

**THE VINEYARD AT STOCKCROSS LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2003**

**Company Registration Number 2233431**



# **THE VINEYARD AT STOCKCROSS LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2003**

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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  
RG20 8JU

### **Auditors**

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

## **THE VINEYARD AT STOCKCROSS LIMITED**

### **THE DIRECTORS REPORT**

**YEAR ENDED 31 DECEMBER 2003**

The directors present their report and the financial statements of the Company for the year ended 31 December 2003.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The Company's principal activity continued to be that of running a hotel and restaurant and the importation of Californian wine.

An increased level of sales in the hotel and restaurant has offset the fall in wine importation sales and has resulted in an 8% increase in turnover. This, together with savings in costs has resulted in an operating profit of £51,072 compared to an operating loss of £387,167 in the previous year. During the year the Company has built an extension to the hotel.

#### **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.

#### **THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY**

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

Malcolm Morris  
Margaret Morris  
Peter Gubb  
Andrew McKenzie

No director had any beneficial interest in the shares of the Company.

#### **POLICY ON THE PAYMENT OF CREDITORS**

The Company determines terms and conditions of payment for the supply of capital and revenue items just as keenly as they negotiate prices and other commercial matters. Suppliers are made clearly aware of the agreed terms and how any disputes are to be settled and payment is made in accordance with those terms.

The number of credit days taken by the Company for trade purchases at 31 December 2003 was 39 days (2002: 56 days).

#### **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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

## THE VINEYARD AT STOCKCROSS LIMITED

### THE DIRECTORS REPORT (CONTINUED)

YEAR ENDED 31 DECEMBER 2003

#### DIRECTORS' RESPONSIBILITIES (continued)

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 charitable contributions totalling £610 (2002: £320).

#### 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.

Registered office:  
Stockcross  
Newbury  
Berkshire  
RG20 8JU

Signed on behalf of the directors

  
A G McKenzie

Approved by the directors on 27<sup>th</sup> September 2004

**THE VINEYARD AT STOCKCROSS LIMITED**  
**INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS**  
**YEAR ENDED 31 DECEMBER 2003**

We have audited the financial statements which comprise the Profit and Loss Account, Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets 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 THE DIRECTORS AND THE AUDITORS**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards 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 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. Our responsibilities do not extend to any other information.

**BASIS OF AUDIT OPINION**

We conducted our audit in accordance with 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.

**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 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

12 Sheet Street  
Windsor  
Berkshire  
SL4 1BG

Feltons  
Chartered Accountants & Registered Auditors

Date:

30 September 2004

# THE VINEYARD AT STOCKCROSS LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2003

	Note	2003 £	2002 £
<b>TURNOVER</b>	2	4,412,540	4,088,038
Cost of sales		(1,343,221)	(1,374,685)
<b>GROSS PROFIT</b>		3,069,319	2,713,353
Administrative expenses		(3,018,247)	(3,100,520)
<b>OPERATING PROFIT/(LOSS)</b>	3	51,072	(387,167)
Interest receivable		1,394	330
Interest payable and similar charges	6	(173,781)	(161,075)
Exceptional finance cost	7	-	(122,948)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(121,315)	(670,860)
Tax on loss on ordinary activities	8	(142,780)	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		(264,095)	(670,860)
Balance brought forward		(12,743,954)	(12,073,094)
Balance carried forward		(13,008,049)	(12,743,954)

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

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

The notes on pages 7 to 14 form part of these financial statements

# THE VINEYARD AT STOCKCROSS LIMITED

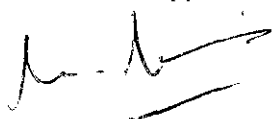
## BALANCE SHEET

31 DECEMBER 2003

	Note	2003	2002
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	9	11,994,842	9,613,815
Investments	10	192,308	192,308
		<u>12,187,150</u>	<u>9,806,123</u>
<b>CURRENT ASSETS</b>			
Stocks	11	1,079,182	1,137,793
Debtors	12	349,144	466,216
Cash at bank and in hand		69,763	34,795
		<u>1,498,089</u>	<u>1,638,804</u>
<b>CREDITORS: Amounts falling due within one year</b>	13	(1,012,439)	(2,595,385)
		<u>485,650</u>	<u>(956,581)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			
		<u>12,672,800</u>	<u>8,849,542</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>12,672,800</u>	<u>8,849,542</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16	(142,780)	-
		<u>12,530,020</u>	<u>8,849,542</u>
<b>FINANCED BY:</b>			
<b>CREDITORS: Amounts falling due after more than one year</b>	14	22,649,587	18,705,014
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	18	2,867,895	2,867,895
Share premium account		20,587	20,587
Profit and loss account		(13,008,049)	(12,743,954)
<b>EQUITY SHAREHOLDERS DEFICIENCY</b>	19	(10,119,567)	(9,855,472)
		<u>12,530,020</u>	<u>8,849,542</u>

These financial statements were approved by the directors on 27<sup>th</sup> September 2004, and are signed on their behalf by:

Malcolm Morris



The notes on pages 7 to 14 form part of these financial statements.



# THE VINEYARD AT STOCKCROSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

### 1. ACCOUNTING POLICIES

#### Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

#### Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) 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.

#### Depreciation

Depreciation is calculated so as to write off the cost of an asset on a straight line basis, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and Machinery	20% to 33.3%
Motor Vehicles	25%
Fixtures and Fittings	25%

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 useful economic life is to be so long, and residual value 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.

#### Pensions

The Company operates a defined contribution pension scheme. The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

#### Operating leases

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.

#### 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 at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

#### Consolidation

The financial statements contain information about The Vineyard at Stockcross Ltd as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as its subsidiaries are dormant.

#### Going concern

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

# THE VINEYARD AT STOCKCROSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

### 2. TURNOVER

An analysis of turnover by geographical area and activity is given below:

	2003 £	2002 £
United Kingdom	4,411,440	4,086,834
Europe	1,100	1,204
	<hr/>	<hr/>
	4,412,540	4,088,038
	=====	=====
Hotel and restaurant operation	3,798,424	3,417,871
Wholesale wine sales	299,616	349,167
Management charges	314,500	321,000
	<hr/>	<hr/>
	4,412,540	4,088,038
	=====	=====

The Directors consider that a segmental analysis of the Company's results would not be meaningful as a significant proportion of the Company's costs are not allocated to a specific segment. Consequently, in accordance with the provisions of SSAP25, no analysis is provided.

### 3. OPERATING PROFIT/(LOSS)

Operating loss is stated after charging/(crediting)

	2003 £	2002 £
Directors' emoluments	117,523	95,510
Directors' pension contributions	4,889	4,553
Depreciation of owned assets	83,580	241,869
Auditors' remuneration		
- as auditors	17,285	10,365
- accountancy	11,210	9,823
Operating lease costs:		
- plant and equipment	3,263	5,161
	=====	=====

# THE VINEYARD AT STOCKCROSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

### 4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the Company during the year was:

	2003 No	2002 No
Management and administration staff	25	26
Sales and marketing staff	12	13
Operational staff	81	73
	—	—
	118	112
	===	===

The aggregate payroll costs of the above were:

	2003 £	2002 £
Wages and salaries	1,702,394	1,623,941
Social security costs	147,690	132,371
Other pension costs	30,295	28,714
	—	—
	1,880,379	1,785,026
	=====	=====

### 5. DIRECTORS' EMOLUMENTS

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

	2003 £	2002 £
Emoluments receivable	121,312	95,510
Value of Company pension contributions to money purchase schemes	4,889	4,553
	—	—
	126,201	100,063
	=====	=====

The number of directors who are accruing benefits under the company money purchase pension schemes was 1 (2002: 1)

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Interest payable on bank borrowing	152,976	161,070
Other similar charges payable	20,805	5
	—	—
	173,781	161,075
	=====	=====

### 7. EXCEPTIONAL FINANCE COST

On 2 December 2002 the Company gave notice that it wished to repay its bank loan. The loan was repaid on 17 January 2003 and £122,948 of breakage costs were incurred.

# THE VINEYARD AT STOCKCROSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

### 8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003 £	2002 £
<b>Deferred tax</b>		
Origination and reversal of timing differences	142,780	-
	=====	=====
Loss on ordinary activities before taxation	(121,315)	(670,860)
Tax on loss on ordinary activities at standard Corporation Tax rate of 30%	(36,394)	(201,258)
Effects of:		
Expenses not deducted for tax purposes – fixed assets	2,067	-
Group relief surrendered without payment	118,406	299,815
Capital allowances in excess of depreciation	-	(98,557)
Adjustments in respect of prior years	58,701	-
	=====	=====
Current tax charge for the period	142,780	-
	=====	=====

### 9. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £	Plant and & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Payments on Account £	Total £
<b>COST OR VALUATION</b>						
At 1 January 2003	9,005,291	1,804,455	1,390,927	71,960	182,362	12,454,995
Reallocations	182,362				(182,362)	-
Additions	1,430,942	628,890	408,025	-	-	2,467,857
Disposals	-	-	-	(45,870)	-	(45,870)
	=====	=====	=====	=====	=====	=====
<b>At 31 December 2003</b>	<b>10,618,595</b>	<b>2,433,345</b>	<b>1,798,952</b>	<b>26,090</b>	<b>-</b>	<b>14,876,982</b>
	=====	=====	=====	=====	=====	=====
<b>DEPRECIATION</b>						
At 1 January 2003	-	1,714,040	1,061,156	65,984	-	2,841,180
Charge for the period	-	70,491	10,363	2,726	-	83,580
Disposals	-	-	-	(42,620)	-	(42,620)
	=====	=====	=====	=====	=====	=====
<b>At 31 December 2003</b>	<b>-</b>	<b>1,784,531</b>	<b>1,071,519</b>	<b>26,090</b>	<b>-</b>	<b>2,882,140</b>
	=====	=====	=====	=====	=====	=====
<b>NET BOOK VALUE</b>						
<b>At 31 December 2003</b>	<b>10,618,595</b>	<b>648,814</b>	<b>727,433</b>	<b>-</b>	<b>-</b>	<b>11,994,842</b>
	=====	=====	=====	=====	=====	=====
At 31 December 2002	9,005,291	90,415	329,771	5,976	182,362	9,613,815
	=====	=====	=====	=====	=====	=====

# THE VINEYARD AT STOCKCROSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

### 9. TANGIBLE FIXED ASSETS (*continued*)

#### Revaluation of fixed assets

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.

In respect of assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2003 £	2002 £
<b>NBV of impaired tangible fixed assets:</b>		
Historical cost	10,496,315 =====	10,496,315 =====
<b>Capital commitments</b>		
Contracted but not provided for in the accounts	52,523 =====	1,896,620 =====

### 10. INVESTMENTS

	2003 £	2002 £
Shares in group undertakings at cost	192,308 =====	192,308 =====

The Company owns 100% of the issued share capital of the dormant companies listed below:

	2003 £	2002 £
<b>Aggregate capital and reserves</b>		
Knights Valley Hotels Limited	92,308	92,308
Foley Lodge Limited	100,000	100,000

Under the provision of section 248 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.

### 11. STOCKS

	2003 £	2002 £
Raw materials	19,280	13,156
Finished goods	1,059,902	1,124,637
	<hr/>	<hr/>
	1,079,182 =====	1,137,793 =====

# THE VINEYARD AT STOCKCROSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

### 12. DEBTORS

	2003 £	2002 £
Trade debtors	221,528	304,249
Amount owed by group undertakings	16,777	60,268
Other debtors	47,541	273
Prepayments and accrued income	63,298	101,426
	<hr/>	<hr/>
	349,144	466,216
	=====	=====

### 13. CREDITORS:

Amounts falling due within one year

	2003 £	2002 £
Bank loan	33,158	1,604,548
Trade creditors	617,729	509,514
Amounts owed to group undertakings	18,875	31,915
Taxation and social security	42,453	124,676
Other creditors	77,559	36,369
Accruals and deferred income	222,665	288,363
	<hr/>	<hr/>
	1,012,439	2,595,385
	=====	=====

The bank loan is secured by a fixed and floating charge over all of the Company's assets.

### 14. CREDITORS:

Amounts falling due after more than one year

	2003 £	2002 £
Bank loan	3,966,842	-
Amounts owed to group undertakings	18,682,745	18,705,014
	<hr/>	<hr/>
	22,649,587	18,705,014
	=====	=====

The bank loan is secured by a fixed and floating charge over all of the Company's assets.

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2003 £	2002 £
Bank loan	2,481,662	-
	=====	=====

# THE VINEYARD AT STOCKCROSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

### 15. MATURITY OF DEBT

	2003 £	2002 £
Amounts Repayable:		
In one year or less, or on demand	33,158	1,604,548
Within one to two years	19,023,527	18,705,014
Within two to five years	1,144,398	-
After five years	2,481,662	-
	<u>22,682,745</u>	<u>20,309,562</u>

### 16. PROVISION FOR LIABILITIES AND CHARGES

	2003 £	2002 £
Deferred Taxation		
At 1 <sup>st</sup> January 2003	-	-
Charge to the profit and loss account	142,780	-
	<u>142,780</u>	<u>-</u>
At 31 <sup>st</sup> December 2003		
	<u>142,780</u>	<u>-</u>
The amounts provided in the accounts are as follows:		
Accelerated capital allowances	670,355	-
Unrelieved tax losses	(523,500)	-
Short term timing differences	(4,075)	-
	<u>142,780</u>	<u>-</u>

### 17. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 8 regarding disclosure of related party transactions with group companies as it is a wholly owned subsidiary. Amounts owed to group undertakings at 31<sup>st</sup> December 2003, disclosed in notes 12 and 13, include £18,690 due to The Peter Michael Winery (2002: £30,223), £92,308 to Foley Lodge Ltd (2002: £92,308), £100,000 to Foley Lodge Ltd (2002: £100,000) and £18,490,437 to Stockford Ltd (2002: £18,512,706)

The Company has an agreement with Donnington Valley Group plc, with whom it has directors in common to provide management services. Management charges received in the year were £314,500 (2002: £321,000), calculated on a time apportionment basis. The amount due from Donnington Valley plc at 31<sup>st</sup> December 2003 of £16,777 (2002: £60,268) is disclosed in Note 11 under Amounts owed by group undertakings.

The Company also rents property under a number of leases, the landlords of which include the wife of one of the directors and wives and husbands of directors of fellow subsidiaries. Rental payments, which are fixed at commercial rates on an arms length basis totalled £44,622 (2002: £43,400).

# THE VINEYARD AT STOCKCROSS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

### 18. SHARE CAPITAL

	2003 £	2002 £
<b>Authorised</b>		
4,800,000 Ordinary shares of £1.00 each	<b>4,800,000</b> =====	<b>4,800,000</b> =====
<b>Allotted, called up and fully paid:</b>	<b>2,867,895</b> =====	<b>2,867,895</b> =====

### 19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' EQUITY FUNDS

	2003 £	2002 £
Loss for the financial year	<b>(109,347)</b>	(670,860)
Opening shareholders' equity funds	<b>(9,855,472)</b> -----	(9,184,612) -----
Closing shareholders' equity funds	<b>(9,964,819)</b> =====	<b>(9,855,472)</b> =====

### 20. ULTIMATE PARENT COMPANY

The Company considers Stockford Limited, registered in England and Wales to be its immediate and ultimate parent company. The Company's results are included in the consolidated financial statements of Stockford Limited, available from its registered office, 63, Lincoln's Inn Fields, London WC2A 5LW.