

**KERRISON DEVELOPMENTS
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MAY 2006

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Company no 5211856

KERRISON DEVELOPMENTS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 May 2006

Company no: 5211856

Registered office: Carrow Road
Norwich
NR1 1JE

Directors: R J Munby
B J Skipper

Secretary: S D O'Hara

Auditor: Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
Holland Court
The Close
Norwich
Norfolk
NR1 4DY

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KERRISON DEVELOPMENTS LIMITED

FINANCIAL STATEMENTS

For the year ended 31 May 2006

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KERRISON DEVELOPMENTS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 31 May 2006.

Principal activity

The principal activity of the company is to build and manage a hotel through a joint venture agreement with Estoril Properties Limited.

Business review and future prospects

The consolidated profit and loss account is set out on page 5 and the state of the group's affairs is shown in the balance sheet on page 6. The loss on ordinary activity before taxation for the year ended 31 May 2006 is £4,089.

As the group is currently not generating any turnover from its activities, there are no revenue related key performance indicators to consider at this time.

The company will continue to hold its shares in the joint venture company for the year ended 31 May 2007.

Directors and directors' interests

The following directors have held office since 1 June 2005:

R J Munby
B J Skipper

None of the directors at 31 May 2006 held any shares in the company at 1 June 2005 or 31 May 2006.

Directors and officers liability insurance

During the year the company maintained liability insurance for its directors and officers, as permitted by Section 309(C) of the Companies Act 1985.

Financial risk management objectives and policies

In common with other businesses, the group aims to minimise financial risk. The measures used by the directors to manage this risk include the preparation of profit and cash flow forecasts in the joint venture company, regular monitoring of actual performance against these forecasts and ensuring that adequate financing facilities are in place to meet the requirements of the joint venture business.

The company is not directly exposed to any foreign exchange or interest rate risk.

Statement of directors' responsibilities

The directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

KERRISON DEVELOPMENTS LIMITED

REPORT OF THE DIRECTORS

Statement of directors' responsibilities (continued)

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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

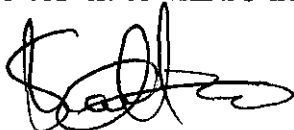
In so far as the directors are aware:

- 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 offer themselves for reappointment as auditor in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



S D O'Hara
Secretary
28 November 2006

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBER OF KERRISON DEVELOPMENTS LIMITED

We have audited the group and parent company financial statements ("the financial statements") of Kerrison Developments Limited for the year ended 31 May 2006 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets and notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member 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 member 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 member 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 Annual Report 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, whether they are properly prepared in accordance with the Companies Act 1985 and whether the information given in the report of the directors is consistent with the financial statements. We also 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the report of the directors. 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 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 group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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 May 2006 and of the group's loss 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 for the year ended 31 May 2006.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

NORWICH

28 November 2006



KERRISON DEVELOPMENTS LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and under the historical cost convention.

The financial statements incorporate the financial results of Kerrison Developments Limited and its joint venture undertaking.

Joint ventures are accounted for in accordance with Financial Reporting Standard 9. Investments in joint venture companies are included in the financial statements using the gross equity method.

The financial statements of Kerrison Hotel Limited, the joint venture company, are made up as follows:

- for the period from 10 December 2004 (date of acquisition) to 31 May 2005; and
- for the 10 month period ended 31 March 2006.

A separate profit and loss account has not been included for Kerrison Developments Limited by virtue of Section 230(4) of the Companies Act 1985.

The financial statements have been prepared on a going concern basis as the parent undertaking has agreed to provide temporary financial assistance to ensure that the company can meet its liabilities as they fall due.

CASH FLOW STATEMENT

Under Financial Reporting Standard 1 (revised 1996), Cash flow statements, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of a United Kingdom parent undertaking that prepares group financial statements.

TANGIBLE FIXED ASSETS

Freehold land is not depreciated.

TAXATION

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. In accordance with Financial Reporting Standard 19, provision is made for deferred tax in respect of all timing differences that have originated but not reversed by the balance sheet date, except that deferred tax assets are only recognised to the extent that they are regarded as recoverable. Deferred tax is not discounted.

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.

KERRISON DEVELOPMENTS LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the year ended 31 May 2006

	Note	2006 £	23.8.2004 to 31.5.2005 £
Administration expenses		(3,000)	-
Operating loss	1	(3,000)	-
Share of operating loss in joint venture		(4,541)	(593)
Operating loss including share of joint venture		(7,541)	(593)
Share of interest receivable in joint venture	3	3,452	-
Share of interest payable in joint venture	4	-	(37)
Loss on ordinary activity before taxation		(4,089)	(630)
Tax on loss on ordinary activity	5	-	-
Loss for the financial year/period - attributable to equity shareholder	12	(4,089)	(630)

There are no recognised gains or losses other than those reflected in the profit and loss account above.

The above results relate to continuing activities.

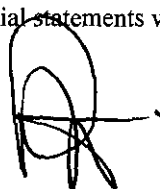
The accompanying accounting policies and notes form an integral part of these financial statements.

KERRISON DEVELOPMENTS LIMITED

CONSOLIDATED BALANCE SHEET AT 31 MAY 2006

	Note	£	2006 £	£	2005 £
Fixed assets					
Tangible fixed assets	6		-		-
Current assets					
Debtors	8	1		1	
Creditors: amounts falling due within one year	9	(3,002)		(2)	
Net current liabilities			(3,001)		(1)
Total assets less current liabilities			(3,001)		(1)
Investment - joint venture					
- Share of gross assets		958,016		31,349	
- Share of gross liabilities		(959,733)		(31,977)	
	7		(1,717)		(628)
Net liabilities			(4,718)		(629)
Capital and reserves					
Called up equity share capital	11		1		1
Profit and loss account	12		(4,719)		(630)
Equity shareholder's deficit	13		(4,718)		(629)

The financial statements were approved by the board of directors on 28 November 2006.



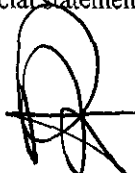
R J Munby **Director**

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

KERRISON DEVELOPMENTS LIMITED**COMPANY BALANCE SHEET AT 31 MAY 2006**

	Note	2006	2005
		£	£
Fixed assets			
Tangible fixed assets	6	-	-
Investments	7	2	2
		<u>2</u>	<u>2</u>
Current assets			
Debtors	8	1	1
Creditors: amounts falling due within one year	9	<u>(3,002)</u>	<u>(2)</u>
Net current liabilities		<u>(3,001)</u>	<u>(1)</u>
Net liabilities		<u>(2,999)</u>	<u>1</u>
Capital and reserves			
Called up equity share capital	11	1	1
Profit and loss account	12	<u>(3,000)</u>	<u>-</u>
Equity shareholder's deficit		<u>(2,999)</u>	<u>1</u>

The financial statements were approved by the board of directors on 28 November 2006.



R J Munby **Director**

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

KERRISON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2006

1 OPERATING LOSS

	2006	23.8.2004 to 31.5.2005
	£	£
Operating loss is stated after charging:		
Auditor's remuneration - audit services	1,500	-
- other services	1,500	-
Profit on sale of lease premium (note 6)	-	-
Directors' remuneration (note 2)	-	-
	<u> </u>	<u> </u>

2 DIRECTORS' REMUNERATION

The company had no employees during the year (2005: £Nil) other than the directors and company secretary. No officer received any remuneration or benefits from the company and no other employment costs were incurred.

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2006	23.8.2004 to 31.5.2005
	£	£
Share of joint venture		
Bank interest receivable	3,447	-
Other interest receivable	5	-
	<u> </u>	<u> </u>
	3,452	-
	<u> </u>	<u> </u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2006	23.8.2004 to 31.5.2005
	£	£
Share of joint venture		
Other interest payable	-	37
	<u> </u>	<u> </u>

KERRISON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2006

5 TAX ON LOSS ON ORDINARY ACTIVITY

	2006	23.8.2004 to 31.5.2005
	£	£
Current year tax		
Corporation tax	-	-
Deferred tax		
Deferred tax	-	-
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	-	-
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There are no differences between the loss before tax and the taxable loss available to carry forward. The company has tax losses of £4,719 (2005: £630) available for group relief or to carry forward to future accounting periods.

The deferred tax asset for these losses has not been recognised as it is not expected to be recovered in the next accounting period.

6 TANGIBLE FIXED ASSETS

	Freehold land
	£
Cost	
At 1 June 2005	-
Addition	1,100,000
Disposal	(1,100,000)
	<hr/>
At 31 May 2006	-
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Net book value at 31 May 2006	-
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Net book value at 31 May 2005	-
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The company purchased a parcel of land from Norwich City Football Club PLC on 28 September 2005 for £1,100,000 and subsequently granted a 150 year lease to Kerrison Hotel Limited on the same date for a single premium of £1,100,000.

As the lease is for a period of 150 years, the company is not entitled to receive any further income and has retained a reversionary interest with insignificant value, the transaction has been shown as a disposal in the financial statements.

There is no profit on disposal of the asset as the purchase price of the land and the lease premium were the same.

KERRISON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2006

7 INVESTMENTS

	Interest in joint venture Group £	Company £
Cost		
At 1 June 2005	(628)	2
Share of joint venture loss	(1,089)	-
	<hr/>	<hr/>
At 31 May 2006	(1,717)	2
	<hr/>	<hr/>
Net book value at 31 May 2006	(1,717)	2
	<hr/>	<hr/>
Net book value at 31 May 2005	(628)	2
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The interest in the joint venture, Kerrison Hotel Limited, comprises £2 (2005: £2) of share capital and £1,719 (2005: £630) share of post acquisition losses of the company.

The investment represents 100% of the issued "A" ordinary share capital of the joint venture, the company does not have any interest in the "B" ordinary share capital of the joint venture. In accordance with the joint venture agreement, the income and profits are apportioned between the "A" and "B" ordinary shareholders in the ratio of 30% and 70% respectively.

The principal activity of the joint venture company is to build and manage a hotel at Carrow Road, Norwich.

The group's share of the associate's results, assets and liabilities comprise:

	2006 £	23.8.2004 to 31.5.2005 £
Turnover	-	-
Loss before tax	(1,719)	-
Taxation	-	-
Loss after tax	(1,719)	-
	<hr/>	<hr/>
Fixed assets	773,891	-
Current assets	184,125	-
	<hr/>	<hr/>
	958,016	-
Liabilities due within one year	(108,599)	-
	<hr/>	<hr/>
	849,417	-
Liabilities due after more than one year	(851,134)	-
	<hr/>	<hr/>
	(1,717)	-
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Capital commitments	2,277,187	-
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KERRISON DEVELOPMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 May 2006

8 DEBTORS

	2006	2005
	£	£
Group and company		
Called up equity share capital not paid	1	1

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
		£
Group and company		
Owed to Kerrison Hotel Limited	2	2
Accruals	3,000	-
	3,002	2

10 DEFERRED TAX ASSET

	2006	2005
	£	£
Group		
Not provided - tax losses carried forward		
At 31 May 2006 - calculated at 30%	1,416	189
Company		
Not provided - tax losses carried forward		
At 31 May 2006 - calculated at 30%	900	-

11 CALLED UP EQUITY SHARE CAPITAL

	2006	2005
	£	£
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, called up and unpaid		
1 Ordinary share of £1	1	1

KERRISON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2006

12 PROFIT AND LOSS ACCOUNT

	Group £	Company £
Balance at 1 June 2005	(630)	-
Loss for the financial year	(4,089)	(3,000)
	<hr/>	<hr/>
Balance at 31 May 2006	(4,719)	(3,000)
	<hr/>	<hr/>

13 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDER'S DEFICIT

	2006 £	2005 £
Group		
Loss for the financial year	(4,089)	(630)
Issue of equity share capital	-	1
	<hr/>	<hr/>
Net movement in equity shareholder's deficit	(4,089)	(629)
Equity shareholder's deficit at 1 June 2005	(629)	-
	<hr/>	<hr/>
Equity shareholder's deficit at 31 May 2006	(4,718)	(629)
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14 RELATED PARTY TRANSACTIONS AND CONTROL

In accordance with the exemption available under paragraph 3(c) of Financial Reporting Standard 8, transactions with entities that are part of the Norwich City Football Club PLC group are not disclosed.

During the year the company granted a 150 year lease on land at Carrow Road, Norwich to Kerrison Hotel Limited, the joint venture undertaking, for £1,100,000. No amount was owed to Kerrison Developments Limited at the year end. The company owes Kerrison Hotel Limited £2, being the called up share capital not paid on the 'A' ordinary shares of Kerrison Hotel Limited.

The company is a wholly owned subsidiary undertaking of Norwich City Football Club PLC.

At 31 May 2006 Ms D A Smith and Mr E M S Wynn Jones owned 57.4% (2005: 57.4%) of the issued share capital of Norwich City Football Club PLC. In accordance with Financial Reporting Standard 8, the board have concluded that ultimate control of the company vests with these related parties.

KERRISON DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 May 2006

	Note	2006 £	23.8.2004 to 31.5.2005 £
Administration expenses		(3,000)	-
Operating loss	1	(3,000)	-
Loss on ordinary activity before taxation		(3,000)	-
Tax on loss on ordinary activity	5	-	-
Loss for the financial year/period - attributable to equity shareholder	12	(3,000)	-

There are no recognised gains or losses other than those reflected in the profit and loss account above.

The above results relate to continuing activities.

The profit and loss account was approved by the board of directors on 28 November 2006.



R J Munby **Director**

This page does not form part of the statutory financial statements.