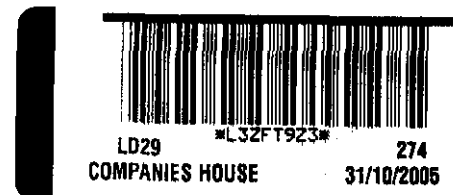


THE VINEYARD AT STOCKCROSS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2004



FELTONS
Chartered Accountants & Registered Auditors
12 Sheet Street
Windsor
Berkshire
SL4 1BG

THE VINEYARD AT STOCKCROSS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

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THE VINEYARD AT STOCKCROSS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Malcolm Morris
Margaret Morris
Andrew McKenzie
Peter Gubb

Company secretary

Margaret Morris

Registered office

Stockcross
Newbury
Berkshire
RG16 8JU

Auditors

Feltons
Chartered Accountants
& Registered Auditors
12 Sheet Street
Windsor
Berkshire
SL4 1BG

THE VINEYARD AT STOCKCROSS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2004

The directors present their report and the financial statements of the company for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was running a restaurant, hotel and other related activities.

RESULTS AND DIVIDENDS

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

DIRECTORS

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

Malcolm Morris
Margaret Morris
Andrew McKenzie
Peter Gubb

No director had any beneficial or non-beneficial interest in the shares of the company or its parent.

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 year. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 8 to 9, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

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. The directors 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.

DONATIONS

During the year the company made the following contributions:

	2004	2003
	£	£
Charitable	<u>1,030</u>	<u>610</u>

THE VINEYARD AT STOCKCROSS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2004

AUDITORS

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

Signed by order of the directors



ANDREW MCKENZIE
Director

Approved by the directors on 28th October 2005

THE VINEYARD AT STOCKCROSS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE VINEYARD AT STOCKCROSS LIMITED

YEAR ENDED 31 DECEMBER 2004

We have audited the financial statements of The Vineyard at Stockcross Limited for the year ended 31 December 2004 which comprise the Profit and Loss Account, Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities 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.

GOING CONCERN

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements with regard to the going concern basis of preparing the financial statements. The continuance of the company is largely dependent on the continued support of the company's ultimate parent company as described in the accounting policies in the financial statements. Our opinion is not qualified in this respect.

THE VINEYARD AT STOCKCROSS LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
THE VINEYARD AT STOCKCROSS LIMITED *(continued)***

YEAR ENDED 31 DECEMBER 2004

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

12 Sheet Street
Windsor
Berkshire
SL4 1BG

Not October 2005

Feltons

FELTONS
Chartered Accountants
& Registered Auditors

THE VINEYARD AT STOCKCROSS LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 DECEMBER 2004**

	Note	2004 £	2003 £
TURNOVER	2	5,680,553	4,412,540
Cost of sales		<u>(1,555,377)</u>	<u>(1,343,221)</u>
GROSS PROFIT		4,125,176	3,069,319
Administrative expenses		<u>(3,835,253)</u>	<u>(3,018,247)</u>
OPERATING PROFIT	3	289,923	51,072
Interest receivable		1,541	1,394
Interest payable and similar charges	6	<u>(252,039)</u>	<u>(173,781)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		39,425	(121,315)
Tax on profit/(loss) on ordinary activities	7	<u>142,780</u>	<u>(142,780)</u>
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		182,205	(264,095)
Balance brought forward		<u>(13,008,049)</u>	<u>(12,743,954)</u>
Balance carried forward		<u><u>(12,825,844)</u></u>	<u><u>(13,008,049)</u></u>

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
years as set out above.*

The notes on pages 8 to 15 form part of these financial statements.

THE VINEYARD AT STOCKCROSS LIMITED

BALANCE SHEET

31 DECEMBER 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Tangible assets	8	11,955,164	11,994,842
Investments	9	192,308	192,308
		<u>12,147,472</u>	<u>12,187,150</u>
CURRENT ASSETS			
Stocks	10	903,745	1,079,182
Debtors	11	376,816	349,144
Cash at bank and in hand		423,017	69,763
		<u>1,703,578</u>	<u>1,498,089</u>
CREDITORS: Amounts falling due within one year	12	<u>(1,318,172)</u>	<u>(1,012,439)</u>
NET CURRENT ASSETS		<u>385,406</u>	<u>485,650</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>12,532,878</u>	<u>12,672,800</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	16	—	(142,780)
		<u>(9,937,362)</u>	<u>12,530,020</u>
FINANCED BY:			
CREDITORS: Amounts falling due after more than one year	13	22,470,240	22,649,587
Called-up equity share capital	18	2,867,895	2,867,895
Share premium account	19	20,587	20,587
Profit and loss account		<u>(12,825,844)</u>	<u>(13,008,049)</u>
SHAREHOLDERS EQUITY DEFICIENCY	20	<u>(9,937,362)</u>	<u>(10,119,567)</u>
	20	<u>12,532,878</u>	<u>12,530,020</u>

These financial statements were approved by the directors on the 28th October 2005 and are signed on their behalf by:


MALCOLM MORRIS
Director

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

1. ACCOUNTING POLICIES

Basis of accounting

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

The financial statements have been prepared in accordance with applicable accounting standards.

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEC and in accordance with section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at 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:

Plant & Machinery	- 20-33.3% straight-line
Fixtures & Fittings	- 25% straight-line
Motor Vehicles	- 25% straight-line

Depreciation is not provided on freehold land and buildings as it is part of the company's regular programme to continually refurbish and maintain the property to ensure that the building is maintained to the highest standards. This programme ensures that the residual value is so high that any depreciation charge would be immaterial. Any permanent diminution in value is charged to the profit and loss account as it arises.

Stocks

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

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

1. ACCOUNTING POLICIES *(continued)*

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

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.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling on the date of the transaction. Exchange differences are taken into account in arriving at operating profit.

2. TURNOVER

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

	2004 £	2003 £
United Kingdom	<u>5,680,553</u>	<u>4,412,540</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2004 £	2003 £
Depreciation of owned fixed assets	265,371	80,580
Depreciation of assets held under hire purchase agreements	1,624	—
Auditors' remuneration		
- as auditors	18,279	28,495
Operating lease costs:		
Plant and equipment	<u>1,002</u>	<u>2,872</u>

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

4. PARTICULARS OF EMPLOYEES

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

	2004	2003
	No	No
Number of management and administration staff	25	25
Number of sales and marketing staff	12	12
Number of operational staff	105	81
	<u>142</u>	<u>118</u>

The aggregate payroll costs of the above were:

	2004	2003
	£	£
Wages and salaries	1,990,103	1,702,394
Social security costs	171,269	147,690
Other pension costs	28,999	30,295
	<u>2,190,371</u>	<u>1,880,379</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2004	2003
	£	£
Emoluments receivable	144,707	121,312
Value of company pension contributions to money purchase schemes	5,277	4,889
	<u>149,984</u>	<u>126,201</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Finance charges	387	—
Other similar charges payable	251,652	173,781
	<u>252,039</u>	<u>173,781</u>

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2004 £	2003 £
Deferred tax:		
Origination and reversal of timing differences	<u>(142,780)</u>	<u>142,780</u>

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

	2004 £	2003 £
Profit/(loss) on ordinary activities before taxation	<u>39,425</u>	<u>(121,315)</u>
Profit/(loss) on ordinary activities by rate of tax	11,858	(36,394)
Depreciation in excess of capital allowances	80,098	-
Utilisation of tax losses and other deductions	(91,956)	-
Expenditure not deductible for tax purposes	-	2,067
Group relief surrendered without payment	-	118,406
Adjustment in respect of prior years	-	58,701
Total current tax (note 7(a))	<u>-</u>	<u>142,780</u>

8. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST					
At 1 January 2004	10,618,595	2,433,345	1,798,952	26,090	14,876,982
Additions	95,962	74,853	16,507	39,995	227,317
Disposals	-	(2,155)	-	(4,375)	(6,530)
At 31 December 2004	<u>10,714,557</u>	<u>2,506,043</u>	<u>1,815,459</u>	<u>61,710</u>	<u>15,097,769</u>
DEPRECIATION					
At 1 January 2004	-	1,784,531	1,071,519	26,090	2,882,140
Charge for the year	-	152,204	110,510	4,281	266,995
On disposals	-	(2,155)	-	(4,375)	(6,530)
At 31 December 2004	<u>-</u>	<u>1,934,580</u>	<u>1,182,029</u>	<u>25,996</u>	<u>3,142,605</u>
NET BOOK VALUE					
At 31 December 2004	<u>10,714,557</u>	<u>571,463</u>	<u>633,430</u>	<u>35,714</u>	<u>11,955,164</u>
At 31 December 2003	<u>10,618,595</u>	<u>648,814</u>	<u>727,433</u>	<u>-</u>	<u>11,994,842</u>

During the year ended 31 December 2001, freehold land and buildings were revalued by the directors, on an open market basis, to £9,000,000.

Hire purchase agreements

Included within the net book value of £11,955,164 is £11,371 (2003 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £1,624 (2003 - £Nil).

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

9. INVESTMENTS

	Shares in Group Undertakings £
COST	
At 1 January 2004 and 31 December 2004	<u>192,308</u>
NET BOOK VALUE	
At 31 December 2004	<u>192,308</u>
At 31 December 2003	<u>192,308</u>

The company owns 100% of the issued share capital of the companies listed below.

	2004 £	2003 £
Aggregate capital and reserves		
Knights Valley Hotels Limited (dormant)	92,308	92,308
Foley Lodge Limited (dormant)	100,000	100,000

Under the provision of section 228 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

10. STOCKS

	2004 £	2003 £
Raw materials	20,554	19,280
Finished goods	883,191	1,059,902
	<u>903,745</u>	<u>1,079,182</u>

11. DEBTORS

	2004 £	2003 £
Trade debtors	305,020	221,528
Amounts owed by group undertakings	—	16,777
Other debtors	4,473	47,541
Prepayments and accrued income	67,323	63,298
	<u>376,816</u>	<u>349,144</u>

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

12. CREDITORS: Amounts falling due within one year

	2004	2003
	£	£
Bank loans and overdrafts	339,684	33,158
Trade creditors	375,424	617,729
Amounts owed to group undertakings	36,402	18,875
Other taxation and social security	218,571	42,453
Hire purchase agreements	3,705	—
Other creditors	70,935	77,559
Accruals and deferred income	273,451	222,665
	<u>1,318,172</u>	<u>1,012,439</u>

The bank loan is secured by a fixed charge over the company's freehold property.

13. CREDITORS: Amounts falling due after more than one year

	2004	2003
	£	£
Bank loans and overdrafts	3,644,794	3,966,842
Amounts owed to group undertakings	18,818,911	18,682,745
Hire purchase agreements	6,535	—
	<u>22,470,240</u>	<u>22,649,587</u>

The bank loan is secured by a fixed charge over the company's freehold property.

14. CREDITORS - CAPITAL INSTRUMENTS

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

	2004	2003
	£	£
Amounts repayable:		
In one year or less or on demand	379,791	33,158
In more than one year but not more than two years	19,179,449	19,023,527
In more than two years but not more than five years	1,211,179	1,144,398
In more than five years	2,079,611	2,481,662
	<u>22,850,030</u>	<u>22,682,745</u>

15. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2004	2003
	£	£
Hire purchase agreements are analysed as follows:		
Current obligations	3,705	—
Non-current obligations	6,535	—
	<u>10,240</u>	<u>—</u>

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

16. DEFERRED TAXATION

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

	2004 £	2003 £
Provision brought forward	142,780	-
Profit and loss account movement arising during the year	(142,780)	142,780
Provision carried forward	-	142,780

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

	2004 £	2003 £
Excess of taxation allowances over depreciation on fixed assets	-	142,780
	-	142,780

17. RELATED PARTY TRANSACTIONS

The company has an agreement with Donnington Valley Group Limited, with whom it has directors in common, under which it supplies management services. Amounts receivable for management services during the year totalled £253,000 (2003: £314,500) in respect of the reimbursement of shared costs calculated on a turnover basis. During the year the company purchased goods and services from Donnington Valley Group Limited, on an arms length basis, to the value of £423,806 (2003: £357,989). At 31 December 2004 The Vineyard at Stockcross Limited owed Donnington Valley Group Limited £154,029 (2003: £16,777 owed by Donnington Valley Group Limited to The Vineyard at Stockcross Limited).

Amounts owed to group undertakings as at 31 December 2004 include £36,402 due to Sugarloaf Farming Corporation dba The Peter Michael Winery (2003: £18,690), £92,308 due to Foley Lodge Limited (2003: £92,308), £100,000 due to Foley Lodge Limited (2003: £100,000), and £18,472,575 due to Stockford Limited (2003: £18,490,437).

The company has taken advantage of the exemption in Financial Reporting Standard 8 regarding disclosure of related party transactions with fellow 90% subsidiaries as it is a wholly owned subsidiary. Its results and position are included in the consolidated financial statements of Stockford Limited which are publicly available from 12 Sheet Street, Windsor, Berkshire SL4 1BG.

18. SHARE CAPITAL

Authorised share capital:

	2004 £	2003 £
4,800,000 Ordinary shares of £1 each	4,800,000	4,800,000

Allotted, called up and fully paid:

	2004 No	2004 £	2003 No	2003 £
Ordinary shares of £1 each	2,867,895	2,867,895	2,867,895	2,867,895

19. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year.

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004	2003
	£	£
Profit/(Loss) for the financial year	182,205	(264,095)
Opening shareholders' equity deficit	(10,119,567)	(9,855,472)
Closing shareholders' equity deficit	<u>(9,937,362)</u>	<u>(10,119,567)</u>

21. ULTIMATE PARENT COMPANY

At the year end the company considered Stockford Limited, a company registered in England, to be its immediate and ultimate parent company.

The company's results are included in the consolidated financial statements of Stockford Limited which are publicly available from 12 Sheet Street, Windsor, Berkshire, SL4 1BG.