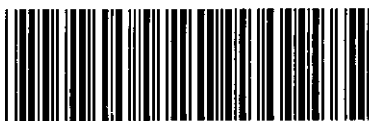


THE PLACE SANDWICH VCT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

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THE PLACE SANDWICH VCT LIMITED

COMPANY INFORMATION

Directors	J M Thornton M L Wolfman H J A Stanford M Collins
Secretary	M D Toomey
Company Number	05301620
Registered Office	10 Crown Place London EC2A 4FT
Auditors	HLB Vantis Audit Plc 82 St John Street London EC1M 4JN
Business Address	The Bell Hotel The Quay Sandwich Kent CT13 9EF

THE PLACE SANDWICH VCT LIMITED

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THE PLACE SANDWICH VCT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2006

The Directors present their report and financial statements for the year ended 30th June 2006.

Principal activities

The principal activity of the company is the operation of The Bell Hotel Sandwich.

Review of the period

The hotel's performance has improved dramatically during the year and the continued refurbishment programme has assisted the improvement in all areas of revenue.

Directors

The following directors have held office since 1 July 2005:

J M Thornton
M L Wolfman
H J A Stanford
M Collins (Appointed 25 July 2005)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of 1p each	
	30 June 2006	30 June 2005
M L Wolfman	-	-
H J A Stanford	-	-
J M Thornton	-	-
M Collins	-	N/A

M Collins did not hold any shares in the company on the date of his appointment as a director.

Auditors

The practice of Audit Assure was acquired by HLB Vantis Audit Plc. The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with section 386(i) of the Companies Act 1985. Therefore, the auditors, HLB Vantis Audit Plc, will be deemed to be reappointed for each succeeding financial year.

THE PLACE SANDWICH VCT LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2006

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- * select suitable accounting policies and 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 which disclose with reasonable accuracy at any time 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

For each of the persons who were directors at the time this report was prepared, the following applies:

- (a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board.



M D Toomey

Secretary

31 January 2007

THE PLACE SANDWICH VCT LIMITED

REPORT OF THE INDEPENDENT AUDITORS

TO THE SHAREHOLDERS OF THE PLACE SANDWICH VCT LIMITED

We have audited the financial statements of The Place Sandwich VCT Limited for the year ended 30 June 2006 set out on pages 4 to 9. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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 the 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 transactions with the company 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 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 applicable to Smaller Entities, of the state of the company's affairs as at 30 June 2006 and of its loss for the year then ended; and
- 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.

HLB Vantis Audit Plc
HLB Vantis Audit Plc

Chartered Accountants
Registered Auditor

6 February 2007

82 St John Street
London
EC1M 4JN

THE PLACE SANDWICH VCT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2006

	Note	Year ended 30-Jun-06 £	Period ended 30-Jun-05 £
TURNOVER		875,191	328,542
Cost of Sales		(800,602)	(300,068)
GROSS PROFIT		<u>74,589</u>	<u>28,474</u>
Administrative Expenses		(227,038)	(65,083)
OPERATING LOSS	2	<u>(152,449)</u>	<u>(36,609)</u>
Interest Receivable	3	8,894	7,412
Interest Payable	4	(204,057)	(94,350)
LOSS ON ORDINARY ACTIVITIES before Taxation		<u>(347,612)</u>	<u>(123,547)</u>
TAX ON LOSS ON ORDINARY ACTIVITIES	5	-	-
LOSS ON ORDINARY ACTIVITIES for the year	12	<u>(347,612)</u>	<u>(123,547)</u>

The comparative profit and loss account information is for the period from 19 January 2005 to 30 June 2005.

The profit and loss account relates entirely to continuing operations.

The company does not have any gains or losses other than those shown above and therefore no separate Statement of Total Recognised Gains and Losses has been presented.

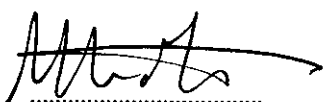
THE PLACE SANDWICH VCT LIMITED


BALANCE SHEET AS AT 30 JUNE 2006

	Notes	30th June 2006 £	£	30th June 2005 £	£
FIXED ASSETS					
Intangible	6		234,950		247,650
Tangible	7		<u>1,831,128</u>		<u>1,477,586</u>
			2,066,078		1,725,236
CURRENT ASSETS					
Stocks		6,287		8,860	
Debtors	8	96,370		69,478	
Cash at bank and in hand		476,352		462,519	
		<u>579,009</u>		<u>540,857</u>	
CREDITORS: Amounts falling due within one year	9	(329,746)		(101,640)	
NET CURRENT ASSETS			<u>249,263</u>		<u>439,217</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,315,341		2,164,453
CREDITORS: Amounts falling due after more than one year	10		(1,750,000)		(1,400,000)
NET ASSETS			<u>565,341</u>		<u>764,453</u>
CAPITAL AND RESERVES					
Called up Share Capital	11		603,000		600,000
Share premium account	12		433,500		288,000
Profit and Loss Account	12		(471,159)		(123,547)
SHAREHOLDERS' FUNDS			<u>565,341</u>		<u>764,453</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements were approved by the Board on 31st January 2007


M L Wolfman
Director


H J A Stanford
Director

THE PLACE SANDWICH VCT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2006

1 ACCOUNTING POLICIES

1.1 Accounting Convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. The company engages in only one class of business, that of hotelier, and all turnover is derived in the United Kingdom.

Turnover is recognised when rooms are occupied and when goods and services are provided to the guests.

1.3 Goodwill

Purchased goodwill is stated at cost less amortisation. It is being written off in equal annual instalments over its estimated useful economic life of 20 years.

1.4 Tangible Fixed Assets

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:-

Freehold land and buildings	Land - No depreciation ; Buildings - Straight line over 50 years
Refurbishment costs	straight line over 10 years
Hotel fixtures, fittings & equipment	straight line over 4-5 years
Computer equipment	straight line over 2 years

1.5 Stocks

Stocks which comprise food, liquor and consumables, are valued at the lower of cost or net realisable value.

2 Operating loss

	2006 £	2005 £
The operating loss is stated after charging:		
Amortisation of intangible assets	12,700	6,350
Depreciation of tangible assets	135,657	35,641
Auditors' remuneration	5,350	3,000
Directors' emoluments	46,613	3,750
	<hr/>	<hr/>

3 Investment income

	2006 £	2005 £
Bank interest	8,894	7,412
	<hr/>	<hr/>

4 Interest Payable

	2006	2005
Loan stock interest and finance charges	191,005	88,668
Arrangement and other fees	13,052	5,682
	<hr/>	<hr/>
	204,057	94,350

THE PLACE SANDWICH VCT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

5 Taxation

The company has estimated losses of approximately £760,000 (2005: £120,000) available for carry forward against future trading profits.

Deferred tax has not been provided in the financial statements on the tax losses as the directors consider that it would not be prudent to do so until the company establishes profitability. The potential unprovided deferred tax asset amounts to approximately £228,000 (2005: £22,000).

6 Intangible fixed assets

	Goodwill £
Cost	
At 1 July 2005	254,000
At 30 June 2006	<u>254,000</u>
Amortisation	
At 1 July 2005	6,350
Charge for the year	12,700
At 30 June 2006	<u>19,050</u>
Net Book Value	
At 30 June 2006	<u>234,950</u>
At 30 June 2005	<u>247,650</u>

7 Tangible fixed assets

	Freehold land and buildings	Hotel fixtures fittings & equipment	Total
Cost	£	£	£
At 1 July 2005	1,252,792	260,435	1,513,227
Additions	400,735	88,464	489,199
At 30 June 2006	<u>1,653,527</u>	<u>348,899</u>	<u>2,002,426</u>
Depreciation			
At 1 July 2005	7,244	28,397	35,641
Charge for the year	41,499	94,158	135,657
At 30 June 2006	<u>48,743</u>	<u>122,555</u>	<u>171,298</u>
Net Book Value			
At 30 June 2006	<u>1,604,784</u>	<u>226,344</u>	<u>1,831,128</u>
At 30 June 2005	<u>1,245,548</u>	<u>232,038</u>	<u>1,477,586</u>

The cost of freehold land and buildings includes £562,500 attributable to land, which is not depreciated.

The freehold property relating to The Bell Hotel is charged as security for the loan stock (see note 10).

8 Debtors

	2006 £	2005 £
Trade debtors	42,470	32,620
Other debtors	53,900	36,858
	<u>96,370</u>	<u>69,478</u>

THE PLACE SANDWICH VCT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

9 Creditors : amounts falling due within one year

	2006 £	2005 £
Trade creditors	110,979	50,413
Taxation and social security	36,115	23,484
Other creditors	182,652	27,743
	<u>329,746</u>	<u>101,640</u>

10 Creditors : amounts falling due after more than one year

	2006 £	2005 £
Loan stock	<u>1,750,000</u>	<u>1,400,000</u>
Analysis of loans		
Wholly repayable within 5 years	<u>1,750,000</u>	<u>1,400,000</u>

The loan stock of £1,750,000 is secured by fixed and floating charges over the assets and undertaking of the company.

11 Share capital

	2006 £	2005 £
Authorised		
75,000,000 Ordinary shares of 1p each	<u>750,000</u>	<u>750,000</u>
Allotted, called up and fully paid		
60,300,000 Ordinary shares of 1p each	<u>603,000</u>	<u>600,000</u>

On 25 June 2006 the company's share capital of 1,500,000 ordinary shares of 50p each was sub-divided into ordinary shares of 1p each, and a further 73,500,000 ordinary shares of 1p each were created. Subsequently, 150,000 ordinary shares of 1p each were allotted at par for cash and 150,000 ordinary shares of 1p each were allotted at £1 per share for cash. The premium on issue has been credited to the share premium account.

The purpose of the share issues was to provide further funds to enable the company to continue with the refurbishment of The Bell Hotel.

12 Statement of movements on reserves

	2006		2005	
	Share premium account £	Profit & loss account £	Share premium account £	Profit & loss account £
Balance as at 1 July 2005	288,000	(123,547)	-	-
Retained loss for the period	-	(347,612)	-	(123,547)
Premium on shares issued during the year	148,500	-	300,000	-
Share premium - other movements	(3,000)	-	(12,000)	-
Balance as at 30 June 2006	<u>433,500</u>	<u>(471,159)</u>	<u>288,000</u>	<u>(123,547)</u>

During this period share issue costs of £3,000 were charged against the share premium account.

13 Capital commitments

	2006 £	2005 £
At 30 June 2006 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements	<u>-</u>	<u>90,000</u>

14 Control

The company is jointly owned by WAW Leisure Limited who hold 50% of the share capital and Close Brothers Venture Capital Trust plc, Close Brothers Protected VCT plc and Healthcare and Leisure Property Fund plc (together "the investors") who between them hold 50% of the share capital. Neither WAW Leisure Limited nor the Investors exercise control. M Wolfman is a director and shareholder of WAW Leisure Limited and H J A Stanford acts as a director of the company appointed by the Investors.

THE PLACE SANDWICH VCT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE YEAR ENDED 30 JUNE 2006

15 Related party transactions

During the year the company received additional loan stock of £350,000 from Close Brothers Protected VCT plc, Close Brothers Venture Capital Trust plc and Healthcare and Leisure Property Fund plc. Interest and charges in respect of the loan stock of £204,057 has been charged to the profit and loss account. At 30 June 2006 the total amount of loan stock due to these entities was £1,750,000.

During the year the company entered into transactions with WAW Leisure Limited in respect of the refurbishment and running of the hotel amounting to £55,797 (2005: £8,607). The company was also charged management fees by WAW Leisure Limited of £5,000 (2005: £nil). At 30 June 2006 the amount due to WAW Leisure Limited, and included in other creditors, was £45,504 (2005: £7,611).

During the year the company paid K Wolfman design fees of £20,852 (2005: £5,000) in relation to the refurbishment of the hotel. At 30 June 2006 the amount due to K Wolfman was £9,974 (2005: £nil). K Wolfman is the wife of M L Wolfman, a director of the company.