

Company Registration No. 05301620 (England and Wales)

THE PLACE SANDWICH VCT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2005



THE PLACE SANDWICH VCT LIMITED

COMPANY INFORMATION

Directors

J Thornton
M L Wolfman
H J A Stanford
M Collins

Secretary

M D Toomey

Company number

05301620

Registered office

4 Crown Place
London
EC2A 4BT

Auditors

Audit Assure
82 St John Street
London
EC1M 4JN

Business address

The Bell Hotel
The Quay
Sandwich
Kent
CT13 9EF

Accountants

Vantis Group Limited
82 St John Street
London
EC1M 4JN

THE PLACE SANDWICH VCT LIMITED

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THE PLACE SANDWICH VCT LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 JUNE 2005

The directors present their report and financial statements for the period ended 30 June 2005.

Principal activities

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

The company was incorporated on 1 December 2004 and subsequently on 14 December 2004 changed its name from Buttondeck Limited to The Place Sandwich VCT Limited. The company acquired The Bell Hotel on 19 January 2005 and commenced trading on that date.

Review of the period

Following the purchase of the Hotel on 19 January a programme of refurbishment and upgrade was initiated. This programme is ongoing. Within the context of this ongoing work the directors are satisfied with the results for the period.

Directors

The following directors have held office since 1 December 2004:

J Thornton	(Appointed 17 January 2005)
M L Wolfman	(Appointed 20 December 2004)
H J A Stanford	(Appointed 20 December 2004)
M Collins	(Appointed 25 July 2005)
Instant Companies Limited	(Appointed 1 December 2004 and resigned 20 December 2004)

Directors' interests

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

	Ordinary shares of 50p each	
	30 June 2005	1 December 2004
M L Wolfman	-	-
H J A Stanford	-	-
J Thornton	-	-

M Collins who was appointed on 25 July 2005 does not hold any shares in the company.

Auditors

Audit Assure were appointed auditors to the company. In accordance with Section 379A and 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to appoint auditors annually. Accordingly Audit Assure shall be deemed to be reappointed until further notice.

THE PLACE SANDWICH VCT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2005

Directors' responsibilities

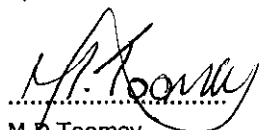
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

23/11/2005

THE PLACE SANDWICH VCT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE PLACE SANDWICH VCT LIMITED

We have audited the financial statements of The Place Sandwich VCT Limited on pages 4 to 10 for the period ended 30 June 2005. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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 of the state of the company's affairs as at 30 June 2005 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Audit Assure

Audit Assure

Chartered Accountants

Registered Auditor

82 St John Street

London

EC1M 4JN

28 December 2005

THE PLACE SANDWICH VCT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 JUNE 2005

	Notes	Period ended 30 June 2005 £
Turnover		328,542
Cost of sales		(300,068)
Gross profit		28,474
Administrative expenses		(65,083)
Operating loss	2	(36,609)
Other interest receivable and similar income	3	7,412
Interest payable and similar charges	4	(94,350)
Loss on ordinary activities before taxation		(123,547)
Tax on loss on ordinary activities	5	-
Loss on ordinary activities after taxation	12	(123,547)

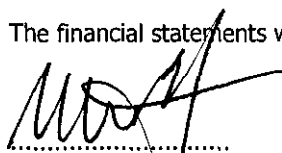
THE PLACE SANDWICH VCT LIMITED

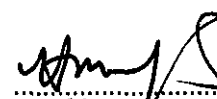
BALANCE SHEET AS AT 30 JUNE 2005

	Notes	2005 £	£
Fixed assets			
Intangible assets	6	247,650	
Tangible assets	7	1,477,586	
			<u>1,725,236</u>
Current assets			
Stocks		8,860	
Debtors	8	69,478	
Cash at bank and in hand		462,519	
		<u>540,857</u>	
Creditors: amounts falling due within one year	9	(101,640)	
			<u>439,217</u>
Net current assets			
			<u>2,164,453</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	10	(1,400,000)	
			<u>764,453</u>
			<u><u>764,453</u></u>
Capital and reserves			
Called up share capital	11	600,000	
Share premium account	12	288,000	
Profit and loss account	12	(123,547)	
			<u>764,453</u>
Shareholders' funds			<u><u>764,453</u></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 June 2002).

The financial statements were approved by the Board on 23rd November 2005


.....
M L Wolfman
Director


.....
H J A Stanford
Director

THE PLACE SANDWICH VCT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2005

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 June 2002).

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 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 and depreciation

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 and net realisable value.

1.6 Refurbishment costs

All refurbishment expenditure is written off to the profit and loss account in the period in which it is incurred with the exception of improvements to the hotel which are capitalised as fixed asset additions.

2 Operating loss	2005
	£
Operating loss is stated after charging:	
Amortisation of intangible assets	6,350
Depreciation of tangible assets	35,641
Auditors' remuneration	3,000
Directors' emoluments	3,750
	<hr/>
3 Investment income	2005
	£
Bank interest	7,412
	<hr/>

THE PLACE SANDWICH VCT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2005

4	Interest payable	2005
		£
	Loan stock interest and finance charges	88,668
	Arrangement and other fees	5,682
		<u>94,350</u>

5 Taxation

The company has estimated losses of £ 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 £ 22,000.

6 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 December 2004	-
Additions	254,000
	<u>254,000</u>
At 30 June 2005	254,000
Amortisation	
At 1 December 2004	-
Charge for the period	6,350
	<u>6,350</u>
At 30 June 2005	6,350
Net book value	
At 30 June 2005	<u>247,650</u>

THE PLACE SANDWICH VCT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2005

7 Tangible fixed assets

	Freehold land and buildings	Hotel fixtures, fittings and equipment	Total
	£	£	£
Cost			
At 1 December 2004	-	-	-
Additions	1,252,792	260,435	1,513,227
At 30 June 2005	1,252,792	260,435	1,513,227
Depreciation			
At 1 December 2004	-	-	-
Charge for the period	7,244	28,397	35,641
At 30 June 2005	7,244	28,397	35,641
Net book value			
At 30 June 2005	1,245,548	232,038	1,477,586

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

2005

£

Trade debtors	32,620
Other debtors	36,858
	<u>69,478</u>

9 Creditors: amounts falling due within one year

2005

£

Trade creditors	50,413
Taxation and social security	23,484
Other creditors	27,743
	<u>101,640</u>

THE PLACE SANDWICH VCT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2005

10 Creditors: amounts falling due after more than one year 2005 £

Loan stock	1,400,000
	<u>1,400,000</u>

Analysis of loans

Wholly repayable within five years	1,400,000
	<u>1,400,000</u>

The loan stock of £1,400,000 is secured by fixed and floating charges over the assets and undertaking of the company.

11 Share capital 2005 £

Authorised

1,500,000 Ordinary shares of 50p each	750,000
	<u>750,000</u>

Allotted, called up and fully paid

1,200,000 Ordinary shares of 50p each	600,000
	<u>600,000</u>

On incorporation the company's authorised share capital was 1,000 ordinary shares of £1 each, of which one share was in issue. On 17 January 2005 the authorised share capital of the company was divided into 2,000 ordinary shares of 50p each and was also increased by £749,000 with the creation of a further 1,498,000 ordinary shares of 50p each. Subsequently, 599,998 ordinary shares of 50p each were allotted at par for cash and 600,000 ordinary shares of 50p each were allotted for cash at £1 each.

The purpose of the share issue was to provide funds to enable the company to acquire and refurbish The Bell Hotel.

12 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Retained loss for the period	-	(123,547)
Premium on shares issued during the period	300,000	-
Share premium - other movements	(12,000)	-
	<u>288,000</u>	<u>(123,547)</u>
Balance at 30 June 2005	<u>288,000</u>	<u>(123,547)</u>

During the period share issue costs of £12,000 were charged against the share premium account.

THE PLACE SANDWICH VCT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 30 JUNE 2005

13 Capital commitments 2005

£

At 30 June 2005 the company had capital commitments as follows:

Contracted for but not provided in the financial statements	90,000
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90,000

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 of WAW Leisure Limited and H J A Stanford acts a director of the Company appointed by the Investors.

15 Related party transactions

During the period the Company received loan stock amounting to £1,400,000 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 £94,350 has been charged to the profit and loss account.