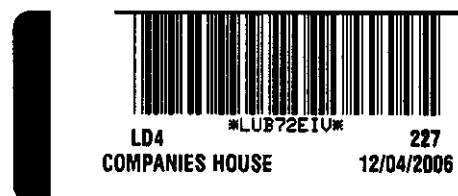


Registered number
3819484

WY (MOLLINGTON) LIMITED

Report and Accounts

24 November 2005



WY (MOLLINGTON) LIMITED
Report and accounts
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WY (MOLLINGTON) LIMITED
Company Information

Directors

R C Felton
J Hands

Secretary

Jordans Company Secretaries Limited

Auditors

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London, UK
EC1M 3AP

Registered office

The Old Library
The Drive
Sevenoaks
Kent
TN13 3AB

Registered number

3819484

WY (MOLLINGTON) LIMITED

Directors' Report

The directors present their report and accounts for the 52 weeks ended 24 November 2005.

Principal activities

The company's principal activity during the period continued to be the operation of the Mollington Banastre Hotel.

Review of business and future developments

The results for the period and financial position of the company are as shown in the annexed financial statements. The directors are optimistic as to the future success of the company.

Dividends

No dividends will be distributed for the period ended 24 November 2005.

Directors

The directors who served during the period under review were:

R.C. Felton

J. Hands

The directors holding office at 24 November 2005 did not hold any beneficial interest in the issued share capital of the company or any other company within the group at 25 November 2004 or 24 November 2005, except J Hands, who holds two shares.

Statement of Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, the directors are required to:

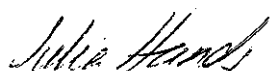
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the directors' report and other information included in the financial statements is prepared in accordance with company law in the United Kingdom.

The directors are responsible for maintaining 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 accounts 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.

Auditors

On 23 May 2005, PKF transferred their business to PKF (UK) LLP, a limited liability partnership. Under section 26 (5) of the Companies Act 1989, the company consented to extend the audit appointment to PKF (UK) LLP from 23 May 2005. Accordingly, the audit report has been signed in the name of PKF (UK) LLP and a resolution for the reappointment of PKF (UK) LLP will be proposed at the forthcoming Annual General Meeting.



J Hands
Director

WY (MOLLINGTON) LIMITED

Independent auditors' report to the members of WY (MOLLINGTON) LIMITED

We have audited the accounts of Wy (Mollington) Limited for the period ended 24 November 2005 which comprise the Profit and Loss account, the Balance Sheet and the related notes. 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 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 24 November 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PKF (UK) LLP

PKF (UK) LLP
Registered auditors

London, UK

5 April 2006

WY (MOLLINGTON) LIMITED**Profit and Loss Account****for the period from 26 November 2004 to 24 November 2005**

		52 weeks ended 24 November 2005 £	52 weeks ended 25 November 2004 £
	Notes		
Turnover		2,623,876	2,488,098
Cost of sales		(760,032)	(726,300)
Gross profit		<u>1,863,844</u>	<u>1,761,798</u>
Administrative expenses		(1,733,887)	(1,686,282)
Operating profit	2	<u>129,957</u>	<u>75,516</u>
Interest receivable		3,149	-
Provision against investments	6	(91,786)	(67,747)
Profit on ordinary activities before taxation		<u>41,320</u>	<u>7,769</u>
Tax on profit on ordinary activities	4	(5,000)	(15,000)
Retained profit/(loss) for the period	11	<u>36,320</u>	<u>(7,231)</u>

Continuing operations

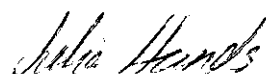
None of the company's activities were acquired or discontinued during the above two periods.

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit/(loss) for the above two periods.

WY (MOLLINGTON) LIMITED**Balance Sheet****as at 24 November 2005**

	Notes	24 November 2005 £	25 November 2004 £
Fixed assets			
Tangible assets	5	732,204	565,108
Investments	6	4,885,455	4,977,241
		<u>5,617,659</u>	<u>5,542,349</u>
Current assets			
Stocks	7	20,656	18,327
Debtors	8	1,154,065	1,201,995
Cash at bank and in hand		6,165	75,521
		<u>1,180,886</u>	<u>1,295,843</u>
Creditors: amounts falling due within one year	9	(319,829)	(400,796)
Net current assets		<u>861,057</u>	<u>895,047</u>
Total assets less current liabilities		<u>6,478,716</u>	<u>6,437,396</u>
Provisions for liabilities and charges			
Deferred taxation	4	(43,500)	(38,500)
		<u>6,435,216</u>	<u>6,398,896</u>
Capital and reserves			
Called up share capital	10	6,830,711	6,830,711
Profit and loss account	11	(395,495)	(431,815)
Shareholders' funds	12	<u>6,435,216</u>	<u>6,398,896</u>



J Hands

Director

Approved by the board on 28 March 2006

WY (MOLLINGTON) LIMITED

Notes to the Accounts

for the period from 26 November 2004 to 24 November 2005

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax, all of which is generated through the operation of the hotel. It is recognised at the point at which goods and services are delivered to the customer.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost less estimated residual value, of each asset evenly over its expected useful life, as follows:

Fixtures and fittings

4 to 25 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company is a wholly owned subsidiary undertaking.

Deferred taxation

Deferred tax is provided on material timing differences between the incidence of income and expenditure for taxation and accounts purposes using the full provision basis set out in Financial Reporting Standard 19.

Related party transactions

The company has taken advantage of the exemptions in FRS 8 in connection with the disclosure of transactions with other group undertakings.

Consolidated accounts

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. The accounts therefore present information about the company as an individual undertaking and not about its group.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

WY (MOLLINGTON) LIMITED**Notes to the Accounts****for the period from 26 November 2004 to 24 November 2005**

2 Operating profit/(loss)	2005	2004
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	67,094	45,335
Auditors' remuneration - audit fees	<u>2,340</u>	<u>2,600</u>

3 Staff costs	2005	2004
	£	£
Wages and salaries	902,480	869,639
Social security costs	64,973	64,094
Other pension costs	<u>12,977</u>	<u>10,847</u>
Sub total	<u>980,430</u>	<u>944,580</u>
Agency staff	<u>13,536</u>	<u>6,993</u>
Total	<u>993,966</u>	<u>951,573</u>

None of the directors received any remuneration for the period (2004: £nil).

Average number of employees during the year	Number	Number
Hotel operations	52	53
Administration	<u>6</u>	<u>6</u>
	<u>58</u>	<u>59</u>

4 Taxation	2005	2004
	£	£
Current year charge		
Corporation tax	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred taxation	5,000	15,000
Total tax	<u>5,000</u>	<u>15,000</u>

WY (MOLLINGTON) LIMITED**Notes to the Accounts****for the period from 26 November 2004 to 24 November 2005****4 Taxation (continued)**

	2005 £	2004 £
Factors affecting tax charge for the period		
Profit/(loss) on ordinary activities before tax	<u>133,106</u>	<u>7,769</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax (30%)	39,932	2,331
<i>Explained by:</i>		
Expenses not deductible for corporation tax purposes	1,218	22,921
Capital allowances in excess of depreciation	(7,600)	(14,143)
Group relief claimed	<u>(33,550)</u>	<u>(11,109)</u>
Total current tax	<u>-</u>	<u>-</u>
Deferred tax	£	
At 26 November 2004	(38,500)	
Charged to profit and loss	(5,000)	
At 24 November 2005	<u>(43,500)</u>	
Deferred tax is analysed as follows:		
Accelerated capital allowances	<u>(43,500)</u>	<u>(43,500)</u>

5 Tangible fixed assets

	Fixtures and fittings £
Cost	
At 26 November 2004	669,706
Additions	<u>234,190</u>
At 24 November 2005	<u>903,896</u>
Depreciation	
At 26 November 2004	104,598
Charge for the 52 weeks	<u>67,094</u>
At 24 November 2005	<u>171,692</u>
Net book value	
At 24 November 2005	<u>732,204</u>
At 25 November 2004	<u>565,108</u>

WY (MOLLINGTON) LIMITED**Notes to the Accounts****for the period from 26 November 2004 to 24 November 2005****6 Investments****Other
investments
£****Cost**

At 26 November 2004 and 24 November 2005

6,756,997

Provision

At 26 November 2004

1,779,756

Increase in year

91,786

At 24 November 2005

1,871,542**Net book value**

At 24 November 2005

4,885,455

At 26 November 2004

4,977,241

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Company	Country of registration or incorporation	Shares held Class	%
The Mollington Banastre Hotel Limited	England and Wales	Ordinary	100

	2005 £	2004 £
Aggregate capital and reserves	4,885,455	4,977,241
Loss for the period	<u>(91,786)</u>	<u>(67,747)</u>

7 Stocks

	2005 £	2004 £
Goods for resale	<u>20,656</u>	<u>18,327</u>

8 Debtors

	2005 £	2004 £
Trade debtors	129,779	89,951
Amounts due from immediate parent undertaking	994,297	1,084,681
Amounts due from fellow subsidiary undertakings	-	733
Other debtors	10,863	11,644
Prepayments and accrued income	<u>19,126</u>	<u>14,986</u>
	<u>1,154,065</u>	<u>1,201,995</u>

WY (MOLLINGTON) LIMITED**Notes to the Accounts****for the period from 26 November 2004 to 24 November 2005****9 Creditors: amounts falling due within one year**

	2005	2004
	£	£
Payments in advance	100,428	71,401
Trade creditors	66,524	119,033
Amounts due to fellow subsidiary undertakings	126	5,372
Amounts due to group undertaking	7,470	7,470
Other taxes and social security costs	87,466	75,217
Other creditors	6,801	63,715
Accruals and deferred income	51,014	58,588
	<u>319,829</u>	<u>400,796</u>

10 Share capital

	2005	2004	2005	2004
	No	No	£	£
Authorised:				
Ordinary shares of £1 each	20,000,000	20,000,000	20,000,000	20,000,000
Allotted, issued and fully paid:				
Ordinary shares of £1 each	6,830,711	6,830,711	<u>6,830,711</u>	<u>6,830,711</u>

11 Profit and loss account

	2005	2004
	£	£
At 26 November 2004	(431,815)	(424,584)
Retained profit/(loss)	36,320	(7,231)
	<u>(395,495)</u>	<u>(431,815)</u>
At 24 November 2005		

12 Reconciliation of movement in shareholders' funds

	2005	2004
	£	£
At 26 November 2004	6,398,896	6,406,127
Profit/(loss) for the financial 52 weeks	36,320	(7,231)
	<u>6,435,216</u>	<u>6,398,896</u>
At 24 November 2005		

WY (MOLLINGTON) LIMITED

Notes to the Accounts

for the period from 26 November 2004 to 24 November 2005

13 Capital commitments

The amounts contracted for but not provided for in the accounts amount to £Nil (2004 £27,727). This amount related to the refurbishment of the hotel property.

14 Contingent liability

The company has granted a fixed and floating charge over the company and all property and assets, present and future, as part of the group's banking arrangements. The amount owed by the Hand Picked Hotels group, as at 24 November 2005 was £50,541,367 (2004: £54,057,276).

On 1 December 2005 the group paid off its bank loans and entered into a new facility. As part of this arrangement, the company has granted a new fixed and floating charge over the company and certain current property and assets. The amount owed following this transaction was £80,000,000.

15 Ultimate Parent Company

The company's ultimate parent undertaking is Benfica Limited, which is registered in the Isle of Man. The company's immediate parent is Hand Picked Hotels Limited a company registered in England and Wales. The largest and smallest group, in whose financial statements the results of the company will be consolidated is Hand Picked Hotels Limited. The consolidated accounts of Hand Picked Hotels Limited will be available to the public and will be obtainable in due course from the Registrar of Companies, Companies House, Crown Way, Cardiff.

The controlling party is Mr G Hands.