	584,950
Net cash inflow from operating activities	167,044	844,246

Returns on investments and servicing of finance

	2009 £	2008 £
Interest paid	(375,286)	(609,823)
Net cash outflow from returns on investments and servicing of finance	(375,286)	(609,823)

Capital expenditure

	2009 £	2008 £
Receipts from sale of fixed assets	-	11,119
Net cash inflow/(outflow) from capital expenditure	-	11,119

Reconciliation of net cash flow to movement in net funds

	2009 £	2008 £
(Decrease)/increase in cash in the period	(228,504)	245,542
Change in net funds	(228,504)	245,542
Net funds at 1 January 2009	253,950	8,408
Net funds at 31 December 2009	25,446	253,950

Analysis of changes in net funds

	At 1 Jan 2009 £	Cash flows £	At 31 Dec 2009 £
Net cash			
Cash in hand and at bank	253,950	(228,504)	25,446

17 Controlling party

The ımmedıate parent undertakıng of the company ıs Vanbrugh Unıt Trust, whıch ıs establıshed ın England & Wales, due to ıts 100% shareholdıng ın the company

The entıty's ultımate controllıng partıes are Sır Mark Aubrey Weınberg, Mr Alexander Pepys Muır, Mr Anthony John Thompson, by vırtue of theır 100% joınt shareholdıng, as trustees of the Marlborough 2003 settlement