Grant Thornton

Financial statements Hotel Property Fund (Syndicate 2) Limited

For the Period from 28 January 2008 to 25 January 2009

Company No. SC292735

Officers and professional advisers

Company Registration Number	SC292735
Registered Office	Exchange Tower 19 Canning Street EDINBURGH EH3 8EH
Directors	J A Brown C J Paton C E Dickson A Higgins W Paisley
Secretary	HBJGW Secretarial Limited
Bankers	Bank of Scotland 3-5 Albyn Place ABERDEEN AB10 1PY
Solicitors	HBJ Gateley Wareing LLP Exchange House 19 Canning Street EDINBURGH EH3 8EH
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors 1-4 Atholl Crescent EDINBURGH EH3 8LQ

Index

Report of the directors

The directors present their report and the financial statements of the company for the period from 28 January 2008 to 25 January 2009.

Principal activities and business review

The principal activity of the company during the year was that of the operation of a hotel.

Financial overview
Turnover for the period to 25 January 2009 amounted to £2.5 million, a decrease of £15k on the prior period. The loss before tax improved by £0.1 million to £0.5 million.

Despite the loss making situation, the directors are delighted with both the trading performance and asset improvement programme and are of the opinion that the company will establish itself fully in its target market.

Financial performance
Financial performance during the period has been analysed as follows:

	Period from 28 January 2008 to 25 January 2009	Period from 29 January 2007 to 27 January 2008	Change
	£000	£000	%
Turnover	2,489	2,504	(0.6)
Gross profit	2,203	2,185	0.8
Loss before tax	447	547	18.3

Strategy
The company strategy during the period continues to be that of striving to position the hotel and its associated facilities as one of choice for the business and leisure guest. This strategy is underpinned by the complete refurbishment of the property during 2006/07 together with significant resources devoted to staff training and development.

Turnover
Sales decreased marginally by 0.6% over the prior period, although efficiencies achieved at operating level have resulted in profit improvements.

Gross profit
A gross margin of 88.5% was achieved in the period against the prior period of 87.3% and expectations of 88.3%.

The forward view remains positive with continued effort being focused on the supply chain to ensure maximum efficiencies.

Operating costs
Operating costs have remained static at £2.1m.

In general terms the operating costs of the business have been well controlled despite upward pressure on certain cost heads including unit pricing of utilities.

Capital expenditure
The directors continue to embark upon a sustained programme of asset management and improvement by ensuring adequate sums are available to refurbish and maintain the hotel property to a high level to ensure guest satisfaction and efficiency of operation.

Hotel refurbishments during the period amounted to £57k.

The level of investment is key to maintaining the property in good order to retain existing and attract new customers.

Summary of key performance indicators

	Actual	Prior Period
Gross profit margin (%)	88.5	87.3
Capital expenditure (£000)	51	279

Future developments for the business / Future outlook
The directors continue to review the competition and seek opportunities for growth. They believe that through continual strategic investment both in the properties and staff through training and development that a competitive edge will be maintained enabling future growth of the company.

Whilst the general economy shows signs of decline it is the directors' belief that although current sales and trading profit levels will be marginally eroded, the current level's funding costs will result in profitability improvements in the coming year.

Principal risks and uncertainties
The management of the business and nature of the company's activities are subject to a number of risks.

The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all of the risks identified below. Where possible, processes are in place to monitor and mitigate such risks. The directors have set out below the principal risks facing the business.

Economic downturn
The success of the business is in part dependant upon business and consumer spending. A marked reduction in such spending will impact on company income, however minor fluctuations will have little effect.

In response to this risk, senior management review economic conditions, specifically within the local market and more generally within the wider economy. Should severe downturns be predicted or occur, marketing and pricing strategies would be modified to reflect the new market conditions.

Finally and importantly, operational efficiency of the business is also continually monitored and challenged to ensure that best value is extracted from all areas.

Competition
Local competition exists. As a result pressure may be applied to pricing and/or the level of service provided to customers.

Diligent and continuous market research of prices, offerings and forthcoming events is in place to ensure this risk is minimised.

Product
Due to the market in which the company operates the quality of the offering to the guest is of prime importance. Accordingly should any of the guest areas fall into a state of disrepair there is a risk of losing business.

To mitigate this risk the directors and senior management operate an asset management programme to ensure the property is maintained to a high level ensuring guest satisfaction and operational efficiency.

Results and dividends

The loss for the period, after taxation, amounted to £487k. The directors have not recommended a dividend.

Financial risk management objectives and policies

The company is funded by financial instruments including loans, cash and operational items, such as trade debtors and trade creditors which have inherent financial risk. The Board prudently manages these financial risks in the manner shown below. All transactions in derivatives are undertaken to manage the risks arising from underlying business activities and no transactions of a speculative nature are undertaken.

Financial Risk
Financial risk encompasses currency risk, price risk, liquidity risk, insurance risk and interest rate risk. The company's policies for managing the fair value interest rate risk are considered along with those for managing cash flow interest rate risk and are set out in the subsection entitled "interest rate risk" below.

Interest rate risk

The interest rate risk is mitigated by having in place a ladder swap arrangement of £7m which is shown as fixed as current rates are below the lower rung of the swap. The interest rate exposure of the financial assets and liabilities of the company at 25 January 2009 is shown in the table below. The table includes trade debtors, trade creditors and intercompany balances as these do not attract interest and are therefore subject to fair value interest rate risk.

	Fixed £000	Floating £000	Zero £000	Total £000
Financial assets	-	1	-	1
Amount owed by group undertakings	-	-	102	102
Trade debtors	-	-	82	82
	-	1	184	185
Financial liabilities				
Overdrafts	-	250	-	250
Bank loans	7,077	3,103	-	10,180
Amount owed to group undertakings	-	-	155	155
Trade creditors	-	-	112	112
	7,077	3,353	267	10,697

Liquidity risk
The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved by a group offset arrangement.

Currency risk
The company is not exposed to currency risk as all transactions and balances are denominated in sterling.

Price risk
The company is not exposed to price risk as it does not hold any financial instruments subject to pricing by third parties.

Credit risk
The company's principal financial assets are cash, trade debtors and balances with group undertakings. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit rating agencies. The credit risk associated with the balances with group undertakings is limited as the counterparties are under common control. The principal credit risk arises therefore from its trade debtors.

In order to manage credit risk the directors set limits for customers based on references from an independent credit reference agency. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

The company has entered into a cross company guarantee with its fellow subsidiaries, Speedbird Developments Limited, Huntingtower Hotel (Perth) Limited and Hotel Property Fund (Syndicate 1) Limited. If there is a default on these borrowings the company may be required to make good. At 25 January 2009 the total amount outstanding on the borrowings was £24.3 million. The directors believe the financial condition of the fellow subsidiaries is such that this guarantee will not be called upon.

Insurance risk
The directors put in place appropriate insurance policies in the following areas: property, employer and public liability, consequential loss and director and officer cover. Annual reviews are undertaken to ensure that cover is maintained and in appropriate areas and at levels sufficient to protect the business.

Directors

The directors who served the company during the period were as follows:

J A Brown
C J Paton
C E Dickson
A Higgins
W Paisley

A Higgins was appointed as a director on 8 October 2008.
W Paisley was appointed as a director on 8 October 2008.

Fixed assets

The directors are of the opinion that the open market value of the hotel property is in excess of the carrying value in the financial statements.

Directors' responsibilities

The directors are responsible for preparing the Annual Report 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 of the profit or loss of the company for that period. 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 company will continue in business.

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 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.

Donations

During the period the company made the following contributions:

	Period from 28 January 2008 to 25 January 2009	Period from 29 January 2007 to 27 January 2008
	£	£
Charitable	**100**	-

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

Colin J Paton
Director

....
1 JUNE 2009

Grant Thornton

Report of the independent auditor to the members of Hotel Property Fund (Syndicate 2) Limited

We have audited the financial statements of Hotel Property Fund (Syndicate 2) Limited for the period from 28 January 2008 to 25 January 2009 which comprise the principal accounting policies, profit and loss account, balance sheet, cash flow statement and notes 1 to 24. 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 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 auditor

The directors' responsibilities for preparing the Report of the Directors 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 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 Report of the Directors 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 Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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 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.

Report of the independent auditor to the members of Hotel Property Fund (Syndicate 2) Limited (continued)

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 company's affairs as at 25 January 2009 and of its loss for the period 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.

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Grant Thornton UK LLP

EDINBURGH

5/6/09

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Although the balance sheet records that the company had net liabilities at 25 January 2009, these financial statements have been prepared on a going concern basis. The hotel was acquired on 19 April 2006 and subsequently closed for complete refurbishment between September and early December of that year. Upon reopening, the company has traded strongly as it re-establishes itself within the Glasgow market. Additionally, the directors are of the opinion that the value of the land and hotel property is considerably in excess of its carrying value in the financial statements.

The directors have prepared plans and forecasts which indicate that the company will trade more profitably in future years, generating sufficient cash resources to continue to remain well within its agreed facilities meeting its normal trading liabilities and loan repayments as they fall due.

Accordingly, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

Turnover

Turnover arises from the provision of accommodation, food and beverage sales, corporate events, leisure club memberships for part of the year, room hire and associated services. Revenue is recognised when the respective service has been fully provided.

Fixed assets

All fixed assets are initially recorded at cost. Finance costs that are directly attributable to the refurbishment or extension of an asset whilst the asset is in development and not revenue generating are capitalised as part of the 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:

Freehold Property	-	freehold land and core buildings are not depreciated, non-core building element 2% per annum
Fixtures & Fittings	-	10% - 25% straight line

Expenditure on repairs and renewals is charged to the profit and loss account at the time of expenditure. Major refurbishment projects forming part of the planned programme of maintaining the properties in a good state of repair are capitalised at cost under the appropriate asset category and depreciated in accordance with the accounting policy. Any net book value attributable to the asset concerned is written off to the profit and loss account when refurbishment takes place.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a stakeholder pension scheme on behalf of its employees. No contributions were made by the company during the period.

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.

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.

Financial instruments

The only equity instruments the company has are ordinary shares which do not have any terms which require them to be classified as financial instruments. Dividends and distributions relating to equity instruments are debited direct to equity.

Financial liabilities are classified according to the contractual arrangements entered into. 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.

Profit and loss account

	Note	52 weeks ended 25 Jan 09 £000	52 weeks ended 27 Jan 08 £000
Turnover	1	**2,489**	2,504
Cost of sales		**286**	319
Gross profit		**2,203**	2,185
Other operating charges	2	**2,053**	2,053
Operating profit	3	**150**	132
Interest payable and similar charges	5	**597**	679
Loss on ordinary activities before taxation		**(447)**	(547)
Tax on loss on ordinary activities	6	**40**	–
Loss for the financial period	18	**(487)**	(547)

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

Balance sheet

	Note	25 Jan 09 £000	27 Jan 08 £000
Fixed assets			
Tangible assets	7	**9,297**	9,498
Current assets			
Stocks	8	**11**	14
Debtors	9	**265**	446
Cash in hand		**1**	1
		277	461
Creditors: amounts falling due within one year	10	**962**	815
Net current liabilities		**(685)**	(354)
Total assets less current liabilities		**8,612**	9,144
Creditors: amounts falling due after more than one year	11	**10,094**	10,179
		(1,482)	(1,035)
Provisions for liabilities			
Deferred taxation	13	**40**	–
		(1,522)	(1,035)
Capital and reserves			
Called-up equity share capital	17	**109**	109
Profit and loss account	18	**(1,631)**	(1,144)
Deficit	19	**(1,522)**	(1,035)

These financial statements were approved by the directors and authorised for issue on 1 JUNE 2009, and are signed on their behalf by:

John A Brown
Director

Cash flow statement

	Note	52 weeks ended 25 Jan 09 £000	52 weeks ended 27 Jan 08 £000
Net cash inflow from operating activities	20	**724**	174
Returns on investments and servicing of finance			
Interest paid		**(597)**	(679)
Net cash outflow from returns on investments and servicing of finance		**(597)**	(679)
Capital expenditure			
Payments to acquire tangible fixed assets		**(51)**	(279)
Net cash outflow from capital expenditure		**(51)**	(279)
Cash inflow/(outflow) before financing		**76**	(784)
Financing			
(Repayment of)/increase in bank loans		**(6)**	819
Net cash (outflow)/inflow from financing		**(6)**	819
Increase in cash	21	**70**	35

Notes to the financial statements

1 Turnover

The turnover and loss before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	52 weeks ended 25 Jan 09 £000	52 weeks ended 27 Jan 08 £000
United Kingdom	**2,489**	2,504

2 Other operating charges

	52 weeks ended 25 Jan 09 £000	52 weeks ended 27 Jan 08 £000
Administrative expenses	**2,053**	2,053

3 Operating profit

Operating profit is stated after charging:

	52 weeks ended 25 Jan 09 £000	52 weeks ended 27 Jan 08 £000
Depreciation of owned fixed assets	**252**	248
Auditor's remuneration	**4**	6

	25 Jan 09 £000	27 Jan 08 £000
Auditor's remuneration - audit of the financial statements	**4**	6

4 Directors and employees

The average number of staff employed by the company during the financial period amounted to:

	52 weeks ended 25 Jan 09	52 weeks ended 27 Jan 08
	No	No
Hotel staff and management	**79**	63

The aggregate payroll costs of the above were:

	52 weeks ended 25 Jan 09	52 weeks ended 27 Jan 08
	£000	£000
Wages and salaries	**812**	923
Social security costs	**59**	62
	871	985

5 Interest payable and similar charges

	52 weeks ended 25 Jan 09	52 weeks ended 27 Jan 08
	£000	£000
Interest payable on bank borrowing	**597**	679

6 Taxation on ordinary activities

Analysis of charge in the period

	52 weeks ended 25 Jan 09	52 weeks ended 27 Jan 08
	£000	£000
Deferred tax:		
Origination and reversal of timing differences	**40**	-

The company has tax losses of £286k (2008: £699k) available to carry forward to be set against future taxable trading profits.

6 Taxation on ordinary activities (continued)

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 28.40% (2008: 30%).

	52 weeks ended 25 Jan 09 £000	52 weeks ended 27 Jan 08 £000
Loss on ordinary activities before taxation	**(447)**	(547)
Loss on ordinary activities by rate of tax	**(127)**	(164)
Expenses not deductible for tax purposes	**3**	-
Capital allowances for period in excess of depreciation	**(61)**	(133)
Unrelieved tax losses	**-**	124
Losses surrendered as group relief	**185**	173
Total current tax	**-**	-

7 Tangible fixed assets

	Freehold Property £000	**Fixtures & Fittings £000**	**Total £000**
Cost			
At 28 January 2008	5,993	3,788	9,781
Additions	–	51	51
Transfers	105	(105)	–
At 25 January 2009	6,098	3,734	9,832
Depreciation			
At 28 January 2008	18	265	283
Charge for the period	13	239	252
At 25 January 2009	31	504	535
Net book value			
At 25 January 2009	**6,067**	**3,230**	**9,297**
At 27 January 2008	5,975	3,523	9,498

Included within the cost of £9,832k is interest incurred during the refurbishment of a property amounting to £106k (2008: £106k). Interest capitalised during the year amounts to £nil (2008: £106k). The average interest rate used to determine the amount capitalised was nil (2008: 6.25%).

8 Stocks

	25 Jan 09 £000	27 Jan 08 £000
Goods for resale	11	14

9 Debtors

	25 Jan 09 £000	27 Jan 08 £000
Trade debtors	82	225
Amounts owed by group undertakings	102	175
Other debtors	2	–
Prepayments and accrued income	79	46
	265	446

10 Creditors: amounts falling due within one year

	25 Jan 09 £000	27 Jan 08 £000
Bank loans and overdrafts	336	327
Trade creditors	112	54
Amounts owed to group undertakings	155	61
Other taxation and social security	67	68
Other creditors	164	63
Accruals and deferred income	128	242
	962	815

The company has granted a standard security in favour of the Bank of Scotland over its freehold property and a bond and floating charge over the whole assets of the company.

11 Creditors: amounts falling due after more than one year

	25 Jan 09 £000	27 Jan 08 £000
Bank loans	**10,094**	10,179

The company has granted a bond and floating charge over the company's assets in favour of the Bank of Scotland. The company has also granted a standard security over its freehold property to secure the borrowings of Huntingtower Hotel (Perth) Limited, Hotel Property Fund (Syndicate 1) Limited and Speedbird Developments Limited, all fellow subsidiaries.

The bank loans are subject to the following principal terms:

Variable rate loan 1
A variable rate loan of £9,070k repayable in one lump sum 180 months from drawdown. Interest is subject to a ladder swap arrangement and is charged at a minimum of 4.9%. Should the floating rate be set at or above 5.3% it will be charged at 5.5%, or should the floating rate be set at or above 5.6% it will be charged at 6%. Interest is currently charged at 4.9%.

Variable rate loan 2
A variable rate loan of £1,117k repayable in 156 monthly instalments of capital and interest. Interest only payments for 25 months from drawdown at base rate plus 1%. One capital repayment of £6k has been made during the year.

12 Creditors - capital instruments

Creditors include finance capital which is due for repayment as follows:

	25 Jan 09 £000	27 Jan 08 £000
Amounts repayable:		
In one year or less or on demand	**86**	7
In more than one year but not more than two years	**88**	86
In more than two years but not more than five years	**265**	258
In more than five years	**9,741**	9,836
	10,180	10,187

	25 Jan 09 £000	27 Jan 08 £000
Wholly repayable within five years:		
Repayable by instalments	**439**	351
Not wholly repayable within five years:		
Repayable by instalments	**671**	766
Repayable other than by instalments	**9,070**	9,070
	9,741	9,836
	10,180	10,187

13 Deferred taxation

The movement in the deferred taxation provision during the period was:

	52 weeks ended 25 Jan 09 £000	52 weeks ended 27 Jan 08 £000
Profit and loss account movement arising during the period	**40**	-
Provision carried forward	**40**	-

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	25 Jan 09		27 Jan 08	
	Provided £000	**Unprovided £000**	**Provided £000**	**Unprovided £000**
Excess of taxation allowances over depreciation on fixed assets	**121**	-	-	108
Tax losses available	**(81)**	-	-	(209)
	40	-	-	(101)

14 Derivatives

At the year end the company had a ladder swap arrangement on one of its loans which has been fair valued at (£845k) at 25 January 2009 (27 January 2008 (£156k)). The balance sheet value of this instrument is £nil (2008: £nil).

15 Contingent liabilities

The company and its fellow subsidiaries Huntingtower Hotel (Perth) Limited, Hotel Property Fund (Syndicate 1) Limited, and Speedbird Developments Limited have entered into all sums cross guarantees in the period ended 28 January 2007, in respect of indebtedness of these companies to Bank of Scotland. The total indebtedness at 25 January 2008 with Bank of Scotland was £24.3 million, including the company's own bank overdraft of £250k and bank loans of £10.2 million.

16 Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

The company is controlled by J A Brown and C J Paton, directors of the company as a result of their controlling interest in Etchecan Limited.

17 Share capital

Authorised share capital:

	25 Jan 09 £000	27 Jan 08 £000
109,100 Ordinary shares of £1 each	**109**	109

Allotted, called up and fully paid:

	25 Jan 09 No	25 Jan 09 £000	27 Jan 08 No	27 Jan 08 £000
Ordinary shares of £1 each	**109,100**	**109**	109,100	109

18 Profit and loss account

	52 weeks ended 25 Jan 09 £000	52 weeks ended 27 Jan 08 £000
Balance brought forward	**(1,144)**	(597)
Loss for the financial period	**(487)**	(547)
Balance carried forward	**(1,631)**	(1,144)

19 Reconciliation of movements in shareholders' funds

	25 Jan 09 £000	27 Jan 08 £000
Loss for the financial period	**(487)**	(547)
Opening shareholders' deficit	**(1,035)**	(488)
Closing shareholders' deficit	**(1,522)**	(1,035)

20 Reconciliation of operating profit to net cash inflow from operating activities

	52 weeks ended 25 Jan 09 £000	52 weeks ended 27 Jan 08 £000
Operating profit	**150**	132
Depreciation	**252**	248
Decrease in stocks	**3**	3
Decrease in debtors	**181**	11
Increase/(decrease) in creditors	**138**	(220)
Net cash inflow from operating activities	**724**	174

21 Reconciliation of net cash flow to movement in net debt

	25 Jan 09 £000	27 Jan 08 £000
Increase in cash in the period	70	35
Net cash outflow from/(inflow) from bank loans	6	(819)
	76	(784)
Change in net debt	76	(784)
Net debt at 28 January 2008	(10,505)	(9,721)
Net debt at 25 January 2009	(10,429)	(10,505)

22 Analysis of changes in net debt

	At 28 Jan 2008 £000	Cash flows £000	At 25 Jan 2009 £000
Net cash:			
Cash in hand and at bank	1	–	1
Overdrafts	(320)	70	(250)
	(319)	70	(249)
Debt:			
Debt due within 1 year	(7)	(79)	(86)
Debt due after 1 year	(10,179)	85	(10,094)
	(10,186)	6	(10,180)
Net debt	(10,505)	76	(10,429)

23 Capital commitments

The directors have confirmed that there were no capital commitments at 25 January 2009 or 28 January 2008.

24 Ultimate parent company

The ultimate holding company is Etchecan Limited, a company registered in Scotland.