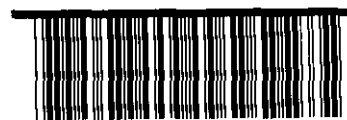


# MOUNTGRANGE LAND LIMITED

## DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2004



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COMPANIES HOUSE 07/03/05

Barnes Roffe LLP, Chartered Accountants  
13 Albemarle Street, Mayfair, London, W1S 4HJ

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## **MOUNTGRANGE LAND LIMITED**

### **COMPANY INFORMATION**

<b>DIRECTOR</b>	M T Myers Esq
<b>SECRETARY</b>	N A Berry Esq
<b>COMPANY NUMBER</b>	04401506
<b>REGISTERED OFFICE</b>	13 Albemarle Street Mayfair London W1S 4HJ
<b>AUDITORS</b>	Barnes Roffe LLP Chartered Accountants 13 Albemarle Street Mayfair London W1S 4HJ
<b>BANKERS</b>	Bank of Scotland 38 St Andrew Square Edinburgh EH2 2YR

# MOUNTGRANGE LAND LIMITED

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# MOUNTGRANGE LAND LIMITED

## DIRECTOR'S REPORT For the year ended 31 March 2004

The director presents his report and the financial statements for the year ended 31 March 2004.

### STATEMENT OF DIRECTOR'S RESPONSIBILITIES

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

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

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company during the period under review was that of a holding company.

The principal activities of the group's subsidiary undertakings are disclosed at note 10(a) to these financial statements.

The director is satisfied with the results of the group for the period under review and views the coming year with optimism.

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £8,298,716 (2003 - Profit £4,138,170).

The director does not recommend the payment of a final dividend.

### DIRECTOR

The director who served during the year and his beneficial interest in the company's issued share capital was:

	Ordinary shares of £1 each	
	31 <sup>st</sup> March 2004	1 <sup>st</sup> April 2003
M T Myers Esq	200	200

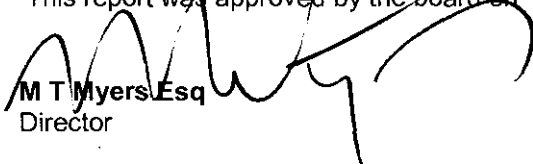
### COMPANY'S POLICY FOR PAYMENT OF CREDITORS

It is the company's policy to ensure that creditors are paid as they fall due within mutually agreed credit terms. Trade creditors expressed as number of days purchases were 11 days (2003 - 17 days).

### AUDITORS

On 30 September 2003, Barnes Roffe transferred their business to Barnes Roffe LLP. Accordingly, Barnes Roffe resigned on 30 September 2003 and the director thereupon appointed Barnes Roffe LLP to fill the vacancy arising. A resolution for the appointment of Barnes Roffe LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

This report was approved by the board on 4<sup>th</sup> March 2005 and signed on its behalf.

  
M T Myers Esq  
Director

# **MOUNTGRANGE LAND LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MOUNTGRANGE LAND LIMITED**

We have audited the financial statements of Mountgrange Land Limited for the year ended 31 March 2004 set out on pages 3 to 18. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 8 to 10.

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 in the Statement of Director's Responsibilities the company's director is responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 Director's Report is not consistent with the financial statements, if the group 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 and other members of the Group is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **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 director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company and the group, 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 affairs of the company and the group as at 31 March 2004 and of the profit the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985, as amended.



**Barnes Roffe LLP**

Chartered Accountants  
Registered Auditors  
13 Albemarle Street  
Mayfair  
London  
W1S 4HJ

Date: 4<sup>th</sup> March 2005

# MOUNTGRANGE LAND LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended 31 March 2004

	Note	2004 £	2003 £
<b>TURNOVER</b>	1,2	1,462,548	629,625
Cost of sales		<u>(2,659,267)</u>	<u>(1,734,597)</u>
<b>GROSS (LOSS)</b>		<b>(1,196,719)</b>	<b>(1,104,972)</b>
Administrative expenses		(157,621)	(339,350)
Other operating charges		(2,470)	-
Other operating income	3	<u>-</u>	<u>13,578</u>
<b>OPERATING (LOSS)</b>	4	<b>(1,356,810)</b>	<b>(1,430,744)</b>
Share of operating profit in associates		<u>9,539,518</u>	<u>1,583,827</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</b>		<b>8,182,708</b>	<b>153,083</b>
Income from investments in related companies - group		2,690,836	5,535,645
Income from other fixed asset investments - group		13,948	168,541
- associates		2,119,695	460,554
Amounts written off investments - associates		29	(47,745)
Profit on disposal of investments - associates		122,779	9,010
Interest receivable - group		6,313	10,301
- associates		91,673	84,590
Interest payable - group	6	(133,317)	(146,096)
- associates		<u>(1,851,006)</u>	<u>(1,922,258)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>11,243,658</b>	<b>4,305,625</b>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES - group</b>	7	<b>505</b>	<b>(32,554)</b>
- associates		<u>(2,945,447)</u>	<u>(134,901)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>8,298,716</b>	<b>4,138,170</b>
Minority interest		<u>(21,822)</u>	<u>(18,314)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>8,276,894</b>	<b>4,119,856</b>
Dividends - on equity shares - group	8	(1,100,000)	-
- associates		<u>(5,876,906)</u>	<u>-</u>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	15	<u><b>1,299,988</b></u>	<u><b>4,119,856</b></u>

All amounts relate to continuing operations.

The notes on pages 8 to 18 form part of these financial statements.

# MOUNTGRANGE LAND LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES For the year ended 31 March 2004

	2004 £	2003 £
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>8,298,716</b>	<b>4,138,170</b>
Unrealised surplus on revaluation of fixed assets - group	(45,478)	682,746
- associates	<u>(2,346,833)</u>	-
Movement on other reserves - group	-	-
- associates	<u>1,010,543</u>	-
	<b>1,010,543</b>	-
Minority interest movement	<u>(2,392,624)</u>	-
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<b><u>£4,524,324</u></b>	<b><u>£ 4,820,916</u></b>

## NOTE OF HISTORICAL COST PROFITS AND LOSSES For the year ended 31 March 2004

	2004 £	2003 £
<b>REPORTED (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>11,243,568</b>	<b>4,305,625</b>
<b>HISTORICAL COST (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b><u>£ 11,243,568</u></b>	<b><u>£ 4,305,625</u></b>
<b>HISTORICAL (LOSS)/PROFIT FOR THE YEAR RETAINED AFTER TAXATION AND DIVIDENDS</b>	<b><u>£ 1,299,988</u></b>	<b><u>£ 4,119,856</u></b>

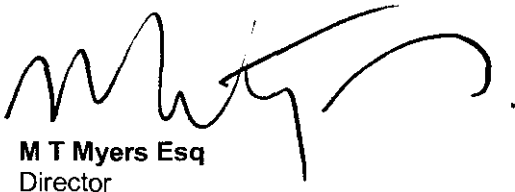
The notes on pages 8 to 18 form part of these financial statements.

# MOUNTGRANGE LAND LIMITED

## CONSOLIDATED BALANCE SHEET As at 31 March 2004

	Note	£	2004 £	£	2003 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	9		1,932,797		1,761,722
Investments	10		2,167,818		2,357,605
Investments in associates	10		<u>10,616,674</u>		<u>13,145,253</u>
			14,717,289		17,264,580
<b>CURRENT ASSETS</b>					
Stocks	11	2,191,480		2,270,206	
Debtors	12	949,381		635,580	
Cash at bank and in hand		<u>326,815</u>		<u>569,136</u>	
			3,467,676		3,474,922
<b>CREDITORS:</b> amounts falling due within one year	13	<u>(4,565,968)</u>		<u>(4,347,923)</u>	
<b>NET CURRENT (LIABILITIES)</b>			<u>(1,098,292)</u>		<u>(873,001)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			13,618,997		16,391,579
<b>CREDITORS:</b> amounts falling due after more than one year	14		<u>20,000</u>		<u>-</u>
<b>NET ASSETS</b>			<u>£ 13,598,997</u>		<u>£ 16,391,579</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		200		200
Merger reserve	16		99,900		99,900
Revaluation reserve	16		637,268		682,746
Profit and loss account	16		<u>12,774,431</u>		<u>15,406,932</u>
<b>SHAREHOLDERS' FUNDS - ALL EQUITY</b>	17		13,511,799		16,189,778
<b>MINORITY INTERESTS - EQUITY</b>			<u>87,198</u>		<u>201,801</u>
			<u>£ 13,598,997</u>		<u>£ 16,391,579</u>

The financial statements were approved by the board on 4<sup>th</sup> March 2005 and signed on its behalf.

  
**M T Myers Esq**  
 Director

The notes on pages 8 to 18 form part of these financial statements.

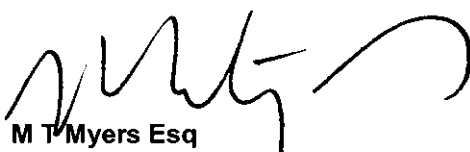


# MOUNTGRANGE LAND LIMITED

## COMPANY BALANCE SHEET As at 31 March 2004

			2004	2003
	Note	£	£	£
<b>FIXED ASSETS</b>				
Investments	10		95,153	284,940
Investments in Associates	10		<u>112,340</u>	<u>112,340</u>
<b>CURRENT ASSETS</b>			207,493	397,280
Debtors	12	6,891,482	5,117,823	
Cash at bank		<u>219,958</u>	<u>170,746</u>	
		7,111,440		
			5,288,569	
<b>CREDITORS:</b> amounts falling due within one year	13	<u>(292,104)</u>	<u>(116,635)</u>	
<b>NET CURRENT ASSETS</b>			<u>6,819,336</u>	<u>5,171,934</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>7,026,829</u>	<u>£ 5,569,214</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	14		200	200
Merger reserve	15		99,900	99,900
Profit and loss account	15		<u>6,926,729</u>	<u>5,469,114</u>
<b>SHAREHOLDERS' FUNDS - All Equity</b>	16		<u>7,026,829</u>	<u>£ 5,569,214</u>

The financial statements were approved by the board on 4th March 2005 and signed on its behalf.

  
M T Myers Esq  
Director

The notes on pages 8 to 18 form part of these financial statements.

# MOUNTGRANGE LAND LIMITED

## CASH FLOW STATEMENT For the year ended 31 March 2004

	Note	2004 £	2003 £
Net cash flow from operating activities	18	(692,149)	(1,550,067)
Returns on investments and servicing of finance	19	1,748,008	982,546
Taxation		(52,336)	(2,646)
Capital expenditure and financial investment	19	(197,554)	(1,123,479)
Acquisitions and disposals	19	-	-
Equity dividends paid		(1,100,000)	-
		<hr/>	<hr/>
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>		<b>£ (294,031)</b>	<b>£ (1,693,646)</b>

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT For the year ended 31 March 2004

	2004 £	2003 £
Increase/(Decrease) in cash in the year	(294,031)	(1,693,646)
		<hr/>
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>		(1,693,646)
Net debt at 1 April 2003	(3,461,089)	(1,767,443)
		<hr/>
<b>NET DEBT AT 31 MARCH 2004</b>	<b>£ (3,755,120)</b>	<b>£ (3,461,089)</b>

The notes on pages 8 to 18 form part of these financial statements.

# **MOUNTGRANGE LAND LIMITED**

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

### **1. ACCOUNTING POLICIES**

#### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and are prepared in accordance with applicable accounting standards, as modified by the revaluation of freehold land and buildings.

#### **1.2 Basis of consolidation**

The financial statements consolidate the accounts of Mountgrange Land Limited and all of its subsidiary undertakings ('subsidiaries') as at 31<sup>st</sup> March 2004 using the merger or acquisition method of accounting as required.

Where the acquisition method is used, the results of the subsidiary undertakings are included from the date of acquisition.

Goodwill arising on consolidation, being the excess of fair value of the consideration over the fair value of the net assets is capitalized and amortised over its useful economic life. Impairment reviews on the carrying value of the goodwill are undertaken at the end of each year or at other times if events or changes in circumstances indicate that the carrying value may not be recoverable.

#### **1.3 Investments**

##### **(i) Subsidiary Undertakings**

Share in subsidiaries are valued at cost less provision for permanent impairment. Amounts eliminated on consolidation include the investor's share of post acquisition profits, where an interest has become a controlling interest.

##### **(ii) Associated undertakings**

Investments in associates are stated at the amount of the company's share of net assets. The consolidated profit and loss includes the company's share of the associated companies' profits after taxation using the equity accounting basis.

##### **(iii) Other investments**

Investments held as fixed assets are shown at cost less provisions for their permanent impairment.

##### **Land and buildings**

In accordance with accounting standards, investment properties are not subject to periodic charges for depreciation (except for properties held on lease, which are depreciated over the period when the unexpired term is 20 years or less) but are included in the balance sheet at their estimated open market value at the balance sheet date.

Changes in market value of fixed asset investments are dealt with as a movement on the revaluation reserve unless a deficit (or its reversal) on an individual investment property is expected to be permanent, in which case it is charged (or credited) in the profit and loss of the period.

The departure from the Companies Act 1985's requirement for all fixed assets with a limited useful economic life to be depreciated is necessary in order to give a true and fair view. Depreciation is only one of many factors reflected in the annual valuation and the amount of depreciation which might otherwise have been charged cannot be separately identified or quantified.

#### **1.4 Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax.

# **MOUNTGRANGE LAND LIMITED**

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

### **1. ACCOUNTING POLICIES (continued)**

#### **1.5 Intangible fixed assets and amortisation**

Goodwill, whether positive or negative is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is capitalised and amortised to the profit and loss over the shorter of its estimated economic life and 20 years.

For step by step acquisitions, total consideration is aggregated and compared to the value of net assets acquired at the point when an interest becomes a controlling interest.

#### **1.6 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land and buildings	-	Nil	
Plant & Machinery	-	25%	straight line

#### **1.7 Revaluation of tangible fixed assets**

Freehold properties and properties held on leases with an expected remaining life of more than 20 years are stated at valuation. Independent valuations are performed at intervals not exceeding three years on an open market basis. In the intervening years the Directors review the carrying value of properties and adjustment is made where there has been a material change. Revaluation surpluses and deficits are dealt with in capital reserves except for movements on individual properties below cost which are dealt with in the consolidation profit and loss account. Other tangible assets are stated at cost less amounts provided for depreciation.

#### **1.8 Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss as incurred.

#### **1.9 Stocks and work in progress**

Bloodstock is valued at the lower of cost and estimated net market value. Nominations are written off in the year of payment and are included in the cost of the subsequent foal together with one year's keep of the broodmare and the keep of the foal from the date of weaning.

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs.

#### **1.10 Deferred taxation**

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for timing differences arising on revaluations of fixed assets which are not intended to be sold and gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

# MOUNTGRANGE LAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2004

### 1. ACCOUNTING POLICIES (continued)

#### 1.11 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

#### 1.12 Finance Leases and Hire Purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance leases are depreciated over the shorter of the lease term and their useful life. Assets acquired under hire purchase agreements are depreciated over their useful life.

Finance leases are those where substantially all of the benefits and ownership are assumed by the company. Obligations under such agreements are included in creditors net of any finance charges allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligations outstanding in each period

### 2. TURNOVER

An analysis of turnover by class of business is as follows:

	2004 £	2003 £
Horse racing and stud farming	1,184,724	403,975
Management of farms and stables	208,422	185,036
Proceeds from investment activities	69,402	40,614
	<u>£ 1,462,548</u>	<u>£ 629,625</u>

### 3. OTHER OPERATING INCOME

	2004 £	2003 £
Other operating income	<u>-</u>	<u>13,578</u>

### 4. OPERATING PROFIT/(LOSS)

The Operating profit/(loss) is stated after charging:

	2004 £	2003 £
Amortisation - intangible fixed assets	-	224,526
Depreciation of tangible fixed assets:		
- owned by the company	8,440	8,837
- held under hire purchase	10,000	
Auditors' remuneration	16,500	16,125
Operating lease rentals:		
- plant and machinery	-	126,002
- other operating leases	-	2,800
Difference on foreign exchange	8,822	38,475

Auditors fees for the Company were £2,500 (2003:£2,500)

# MOUNTGRANGE LAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2004

### 5. STAFF COSTS

Staff costs, including director's remuneration, were as follows:

	2004 £	2003 £
Wages and salaries	41,479	34,148

The average monthly number of employees during the year was as follows:

	2004 No.	2003 No.
Management	2	2
Maintenance	2	2
	<u>4</u>	<u>4</u>

### 6. INTEREST PAYABLE

	2004 £	2003 £
On bank loans and overdrafts	128,904	143,307
Other interest payable	4,413	2,789
	<u>£ 133,317</u>	<u>£ 146,096</u>

### 7. TAXATION

	2004 £	2003 £
<b>Analysis of tax (credit)/charge in year</b>		
UK corporation tax charge on profits of the year	-	15,370
Adjustments in respect of prior periods	505	17,184
<b>Tax on profit on ordinary activities</b>	<u>£ 505</u>	<u>£ 32,554</u>

# MOUNTGRANGE LAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2004

### Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	<u>11,243,658</u>	<u>4,305,625</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003 - 30)	3,373,097	1,291,688
<b>Effects of:</b>		
Expenses not deductible for tax purposes	82,997	26,873
Capital allowances for period in excess of depreciation	13,218	66,552
Utilisation of tax losses	(122,050)	399,191
Group relief	(2,986)	(4,376)
Difference between profit on disposal and Chargeable gain	(7,830)	-
Adjustments to tax charge in respect of prior periods	-	17,184
Marginal relief	(1,078)	(5,009)
Dividend income	(3,840,104)	(1,759,549)
Unrelieved loss	507,579	
Adjustment to tax re prior year	(2,338)	
<b>Current tax charge for year</b> (see note above)	<u>£ 505</u>	<u>£ 32,554</u>

### Factors that may affect future tax charges

There were no factors that may affect future tax charges.

### 8. DIVIDENDS

	2004 £	2003 £
Total Dividends paid	<u>£ 1,100,000</u>	<u>£ -</u>

# MOUNTGRANGE LAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2004

### 9. TANGIBLE FIXED ASSETS

	<u>Land &amp; Buildings</u> £	<u>Plant &amp; Machinery</u> £	<u>Total</u> £
<b>Group</b>			
<b>Cost or valuation</b>			
At 1 April 2003	1,715,000	63,299	1,778,299
Additions	139,457	88,446	227,903
Disposals	(12,488)	(29,600)	(42,088)
As at 31 March 2004	<u>1,841,969</u>	<u>122,145</u>	<u>1,964,114</u>
<b>Depreciation</b>			
At 1 April 2003	-	16,577	16,577
Charge for the Year	-	18,440	18,440
On disposals	-	(3,700)	(3,700)
As at 31 March 2004	<u>-</u>	<u>31,317</u>	<u>31,317</u>
<b>Net book value</b>			
At 31 March 2004	<u>1,841,969</u>	<u>90,828</u>	<u>1,932,797</u>
At 31 March 2003	<u>1,715,000</u>	<u>46,722</u>	<u>1,761,722</u>
	<b>2004</b>	<b>2005</b>	
	£	£	

The net book value of assets held under finance leases or hire purchase contract included above are as follows:

Plant and Machinery	£ <u>50,000</u>	£ <u>-</u>
---------------------	-----------------	------------

Included in land and buildings is freehold land at valuation of £865,000, (cost £790,457) which is not depreciated.

Cost or valuation at 31 March 2004 is as follows:

	<b>Land and Buildings</b> £
<b>Group</b>	
<b>At cost</b>	<b>1,841,969</b>
Revaluation	-
<b>At valuation:</b> On 20 June 2003 at open market value	<u>1,841,969</u>

The land and buildings were revalued on 20 June 2003 by Windsor Clive International, Chartered Surveyors on an open market existing use basis.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	<b>2004</b> £	<b>2003</b> £
<b>Group</b>		
<b>At cost</b>	<b>1,841,969</b>	<b>1,702,512</b>
Accumulated depreciation	-	-
<b>Net Book Value</b>	<u>1,841,969</u>	<u>1,702,512</u>



# MOUNTGRANGE LAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2004

### 10. FIXED ASSET INVESTMENTS

	<u>Investments in Associates</u>	<u>Unlisted Investments</u>	<u>Land and Buildings</u>	<u>Total</u>
	£	£	£	£
<b>Group</b>				
<b>Cost</b>				
As at 1 April 2003	13,145,253	232,605	2,125,000	15,502,858
Additions	-	5,639	32,990	38,629
Disposals	(2,528,579)	(195,426)	(32,990)	(2,756,995)
As at 31 March 2004	10,616,674	42,818	2,125,000	12,784,492

The investment property was revalued by Windsor Clive International, a firm of Chartered Surveyors on 20 June 2003.

	<u>Shares in Group Undertakings</u>	<u>Investments in Associates</u>	<u>Unlisted Investments</u>	<u>Total</u>
	£	£	£	£
<b>Company</b>				
<b>Cost</b>				
As at 1 April 2003	60,577	112,340	224,363	397,280
Additions			5,639	5,639
Disposals			(195,426)	(195,426)
As at 31 March 2004	60,577	112,340	34,576	207,493

### PRINCIPAL SUBSIDIARIES AND ASSOCIATES

#### a Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
Mountgrange Stud Limited	United Kingdom	100.00	Horse racing & stud farming
Mountgrange Farms & Stables Limited	United Kingdom	100.00	Management of farms & stables
Mountgrange (Kingsdown Stables) Limited	United Kingdom	100.00	Bloodstock training
Buxstat Limited	United Kingdom	59.875	Investment company
Buxstat Investments Limited	United Kingdom	59.875	Investment company

#### b Principal associates

Company name	Country	Percentage Shareholding	Description
Mountgrange Capital Plc	United Kingdom	44.847	Holding and management company

# MOUNTGRANGE LAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2004

### 10. FIXED ASSET INVESTMENTS (continued)

Additional disclosure is given below in respect of Mountgrange Capital Plc which exceeds certain threshold under Financial Reporting Standard No.9, *Associates and Joint Ventures*:-

	2004	2003
	£	£
Turnover	43,078,657	3,025,576
Profit/(loss) before taxation	10,023,298	1,024,797
Taxation	(2,945,626)	(134,900)
Profit/(loss) after taxation	7,077,672	889,897
Fixed assets	8,250,510	41,853,855
Current assets	8,108,324	6,699,104
Liabilities due within one year	(2,967,761)	(5,916,751)
Liabilities due after more than one year	<u>(2,784,245)</u>	<u>(29,501,447)</u>

### 11. STOCKS

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Bloodstock - Stud	775,286	1,010,319	-	-
Bloodstock - Racing	1,416,194	1,259,887	-	-
	<u>£ 2,191,480</u>	<u>£ 2,270,206</u>	<u>£ -</u>	<u>£ -</u>

The difference between purchase price of stocks and their replacement cost is not material.

### 12. DEBTORS

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
<b>Due within one year</b>				
Trade debtors	24,295	5,991	-	-
Amounts owed by group undertakings	-	-	6,118,773	5,018,673
Amounts owed by undertakings in which the company has a participating interest	672,709	250,000	672,709	-
Other debtors	236,378	366,283	100,000	99,150
Prepayments and accrued income	15,999	13,306	-	-
	<u>£ 949,381</u>	<u>£ 635,580</u>	<u>£ 6,891,482</u>	<u>£ 5,117,823</u>

Included within other debtors due within one year is a loan to M T Myers Esq, a director, amounting to £nil (2003 £99,050) .

# MOUNTGRANGE LAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2004

### 13. CREDITORS: Amounts falling due within one year

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Bank loans and overdrafts	4,051,935	4,030,225	-	-
Net obligations under finance leases and hire purchase contracts	10,000			
Trade creditors	78,437	96,568	-	-
Corporation tax	(1,270)	51,572	-	-
Social security and other taxes	824	1,648	-	-
Other creditors	397,189	117,496	284,104	112,636
Accruals and deferred income	28,853	50,414	8,000	3,999
	<u>£ 4,565,968</u>	<u>£ 4,347,923</u>	<u>£ 292,104</u>	<u>£ 116,635</u>

Bank loans and overdrafts are secured by way of a debenture granted by Mountgrange Land Limited over Mountgrange Stud Limited and Mountgrange Farms & Stables Limited, its subsidiary undertakings.

### 14. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Net obligations under finance leases and hire purchase contracts	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 15. SHARE CAPITAL

	2004	2003
	£	£
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	<u>£ 1,000</u>	<u>£ 1,000</u>
<b>Allotted, called up and fully paid</b>		
200 Ordinary shares of £1 each	<u>£ 200</u>	<u>£ 200</u>

### 16. RESERVES

Group	Merger reserve £	Revaluation reserve £	Profit and loss account £
At 1 April 2003	99,900	682,746	15,406,932
Profit retained for the year	-	-	1,299,988
Unrealised surplus on revaluation of properties	-	(45,478)	-
Other associated reserves movement	-	-	(3,932,489)
At 31 March 2004	<u>£ 99,900</u>	<u>£ 637,268</u>	<u>£ 12,774,431</u>

# MOUNTGRANGE LAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2004

Company	Merger reserve £	Profit and loss account £
At 1 April 2003 (as restated)	99,900	5,469,114
Profit retained for the year	-	1,457,615
At 31 March 2004	<u>£ 99,900</u>	<u>£ 6,926,729</u>

### 17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
<b>Group</b>		
Profit for the year	1,299,988	4,119,856
Shares issued during the year	-	200
Merger reserve	-	99,900
Other recognised gains and losses during the period	(3,977,967)	682,746
	<u>(2,677,979)</u>	<u>4,902,702</u>
Opening shareholders' funds	<u>16,189,778</u>	<u>11,287,076</u>
Closing shareholders' funds	<u>£ 13,511,799</u>	<u>£ 16,189,778</u>

	2004 £	2003 £
<b>Company</b>		
Profit for the year	2,557,615	5,469,114
Shares issued during the year	-	200
Merger reserve	-	99,900
Dividends paid during the year	1,100,000	-
	<u>1,457,615</u>	<u>5,569,214</u>
Opening shareholders' funds	<u>5,569,214</u>	<u>-</u>
Closing shareholders' funds	<u>£ 7,026,829</u>	<u>£ 5,569,214</u>

The company has taken advantage of the exemption contained within section 230 of the Companies Act 1985 not to present its own profit and loss account.

The profit for the year dealt with in the accounts of the company was £ 2,557,615 (2003 - £5,469,114).

### 18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2004 £	2003 £
Operating profit/(loss)	(1,356,810)	(1,430,744)
Amortisation of intangible fixed assets	-	224,526
Depreciation of tangible fixed assets	18,440	8,837
Loss on Sale of Fixed Assets	2,400	-
Decrease/(Increase) in stocks	78,726	(20,399)
(Increase)/decrease in debtors	108,908	(108,062)
Increase in amounts owed by participating interests	250,000	(250,000)
Increase in creditors	239,177	25,775
Revaluation of fixed assets investments	(32,990)	-

# MOUNTGRANGE LAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2004

NET CASH OUTFLOW FROM OPERATIONS £ (692,149) £ (1,550,067)

### 19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2004 £	2003 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	6,355	10,301
Interest paid	(146,669)	(125,047)
Income from investments	13,948	160,000
Income from investments in related companies	1,874,374	937,292

### NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

£ <u>1,748,008</u>	£ <u>982,546</u>
2004 £	2003 £

### CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

Purchase of tangible fixed assets	(227,903)	(961,425)
Purchase of unlisted and other investments	(5,639)	(222,054)
Sale of short term unlisted investments	-	60,000
Sale of Tangible fixed assets	35,988	

### NET CASH OUTFLOW FROM CAPITAL EXPENDITURE

£ <u>(197,554)</u>	£ <u>(1,123,479)</u>
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### 20. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2003 £	Cash flow £	Other non-cash changes £	31 March 2004 £
Cash at bank and in hand:	569,136	(242,321)	-	326,815
Bank overdraft	(4,030,225)	(21,710)	-	(4,051,935)
Hire Purchase	-	(30,000)		(30,000)
<b>NET DEBT</b>	<b>£ (3,461,089)</b>	<b>£ (294,031)</b>	<b>£ -</b>	<b>£ (3,755,120)</b>

### 21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Ultimate control of the company is held by M T Myers Esq.

# MOUNTGRANGE LAND LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2004

### COMPANY DETAILED TRADING AND PROFIT AND LOSS ACCOUNT For the year ended 31 March 2004

	Page	2004 £	2003 £
<b>Less: OVERHEADS</b>			
Administrative expenses	19	(14,215)	(228,529)
<b>OPERATING PROFIT/(LOSS)</b>		(14,215)	(228,529)
Interest receivable	19	2,732	457
Interest payable	19	(135,686)	
Investment income	19	2,704,784	5,697,186
<b>PROFIT FOR THE YEAR</b>		<u><u>£2,557,615</u></u>	<u><u>£ 5,469,114</u></u>

# MOUNTGRANGE LAND LIMITED

## SCHEDULE TO THE DETAILED ACCOUNTS For the year ended 31 March 2004

	2004 £	2003 £
<b>ADMINISTRATIVE EXPENSES</b>		
Auditors' remuneration	2,500	2,500
Accountancy	1,500	1,500
Bank charges	10,215	3
Amortisation of intangible fixed assets	-	224,526
	<u>£ 14,215</u>	<u>£ 228,529</u>
	2004 £	2003 £
<b>INTEREST RECEIVABLE</b>		
Bank interest receivable	<u>£ 2,732</u>	<u>£ 457</u>
	2004 £	2003 £
<b>INTEREST PAYABLE</b>		
Bank overdraft interest payable	<u>£ 135,686</u>	<u>£ -</u>
	2004 £	2003 £
<b>INVESTMENT INCOME</b>		
Income from other participating interests	2,690,836	5,528,645
Income from fixed asset investments	13,948	168,541
	<u>£ 2,704,784</u>	<u>£ 5,697,186</u>

M Frost Esq  
39-43 Putney High Street  
Putney  
London  
SW15 1SP

Our Ref: SAC\SB 04-03-05

4 March 2005

Dear Marc

**Toucan Productions**

Please find enclosed herewith two deeds of assignment and two share transfer forms each of which need to be signed and where appropriate signatures witnessed as indicated and then returned to me.

I look forward to hearing from you further in this regard as soon as possible.

Kind regards

Yours sincerely

**STEPHEN CORNER**  
**Partner**

Email: [s.corner@barnesroffe.com](mailto:s.corner@barnesroffe.com)