

Company Registration Number

2579005

NEIL FERGUSON (CHEMIST) LIMITED

GROUP ACCOUNTS

For the year ended 31st July 2006

**CLB Coopers
Chartered Accountants
MANCHESTER**

SATURDAY



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COMPANIES HOUSE

NEIL FERGUSON (CHEMIST) LIMITED

Directors	M B B Sheppard BA (Hons) ACA J H Cottrill B S Sheppard
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Secretary	P Thomas
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Auditors	CLB Coopers Century House 11 St Peters' Square Manchester M2 3DN
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Bankers	Lloyds T S B Bank plc 53 King Street Manchester M60 2ES
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Registered Office	2nd Floor Arthur House Chorton Street Manchester M1 3FH
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NEIL FERGUSON (CHEMIST) LIMITED

Report of the Directors

The Directors present their report to the shareholders, together with the audited accounts, for the year ended 31 July 2006

Principal Activity

The principal activities of the company is that of a holding company owning the business of a hotel and inn and investment dealing

Results and dividends

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

The directors do not recommend the payment of a dividend (2005 - £nil)

Future developments

The directors consider the future prospects of the group to be satisfactory

Directors' Interests

The Directors who served during the year and their interests in the ordinary share capital of the Company are as follows

		31st July 2006	31st July 2005
M B B Sheppard	Beneficial	1,508	1,508
	Beneficial interest in trust shares	2,131	2,131
J H Cottnill		-	-
B S Sheppard		-	-

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial period 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 period. In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed
- 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. 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.

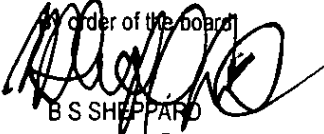
The directors confirm that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware. They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

CLB Coopers have indicated their agreement to continue as auditors for the ensuing year and a resolution to that effect will be put to the annual general meeting.

2nd Floor, Arthur House
Chorlton Street
Manchester M1 3FH

Date 5 June 2007

By order of the board

B S SHEPPARD
Director

NEIL FERGUSSON (CHEMIST) LIMITED

Independent Auditor's Report to the Shareholders For the year ended 31st July 2006

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention, as modified by the revaluation of investments and the accounting policies set out on page 8

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As described on page 2 the Company's Directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility 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 opinions 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 supplied by law regarding Directors' remuneration and transactions with the Company is not

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 opinion

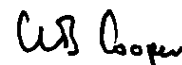
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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 of error. In forming our opinion we also evaluate 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 and the group's affairs as at 31 July 2006 and of the loss for the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Director's Report is consistent with the financial statements.



CLB Coopers

Manchester
Date 5 June 2007

Chartered Accountants
Registered Auditors

NEIL FERGUSON (CHEMIST) LIMITED**Group Profit and Loss Account
For the year ended 31st July 2006**

	Note	2006 £	2005 £
Turnover		565,571	527,217
Cost of sales		(171,085)	(137,672)
Gross profit		394,486	389,545
Net operating expenses		(750,259)	(749,469)
Other operating income	2	35,734	55,431
Operating loss	1	(320,039)	(304,493)
Loss on sale of investments		(15,148)	(12,013)
Provision for unrealised (loss) profit on investments		(2)	(2)
Goodwill written off		-	(264,995)
Loss on ordinary activities before interest and taxation		(335,189)	(581,503)
Net interest receivable	3	1,631	3,130
Loss on ordinary activities before taxation		(333,558)	(578,373)
Taxation on ordinary activities	4	-	208
Loss for the year	14	(333,558)	(578,165)

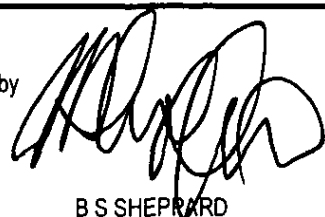
Statement of Total Recognised Gains and Losses

Loss for the year, as stated above	(333,558)	(578,165)
Revaluation of property held for resale	553,903	-
	220,345	(578,165)

NEIL FERGUSON (CHEMIST) LIMITED**Group Balance Sheet****At 31st July 2006**

	Note	2006 £	2005 £
Fixed assets			
Tangible assets	6	35,526	1,783,889
Current assets			
Current asset investments	8	2,600,008	8
Stock	9	11,635	12,324
Debtors	10	581,672	64,986
Cash at bank and in hand		40,571	111,829
		3,233,886	189,147
Creditors due within one year	11	(2,524,793)	(516,262)
Net current assets		709,093	(327,115)
Total assets less current liabilities		744,619	1,456,774
Creditors due after more than one year	11	(50,000)	(982,500)
Net assets		694,619	474,274
Capital and reserves			
Called up share capital	13	3,639	3,639
Share premium account		327,053	327,053
Investment revaluation reserve		553,903	-
Profit and loss account	14	(189,976)	143,582
Equity shareholders' funds	16	694,619	474,274

These accounts were approved by the Directors on 5 June 2007 and signed on their behalf by



B S SHEPARD

Director

NEIL FERGUSON (CHEMIST) LIMITED

Company Balance Sheet

At 31st July 2006

	Note	2006 £	2005 £
Fixed assets			
Tangible assets	6	-	1
Investments	7	201	136,873
		201	136,874
Current assets			
Current asset investments	8	2,600,008	8
Debtors	10	544,009	2,137,188
Cash at bank and in hand		18,139	-
		3,162,156	2,137,196
Creditors due within one year	11	(1,999,700)	(63,646)
Net current assets		1,162,456	2,073,550
Total assets less current liabilities		1,162,657	2,210,424
Creditors due after more than one year	11	-	(932,500)
Total assets less current liabilities		1,162,657	1,277,924
Capital and reserves			
Called up share capital	13	3,639	3,639
Share premium account		327,053	327,053
Profit and loss account	14	831,965	947,232
Equity shareholders' funds	16	1,162,657	1,277,924

These accounts were approved by the Directors on 5 June 2007 and signed on their behalf by



B S SHEPPARD

Director

NEIL FERGUSON (CHEMIST) LIMITED**Group Cash Flow****For the year ended 31st July 2006**

	Note	2006 £	2005 £
Cash inflow from operating activities	17	271,219	202,856
Return on investments and servicing of finance	17	1,631	3,130
Taxation		-	(4,618)
Capital expenditure	17	(434,106)	(410,599)
Financial investment	17	(2)	20,705
Acquisitions and disposals	17	-	93,763
Net cash outflow before financing		(161,258)	(94,763)
Financing	17	90,000	90,000
Decrease in cash		(71,258)	(4,763)

Reconciliation of net cash flow to movement in net debt

Decrease in cash		(71,258)	(4,763)
Cash inflow from increase in debt		(90,000)	(90,000)
Movement in net debt during the period		(161,258)	(94,763)
Net debt at the start of the period		(870,671)	(775,908)
Net debt at the end of the period	17	(1,031,929)	(870,671)

NEIL FERGUSON (CHEMIST) LIMITED

Statement of Accounting Policies

Accounting convention

The Group accounts have been prepared under the historical cost convention, modified to include the revaluation of investments and in accordance with applicable Accounting Standards

Basis of consolidation

The Group Accounts incorporate Neil Ferguson (Chemist) Limited and its subsidiary undertakings for the year ended 31 July 2005, using acquisition accounting

A separate profit and loss account for the Parent Company is not presented as provided by Section 230 of the Companies Act 1985

On the acquisition or disposal of a subsidiary all its assets and liabilities are recorded at their fair values reflecting their condition at the date of purchase or sale. All changes in those assets and liabilities, and the resulting gains and losses that arise after the Group has gained control of the subsidiary, are charged to the post-acquisition profit and loss account. Profits and losses in the subsidiary are recorded up to the date that control is lost

Turnover

Turnover represents the value of goods sold, excluding discounts and value added tax, to customers in the United Kingdom

Depreciation

Depreciation is provided annually on a straight line basis over the estimated useful lives of tangible fixed assets. The principal rates in use are

Freehold property	4%
Plant and equipment	40%
Office equipment	10% - 20%
Furniture and fittings	25%

Deferred taxation

Deferred taxation is provided for where, in the opinion of the Directors, a liability is likely to arise in the foreseeable future

Pensions

The Company operates a defined contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Pension costs are charged against profits as they become payable to the scheme

Operating leases

Annual rentals on operating leases are charged to the profit and loss account on a straight line basis over the lease term. Finance leases, where substantially all the risks and rewards of ownership rest with the Company are capitalised and depreciated over their useful lives. The interest element of repayments is charged to the profit & loss account over the period of the agreement and represents a constant proportion of the balance of capital repayments outstanding

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions

NEIL FERGUSON (CHEMIST) LIMITED

Notes on the Accounts

At 31st July 2006

	2006 £	2005 £
1 Operating loss		
This is stated after charging the following		
Directors' remuneration - aggregate emoluments	5,500	13,910
Other staff costs	353,231	323,532
Auditors' remuneration	8,100	8,479
Depreciation	126,372	134,069
	<u> </u>	<u> </u>
2 Other operating income		
Management charges	-	55,431
Other income	35,734	-
	<u> </u>	<u> </u>
	35,734	55,431
	<u> </u>	<u> </u>
3 Net interest receivable (payable)		
Interest payable	-	-
Interest receivable	1,631	3,130
	<u> </u>	<u> </u>
	1,631	3,130
	<u> </u>	<u> </u>
4 Taxation		
UK corporation tax on profits for the year	-	-
Under provision in prior year	-	(208)
	<u> </u>	<u> </u>
	-	(208)
	<u> </u>	<u> </u>
Reconciliation of current year tax charge		
The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 19% (2005 - 19%)		
Loss on ordinary activities before taxation	(333,558)	(578,373)
	<u> </u>	<u> </u>
Tax on loss on ordinary activities at standard rate	(63,376)	(109,890)
Increase in provision for unrealised loss disallowed for tax purposes	1,311	-
Chargeable gain on disposal of fixed asset investment	80,188	-
Capital losses not relieviable against current tax	8,178	-
Goodwill written off	-	52,744
Disallowable expenses	780	13,317
Accelerated capital allowances	(30,427)	(3,638)
Non-taxable income	(5,490)	-
Losses carried forward	8,836	47,467
Prior year adjustment	-	(208)
	<u> </u>	<u> </u>
	-	(208)
	<u> </u>	<u> </u>

NEIL FERGUSON (CHEMIST) LIMITED

Notes on the Accounts (continued)

At 31st July 2006

6	Tangible fixed assets - group	Freehold Property £	Plant & Equipment £	Furniture & Fittings £	Office Equipment £	Total £
	Cost					
	At 1 August 2005	1,747,977	155,401	192,088	12,550	2,108,016
	Additions	430,515	2,217	1,374	-	434,106
	Disposals	-	-	-	-	-
	Disposal of subsidiary	-	-	-	(10,000)	(10,000)
	Transfer to current asset investments	(2,178,492)	(150,000)	(152,559)	-	(2,481,051)
	At 31 July 2006	-	7,618	40,903	2,550	51,071
	Depreciation					
	At 1 August 2005	141,622	92,225	87,731	2,549	324,127
	Provided during the year	87,140	16,566	22,665	1	126,372
	Disposals	-	-	-	-	-
	Transfer to current asset investments	(228,762)	(105,000)	(101,192)	-	(434,954)
	At 31 July 2006	-	3,791	9,204	2,550	15,545
	Net book value					
	At 31 July 2006	-	3,827	31,699	-	35,526
	At 1 August 2005	1,606,355	63,176	104,357	10,001	1,783,889

Tangible fixed assets - parent

	Office Equipment £	Total £
Cost		
At 1 August 2005	2,550	2,550
Additions	-	0
At 31 July 2006	2,550	2,550
Depreciation		
At 1 August 2005	2,549	2,549
Provided during the year	1	1
At 31 July 2006	2,550	2,550
Net book value		
At 31 July 2006	-	0
At 1 August 2005	1	1

NEIL FERGUSON (CHEMIST) LIMITED

Notes on the Accounts (continued) At 31st July 2006

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
7 Investments				
At cost less provisions				
Subsidiary undertakings (see note below)	-	-	201	136,873
Cost				Subsidiary undertakings £
At 1 August 2005				136,873
Disposals				(136,672)
At 31 July 2006				201

Subsidiary undertakings	% ordinary share capital held	Principal Activity
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Included in consolidation

Birch Hotels and Inns Limited	100	Hotel with a restaurant
Gall & Eke Registrars Limited	100	Registrar services
Sharewizard Limited	100	Dormant

Mosley Street Securities Limited was sold on 31 December 2005

The subsidiary undertakings are all registered in England

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
8 Current asset investments				
Listed investments	8	8	8	8
Property held for sale at estimated market value	2,600,000	-	2,600,000	-
	2,600,008	8	2,600,008	8

Listed investments are stated at market value. The historical cost of these investments at 31st July 2006 was £10 (2005 - £10). The freehold property has been revalued to the directors' best estimate of its current market value.

NEIL FERGUSON (CHEMIST) LIMITED

Notes on the Accounts (continued)

At 31st July 2006

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
9 Stock				
Food and liquor stock	11,635	12,324	-	-
10 Debtors				
Due within one year				
Trade debtors	8,534	10,832	-	-
Amounts due from group undertakings	-	-	-	2,131,739
Amounts due from related undertaking	86,728	-	86,728	-
Prepayments and accrued income	29,393	48,705	264	-
Other debtors	457,017	5,449	457,017	5,449
	581,672	64,986	544,009	2,137,188
11 Creditors due within one year				
Trade creditors	60,033	61,225	5,764	11,182
Bank overdraft	-	-	-	2,807
Amounts owed to group undertaking	-	-	908,807	29,498
Amounts owed to related undertaking	1,908,627	-	1,022,500	-
Other taxes and social security	503,530	18,973	35,621	9,062
Other creditors	10,803	412,269	2,408	542
Director's loan	-	55	-	55
Corporation tax	-	-	-	-
Accruals and deferred income	41,800	23,740	24,600	10,500
	2,524,793	516,262	1,999,700	63,646
Creditors due after more than one year				
Other creditors	50,000	982,500	-	932,500
12 Deferred taxation				
Unprovided asset				

The Group has unutilised tax trading losses at 31 July 2006 of £419,597 (2005 - £373,094) and capital losses of £48,055 (2005 - £472,996). A deferred tax asset has not been recognised in respect of these losses as the Group does not anticipate taxable profits to arise in the foreseeable future. The estimated value of the deferred tax asset not recognised, measured at a standard rate of 19%, is £88,851 (2005 - £160,757).

NEIL FERGUSON (CHEMIST) LIMITED

Notes on the Accounts (continued) At 31st July 2006

13 Share capital	2006	2005
	£	£
Authorised Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid Ordinary shares of £1 each	3,639	3,639

	Group 2006	Group 2005	Company 2006	Company 2005
	£	£	£	£
14 Profit and loss account				
At 1 August 2005	143,582	721,747	947,232	1,025,011
(Loss) profit for the year	(333,558)	(578,165)	(115,267)	(77,779)
At 31 July 2006	(189,976)	143,582	831,965	947,232

15 Investment revaluation reserve				
At 1 August 2005	-	-	-	-
Revaluation of current asset investment	553,903	-	-	-
At 31 July 2006	553,903	-	-	-

The revaluation relates to the freehold property held for resale within current assets

16 Reconciliation of movements in equity shareholders' funds				
At 1 August 2005	474,274	1,052,439	1,277,930	1,355,709
(Loss) profit for the year	(333,558)	(578,165)	(115,267)	(77,779)
Revaluation of current asset investment	553,903	-	-	-
At 31 July 2006	694,619	474,274	1,162,663	1,277,930

NEIL FERGUSON (CHEMIST) LIMITED

Notes on the Accounts (continued)

At 31st July 2006

	2006 £	2005 £
17 Notes to the cash flow statement		
a Reconciliation of operating loss to net cash inflow (outflow) from operating activities		
Operating loss	(320,039)	(304,493)
Decrease (increase) in net current assets	464,886	345,675
Depreciation and amortisation	126,372	149,068
Goodwill on consolidation of subsidiary	-	12,606
Net cash inflow (outflow) from operating activities	271,219	202,856
b Analysis of cash flows for headings netted in the cash flow statement		
Return on investments and servicing of finance		
Bank and other interest received	1,631	3,130
Capital expenditure		
Purchase of tangible fixed assets	(434,106)	(410,599)
Financial investment		
Purchase of investments	-	(8,422)
Sale of investments	(2)	29,127
Net cash inflow from financial investment	(2)	20,705
Acquisitions and disposals		
Disposal of subsidiary undertaking	86,728	-
Cash balances of subsidiary undertaking at date of disposal	(86,728)	-
Cash balance incorporated on consolidation of subsidiary	-	93,763
Net cash inflow (outflow) from acquisitions and disposals	-	93,763
Financing		
Loan repayments	-	-
Loan from related parties	90,000	90,000
Net cash inflow (outflow) from financing	90,000	90,000

NEIL FERGUSON (CHEMIST) LIMITED

Notes on the Accounts (continued) At 31st July 2006

	At 1 August 2005 £	Cash flow £	Other changes £	At 31 July 2006 £
17 Notes to the cash flow statement (continued)				
c Analysis of net debt				
Cash at bank	111,829	(71,258)	-	40,571
Debt due within one year				
- Loans from related parties	-	(90,000)	(932,500)	(1,022,500)
Debt due more than one year				
- Loans from related parties	(982,500)	-	932,500	(50,000)
	(870,671)	(161,258)	-	(1,031,929)

d Disposal of subsidiary

On 31 December 2005, Mosley Street Securities Limited was sold to Gall & Eke Limited, a company under the control of Mr M B B Sheppard not consolidated. The net assets of Mosley Street Securities Limited at the date of disposal were

	£
Fixed assets	10,000
Net current assets	5,148
Cash and bank balances	86,728
	101,876
Loss on disposal	(15,148)
Net proceeds - satisfied by cash	86,728

18 Related parties

Other creditors due within one year include advances from Manchester and Metropolitan Investment Limited to Neil Ferguson (Chemist) Limited of £1,022,500 (2005 - £932,500 due after one year) and £886,127 to Birch Hotel Limited (2005 - £409,337). Both Mr B S Sheppard and Mr M B B Sheppard are significant shareholders in this company. The loans do not bear interest.

During the year the company sold Mosley Street Securities Limited, a wholly owned subsidiary of Neil Ferguson (Chemist) Limited, to Gall and Eke Limited for the sum of £86,728. Gall and Eke Limited is a related party by virtue of common control. The amount due from Gall and Eke Limited at the year end was £86,728 (2005 - £nil).

Other creditors due after more than one year includes a loan of £50,000 (2004 - £50,000) from the B S Sheppard 1991 Settlement. The loan does not bear interest.

19 Ultimate control

The Company is controlled by the Trustees of the B S Sheppard 1990 Settlement and Mr M B B Sheppard.