

Duchy of Somerset Estates Limited

Unaudited Financial Statements

Year Ended 31 March 2005

Company Registration Number 3467362



Duchy of Somerset Estates Limited

Financial Statements

Year Ended 31 March 2005

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Duchy of Somerset Estates Limited

Directors' Report

Year Ended 31 March 2005

The directors present their report and the unaudited financial statements of the company for the year ended 31 March 2005.

Principal Activities

The principal activity of the company during the year was property development. The company's business of hospitality and holiday lettings was transferred to a partnership, Duchy of Somerset Estates Ltd and Partners on 1 April 2004. The Company's share of the results of the partnership is recorded in these financial statements.

The Directors and their Interests in the Shares of the Company

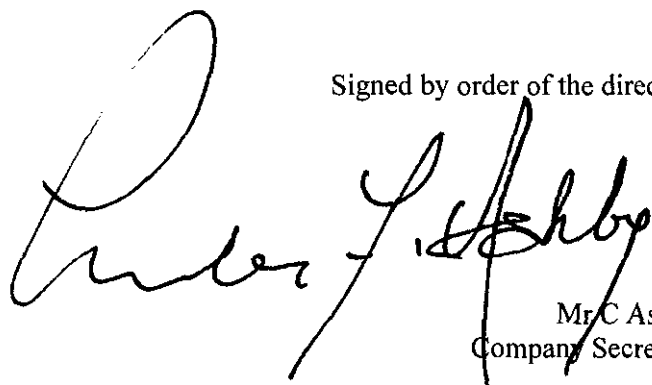
The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

| | Ordinary Shares of £1 each | |
|----------------------|----------------------------|--------------------|
| | At 31 March 2005 | At 1 April 2004 |
| The Duke of Somerset | 100 | 100 |
| Mr C A Howeson | — | — |

Small Company Provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed by order of the directors



Mr C Ashby
Company Secretary

Duchy of Somerset Estates Limited

Profit and Loss Account

Year Ended 31 March 2005

| | Note | 2005 £ | 2004 £ |
|--|------|-----------------|-----------|
| Turnover | | 5,300 | 51,159 |
| Cost of sales | | — | (29,923) |
| Gross Profit | | 5,300 | 21,236 |
| Administrative expenses | | (4,473) | (75,299) |
| Operating Profit/(Loss) | 2 | 827 | (54,063) |
| Share of loss from participating interest | 3 | (49,869) | — |
| Interest receivable | | — | 39 |
| Loss on Ordinary Activities Before Taxation | | (49,042) | (54,024) |
| Tax on loss on ordinary activities | 4 | 730 | — |
| Loss for the Financial Year | | (48,312) | (54,024) |

Duchy of Somerset Estates Limited

Balance Sheet

31 March 2005

| | Note | 2005 £ | 2004 £ |
|---|------|------------------|------------------|
| Fixed Assets | | | |
| Tangible assets | 5 | <u>19,518</u> | <u>23,991</u> |
| Current Assets | | | |
| Debtors | 6 | — | 9,562 |
| Cash at bank | | <u>—</u> | <u>1,680</u> |
| | | — | 11,242 |
| Creditors: Amounts falling due within one year | 7 | <u>(156,238)</u> | <u>(123,641)</u> |
| Net Current Liabilities | | <u>(156,238)</u> | <u>(112,399)</u> |
| Total Assets Less Current Liabilities | | <u>(136,720)</u> | <u>(88,408)</u> |
| Capital and Reserves | | | |
| Called-up equity share capital | 9 | 100 | 100 |
| Profit and loss account | 10 | <u>(136,820)</u> | <u>(88,508)</u> |
| Deficiency | | <u>(136,720)</u> | <u>(88,408)</u> |


The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 25.1.06 and were signed on their behalf by:



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The Duke of Somerset

Duchy of Somerset Estates Limited

Notes and Accounting Policies

Year Ended 31 March 2005

1. Accounting Policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The company has incurred a loss for the year of £48,312 and has a deficit on shareholders' funds of £136,720. It is dependent on the continuing support of the Duke of Somerset, who has loaned the company £156,238. The financial statements do not include any adjustments that would result from a withdrawal of that support.

(b) Turnover

The turnover shown in the Profit and Loss Account represents amounts invoiced during the year, exclusive of Value Added Tax.

(c) Fixed assets

All fixed assets are initially recorded at cost.

(d) Depreciation

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

| | |
|-------------------------|---------------------|
| Licensee's Improvements | - 10% straight line |
| Fixtures & Fittings | - 20% straight line |

2. Operating Profit/(Loss)

Operating profit/(loss) is stated after charging:

| | 2005 £ | 2004 £ |
|------------------------------------|--------------|--------------|
| Directors' emoluments | - | - |
| Amortisation | 1,925 | 2,268 |
| Depreciation of owned fixed assets | <u>2,548</u> | <u>1,861</u> |

3. Income From Participating Interests

| | 2005 £ | 2004 £ |
|---|-----------------|-----------|
| Share of loss from participating interest | <u>(49,869)</u> | <u>-</u> |

Duchy of Somerset Estates Limited

Notes and Accounting Policies

Year Ended 31 March 2005

4. Taxation on Ordinary Activities

| | 2005 £ | 2004 £ |
|---|--------------|-----------|
| Current tax: | | |
| UK Corporation tax – refund for prior years | (730) | – |
| Total current tax | <u>(730)</u> | <u>–</u> |

5. Tangible Fixed Assets

| | Licensee's Improvements £ | Fixtures & Fittings £ | Total £ |
|-----------------------------------|---------------------------------|-----------------------------|---------------|
| Cost | | | |
| At 1 April 2004 and 31 March 2005 | <u>19,246</u> | <u>12,738</u> | <u>31,984</u> |
| Depreciation | | | |
| At 1 April 2004 | 4,081 | 3,912 | 7,993 |
| Charge for the year | <u>1,925</u> | <u>2,548</u> | <u>4,473</u> |
| At 31 March 2005 | <u>6,006</u> | <u>6,460</u> | <u>12,466</u> |
| Net Book Value | | | |
| At 31 March 2005 | <u>13,240</u> | <u>6,278</u> | <u>19,518</u> |
| At 31 March 2004 | <u>15,165</u> | <u>8,826</u> | <u>23,991</u> |

6. Debtors

| | 2005 £ | 2004 £ |
|-----------------|-----------|--------------|
| Trade debtors | – | 9,226 |
| VAT recoverable | – | 237 |
| Other debtors | – | 99 |
| | <u>–</u> | <u>9,562</u> |

Duchy of Somerset Estates Limited

Notes and Accounting Policies

Year Ended 31 March 2005

7. Creditors: Amounts falling due within one year

| | 2005 £ | 2004 £ |
|------------------------------|----------------|----------------|
| Bank loans and overdrafts | — | 5,803 |
| Trade creditors | — | 13,454 |
| Other creditors | 156,238 | 104,173 |
| Accruals and deferred income | — | 211 |
| | <u>156,238</u> | <u>123,641</u> |

8. Related Party Transactions

The company was under the control of The Duke of Somerset throughout the current and previous year. The Duke of Somerset is the managing director and majority shareholder.

At the year end the company owed the Duke of Somerset £156,238 (included in other creditors).

The partnership of which the company is a partner has transactions with the Lord Seymour's 1971 Settlement. The Duke of Somerset is the settlor and a beneficiary of this trust. During the year the partnership occupied property owned by Lord Seymour's 1971 Settlement; no charges were levied on the partnership in this respect.

9. Share Capital

Authorised share capital:

| | 2005 £ | 2004 £ |
|----------------------------------|--------------|--------------|
| Equity shares | | |
| 1,000 Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |

Allotted, called up and fully paid:

| | 2005 No | £ | 2004 No | £ |
|----------------------------|------------|------------|------------|------------|
| Equity shares | | | | |
| Ordinary shares of £1 each | <u>100</u> | <u>100</u> | <u>100</u> | <u>100</u> |

Duchy of Somerset Estates Limited

Notes and Accounting Policies

Year Ended 31 March 2005

10. Profit and Loss Account

| | 2005 £ | 2004 £ |
|-----------------------------|------------------|-----------------|
| Balance brought forward | (88,508) | (34,484) |
| Loss for the financial year | <u>(48,312)</u> | <u>(54,024)</u> |
| Balance carried forward | <u>(136,820)</u> | <u>(88,508)</u> |

Duchy of Somerset Estates Limited

Management Information

Year Ended 31 March 2005

The following pages do not form part of the statutory financial statements.

Duchy of Somerset Estates Limited

Chartered Accountants' Report to the Board of Directors on the Unaudited Financial Statements of Duchy of Somerset Estates Limited

Year Ended 31 March 2005

In accordance with our terms of engagement, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of the company which comprise the Profit and Loss Account, Balance Sheet and the related notes from the accounting records and information and explanations you have given to us.

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the Company's Board of Directors that we have done so, and state those matters that we have agreed to state to them in this 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 Board of Directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England and Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet as at 31 March 2005 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

Francis Clark
Chartered Accountants
36 Southernhay East
Exeter
Devon
EX1 1NX

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Chartered Accountants

Duchy of Somerset Estates Limited

Detailed Profit and Loss Account

Year Ended 31 March 2005

| | 2005 £ | 2004 £ |
|---|------------------------|-----------------|
| Turnover | 5,300 | 51,159 |
| Cost of Sales | | |
| Corporate entertaining direct costs | — | 29,923 |
| Gross Profit | <u>5,300</u> | <u>21,236</u> |
| Gross Profit Percentage | <u>100.0%</u> | <u>41.5%</u> |
| Overheads | | |
| Administrative expenses | <u>4,473</u> | <u>75,299</u> |
| Operating Profit/(Loss) | <u>827</u> | <u>(54,063)</u> |
| Share of loss from participating interest | (49,869) | — |
| Bank interest receivable | — | <u>39</u> |
| Loss on Ordinary Activities | <u>(49,042)</u> | <u>(54,024)</u> |

Duchy of Somerset Estates Limited

Notes to the Detailed Profit and Loss Account

Year Ended 31 March 2005

| | 2005 £ | 2004 £ |
|---------------------------------------|--------------|---------------|
| Administrative Expenses | | |
| Personnel costs | | |
| Wages and salaries | — | 9,464 |
| Establishment expenses | | |
| Rates and water | — | 1,498 |
| Light and heat | — | 3,081 |
| Insurance | — | 4,586 |
| Repairs and maintenance | — | 15,414 |
| Grounds maintenance | — | 16,897 |
| | <u>—</u> | <u>41,476</u> |
| General expenses | | |
| Telephone | — | 1,171 |
| Printing, stationery and postage | — | 734 |
| Sundry expenses | — | 4,099 |
| Laundry and cleaning | — | 3,375 |
| Advertising | — | 9,138 |
| Entertaining | — | 36 |
| Legal and professional fees | — | 791 |
| Accountancy fees | — | 700 |
| Amortisation | 1,925 | 2,268 |
| Depreciation of fixtures and fittings | 2,548 | 1,861 |
| | <u>4,473</u> | <u>24,173</u> |
| Financial costs | | |
| Bank charges | — | 186 |
| | <u>4,473</u> | <u>75,299</u> |
| Interest Receivable | | |
| Bank interest receivable | <u>—</u> | <u>39</u> |