

De Vere Group Limited

Report and Accounts

31 December 2007



De Vere Group Limited

Registered No 00014504

Directors

R G Balfour-Lynn

J Singh

M A Bibring

I B Cave

Secretary

Filex Services Limited

Auditors

Ernst & Young LLP

100 Barbirolli Square

Manchester

M2 3EY

Registered Office

179 Great Portland Street

London

W1W 5LS

Directors' report

The directors present their report and accounts for the 15 month period ended 31 December 2007

Results and dividends

The profit after taxation for the period amounted to £230,379,000 (24 September 2006 - £22,730,000)

Ordinary dividends of £200,000,000 (24 September 2006 £4,162,000) were paid during the period

Principal activity

The Company runs a white spirit manufacturer G&J Greenalls, manages certain property interests and controls subsidiary companies that own and run hotels and health and fitness clubs

Review of the business and future developments

On 1 December 2006, the Company repaid and cancelled its Revolving Credit Facility, repaying capital of £39 million and all outstanding interest and fees

During the period the Company relocated its distillery following the fire in October 2005. All outstanding proceeds from the fire insurance claim were paid during the period

The Company sold its 50% investment in the Joint Venture Company Daresbury Park Developments Limited generating a profit of £3,484,000

A comprehensive review of the strategic affairs of the Group into which the Company is consolidated, including key performance indicators and key risks and uncertainties, is contained in the report and financial statements of AHG Venice Limited, the ultimate parent undertaking at the period end

Events since the balance sheet date

In January 2008, the Company terminated its cross currency interest rate swap at a cost of £12.6 million

Directors

The directors of the company during the period were as follows

R G Balfour-Lynn

J Singh

M A Bibring

I B Cave

Employment report

The Company is committed to operating equal opportunity policies in recruitment, terms and conditions of employment, promotion and training for all employees, and to encourage them to develop their full potential regardless of gender, ethnic origin or disability. Regular briefings are made to staff across the Company in order to keep them informed of any major developments affecting the business

Directors' report

Treasury policies

The objectives of the company are to manage the company's financial risk, secure cost effective funding for the company's operations, and to minimise the adverse effects of fluctuations in the financial market on the company's financial assets and liabilities, on reporting profitability and on the cash flows of the company

The company finances its activities with a combination of bank loans, finance leases, loan notes and cash deposits. Overdrafts are used to satisfy short-term cash flow requirements. Other financial assets and liabilities, such as trade debtors and trade creditors arise from the company's operating activities. The company also enters into derivative transactions in the form of interest rate swap contracts. The purpose is to manage the interest rate risks arising from the company's borrowings. The company does not trade in financial instruments and has no other form of derivatives.

The main risk associated with the company's financial assets and liabilities are set out below, as are the policies agreed by the board for their management.

Foreign currency risk

Aside from the US\$100 million Guaranteed senior loan notes, which were repaid on 18 September 2006, and the corresponding Gross Currency interest rate swap, transactions conducted in foreign currencies are not significant in the context of the overall business.

The cross currency interest rate swap was still held at the period end and the liability as at 31 December 2007 is included within other creditors due in more than one year. The value of this liability is dependent upon GBP and USD interest rates and the exchange rate between these two currencies.

Interest rate risks

The company's policy is to manage its cost of borrowing using a combination of fixed rate facilities and interest rate swaps. The company's objective is to reduce exposure to cash flow interest rate risks.

Credit risk

The company's objective is to reduce the risk of financial loss due to a counter party's failure to honour its obligations. Standard payment terms are quoted to customers for contracts and credit insurance is taken in appropriate circumstances.

The management of each operating division is responsible for the installation and maintenance of appropriate credit control procedures, and for ensuring that orders are not accepted or shipments made to non credit worthy customers. Individual exposures are monitored with customers subject to credit limits to ensure that the company's exposure to bad debts is not significant. The management of operating divisions are also responsible for ensuring that payment is received from customers promptly and in accordance with the agreed terms.

Liquidity risk

The company aims to mitigate liquidity risk by managing cash generation by its operations.

Investment is carefully monitored, with authorisation limits operating up to board level, with a carefully considered investment appraisal process. The approval procedures apply to all capital items whether purchased outright, leases, rented or subject to hire purchase agreements. The method of funding for each is dictated in each case by cash flow implications.

Donations

Charitable donations amounting to £nil (24 September 2006 - £77,000) were made, no political contributions were made during the period.

Directors' report

Supplier payment policy

The Company negotiates payment arrangements and other terms and conditions with all of its principal suppliers. Payments to suppliers are made in accordance with negotiated arrangements other than in the event of a dispute. The number of days purchases outstanding for the Company at 31 December 2007 was 50 days (24 September 2006: 54 days).

Disclosure of information to auditors

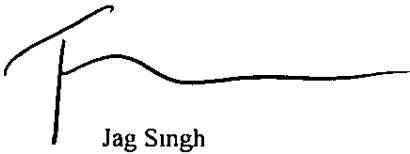
In accordance with Section 234A of the Companies Act 1985, each of the above directors (excluding those who have resigned during the financial period)

- is not aware of any relevant audit information of which the Company's auditors are unaware, and
- has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the Board



Jag Singh
Director

21 AUGUST 2008

Statement of directors' responsibilities in respect of the accounts

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

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts 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 those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the accounts, and
- prepare the accounts 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 to enable them to ensure that the accounts 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom covering the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the members of De Vere Group Limited

We have audited the company's financial statements for the 15 month period ended 31 December 2007 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 26. These financial statements have been prepared on the basis of 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 auditors' 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

The directors' responsibilities for preparing the financial statements in accordance with applicable 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, 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 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

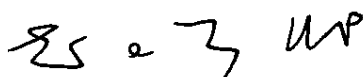
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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, of the state of the company's affairs as at 31 December 2007 and of its profit 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 directors' report is consistent with the financial statements.



Ernst & Young LLP
Registered Auditor
Manchester

22/8/08

Profit and loss account

for the 15 month period ended 31 December 2007

		<i>15 months ended 31 December 2007</i>	<i>Year ended 24 September 2006</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
Turnover	2	41,679	25,357
Cost of sales		(29,268)	(15,207)
Gross profit		12,411	10,150
Administrative expenses		(13,722)	(3,266)
Operating profit	3	(1,311)	6,884
Exceptional items	5	21,067	(18,032)
Income from investments	6	200,000	19,103
Interest receivable	7	23,889	34,112
Interest payable	8	(3,975)	(17,246)
Profit on ordinary activities before taxation		239,670	24,821
Tax on profit on ordinary activities	9	(9,291)	(2,091)
Profit on ordinary activities after taxation	21	230,379	22,730

Statement of total recognised gains and losses

There were no recognised gains or losses other than the profit attributable to shareholders of the company of £230,379,000 in the period ended 31 December 2007 and of £22,730,000 in the year ended 24 September 2006

Balance sheet

at 31 December 2007

		31 December 2007	24 September 2006
	Notes	£000	£000
Fixed assets			
Tangible assets	11	14,361	8,726
Investments	12	179,745	184,468
		<u>194,106</u>	<u>193,194</u>
Current assets			
Stocks	13	6,306	3,234
Debtors			
Due within one year	14	6,260	26,271
Due after more than one year	14	583,305	645,717
Cash at bank and in hand		15,503	21,717
		<u>611,374</u>	<u>696,939</u>
Creditors amounts falling due within one year	15	(10,946)	(169,254)
Net current assets		<u>600,428</u>	<u>527,685</u>
Total assets less current liabilities		<u>794,534</u>	<u>720,879</u>
Creditors amounts falling due after more than one year	16	(331,099)	(288,473)
Provisions for liabilities and charges	18	(536)	(1,031)
		<u>462,899</u>	<u>431,375</u>
Capital and reserves			
Called up share capital	20	27,100	27,001
Share premium	21	29,959	28,913
Other reserves	21	272,633	272,633
Profit and loss account	21	133,207	102,828
Equity shareholders' funds	21	<u>462,899</u>	<u>431,375</u>

The accounts were authorised for issue by the board of directors on 21 AUGUST 2008 and were signed on its behalf by


J Singh
Director
2008

Notes to the financial statements

at 31 December 2007

1. Accounting policies

Basis of accounts

The accounts have been prepared in accordance with applicable United Kingdom Accounting Standards under the historical cost convention with the exception of properties which, under the transitional provisions of FRS15 'Tangible Fixed Assets' are included at their 1999 valuations. Since 1999 it has been the Company's policy not to revalue fixed assets.

Group accounts

The company has taken advantage of the exemption from preparing group accounts contained in Section 228(1) of the Companies Act 1985, on the basis that it is a wholly owned subsidiary of AHG Venice Limited, a company registered in the United Kingdom. The accounts therefore only present the results and state of affairs of the company and not the group.

Investments

Investments are accounted for at the lower of cost or net realisable value.

Tangible fixed assets and depreciation

The cost of tangible fixed assets represents the actual purchase price paid. Cost includes gross interest on capital invested in major property development and directly attributable overheads.

Fixtures and fittings contains items of plant, machinery, fixtures and fittings and equipment, including vehicles.

Depreciation is not provided on freehold land.

Depreciation is provided to write off the cost or valuation of all other fixed assets over their useful lives to their estimated residual values and is calculated by the straight line method at the following rates:

	<i>Per annum</i>
Hotel buildings	2%
Fixtures and fittings	4% - 14%

Leasehold properties are depreciated over the shorter of 50 years or their remaining useful lives.

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

When an asset is fully depreciated and no longer in use, both the gross amount and the aggregate depreciation are eliminated from the Accounts.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises expenditure directly incurred in purchasing or manufacturing stock and includes an appropriate amount of overhead.

Certain operating supplies are treated as a base stock and renewals and replacements of such stock are written off to the profit and loss account as incurred.

Notes to the financial statements

at 31 December 2007

1. Accounting policies (continued)

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

Leases

Assets which are subject to finance leases are capitalised and the related depreciation charged to the profit and loss account. Lease payments are treated as consisting of interest and capital, interest being charged to the profit and loss account on an actuarial basis. Rental payments in respect of operating leases are charged to the profit and loss account on a straight line basis. Provision has been established for future anticipated costs related to leased premises no longer occupied by the Company.

Property provision

Provision is made for future rental expenses and related costs of leasehold property (net of estimated sub lease income) where space is either vacant or not planned to be used for ongoing operations.

Pensions

Certain employees of the Company are eligible to be members of defined benefit schemes operated by the Group. The funds of the schemes are administered by trustees and are completely separate from the funds of the Company. Pension costs relating to such schemes are charged to the profit and loss account in accordance with the advice of an independent qualified actuary. Actuarial assessments of the pension scheme are carried out every three years.

Additionally the Company contributes to the personal pension plan of certain employees. Payments to money purchase pension schemes are charged as incurred.

Segmental reporting

As a wholly owned subsidiary of AHG Venice Ltd, the company has taken advantage of the exemption available under SSAP 25 not to provide segmental information.

Notes to the financial statements

at 31 December 2007

1. Accounting policies (continued)

Cash flow statement

As a wholly owned subsidiary of AHG Venice Limited, the company is exempt from the requirement to present a cash flow statement under FRS1, as a consolidated cash flow statement is included in that company's financial statements, which are publicly available

Related party transactions

As a wholly owned subsidiary of AHG Venice Ltd, the Company has taken advantage of the exemption available under FRS 8 and has not disclosed details of transactions with other group companies

Derivatives

The Company uses forward foreign currency contracts due to reduce exposure to foreign exchange rates. The Company also uses interest rate swaps to adjust interest rate exposures.

Forward foreign currency contracts

The criteria for forward foreign currency contracts are

- the instrument must be related to a firm foreign currency commitment,
- it must involve the same currency as the hedged item, and
- it must reduce the risk of foreign currency exchange movements on the Group's operations

The rates under such contracts are used to record the hedged item. As a result, gains and losses are offset against the foreign exchange gains and losses on the related financial assets and liabilities, or where the instrument is used to hedge a committed future transaction, are not recognised until the transaction occurs.

Interest rate swaps

The Company's criteria for entering interest rate swaps transactions are

- the instrument must be related to an asset or a liability, and
- it must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa

Interest differentials are recognised by accruing with net interest payable. Interest rate swaps meeting the criteria for hedge accounting are not revalued to fair value or shown on the Group balance sheet at the period-end. If they are terminated early, any gain/loss is spread over the remaining maturity of the original instrument.

2. Turnover

Turnover is the value of goods and services sold to third parties, including excise duties, as part of the Company's trading activities, after deducting discounts and sales based taxes.

Notes to the financial statements

at 31 December 2007

3. Operating profit

The operating profit is stated after charging/(crediting)

	<i>15 months ended 31 December 2007 £000</i>	<i>Year ended 24 September 2006 £000</i>
Depreciation of owned tangible fixed assets	524	51
Repairs and maintenance	334	193
Operating leases - plant and machinery	99	-
Operating leases - land and buildings	59	-
Auditors' remuneration - audit of financial statements	15	35
	<u> </u>	<u> </u>

4. Employee costs

Particulars of employee costs including those of directors

	<i>15 months ended 31 December 2007 £000</i>	<i>Year ended 24 September 2006 £000</i>
Wages and salaries	4,691	3,235
Social security costs	442	373
Pension costs	324	335
	<u>5,457</u>	<u>3,943</u>

The average number of persons engaged in the Company's operations was 107 all at G&J Greenalls (24 September 2006 - 105). The directors' remuneration is paid from the Company's main trading subsidiary De Vere Hotels and Leisure Limited.

Notes to the financial statements

at 31 December 2007

4. Employee costs (continued)

Directors' emoluments are summarised as follows

	15 months ended 31 December 2007	Year ended 24 September 2006
	Total £000	Total £000
R G Balfour-Lynn	-	-
J Singh	-	-
M A Bibring	-	-
I B Cave	-	-
Chairmen		
Lord Daresbury*	-	62
David Richardson**	-	106
Executive Directors		
Carl Leaver	-	1,327
Matthew Fearn^	-	1,016
Roger Stubbs^^	-	54
Non-executive Directors		
Debbie Hewitt	-	34
Alan Jackson	-	39
Steve Morgan^^^	-	-
Nigel Walmsley	-	34
Total	-	2,672

* Lord Daresbury was Chairman until 3 April 2006

** David Richardson's fees covered his roles as Non-executive director from 28 October 2005 and Chairman of the Board from 3 April 2006 until 5 September 2006

^ Matthew Fearn joined the Group as Finance Director designate on 7 November 2005 and all his remuneration and benefits were included in the above table from that date. His other benefits included a supplement of £41,503 for pension contributions at 20% of basic salary, relocation expenses of £27,303 and a disturbance allowance of £159,322

^^ The emoluments for Roger Stubbs are for the period up to the date of his retirement on 2 January 2006

^^^ In 2006, Steve Morgan has waived his director's fees of £29,348. The Company had agreed to pay an equivalent amount to that of the fees to a charitable trust of its choice.

The emoluments of the highest paid director amounted to £nil (24 September 2006: Carl Leaver £1,327,000)

Messrs R G Balfour-Lynn, J Singh, M A Bibring and I B Cave were paid by a related company – AHG Management Services Limited in their capacity as directors of that company and details of their remuneration can be found in the accounts of that company

Notes to the financial statements

at 31 December 2007

4. Employee costs (continued)

Options exercised by directors in the prior year

In addition to the emoluments disclosed in the above table, on 5 September 2006 when De Vere Group plc was acquired by AHG Venice Limited all outstanding share options vested for the two executive directors Carl Leaver, the highest paid director, had the following options vesting 145,000 at £3.80, 107,394 at £4.26, 157,657 at £5.55 under the executive option scheme, 1,121 shares at £4.27 under the SAYE scheme and received £52,176 in respect of the award of matching shares under the Employee Co-Investment Plan. In addition, the cash equivalent of 51,410 Performance Plan Shares at £8.75 each vested on 5 September 2006. Matthew Fearn received the cash equivalent of 64,629 Performance Plan Shares at £8.75.

Two directors, Roger Stubbs and Carl Leaver, accrued benefits in respect of a defined benefit pension scheme during the period. Two directors, Matthew Fearn and Carl Leaver accrued benefits in respect of money purchase pension schemes.

At the period end no director had a direct interest in the shares of the Company and no director held any option to subscribe for shares in other group companies.

5. Exceptional items

	<i>15 months ended 31 December 2007 £000</i>	<i>Year ended 24 September 2006 £000</i>
Profit on disposal of fixed assets	17,583	508
Profit on sale of Joint Venture investment	3,484	-
Write-off of investment in subsidiary	-	(9,890)
Transaction costs	-	(8,650)
	<u>21,067</u>	<u>(18,032)</u>

The profit on disposals of fixed assets arose from the sale of surplus property interests.

The Company sold its 50% investment in the Joint Venture Company Daresbury Park Developments Limited at a profit of £3,484,000.

During the prior period the trade of DVRO Finance Inc was wound up and its remaining timeshare loan business was transferred to De Vere Credit Limited, a fellow group company. The Company wrote-off its investment in DVRO Finance Inc giving rise to an exceptional loss of £9,890,000. The Company also received a dividend of £19,103,000 from DVRO Finance Inc (see note 6).

In the prior year, the transaction costs were incurred by the Company during the sale of the Company to AHG Venice Limited.

Notes to the financial statements

at 31 December 2007

6. Income from investments

	<i>15 months ended 31 December 2007 £000</i>	<i>Year ended 24 September 2006 £000</i>
Dividends received from Group undertakings	200,000	19,103

During the period the Company received a £200 million dividend from its subsidiary De Vere Group Investments Limited

7. Interest receivable

	<i>15 months ended 31 December 2007 £000</i>	<i>Year ended 24 September 2006 £000</i>
Bank and short term interest	553	117
Interest receivable from Group undertakings	23,336	21,249
Interest on tax refund	-	346
Gain on disposal of Grand Jersey Limited	-	12,400
	<u>23,889</u>	<u>34,112</u>

In the prior year, the company sold its investment in Grand Jersey Limited, the subsidiary company that owned the De Vere Grand Jersey for gross proceeds of £27,600,000

8. Interest payable

	<i>15 months ended 31 December 2007 £000</i>	<i>Year ended 24 September 2006 £000</i>
Bank and short-term interest	588	6,989
Other interest	-	4,213
Amortisation of debt issue costs	-	160
Interest payable to Group undertakings	-	506
	<u>588</u>	<u>11,868</u>
Exceptional interest	-	3,793
Interest rate swap contracts – market-to-market	3,387	11,880
Exchange gain on repayment of \$100m 6 4% guaranteed senior loan notes	-	(10,295)
	<u>3,975</u>	<u>17,246</u>

Notes to the financial statements

at 31 December 2007

8. Interest payable (continued)

The exceptional interest payable, in the prior year, included the 'make whole' payment on early repayment of the \$100m 6 4% Guaranteed Senior loan notes (£3,278,000), and the write-off of prepaid debt issue costs in respect of the £200m Revolving Credit Facility and the \$100m Guaranteed Senior loan notes totalling £515,000

At each period end the existing interest rate swap contracts were marked-to-market and the movement in the valuation of the swaps charged to the profit and loss account

In the prior year, the Company repaid its \$100m 6 4% Guaranteed senior loan notes generating an exchange gain of £10,295,000

9. Tax on profit on ordinary activities

a) Tax on profit on ordinary activities

The tax (charge)/credit is made up as follows

	<i>15 months ended 31 December 2007 £000</i>	<i>Year ended 24 September 2006 £000</i>
Current tax		
UK corporation tax	-	-
Total current tax credit (note 9(b))	-	-
Deferred tax – adjustment in respect of prior year	(2,660)	-
– current year charge	(5,578)	(3,154)
– credit on exceptional items	-	1,063
– effect of rate change from 28% to 30%	(1,053)	1,063
Tax on profit on ordinary activities	<u>(9,291)</u>	<u>(2,091)</u>

Notes to the financial statements

at 31 December 2007

9. Tax on profit on ordinary activities (continued)

b) Factors affecting the current tax credit

The tax credit assessed on the profit on ordinary activities differs from the standard rate of corporation tax in the UK of 30% (24 September 2006 - 30%) The differences are reconciled below

	<i>15 months ended 31 December 2007 £000</i>	<i>Year ended 24 September 2006 £000</i>
Profit on ordinary activities before taxation	239,670	24,821
Notional tax charge at UK corporation tax rate of 30% (24 September 2006 - 30%)	71,901	(7,446)
Capital allowances in excess of depreciation	(427)	147
Capital gains not attracting tax	(6,320)	1,057
Utilisation of tax losses	(5,112)	2,891
(Income)/expenses not (chargeable)/deductible for tax	(42)	(2,494)
Non-taxable Group dividend income	(60,000)	5,731
Group relief received from subsidiary company	-	-
Adjustments in respect of prior periods	-	114
Total current tax credit (note 9(a))	-	-

10. Dividends

	<i>15 months ended 31 December 2007 £000</i>	<i>Year ended 24 September 2006 £000</i>
Interim dividend	200,000	4,162

During the period the Company paid a dividend of £200 million to AHG Venice Limited (2006 Interim dividend to shareholders of £4,162,000)

Notes to the financial statements

at 31 December 2007

11 Tangible fixed assets

	<i>Properties</i> <i>£000</i>	<i>Fixtures and fittings</i> <i>£000</i>	<i>Total</i> <i>£000</i>
Cost or valuation			
At 25 September 2006	5,035	4,611	9,646
Additions during period	9,084	4,894	13,978
Disposals	(7,810)	(332)	(8,142)
At 31 December 2007	6,309	9,173	15,482
Depreciation			
At 25 September 2006	389	531	920
Charge for the period	1	523	524
Disposals	(323)	-	(323)
At 31 December 2007	67	1,054	1,121
Net book value			
At 31 December 2007	6,242	8,119	14,361
At 25 September 2006	4,646	4,080	8,726
		<i>15 months ended</i>	<i>Year ended</i>
		<i>31 December 2007</i>	<i>24 September 2006</i>
		<i>£000</i>	<i>£000</i>
Properties			
Freehold		6,204	4,608
Short leasehold		38	38
		6,242	4,646
Fixtures and fittings		8,119	4,080
Net book values		14,361	8,726

Notes to the financial statements

at 31 December 2007

12. Investments

	<i>Subsidiary undertakings</i>	<i>Joint ventures</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost and net book value			
At 25 September 2006	179,715	4,753	184,468
Additions	30	-	30
Disposals	-	(4,753)	(4,753)
At 31 December 2007	179,745	-	179,745

During the period the Company sold its 50% interest in the joint venture company Daresbury Park Developments Limited ("DPD") for consideration of £8,237,000 generating a profit on sale of £3,484,000 (see Note 5)

During the period the Company bought the entire share capital of Jermcam Limited, from a fellow Group Company, for consideration of £30,000

The principal subsidiary undertakings and joint ventures of the Company at 31 December 2007 and 25 September 2006 all of which were registered in England and Wales were

<i>Name of company</i>	<i>Holding</i>	<i>Proportion of voting rights held</i>	<i>Nature of business</i>
De Vere Investments Limited	Ordinary shares	100%	Holding Co
Greenalls Midlands Limited	Ordinary shares	100%	Non-Trading
J A Devenish Limited	Ordinary shares	100%	Non-Trading

13. Stocks

	<i>31 December 2007</i>	<i>24 September 2006</i>
	<i>£000</i>	<i>£000</i>
Raw materials	4,625	1,327
Finished goods	1,621	1,877
Consumables	60	30
	6,306	3,234

The difference between purchase price and production cost of stocks and their replacement cost is not material

Notes to the financial statements

at 31 December 2007

14. Debtors

	<i>31 December 24 September</i>	
	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Due within one year		
Trade debtors	4,984	5,786
Other debtors	235	14,484
Amounts due from Group undertakings	-	4,021
Value Added Tax	127	1,302
Corporation Tax	673	678
Prepayments	241	-
	<u>6,260</u>	<u>26,271</u>
Due after more than one year		
Deferred tax asset (note 19)	14,743	24,034
Amounts due from Group undertakings	568,562	621,683
	<u>583,305</u>	<u>645,717</u>

The future profitability of the company will have a direct effect on the recoverability of the deferred tax asset

15. Creditors: amounts falling due within one year

	<i>31 December 24 September</i>	
	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Short-term loans repayable on demand	1,315	1,578
Bank overdraft	-	10,523
Unsecured bank loans – revolving credit facility	17	81,000
Trade creditors	6,716	6,443
Amounts due to Group undertakings	-	65,107
Social security and PAYE	117	110
Other creditors	871	1,038
Accruals and deferred income	1,927	3,455
	<u>10,946</u>	<u>169,254</u>

Notes to the financial statements

at 31 December 2007

16. Creditors: amounts falling due after more than one year

		31 December 2007	24 September 2006
	Notes	£000	£000
\$100m 6 4% Guaranteed senior loan notes	17	-	-
Unsecured bank loans – revolving credit facility	17	-	-
Amounts due to Group undertakings	17	316,739	275,586
Interest rate swap cancellation		14,360	12,887
		<u>331,099</u>	<u>288,473</u>

17. Borrowings

		31 December 2007	24 September 2006
	Notes	£000	£000
Amounts falling due within one year			
Unsecured loan stocks 2005-2013	15	1,315	1,578
Bank overdrafts	(i) 15	-	10,523
Revolving credit facility	(ii) 15	-	81,000
Less – cash at bank and in hand		(15,503)	(21,717)
		<u>(14,188)</u>	<u>71,384</u>

		31 December 2007	24 September 2006
	Notes	£000	£000
Amounts falling due after more than one year			
Due to Group undertakings	(iii) 16	270,915	275,586
		<u>270,915</u>	<u>275,586</u>
Net borrowings		<u>256,727</u>	<u>346,970</u>

Maturity schedule of borrowings due in more than one year

By instalments

Due in more than one but not more than two years	-	-
Other than by instalments		
Due in more than ten years	270,915	275,586
Due in more than five but not more than ten years	-	-
Due in more than two but not more than five years	-	-
	<u>270,915</u>	<u>275,586</u>

Notes to the financial statements

at 31 December 2007

17. Borrowings (continued)

- (i) The Company operates a group-pooling arrangement on its bank accounts and has a net overdraft facility of £25 million (24 September 2006 - £25 million) which remained undrawn at both year-ends, this facility is reviewed by the bank on an annual basis
- (ii) At the period end of the revolving credit facility remains undrawn (year ended September 2006 £76 million) On 18 September 2006, following the sale of the De Vere Cavendish hotel by De Vere Hotels and Leisure Limited, £43 million of borrowings drawn on the revolving credit facility were repaid and cancelled from this facility In accordance with the change of control provision in the agreement, the facility was fully repaid and cancelled on 1 December 2006
- (iii) The amounts due from the Company to subsidiary undertakings are a mixture of interest bearing and non-interest bearing loans Interest payable is based on base rate

18 Provisions for liabilities and charges

The reconciliation of the movement of the property provision during the period is as follows

	<i>31 December 24 September</i>	
	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Net liability at the start of the period	1,031	3,845
Utilised in the period	(495)	(814)
Released in the period	-	(2,000)
Net liability at the end of the period	<u>536</u>	<u>1,031</u>

The property provision represents rents payable and allowances for dilapidations on vacant leasehold properties The majority of this provision is expected to be utilised over the next four years

19. Deferred taxation

	<i>31 December 24 September</i>	
	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Capital allowances in excess of depreciation	(1,074)	(736)
Tax losses carried forward	15,645	24,547
Deferred tax on pension provision	172	-
Other timing differences	-	223
Net deferred tax asset (note 14)	<u>14,743</u>	<u>24,034</u>

Notes to the financial statements

at 31 December 2007

19. Deferred taxation (continued)

Reconciliation of the movement in deferred tax asset during the period

	31 December 2007	24 September 2006
	£000	£000
Net asset at start of period	24,034	26,125
Prior year adjustment	(2,660)	-
Deferred tax charge in the profit and loss account for the year (note 9)	(5,578)	(2,091)
Effect of rate change from 28% to 30%	(1,053)	-
Net asset at end of period (note 14)	14,743	24,034

20. Share capital

	31 December 2007	24 September 2006
	£000	£000
<i>Authorised</i>		
178,953,569 Ordinary shares of 31 1/9 p each	55,674	55,674
<i>Allotted, called up and fully paid</i>		
87,106,070 Ordinary shares of 31 1/9 p each (2006 86,789,367 shares)	27,100	27,001

During the period 316,703 Ordinary shares (24 September 2006 – 271,242 at prices ranging from 237 pence to 427 pence) were issued on the exercise of options under the De Vere SAYE Scheme at prices ranging between 269 pence and 427 pence. The total cash consideration amounted to £1,145,000.

In the prior year the Company also issued 3,143,191 shares on exercise of options under the De Vere Executive Share Option Scheme at prices ranging between 285 pence and 555 pence.

Notes to the financial statements

at 31 December 2007

21. Movements on reserves and reconciliation of movements in equity shareholders' funds

	<i>Share capital £000</i>	<i>Share premium £000</i>	<i>Other reserve £000</i>	<i>Profit and loss account £000</i>	<i>Total Share- holders' funds £000</i>
At 26 September 2005	25,866	13,976	272,633	84,260	396,735
Shares issued in the year	1,135	14,937	-	-	16,072
Profit for the year before dividends	-	-	-	22,730	22,730
Equity dividends	-	-	-	(4,162)	(4,162)
At 25 September 2006	27,001	28,913	272,633	102,828	431,375
Shares issued in the period	99	1,046	-	-	1,145
Profit for the period before dividends	-	-	-	230,379	230,379
Equity dividends	-	-	-	(200,000)	(200,000)
At 31 December 2007	27,100	29,959	272,633	133,207	462,899

22. Pension commitments

Certain employees are members of The Greenalls Group Pension & Life Assurance Scheme which is a multi-employer scheme. The adoption of FRS 17 "Retirement Benefits" now requires the inclusion of the fair value of the assets and liabilities arising from retirement benefit obligations. However, it is not possible to identify the share of assets and liabilities relating to individual companies. Consequently, in accordance with the FRS 17 treatment for such schemes, the Company has charged contributions to the profit and loss account as incurred. The pension charge for the period was £324,000 (24 September 2006 - £335,000).

The principal employer of the scheme is De Vere Group Limited, however De Vere Hotels and Leisure Limited accounts for the assets and liabilities of the scheme as it bears the majority of the current service cost of the employees. Full disclosures for the Greenalls Group Pension & Life Assurance Scheme can be found in the accounts of De Vere Hotels and Leisure Limited.

23. Commitments under operating leases

At 31 December 2007 the Company had the following annual commitments under operating leases

	<i>Leases ending</i>			
	<i>Within one year £000</i>	<i>Between one & five years £000</i>	<i>After five years £000</i>	<i>Total £000</i>
Commitments in respect of operating leases for the next financial year	-	32	-	32
Other operating leases	-	-	406	406
Operating leases on land and buildings	-	32	406	438

At the end of the previous financial year that ended 24 September 2006, the Company had no annual commitments under operating leases.

Notes to the financial statements

at 31 December 2007

24. Contingent liabilities

The company has guaranteed certain overdrafts of its fellow subsidiaries and a joint venture which at 31 December amounted to £26.3 million (24 September 2006 - £28.2 million)

The Company has guaranteed the finance and maintenance obligations of employees who have purchased cars under the Employee Car Ownership Scheme. As at 31 December 2007 these obligations amounted to £nil (24 September 2006 - £0.7 million)

25. Ultimate parent company and controlling party

The immediate parent company of De Vere Group Limited is AHG Venice Finance No. 3 Limited which is registered in England and Wales.

The ultimate parent company of De Vere Group Limited is AHG Venice Limited, a company registered in England and Wales. The accounts of the company are included within the group accounts of AHG Venice Limited and are available from Companies House.

26. Events since the balance sheet date

In January 2008, the Company terminated its cross currency interest rate swap at a cost of £12.6 million.