

Company Registration No. 3634468

EXBURY GARDENS RETAIL LIMITED

Report and Financial Statements

31 October 2004



EXBURY GARDENS RETAIL LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

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EXBURY GARDENS RETAIL LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mrs C H Brown
M A P Agius

SECRETARY

A C H Harley

REGISTERED OFFICE

Estate Office
Exbury
Southampton
Hampshire
SO45 1AZ

BANKERS

HSBC Bank Plc
17 The Marsh
Hythe
Southampton
SO45 6ZB

SOLICITORS

Thomas Eggar
Sussex House
North Street
Horsham
West Sussex
RH12 1BN

AUDITORS

Deloitte & Touche LLP
Bristol

EXBURY GARDENS RETAIL LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 October 2004.

PRINCIPAL ACTIVITY, REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The principal activity of the company is to carry out the commercial trading activities associated with a retail site (comprising a plant centre and gift shop) and a steam railway, and support the activities of Exbury Gardens Limited, its parent company. The principal activity of Exbury Gardens Limited is to maintain, improve, develop and preserve Exbury Gardens in Hampshire, including opening them to the public, and to advance horticultural science, knowledge and learning for the public's benefit.

During the year, the company continued to trade satisfactorily from both shops and the steam railway. It also staged a very successful Santa Special in December, which is an event gaining in popularity. Over the year, steam railway revenue exceeded budget projections, whilst both shops were unfortunate in that sales during March and April were less than anticipated due to poor early season weather and lower visitor numbers. Spend per head was still very satisfactory.

During the forthcoming year, the directors will be reviewing stock and other procedures in order to achieve the best possible retail facilities for visitors to Exbury Gardens. New tills and stock control software purchased during the period will see its first full year of use during 2004/5. New railway ticketing and driver experience initiatives are also planned for introduction during the year.

RESULTS AND DIVIDENDS

The loss for the year after taxation was £18,737 (2003: £10,602 profit), and is transferred from reserves. No dividend has been paid or is proposed in respect of the results for the year (2003: £nil).

DIRECTORS AND THEIR INTERESTS

The present membership of the Board is set out on page 1. All directors served throughout the year. Mrs C H Brown and Mr M A P Agius have no direct interest in the shares of this company. Their interests in Exbury Gardens Limited are set out in the financial statements of that company.

AUDITORS

A resolution to reappoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



Mrs C H Brown
Director

EXBURY GARDENS RETAIL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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; and
- . 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 the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXBURY GARDENS RETAIL LIMITED

We have audited the financial statements of Exbury Gardens Retail Limited for the year ended 31 October 2004 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 15. These financial statements have been prepared under 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 United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatement.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

Fundamental uncertainty – Going concern

In forming our opinion, we have considered the adequacy of the disclosure made in note 2 to the accounts concerning uncertainty as to the adequacy of the funding of the company. In view of the significance of this uncertainty we consider that it should be drawn to your attention, but 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 October 2004 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP

Chartered Accountants and Registered Auditors

Bristol

31 August 2005

EXBURY GARDENS RETAIL LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 31 October 2004

	Note	2004 £	2003 £
TURNOVER – continuing operations	1	451,219	471,852
Cost of sales		(362,702)	(367,892)
GROSS PROFIT		88,517	103,960
Administrative expenses		(107,207)	(92,991)
OPERATING (LOSS)/PROFIT: continuing operations	4	(18,690)	10,969
Interest receivable		414	162
Interest payable		(461)	(529)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(18,737)	10,602
Tax on (loss)/profit on ordinary activities	5	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	12	(18,737)	10,602

There are no recognised gains and losses other than those included in the profit and loss account. Accordingly no statement of total recognised gains and losses is given.

EXBURY GARDENS RETAIL LIMITED

BALANCE SHEET 31 October 2004

	Note	£	2004 £	£	2003 £
FIXED ASSETS					
Intangible assets	6		-		-
Tangible assets	7		9,621		5,037
			<u>9,621</u>		<u>5,037</u>
CURRENT ASSETS					
Stocks	8	28,178		35,767	
Debtors	9	14,144		16,635	
Cash at bank and in hand		5,928		1,522	
		<u>48,250</u>		<u>53,924</u>	
CREDITORS: amounts falling due within one year	10	(56,993)		(39,346)	
			<u>(8,743)</u>		<u>14,578</u>
NET CURRENT (LIABILITIES)/ASSETS					
			<u>878</u>		<u>19,615</u>
CAPITAL AND RESERVES					
Called up share capital	11		100,000		100,000
Profit and loss account	12		(99,122)		(80,385)
			<u>878</u>		<u>19,615</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS					

These financial statements were approved by the Board of Directors on 19 August 2005.

Signed on behalf of the Board of Directors



Mrs C H Brown
Director

EXBURY GARDENS RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS **For the year ended 31 October 2004**

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents amounts receivable for goods and services provided in the UK net of trade discounts, value added tax and other related taxes.

Intangible fixed assets

On the acquisition of a business, fair values are attributed to the company's share of net tangible assets. Where the cost of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill and is written off over its estimated useful economic life. Purchased goodwill is included in intangible fixed assets and is presently written off over five years on a straight-line basis. The directors regard this period as a reasonable estimate of the estimated useful life of goodwill.

Tangible fixed assets and depreciation

Depreciation is provided to write down the cost of all tangible fixed assets over the period of their estimated useful economic lives. The rates of depreciation are as follows:

Fixtures and fittings - 33% per annum reducing balance

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is calculated as purchase price, including transport and handling costs, less trade discount, calculated on a first in first out basis.

Deferred taxation

In accordance with FRS 19 deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

Operating leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Cash flow statement

Since the company qualifies as a small company as defined by section 247 of the Companies Act 1985, a cash flow statement is not presented.

EXBURY GARDENS RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2004

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared on a going concern basis. The company is dependent on continued support from its parent company, Exbury Gardens Limited which in turn is reliant on the continued support of Exbury Gardens Trust. The directors believe that adequate funds will continue to be made available to support the business during the next twelve months, although written confirmation of this has not been received from Exbury Gardens Trust. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of support from the company's parent undertaking.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No directors' remuneration was paid in the financial year.

	2004 No.	2003 No.
Average number of persons employed:		
Selling	20	20
	<hr/>	<hr/>
	2004 £	2003 £
Wages and salaries	158,183	140,059
Social security costs	8,942	7,347
	<hr/>	<hr/>
	167,125	147,406
	<hr/>	<hr/>

4. OPERATING (LOSS)/PROFIT is stated after charging:

	2004 £	2003 £
Depreciation of fixed assets	4,738	2,480
Auditors' remuneration - audit fees	1,000	1,000
- non audit services	1,000	2,000
Rentals under operating leases:		
Land and buildings	20,000	20,000
Railway	9,449	8,450
	<hr/>	<hr/>

EXBURY GARDENS RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2004

5. TAX ON (LOSS)/ PROFIT ON ORDINARY ACTIVITIES

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 19% (2003: 30%). The current tax charge for the year differs from the standard rate for the reasons set out in the following reconciliation:

	2004	2003
	£	£
(Loss)/profit on ordinary activities before taxation	(18,737)	10,602
Tax on (loss)/profit on ordinary activities at standard rate	(3,560)	3,181
<i>Factors affecting charge for the year:</i>		
Expenses not deductible for tax purposes	62	102
Depreciation in excess of capital allowances	334	641
Utilisation of tax losses	3,165	(3,924)
Tax charge	-	-

6. INTANGIBLE FIXED ASSETS

	Purchased Goodwill £
Cost	
At 1 November 2003 and at 31 October 2004	53,000
Amortisation	
At 1 November 2003 and at 31 October 2004	53,000
Net book value	
At 31 October 2004	-
At 31 October 2003	-

EXBURY GARDENS RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2004

7. TANGIBLE FIXED ASSETS

	Fixtures and fittings £
Cost	
At 1 November 2003	17,339
Additions	9,322
	<hr/>
At 31 October 2004	26,661
	<hr/>
Accumulated depreciation	
At 1 November 2003	12,302
Charge for the year	4,738
	<hr/>
At 31 October 2004	17,040
	<hr/>
Net book value	
At 31 October 2004	<u>9,621</u>
At 31 October 2003	<u>5,037</u>

8. STOCKS	2004 £	2003 £
Goods for resale	<u>28,178</u>	<u>35,767</u>

9. DEBTORS	2004 £	2003 £
Trade debtors	1,731	3,224
Prepayments and accrued income	12,413	13,411
	<hr/>	<hr/>
	<u>14,144</u>	<u>16,635</u>

EXBURY GARDENS RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2004

10. CREDITORS: amounts falling due within one year

	2004 £	2003 £
Bank overdraft	-	1,954
Trade creditors	16,260	1,590
Amounts due to group undertakings	20,240	20,000
Taxation and social security	10,048	9,544
Accruals and deferred income	10,445	6,258
	<u>56,993</u>	<u>39,346</u>

The bank overdraft is secured by a fixed and floating charge over all property and assets of the company present and future.

11. CALLED UP SHARE CAPITAL

	2004 and 2003 Number	£
Authorised		
£1 Ordinary shares	<u>100,000</u>	<u>100,000</u>
Allotted and fully paid		
£1 Ordinary shares	<u>100,000</u>	<u>100,000</u>

12. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Called up share capital £	Profit and loss account £	2004 Total £	2003 Total £
At beginning of year	100,000	(80,385)	19,615	9,013
(Loss)/profit attributable to members of the company	-	(18,737)	(18,737)	10,602
At end of year	<u>100,000</u>	<u>(99,122)</u>	<u>878</u>	<u>19,615</u>

EXBURY GARDENS RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2004

13. OPERATING LEASE COMMITMENTS

At 31 October 2004 the company was committed to making the following payments during the next financial year in respect of operating leases:

	Land and buildings £
Leases which expire:	
After five years	20,000

The company is also committed to an operating lease in respect of the narrow gauge steam railway. Annual rent is 10% of the turnover directly attributable to the railway. In 2004 rentals amounted to £9,449 (2003: £8,450).

14. RELATED PARTY TRANSACTIONS

Income

During the financial year income was received by the company for sales made or staff and office services supplied to the directors, their close family, or organisations connected with them as follows:

		2004 £	2003 £
Exbury Estate	sales	-	71
(N D de Rothschild, D L de Rothschild)			
The Edmund de Rothschild 1981	sales	92	-
Charitable Trust			
E L de Rothschild	sales	596	-
L D de Rothschild	sales	138	-
N D de Rothschild	sales	197	-

The comparative for sales to Exbury Estate has been restated in order to comply with the current year disclosures and present the amounts net of VAT.

EXBURY GARDENS RETAIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2004

14. RELATED PARTY TRANSACTIONS (continued)

Expenditure

During the year invoices were received from or costs incurred on behalf of the directors, their close family, or organisations connected with them as follows:

		2004 £	2003 £
E L de Rothschild	staff / services	3,660	3,812
Exbury Estate (N D de Rothschild, D L de Rothschild)	services	12,941	14,867
The Electronic Publishing Company Limited	stock purchases	1,919	3,122
Exbury Nurseries Limited (formerly Exbury Rhododendrons)	stock purchases	23,490	32,667
Mrs C J L de Rothschild	stock purchases	300	-
D L de Rothschild	stock purchases	-	1,093
N M Rothschild & Son Limited	stock purchases	263	394

The comparatives for purchases from Exbury Estate, The Electronic Publishing Company Limited and Exbury Nurseries Limited have been restated in order to comply with the current year disclosures and present the amounts net of VAT.

In addition the comparative for purchases from D L de Rothschild and N M Rothschild & Son Limited have been restated to correct for understatement.

Balances arising from these transactions

	2004 £	2003 £
<i>In debtors:</i>		
N D de Rothschild	231	-
D L de Rothschild	41	-
<i>In creditors:</i>		
Exbury Estate	88	-

The company is taking advantage of the exemption conferred by Financial Reporting Standard 8 from disclosing transactions with group companies.

15. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The ultimate parent company and controlling party is Exbury Gardens Limited, incorporated in Great Britain. Copies of the financial statements of Exbury Gardens Limited can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The largest and smallest group for which consolidated financial statements are prepared, are by Exbury Gardens Limited.