

THE VINEYARD AT STOCKCROSS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009



Felton Pumphrey
Chartered Accountants & Statutory Auditors
12 Sheet Street
Windsor
SL4 1BG

THE VINEYARD AT STOCKCROSS LIMITED

COMPANY INFORMATION

DIRECTORS	Malcolm Morris Margaret Morris Andrew McKenzie Peter Gubb
COMPANY SECRETARY	Margaret Morris
COMPANY NUMBER	02233431
REGISTERED OFFICE	12 Sheet Street Windsor Berkshire SL4 1BG
AUDITORS	Felton Pumphrey Chartered Accountants & Statutory Auditors 12 Sheet Street Windsor Berkshire SL4 1BG
BANKERS	HSBC Bank Plc 28 High Street Uxbridge Middlesex UB8 1BY
SOLICITORS	Thomas Eggar Newbury House 20 King's Road West Newbury Berkshire RG14 5XR

THE VINEYARD AT STOCKCROSS LIMITED

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THE VINEYARD AT STOCKCROSS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

The Directors present their report and the financial statements for the Year ended 31 December 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 judgments 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 financial statements,
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

The Company is a focused five star luxury boutique hotel. The hotel and restaurant target both the business and leisure traveller. The Company also operates a wine agent business selling exclusive Californian wines from small boutique estates.

During the year to 31st December 2009 the company has continued trading well in difficult trading conditions. Turnover has fallen by some 16% when compared with the previous year, however with careful monitoring and centralisation of costs the company made an operating profit this year of £71,317 compared to an operating loss of £77,929 in 2008.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company uses various financial instruments including cash, loans and items such as trade debtors and trade creditors that arise directly from its operations. The purpose of these financial instruments is to raise finance for the company's operations.

The risks arising from the company's financial instruments are currency risk, liquidity risk, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and these policies have remained unchanged from previous years.

THE VINEYARD AT STOCKCROSS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

Currency risk

The principal trading currency of the company is sterling. Certain purchases are made in US dollars and to minimise foreign exchange risk, the company operates a US bank account and prices the sale based on the US cost of purchase.

Liquidity risk

The company manages financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Interest rate risk

The company uses loans to finance the expansion and improvement of the facilities which in the long term improve profitability. Any interest rate risk is manageable through the cash assets. No interest is payable on inter company balances. The company's cash assets are all held in floating rate deposit accounts. Trade debtors and creditors do not attract interest.

Credit risk

The company's principal financial assets are cash and trade debtors. To manage trade debtor credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

RESULTS

The profit for the Year, after taxation, amounted to £36,685 (2008 - loss £240,441)

DIRECTORS

The Directors who served during the Year were

Malcolm Morris
Margaret Morris
Andrew McKenzie
Peter Gubb

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that

- so far as that Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

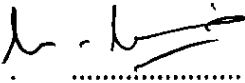
AUDITORS

The auditors, Felton Pumphrey, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

THE VINEYARD AT STOCKCROSS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2009**

This report was approved by the board and signed on its behalf


.....

Malcolm Morris
Director

Date 31/08/2010

THE VINEYARD AT STOCKCROSS LIMITED

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

We have audited the financial statements of The Vineyard at Stockcross Limited for the Year ended 31 December 2009, set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of 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.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit for the Year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report for the financial Year for which the financial statements are prepared is consistent with the financial statements.

THE VINEYARD AT STOCKCROSS LIMITED

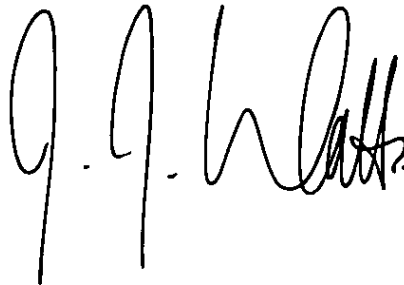
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE VINEYARD AT STOCKCROSS LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

James Watts (Senior Statutory Auditor)
for and on behalf of
FELTON PUMPHREY
Chartered Accountants & Statutory Auditors
12 Sheet Street
Windsor
Berkshire
SL4 1BG



Date 31/08/2010

THE VINEYARD AT STOCKCROSS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 £	2008 £
TURNOVER	1,2	5,206,210	6,205,986
Cost of sales		<u>(1,251,115)</u>	<u>(1,432,825)</u>
GROSS PROFIT		3,955,095	4,773,161
Administrative expenses		(4,275,923)	(5,471,287)
Other operating income	3	<u>392,145</u>	<u>620,197</u>
OPERATING PROFIT/(LOSS)	4	71,317	(77,929)
Interest receivable		73	5,434
Interest payable	8	<u>(34,705)</u>	<u>(167,946)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		36,685	(240,441)
Tax on profit/(loss) on ordinary activities		<u>-</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	16	<u><u>36,685</u></u>	<u><u>(240,441)</u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2009 or 2008 other than those included in the Profit and loss account

The notes on pages 8 to 16 form part of these financial statements

THE VINEYARD AT STOCKCROSS LIMITED
REGISTERED NUMBER: 02233431

BALANCE SHEET
AS AT 31 DECEMBER 2009

	Note	£	2009 £	£	2008 £
FIXED ASSETS					
Tangible fixed assets	9		10,875,784		11,081,459
Fixed asset investments	10		-		-
			<u>10,875,784</u>		<u>11,081,459</u>
CURRENT ASSETS					
Stocks	11	709,947		912,811	
Debtors	12	408,432		325,342	
Cash at bank and in hand		193,280		427,575	
			<u>1,311,659</u>	<u>1,665,728</u>	
CREDITORS: amounts falling due within one year	13	(1,868,597)		(1,895,525)	
NET CURRENT LIABILITIES			<u>(556,938)</u>		<u>(229,797)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>10,318,846</u>		<u>10,851,662</u>
CREDITORS: amounts falling due after more than one year					
	14		19,875,197		20,444,698
CAPITAL AND RESERVES					
Called up share capital	15	2,867,895		2,867,895	
Share premium account	16	20,587		20,587	
Profit and loss account	16	(12,444,833)		(12,481,518)	
	17		<u>(9,556,351)</u>		<u>(9,593,036)</u>
			<u>10,318,846</u>		<u>10,851,662</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by


Malcolm Morris
 Director

Date 31/08/2010

The notes on pages 8 to 16 form part of these financial statements

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. Certain comparative amounts within the profit and loss account have been reclassified in order for the financial statements to show a true and fair view, consistent with the treatment in the current period.

1.2 CASH FLOW

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 TURNOVER

Turnover comprises revenue recognised by the Company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

1.4 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	1% straight line
Plant & machinery	-	20% - 33% straight line
Motor vehicles	-	25% straight line
Fixtures & fittings	-	20% straight line
Assets under construction	-	0% straight line

Within the category of freehold land and buildings the freehold land element is not depreciated.

It is the company's policy to continually refurbish and maintain the property to ensure that the building is maintained to the highest standards. The company depreciates the building over its useful economic life which is deemed to be 100 years. Any permanent diminution in value is charged to the profit and loss account as it arises.

In addition, as per GAAP (Generally Accepted Accounting Practice), the assets under construction do not begin to be depreciated until they come into use. Once the assets under construction come into use they are transferred to the relevant categories and commence being depreciated.

1.5 INVESTMENTS

Investments held as fixed assets are shown at cost less provision for impairment.

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1 ACCOUNTING POLICIES (continued)

1.6 LEASING AND HIRE PURCHASE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.7 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs.

1.8 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

1.9 PENSIONS

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

1.10 FINANCE COSTS

Finance costs that are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. Capitalisation begins when the finance costs are being incurred, expenditures for the asset are being incurred, and activities that are necessary to get the asset ready for use are in progress. Capitalisation of finance costs ceases when substantially all the activities that are necessary to get the tangible fixed asset ready for use are complete.

1.11 GOING CONCERN

Undertakings to provide sufficient financial support to the company to enable it to meet its liabilities as they fall due have been given and accordingly the financial statements have been prepared on a going concern basis.

2. TURNOVER

The whole of the turnover is attributable to the one principle activity of the Company.

All turnover arose within the United Kingdom.

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

3 OTHER OPERATING INCOME

	2009	2008
	£	£
Other operating income	<u>392,145</u>	<u>620,197</u>

This relates to management fees charged to its sister company, Donnington Valley Group Limited

4. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging

	2009	2008
	£	£
Depreciation of tangible fixed assets		
- owned by the company	229,371	381,186
- held under finance leases	<u>-</u>	<u>1,454</u>

5. AUDITORS' REMUNERATION

	2009	2008
	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	12,000	12,000
Fees payable to the company's auditor and its associates in respect of		
Other services relating to taxation	<u>3,300</u>	<u>3,250</u>

THE VINEYARD AT STOCKCROSS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

6 STAFF COSTS

Staff costs, including Directors' remuneration, were as follows

	2009 £	2008 £
Wages and salaries	2,102,672	2,585,371
Social security costs	179,529	222,780
Other pension costs	20,382	34,248
	<u>2,302,583</u>	<u>2,842,399</u>

The average monthly number of employees, including the Directors, during the Year was as follows

	2009 No.	2008 No
Management and Administration staff	36	17
Sales and Marketing staff	11	7
Operational staff	76	104
	<u>123</u>	<u>128</u>

7. DIRECTORS' REMUNERATION

	2009 £	2008 £
Emoluments	<u>98,393</u>	<u>251,405</u>
Company pension contributions to money purchase pension schemes	<u>8,003</u>	<u>12,039</u>

During the Year retirement benefits were accruing to 1 Director (2008 - 1) in respect of money purchase pension schemes

8 INTEREST PAYABLE

	2009 £	2008 £
On bank loans and overdrafts	<u>34,705</u>	<u>167,946</u>

THE VINEYARD AT STOCKCROSS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Furniture and fittings £	Total £
COST					
At 1 January 2009	10,721,083	1,086,280	62,983	902,190	12,772,536
Additions	-	21,522	-	2,174	23,696
	<u>10,721,083</u>	<u>1,107,802</u>	<u>62,983</u>	<u>904,364</u>	<u>12,796,232</u>
DEPRECIATION					
At 1 January 2009	308,132	839,114	36,099	507,732	1,691,077
Charge for the Year	102,711	85,536	7,791	33,333	229,371
	<u>410,843</u>	<u>924,650</u>	<u>43,890</u>	<u>541,065</u>	<u>1,920,448</u>
NET BOOK VALUE					
At 31 December 2009	<u>10,310,240</u>	<u>183,152</u>	<u>19,093</u>	<u>363,299</u>	<u>10,875,784</u>
At 31 December 2008	<u>10,412,951</u>	<u>247,166</u>	<u>26,884</u>	<u>394,458</u>	<u>11,081,459</u>

The net book value of freehold land and buildings comprises freehold land of £450,000 and hotel construction and fittings of £9,860,240. Freehold land is not depreciated.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2009 £	2008 £
Motor Vehicles	<u>-</u>	<u>1,624</u>

THE VINEYARD AT STOCKCROSS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

10. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST OR VALUATION	
At 1 January 2009 and 31 December 2009	192,308
IMPAIRMENT	
At 1 January 2009 and 31 December 2009	192,308
NET BOOK VALUE	
At 31 December 2009	-
At 31 December 2008	-

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company

Name
Knights Valley Hotels Limited
Foley Lodge Limited (dormant)

The Company owns 100% of the issued ordinary £1 share capital of the companies listed above which are registered in England

The investments are carried at cost as fair value can not be reliably measured as they are not listed investments less a provision for impairment

During the year Knights Valley Hotels Limited became an active company and with a year end to 31 Dec 09 Foley Lodge has a year end to 31 March however since the undertaking remains dormant and immaterial to the group, it is not considered necessary to change this

11. STOCKS

	2009 £	2008 £
Raw materials	16,974	32,759
Finished goods and goods for resale	692,973	880,052
	<u>709,947</u>	<u>912,811</u>

THE VINEYARD AT STOCKCROSS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

12 DEBTORS

	2009 £	2008 £
Trade debtors	171,830	108,321
Amounts owed by group undertakings	42,679	80,648
Other debtors	31,245	27,408
Prepayments and accrued income	162,678	108,965
	<u>408,432</u>	<u>325,342</u>

**13. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2009 £	2008 £
Bank loans and overdrafts	560,206	763,924
Trade creditors	458,802	342,876
Amounts owed to group undertakings	153,895	-
Social security and other taxes	171,451	191,202
Other creditors	157,799	107,419
Accruals and deferred income	366,444	490,104
	<u>1,868,597</u>	<u>1,895,525</u>

The bank loan is secured by a mortgage over the freehold property and by fixed and floating charges over all of the company's assets

**14. CREDITORS
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2009 £	2008 £
Bank loans	1,489,117	2,044,547
Amounts owed to group undertakings	18,386,080	18,400,151
	<u>19,875,197</u>	<u>20,444,698</u>

Creditors include amounts not wholly repayable within 5 years as follows

	2009 £	2008 £
Repayable other than by instalments	18,386,080	18,400,151

The bank loan is secured by a mortgage over the freehold property and by fixed and floating charges over all of the company's assets

THE VINEYARD AT STOCKCROSS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

15. SHARE CAPITAL

	2009 £	2008 £
ALLOTTED, CALLED UP AND FULLY PAID		
2,867,895 Ordinary shares of £1 each	<u>2,867,895</u>	<u>2,867,895</u>

16. RESERVES

	Share premium account £	Profit and loss account £
At 1 January 2009	20,587	(12,481,518)
Profit for the Year		36,685
At 31 December 2009	<u>20,587</u>	<u>(12,444,833)</u>

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2009 £	2008 £
Opening shareholders' deficit	(9,593,036)	(9,352,595)
Profit/(loss) for the Year	<u>36,685</u>	<u>(240,441)</u>
Closing shareholders' deficit	<u>(9,556,351)</u>	<u>(9,593,036)</u>

THE VINEYARD AT STOCKCROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

18 PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £31,209 (2008 £34,248). Contributions totalling £NIL (2008 £Nil) were payable to the fund at the balance sheet date and are included in creditors.

19 RELATED PARTY TRANSACTIONS

Amounts owed to group undertakings as at 31 December 2009 include £Nil due to Sugarloaf Farming Corporation d b a The Peter Michael Winery (2008 £76,244) and £18,386,080 due to Stockford Limited (2007 £18,400,804). As at 31 December 2009 the amount owed to Donnington Valley Group Limited amounted to £153,895 (2008, £Nil).

Amounts owed by group undertakings as at 31 December 2009 include £Nil due from Donnington Valley Group Limited (2008 £76,743), and £39,503 due from Knights Valley Hotel Limited (2008 £Nil). Amounts due from Knights Valley Limited amounted to £3,176 (2008 4,060).

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.

The company considers KV Hotels Limited, a company registered in England, to be its immediate parent company.

The company considers Stockford Limited, a company registered in England, to be its ultimate parent company.

The company considers Sir Peter Michael CBE to be its ultimate controlling party throughout the current and previous years.