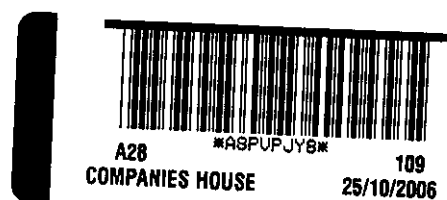


Registration number 3400976

Mauretania Estates Limited

Directors' report and financial statements

for the year ended 31 March 2006



Mauretania Estates Limited

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Mauretania Estates Limited

Directors' report for the year ended 31 March 2006

The directors present their beneficial report and the financial statements for the year ended 31 March 2006.

Principal activity and review of the business

The company's principal activity was the operation of a bar and restaurant.

The directors consider the performance of the company for the year to be disappointing.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of a final dividend.

Directors and their interests

The directors who served during the year and their beneficial interests in the company are as stated below:

	Ordinary shares	
	31 March 2006	31 March 2005
P J F Breach	-	-
Mrs J Breach	-	-
A W Sprackman	-	-

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the ultimate parent company.

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 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.

As far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Mauretania Estates Limited

**Directors' report
for the year ended 31 March 2006**

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Milsted Langdon be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the board on 12 October 2006 and signed on its behalf by

Joan Breach.

Secretary

Mauretania Estates Limited

Independent auditors' report to the members of Mauretania Estates Limited

We have audited the financial statements of Mauretania Estates Limited for the year ended 31 March 2006 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

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 (Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether in our opinion, the information given in the directors' report is consistent with the financial statements.

We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

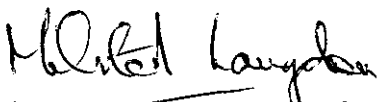
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

The information given in the directors' report is consistent with the financial statements.



Chartered Accountants and Registered Auditors

Bristol,

17 October 2006

Mauretania Estates Limited

**Profit and loss account
for the year ended 31 March 2006**

	Notes	2006 £	2005 £
Turnover	2	650,183	1,032,079
Cost of sales		(181,414)	(308,838)
Gross profit		468,769	723,241
Administrative expenses		(661,101)	(861,977)
Operating loss	3	(192,332)	(138,736)
Other interest receivable and similar income	4	-	190
Interest payable and similar charges	5	(8,377)	(45,500)
Loss on ordinary activities before taxation		(200,709)	(184,046)
Tax on loss on ordinary activities	7	(12,073)	(10,092)
Loss for the year		<u>(212,782)</u>	<u>(194,138)</u>

All amounts relate to continuing operations.

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 6 to 14 form an integral part of the financial statements.
Auditors' report - page 3.

Mauretania Estates Limited

**Balance sheet
as at 31 March 2006**

		2006		2005	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	8		5,080		8,145
Tangible assets	9		535,164		607,686
			<u>540,244</u>		<u>615,831</u>
Current assets					
Stocks	10	19,779		33,675	
Debtors	11	208		5,253	
Cash at bank and in hand		11,174		3,000	
		<u>31,161</u>		<u>41,928</u>	
Creditors: amounts falling due within one year	12	<u>(403,462)</u>		<u>(371,567)</u>	
Net current liabilities			<u>(372,301)</u>		<u>(329,639)</u>
Total assets less current liabilities			167,943		286,192
Creditors: amounts falling due after more than one year	13		(583,843)		(501,383)
Provisions for liabilities and charges	14		(22,165)		(10,092)
Deficiency of assets			<u>(438,065)</u>		<u>(225,283)</u>
Capital and reserves					
Called up share capital	15		1		1
Profit and loss account	16		(438,066)		(225,284)
Shareholders' funds	17		<u>(438,065)</u>		<u>(225,283)</u>

The financial statements were approved and authorised for issue by the board on 12 October 2006 and signed on its behalf by


.....
Director


.....
Director

The notes on pages 6 to 14 form an integral part of the financial statements.
Auditors' report - page 3.

Mauretania Estates Limited

Notes to the financial statements for the year ended 31 March 2006

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total value of sales made during the year, excluding value added tax.

1.3. Licences

Acquired licences are written off over the life of the licence.

1.4. Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard 1 (revised) from including a cash flow statement in these financial statements on the grounds that a company is a 100% subsidiary and its ultimate parent company publishes a consolidated cash flow statement.

1.5. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and equipment	-	3-10 years straight line
Leasehold building improvements	-	2-15 years straight line
Furniture, fixtures and fittings	-	4 years straight line

1.6. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. 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 constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7. Stock

Stock is valued at the lower of cost and net realisable value.

1.8. Going concern

Principality Holdings Limited, the company's main creditor and immediate parent company has pledged continuing financial support for the foreseeable future to enable the company to pay its liabilities as they fall due. Accordingly, the directors consider that it is appropriate for the financial statements to be drawn up on the going concern basis.

Mauretania Estates Limited

Notes to the financial statements for the year ended 31 March 2006

2. Turnover

The whole turnover of the company is attributable to the principal activity of the company.

All turnover arose in the UK.

3. Operating loss

2006	2005
£	£

Operating loss is stated after charging:

Amortisation intangible assets	3,065	2,914
Depreciation of tangible assets	81,499	76,885
Operating lease rentals		
- Land and buildings	100,000	119,167
Auditors' remuneration	1,250	1,000
	<u>100,000</u>	<u>119,167</u>

4. Interest receivable and similar income

2006	2005
£	£

Bank interest	-	190
	<u>-</u>	<u>190</u>

5. Interest payable and similar charges

2006	2005
£	£

On bank loans and overdrafts	6,073	4,585
On medium-term bank loans	-	38,877
Lease finance charges and hire purchase interest	2,304	2,038
	<u>8,377</u>	<u>45,500</u>

Mauretania Estates Limited

**Notes to the financial statements
for the year ended 31 March 2006**

6. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	2006	2005
	Number	Number
Full time staff - bar and restaurant	8	10
Part time staff - bar and restaurant	8	26
	<u>16</u>	<u>36</u>

Employment costs

	2006	2005
	£	£
Wages and salaries	205,648	307,737
Social security costs	13,488	22,420
	<u>219,136</u>	<u>330,157</u>

Mauretania Estates Limited

**Notes to the financial statements
for the year ended 31 March 2006**

7. Tax on loss on ordinary activities	2006	2005
	£	£
Analysis of charge in period		
Current tax		
UK corporation tax	-	-
Total current tax charge	-	-
Deferred tax		
Timing differences, origination and reversal	12,073	10,092
Total deferred tax	12,073	10,092
Tax on loss on ordinary activities	<u>12,073</u>	<u>10,092</u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	2006	2005
	£	£
Loss on ordinary activities before taxation	<u>(200,709)</u>	<u>(184,046)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (31 March 2005 : 30%)	(60,213)	(55,214)
Effects of:		
Expenses not deductible for tax purposes	-	(11,220)
Capital allowances for period in excess of depreciation	(7,227)	(5,641)
Tax losses surrendered to group	67,440	72,075
Current tax charge for period	<u>-</u>	<u>-</u>

Mauretania Estates Limited

**Notes to the financial statements
for the year ended 31 March 2006**

8. Intangible fixed assets			Licences	Total
			£	£
Cost				
At 1 April 2005 and				
At 31 March 2006			11,059	11,059
Provision for diminution in value				
At 1 April 2005			2,914	2,914
Charge for the year			3,065	3,065
At 31 March 2006			5,979	5,979
Net book values				
At 31 March 2006			5,080	5,080
At 31 March 2005			8,145	8,145
9. Tangible fixed assets				
	Plant and equipment	Leasehold property improvements	Furniture, fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 April 2005	125,535	437,137	121,899	684,571
Additions	8,022	-	955	8,977
At 31 March 2006	133,557	437,137	122,854	693,548
Depreciation				
At 1 April 2005	21,827	32,797	22,261	76,885
Charge for the year	23,567	34,484	23,448	81,499
At 31 March 2006	45,394	67,281	45,709	158,384
Net book values				
At 31 March 2006	88,163	369,856	77,145	535,164
At 31 March 2005	103,708	404,340	99,638	607,686

Mauretania Estates Limited

**Notes to the financial statements
for the year ended 31 March 2006**

9. Tangible fixed assets (continued)

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2006		2005	
	Net Depreciation book value	charge	Net Depreciation book value	charge
	£	£	£	£
Plant and equipment	<u>44,853</u>	<u>10,806</u>	<u>55,659</u>	<u>10,390</u>
10. Stocks			2006	2005
			£	£
Goods for resale			<u>19,779</u>	<u>33,675</u>
11. Debtors			2006	2005
			£	£
Other debtors			-	1,168
Prepayments and accrued income			<u>208</u>	<u>4,085</u>
			<u>208</u>	<u>5,253</u>
12. Creditors: amounts falling due within one year			2006	2005
			£	£
Bank overdraft			102,371	99,257
Net obligations under finance leases and hire purchase contracts			19,623	19,898
Trade creditors			19,781	87,668
Amounts owed to group undertaking			249,717	120,000
Other taxes and social security costs			5,979	24,687
Other creditors			-	6,507
Accruals and deferred income			<u>5,991</u>	<u>13,550</u>
			<u>403,462</u>	<u>371,567</u>

The amounts owed to group undertaking comprises a loan repayable within one year of £120,000 and amounts owed under normal trading terms. The loan is secured by a fixed and floating charge over the company's assets.

Mauretania Estates Limited

**Notes to the financial statements
for the year ended 31 March 2006**

13. Creditors: amounts falling due after more than one year	2006	2005
	£	£
Amounts owed to group undertakings	582,000	480,000
Net obligations under finance leases and hire purchase contracts	1,843	21,383
	<u>583,843</u>	<u>501,383</u>
Loans		
Repayable in one year or less, or on demand (Note 12)	120,000	120,000
Repayable between one and two years	120,000	120,000
Repayable between two and five years	462,000	360,000
	<u>702,000</u>	<u>600,000</u>
The loan is secured by a fixed and floating charge over the company's assets.		
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	19,623	19,898
Repayable between one and five years	1,843	21,383
	<u>21,466</u>	<u>41,281</u>
14. Provisions for liabilities and charges	2006	2005
	£	£
Accelerated capital allowances	22,165	10,092
Undiscounted provision for deferred tax	22,165	10,092
	<u>22,165</u>	<u>10,092</u>
Provision at 1 April 2005	10,092	
Deferred tax charge in profit and loss account	12,073	
Provision at 31 March 2006	<u>22,165</u>	
15. Share capital	2006	2005
	£	£
Authorised equity		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
1 Ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

Mauretania Estates Limited

**Notes to the financial statements
for the year ended 31 March 2006**

16. Equity Reserves	Profit and loss account £	Total £
At 1 April 2005	(225,284)	(225,284)
Loss for the year	(212,782)	(212,782)
At 31 March 2006	(438,066)	(438,066)

17. Reconciliation of movements in shareholders' funds	2006 £	2005 £
Loss for the year	(212,782)	(194,138)
Opening shareholders' funds	(225,283)	(31,145)
Closing shareholders' funds	<u>(438,065)</u>	<u>(225,283)</u>

18. Financial commitments	Land and buildings
At 31 March 2006 the company had annual commitments under non-cancellable operating leases as follows:	2006 2005
	£ £
Expiry date:	
In over five years	<u>130,000 130,000</u>

19. Related party transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standard 8 paragraph 3c, not to disclose transactions with related parties within the group where over 90% of the voting rights are controlled by the group, and where consolidated financial statements are made publicly available.

Mauretania Estates Limited

**Notes to the financial statements
for the year ended 31 March 2006**

20. Ultimate and immediate parent undertaking and ultimate controlling party

The company's ultimate parent company is Hawksworth Securities plc, a company registered in England. The Hawksworth Securities plc group is the largest group the company is part of, and Hawksworth Securities plc is the only undertaking for which consolidated financial statements, which include the financial statements of Mauretania Estates Limited, are drawn up.

Copies of the financial statements of Hawksworth Securities plc can be obtained from The Company Secretary, Hawksworth Securities plc, 7 Park Street, Bristol, BS1 5NF.

The company's immediate parent company is Principality Holdings Limited, a company registered in England.

The company was under the control of Mr P J F Breach throughout the current and preceding year.

Mauretania Estates Limited

The following pages do not form part of the statutory accounts.

Mauretania Estates Limited

**Detailed trading and profit and loss account
for the year ended 31 March 2006**

	2006		2005	
	£	£	£	£
Sales		650,183		1,032,079
Cost of sales				
Opening stock	33,675		-	
Purchases	167,518		342,513	
	<u>201,193</u>		<u>342,513</u>	
Closing stock	(19,779)		(33,675)	
		<u>(181,414)</u>		<u>(308,838)</u>
Gross profit		468,769		723,241
Administrative expenses	661,101		861,977	
	<u></u>	<u>(661,101)</u>	<u></u>	<u>(861,977)</u>
Operating loss		(192,332)		(138,736)
Interest receivable				
Bank deposit interest	-		190	
	<u></u>	<u>-</u>	<u></u>	190
Interest payable				
Bank interest	6,073		3,764	
Interest on loans repayable in less than 5 years	-		39,698	
HP interest and finance lease charges	2,304		2,038	
	<u></u>	<u>(8,377)</u>	<u></u>	<u>(45,500)</u>
Net loss for the year		<u>(200,709)</u>		<u>(184,046)</u>

Mauretania Estates Limited

**Administrative expenses
for the year ended 31 March 2006**

	2006	2005
	£	£
Administrative expenses		
Wages and salaries	205,648	307,737
Employer's NI contributions	13,488	22,420
Other staff costs	2,861	12,696
Security	38,979	52,338
Rent payable	100,000	119,167
Rates	23,952	26,271
Insurance	20,727	17,741
Light and heat	16,038	18,137
Cleaning	28,534	26,717
Repairs and maintenance	7,176	6,512
Printing, postage and stationery	3,661	5,072
Marketing	17,762	24,048
Telephone	4,044	3,962
Hire of equipment	3,532	4,341
Consumables	13,349	25,324
Entertainment	18,529	32,200
Legal and professional	32,202	53,421
Accountancy	5,650	500
Audit	1,250	1,000
Bank charges	3,721	6,490
Credit card charges	3,955	5,929
Bad debts	12	74
Till wastage	-	232
General expenses	2,503	1,269
Licences	8,964	8,580
Depreciation on intangible assets	3,065	2,914
Depreciation on plant and equipment	23,567	21,827
Depreciation on leasehold building improvements	34,484	32,797
Depreciation on furniture, fixtures and fittings	23,448	22,261
	<u>661,101</u>	<u>861,977</u>