



29022 / 454

THE SAVOY HOTEL LIMITED

Directors' Report
and
Annual Accounts

FOR THE YEAR ENDED 31st. DECEMBER

1980



MANAGEMENT

THE SAVOY HOTEL LIMITED

President: Sir Antony Hornby, M.A.

Chairman: Sir Hugh Wontner, G.B.E., C.V.O.

Vice-Chairmen: Dame Bridget D'Oyly Carte, D.B.E., G. B. Potts, B.A.

Managing Director: G. R. C. Shepard

Directors: Sir Hugh Wontner, Dame Bridget D'Oyly Carte, G. B. Potts, G. R. C. Shepard,
R. S. Hargreaves, M.C., M. B. Radcliffe, M.A., Sir Antony Part, G.C.B., M.B.E.,
M. J. de R. Richardson, R. S. Wilkins

Secretary: F. C. Sawford

Assistant Secretary: K. P. J. Strange

Registered Office: 1 Savoy Hill, London, WC2R 0BP

Auditors: Deloitte Haskins & Sells

Principal Subsidiary Companies

CLARIDGE'S HOTEL LIMITED

Sir Hugh Wontner, *Chairman*, G. R. C. Shepard, *Managing Director*, Dame Bridget D'Oyly Carte, G. B. Potts, Lt. Colonel The Rt. Hon. The Lord Charteris of Amisfield, G.C.B., G.C.V.O., K.C.B., O.B.E., O.S.O., The Duke of Westminster, *Directors*.

THE BERKELEY HOTEL COMPANY LIMITED

Sir Hugh Wontner, *Chairman*, G. R. C. Shepard, *Managing Director*, Dame Bridget D'Oyly Carte, The Rt. Hon. The Lord Shawcross, G.B.E., Q.C., G. B. Potts, C. L. Fornara, *Directors*.

THE CONNAUGHT HOTEL LIMITED

H. M. Neal, *Chairman*, M. B. Radcliffe, P. Zago, Lt. Colonel The Rt. Hon. The Lord Charteris of Amisfield, G. B. Potts, *Directors*, C. Hurrell, *Secretary*, Carlos Place, London, W.1., *Registered Office*.

HOTEL LANCASTER, SOCIÉTÉ ANONYME

Sir Hugh Wontner, *Chairman*, Godfrey Neal, M. B. Radcliffe, J. M. Iversen, *Directors*, F. C. Sawford, *Secretary*, Lancaster Hotel, Rue de Berri, Champs Elysées, Paris, *Registered Office*.

SIMPSON'S-IN-THE-STRAND LIMITED

Sir Hugh Wontner, *Chairman*, G. B. Potts, *Managing Director*, Dame Bridget D'Oyly Carte, M. B. Radcliffe, F. C. Sawford, S. S. Trompetto, M.B.E., *Directors*.

STONE'S CHOP HOUSE LIMITED

Sir Hugh Wontner, *Chairman*, G. B. Potts, *Managing Director*, Dame Bridget D'Oyly Carte, F. C. Sawford, S. S. Trompetto, *Directors*.

SAVOY THEATRE LIMITED

Sir Hugh Wontner, *Chairman*, Dame Bridget D'Oyly Carte, Giles Wontner, M.A., J. S. Herbert, *Directors*, K. P. J. Strange, *Secretary*.

FOREST MERE LIMITED

Sir Robert Mark, G.B.E., Q.P.M., *Chairman*, R. S. Hargreaves, *Managing Director*, Sir Hugh Wontner, G. R. C. Shepard, *Directors*.

Other Subsidiary Companies

Directors: Olive Barnett, R. E. Davidson, E. C. L. George, F.I.O.B., F.R.S.H., D. M. Goodyear, G. F. G. Lloyd, O.B.E., J.P., Jennie Maclean, H. H. Morton, C.Eng., F.I.Mech.E., F.Inst.E., D. J. Owen, M.B.E., J. Quinn, M.A., R. M. S. Sedgwick, Lady Elizabeth Shakerley, Sheila Taylor-Jones.

General Managers: Claudio Buttafava (The Savoy), B. L. Hansen (Claridge's), S. Sebastiani (The Berkeley), P. Zago (The Connaught), J. M. Iversen (The Lancaster), M. C. Williams (Simpson's-in-the-Strand), G. Irving (Stone's Chop House).

For Ordinary Shareholders only

NOTICE OF MEETING

Notice is hereby given that the Ninety-second Annual General Meeting of The Savoy Hotel Limited will be held at the Savoy Hotel (River Entrance), London, W.C.2, on Monday, 1st June, 1981, at 12 noon, for the purpose of transacting the following business:

Resolutions

1. To receive and adopt the Directors' Report, the Profit and Loss Account for the year ended 31st December, 1980, and the Balance Sheets as at 31st December, 1980, and to declare a dividend of 11.49 per cent. for the year ended 31st December, 1980.
2. To re-elect Dame Bridget D'Oyly Carte, a Director retiring by rotation who has reached the age of 70. Special notice has been given under Section 185 of the Companies Act 1948 of the intention to propose her re-election.
3. To re-elect Mr. R. S. Hargreaves, a Director retiring by rotation.
4. To re-appoint Deloitte Haskin & Sells as auditors to the Company and to authorise the Directors to fix their remuneration.

By Order of the Board,
F. C. SAWFORD
Secretary.

Registered Office:
1 Savoy Hill, London, WC2R 0BP
8th May, 1981

A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company. To be valid, instruments of proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time appointed for holding the meeting. Ordinary Shareholders will find enclosed a form of proxy for use at the meeting. Completion and return of the form of proxy will not prevent an Ordinary Shareholder attending and voting at the meeting in person.

A statement for the period of twelve months to 30th April, 1981, of the holdings and of all the transactions of each Director and of his family interests in the equity share capital of the Company will be available for inspection by any member of the Company at the Registered Office of the Company during usual business hours on any weekday (Saturdays and Bank Holidays excepted) from the date of this Notice until the date of the Annual General Meeting. This statement will also be available for inspection at the place of the Annual General Meeting for at least fifteen minutes prior to and during the meeting. There are no service contracts with Directors which are not determinable within one year without payment of compensation other than statutory compensation.

REPORT BY THE DIRECTORS

The Directors submit herewith the accounts of the Company for the year ended 31st December, 1980, together with their comments.

Receipts from all sources came to £29,711, 097 and were higher by £1,062,511; but the trading profit was substantially lower at £3,672,982, a reduction of £1,550,954.

This was chiefly caused by a further decline in the demand for hotel accommodation, largely by overseas visitors, the source from which the Company normally derives the greater part of its profit. This decline was by far the most severe at The Savoy, the largest of the Company's hotels; it was less severe at Claridge's, and the least severe at The Berkeley. The Connaught, the smallest of the Company's hotels, was unaffected.

Notwithstanding the impact of this recession, it was not considered wise to neglect upkeep and general maintenance, upon which the reputation of the Company's hotels much depends, but the cost with inflation continually rises. Last year it came to £3,565,372, an increase over 1979 of £319,546; and after deducting this large but necessary expenditure, as well as depreciation and amortisation of £569,364, the result was a loss for the year of £461,754.

Interest received amounted to the comparatively small sum of £47,040, but interest paid on loans and bank overdrafts reached a record figure of £1,204,453, making it clear why the Directors, with the knowledge of the British Tourist Authority and the London Tourist Board, decided it was right to dispose of surplus accommodation in the Savoy building in The Strand, by realising its potential for offices and permanent apartments, for which it was originally built and used.

The sale of this building will be of assistance not only in reducing overhead expenditure, which is particularly onerous at The Savoy, by reason of the size and irregular shape of the building, but the proceeds of the sale should also bring about a substantial reduction in interest payable, and thus reduce the burden the Company has borne in recent years.

In present circumstances, it is thought that hotels of special quality cannot now maintain that standard in the amenities they offer and the services they provide if the residential accommodation much exceeds a capacity of about 300 visitors. This was the opinion of the Savoy Directors when they rebuilt The Berkeley a few years ago, and it has been proved correct. For this reason, the reduction in number of Savoy apartments to a capacity not much in excess of 300 is as important as it is essential.

However, in 1980, after deducting interest paid of £1,204,453, and after making provision for an estimated liability for PAYE and National Insurance of £175,000 and bringing in a tax credit of £138,008, and allowing for a small minority interest of £24,006, the debit balance for the year was £1,632,153, compared with a credit balance in 1979 of £425,880.

The realised profit on the sale of office property, reported last year, is then added, amounting after taxation to £2,518,406, as included in extraordinary items, which brings the account into credit at £871,180; and after allowing for the dividend proposed, there is £545,496 to be added to the balance carried forward to next year, which becomes £9,360,867.

Dividend

In view of the fact that, in spite of the very serious impact on the Company's business of a world recession of particular severity, The Berkeley, The Connaught and Claridge's are continuing to trade profitably, and effective steps have been taken, and are being taken, to bring The Savoy's apartment business as early as possible back into profit, the Directors propose to maintain the dividend at 16.41% gross, 11.49% net.

Fixed Assets

Total additions to Fixed Assets in 1980 came to £1,591,147 and included a complete scheme of re-decoration and refurbishing of The Savoy River Restaurant and the opening of a new Thames Foyer, together with further expenditure arising from the installation of air conditioning at Claridge's and The Savoy.

In the opinion of the Directors, the value of the Company's properties is in excess of the amounts at which they are stated in the Balance Sheet and an up-to-date valuation is being obtained.

Directors

Dame Bridget D'Oyly Carte retires by rotation and, being eligible, offers herself for re-election, and having reached the age of 70, special notice has been given under Section 185 of the Companies Act 1948 of the intention to propose her re-election.

Mr. R. S. Hargreaves retires by rotation and, being eligible, offers himself for re-election.

No contract which was significant in relation to the Company's business subsisted during the financial year, or at the end of the year, in which any Director is or was materially interested.

The Directors of the Company, during the financial year and at the present time, are as shown on the inside cover.

The interests held in the share and loan capital of the Company by persons who were Directors at 31st December, 1980, are shown on page 15 and are deemed to be part of this report.

Employees

The average number of persons employed by the Company, and its subsidiary companies, during the year was 3,261, inclusive of Directors and part-time employees, and their aggregate remuneration, not including income from gratuities, was £13,326,675.

Auditors

In accordance with Section 14 of the Companies Act 1976, a Resolution proposing the re-appointment of Deloitte Haskins & Sells as auditors to the Company will be put to the Annual General Meeting.

Current Cost Accounts

Current cost accounting has been deferred for one year, as the valuation of the Company's fixed assets was not ready in time for inclusion in these accounts. The Stock Exchange has been informed accordingly.

HUGH WONTNER, *Chairman*

F. C. SAWFORD, *Secretary*

14th April, 1981

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31st December 1980

1979 £		Note	£	£
5,223,936	Trading profit for the year			3,672,982
3,245,826	Deduct: Cost of general maintenance		3,565,372	
508,384	Depreciation and amortisation		569,364	
<u>3,754,210</u>				<u>4,134,736</u>
1,469,726				(461,754)
79,006	Add: Dividends and interest receivable	2		47,040
<u>1,548,732</u>				<u>(414,714)</u>
1,029,236	Deduct: Interest payable	3		1,204,453
519,496	Loss for the year (1979: Profit)	4		(1,619,167)
—	Add: Provision for estimated liability of past years PAYE and national insurance			175,000
<u>519,496</u>	Loss before taxation (1979: Profit)			<u>(1,794,167)</u>
75,892	Taxation credit (1979: Charge)	5		(138,008)
<u>443,604</u>	Loss after taxation (1979: Profit)			<u>(1,656,159)</u>
17,724	Deduct: Minority interest			(24,006)
<u>425,880</u>	Balance for the year before extraordinary items ..			<u>(1,632,153)</u>
33,244	Add: Extraordinary items (including realisation of a prior year revaluation surplus of £1.9m)	6		2,503,333
<u>459,124</u>	Balance for the year after extraordinary items ..	7		<u>871,180</u>
325,684	Dividend proposed A and B Ordinary Shares 11.49% (1979: 11.49%) gross equivalent 16.41% (1979: 16.41%)			325,684
<u>133,440</u>	Retained profit for the year			<u>545,496</u>
8,681,931	Retained profits at beginning of the year			8,815,371
<u>£8,815,371</u>	Retained profits at end of the year			<u>£9,360,867</u>
Net and Nil basis	Loss per share (1979: earnings)	8	Net basis	Nil basis
1.50p	A Ordinary Shares of 10p each		(5.76p)	(4.60p)
0.75p	B Ordinary Shares of 5p each		(2.88p)	(2.30p)

CONSOLIDATED BALANCE SHEET

As at 31st December 1980

	Note	£	£	1979 £
Capital Employed				
Ordinary Capital	10		2,834,096	2,834,096
Reserves	11		14,155,694	15,241,524
Debenture Stocks, Mortgages and Loans ..	12		5,505,000	5,505,000
Minority Shareholders' Interest In Subsidiaries			92,528	116,534
			<u>£22,587,318</u>	<u>£23,697,154</u>
Represented by:				
Fixed Assets	13			
Freehold Properties			13,816,788	15,417,940
Long Leasehold Properties			7,197,507	7,041,794
Short Leasehold Properties			491,278	378,358
Motor Vehicles and Sundry Plant			600,658	596,685
			<u>22,106,231</u>	<u>23,434,777</u>
Current Assets				
Stocks		3,677,508		3,237,903
Debtors and Prepaid Expenses		3,186,345		3,432,330
Investments	14	264,026		262,294
Advance Corporation Tax recoverable		239,126		425,000
Taxation recoverable		30,990		—
Deposits, Bank Balances and Cash		676,495		815,470
		<u>8,074,490</u>		<u>8,172,997</u>
Current Liabilities				
Creditors and Accrued Charges		4,022,195		4,390,895
Current Taxation		157,434		159,502
Deferred Taxation	15	6,600		316,425
Proposed Dividend		325,684		325,684
Bank Overdrafts	16	3,081,490		2,718,114
		<u>7,593,403</u>		<u>7,910,620</u>
Net Current Assets			481,087	262,377
			<u>£22,587,318</u>	<u>£23,697,154</u>

BALANCE SHEET

As at 31st December 1980

1979 £		Note	£	£
	Capital Employed			
2,834,096	Ordinary Capital	10		2,834,096
10,435,540	Reserves	11		11,085,707
1,425,000	Debenture Stocks, Mortgages and Loans ..	12		1,425,000
<u>£14,694,636</u>				<u>£15,344,803</u>
	Represented by:			
	Fixed Assets	13		
7,267,797	Freehold Properties			5,373,892
400,000	Long Leasehold Properties			405,000
13,295	Motor Vehicles			20,877
<u>7,681,092</u>				<u>5,799,769</u>
7,794,578	Interest in Subsidiary Companies	17		10,968,707
	Current Assets			
1,746,304	Stocks		1,927,313	
1,823,760	Debtors and Prepaid Expenses		1,621,824	
425,000	Advance Corporation Tax recoverable		236,470	
103,880	Deposits, Bank Balances and Cash		45,476	
<u>4,098,944</u>			<u>3,831,083</u>	
	Current Liabilities			
2,032,481	Creditors and Accrued Charges		1,961,750	
153,069	Current Taxation		153,222	
325,684	Proposed Dividend		325,684	
2,368,744	Bank Overdraft	16	2,814,100	
<u>4,879,978</u>			<u>5,254,756</u>	
(781,034)	Net Current Liabilities			(1,423,673)

Hugh Wontner
HUGH WONTNER
Chairman

BRIDGET D'OYLY CARTE
BRIDGET D'OYLY CARTE
Vice-Chairman

F. C. Sawford
F. C. SAWFORD
Secretary

£14,694,636

£15,344,803

SOURCE AND APPLICATION OF FUNDS

for the year ended 31st December 1980

	£'000	1979 £'000
Source of Funds		
From operations:		
Loss for the year before taxation (1979 profit)	(1,794)	520
Adjustments for items not involving movement of funds:		
Surplus on exchange on consolidation	42	6
Depreciation and amortisation	569	508
Profit on sale of vehicles and sundry plant	(10)	..
	<u>(1,193)</u>	<u>1,034</u>
 From other sources:		
Sale of fixed assets	3,324	130
Sale of investments	5	—
	<u>2,136</u>	<u>1,164</u>
 Total funds obtained		
 Application of Funds		
Dividend paid	326	326
Purchase of fixed assets	1,591	1,574
Net repayment of mortgages and loans	—	126
Purchase of investments	4	—
Corporation tax paid	154	465
	<u>2,075</u>	<u>2,491</u>
	61	(1,327)
	<u></u>	<u></u>
 Increase (Decrease) in Working Capital		
Stocks	440	365
Debtors	(246)	636
Creditors and accrued charges	369	(1,227)
	<u>563</u>	<u>(226)</u>
	(502)	(1,101)
 Movements in Net Liquid Funds.. .. .		
	<u>61</u>	<u>(1,327)</u>

NOTES ABOUT THE ACCOUNTS

Accounting Policies

Basis of Accounting

These accounts have been prepared on the historical cost basis of accounting, modified to include the revaluation of certain assets.

Goodwill arising on consolidation is written off against capital reserves.

Fixed Assets

The original cost of the Company's freehold and long leasehold properties includes the cost of furnishings and equipment.

Expenditure on development of the Company's hotels and restaurants, including major replacement of assets and re-equipment and modernisation of hotel rooms and other facilities, has been included in the cost of freehold and leasehold properties.

The cost of replacement of soft furnishings, glass and china and certain other loose equipment of hotels and restaurants is charged to revenue in the year in which it is incurred.

Depreciation and Amortisation

As in previous years and having regard to the high level of expenditure on general maintenance, the long anticipated lives and high residual values of the Company's hotels and restaurants and the fact that it is the Company's policy to depreciate expenditure on development and re-equipment, the resultant amount of any further depreciation on initial cost is not considered to be material and no further depreciation is charged on freehold and long leasehold properties.

Depreciation and amortisation of fixed assets is provided on the following basis:

Original cost of freehold and long leasehold properties: no depreciation.

Expenditure on development and re-equipment of hotels and restaurants: over estimated life of 5 or 20 years.

Investment properties included in the accounts at cost of £325,000: no depreciation.

Short leaseholds: over period of lease.

Sundry Plant: over estimated useful life of between 5 and 25 years.

Motor Vehicles: 25 per cent, per annum on reducing balance.

Deferred Taxation

Provision is made for deferred taxation by the liability method unless there is a reasonable probability that such a liability will not arise in the foreseeable future.

Exchange Rates

All assets, liabilities and transactions for the year in foreign currencies have been translated to sterling at the approximate exchange rate ruling at the date of the balance sheet. Differences arising on the translation of the net assets of overseas subsidiaries are now recorded as a movement on reserves whereas previously they were included in extraordinary items.

Stocks

Stocks are valued at the lower of cost and net realisable value.

NOTES ABOUT THE ACCOUNTS

Profit and Loss Account

	£	1979 £
1 Total Receipts		
These comprise hotel, restaurant and ancillary business receipts, and now include apartment service charges. Comparative figures for 1979 have been adjusted. Property and theatre rentals, inter-company sales and value added tax are excluded	£29,579,000	£28,380,000
Property and theatre rentals (net)	£132,097	£268,586
2 Dividends and Interest Receivable		
Income from Listed Investments	28,776	29,567
Profit on realisation of Listed Investments	1,057	19,213
Interest on Deposits and Bank Accounts	17,207	30,226
	£47,040	£79,006
3 Interest Payable		
On Bank Advances and Loans	1,103,878	928,661
On Debenture Stocks, Mortgages and Unsecured Loan Stock not repayable within five years	100,575	100,575
	£1,204,453	£1,029,236
4 Loss for the Year		
Charges include:		
Auditors' Remuneration	68,240	51,849
Directors' Fees	10,384	8,566
Directors' Remuneration including pension contributions	87,390	77,049
Hire of equipment	130,017	96,817
Staff Benevolent Fund, Pension and Life Insurance Schemes	238,294	234,883
Credits include:		
Provision for theatre repairs no longer required	—	62,061
5 Taxation Credit		
Corporation Tax	4,069	21,357
Deferred Taxation provision in respect of stock relief not now required under Finance Bill 1981	(68,600)	—
Deferred Taxation	9,400	42,600
Advance Corporation Tax written off	325,000	—
Tax losses set off against tax on capital gains	(385,700)	—
	(115,831)	63,957
Prior year adjustments		
Corporation Tax	(22,177)	11,935
	£(138,008)	£75,892

The taxation credit (1979: charge) is calculated at a rate of 52 per cent. The credit for the year has been increased by £551,000 being the effect of timing differences for which no deferred tax has been provided. Relief for stock appreciation has been calculated in accordance with stock relief proposals set out in the Finance Bill 1981.

Losses for tax purposes amounting to £3,030,000 (1979: £1,213,000) are carried forward and are available in reduction of tax liabilities of future years.

NOTES ABOUT THE ACCOUNTS

Profit and Loss Account

		1979
6 Extraordinary Items		
	£	£
Profit on sale of freehold property	2,904,106	—
(including realisation of a prior year revaluation surplus of £1.9m)		
Less Taxation (see Note 5)	385,700	—
	<u>2,518,406</u>	<u>—</u>
Loss on exchange on consolidation of subsidiary company	—	(784)
Profit on sale of short leasehold property	—	34,028
Loss arising from liquidation of subsidiary	(15,073)	—
	<u>£2,503,333</u>	<u>£33,244</u>

7 Balance for the Year after Extraordinary Items

	£	£
In the accounts of The Savoy Hotel Limited	975,853	123,744
In the accounts of subsidiary companies	(104,673)	335,380
	<u>£871,180</u>	<u>£459,124</u>

8 Loss Per Share

This is calculated on the totals of A Ordinary Shares of 10p each and B Ordinary Shares of 5p each in issue of 27,687,825 and 1,306,267 respectively. The net basis is calculated on the balance for the year before extraordinary items. The nil basis excludes advance corporation tax written off in the year amounting to £325,000.

9 Remuneration of Directors and Employees

The number of Directors of The Savoy Hotel Limited, within each of the following ranges of remuneration, exclusive of pension contributions, is:

£ 1 to £ 5,000	4	2
£ 5,001 to £10,000	1	2
£10,001 to £15,000	2	2
£15,001 to £20,000	2	2

Included are the Chairman's emoluments of £16,200 (1979: £15,103). Also included are the emoluments of the highest paid director of £20,000 (1979: £15,509).

The number of employees of The Savoy Hotel Limited, within the following range of remuneration, is:

£20,001 to £25,000	1	1
----------------------------	---	---

NOTES ABOUT THE ACCOUNTS

Balance Sheets

10 Ordinary Capital	Authorised £	Issued and Fully Paid £
48,780,490 A Ordinary Shares of 10p each	4,878,049	2,768,783
2,439,020 B Ordinary Shares of 5p each	121,951	65,313
	<u>£5,000,000</u>	<u>£2,834,096</u>

There was no alteration during the year in the authorised or issued capital of the Company.

11 Reserves	Consolidated £	The Savoy Hotel Limited £
At beginning of the year	755,315	755,315
Share Premium	5,670,838	2,685,400
Capital Reserves	8,815,371	6,994,825
Retained Profits	<u>15,241,524</u>	<u>10,435,540</u>
Add: Retained profit for the year	545,496	650,167
Deferred taxation provision on revaluation no longer required ..	250,625	—
Transfer to Extraordinary Items goodwill previously written off against Capital Reserves (see Note 6)	15,073	—
Profit on exchange on consolidation of subsidiary	6,644	—
	<u>16,059,362</u>	<u>11,085,707</u>
Less: Transfer from Capital Reserves to Extraordinary Items of the revaluation surplus realised in 1980	1,903,668	—
At end of the year	<u>£14,155,694</u>	<u>£11,085,707</u>
Comprised of:		
Share Premium	755,315	755,315
Capital Reserves	4,039,512	2,685,400
Retained Profits	9,360,867	7,644,992
	<u>£14,155,694</u>	<u>£11,085,707</u>

12 Debenture Stocks, Mortgages and Loans	£	1979 £
The Savoy Hotel Limited		
4% First Mortgage Perpetual Debenture Stock	450,000	450,000
8% Mortgage Debenture Stock 1991/96	700,000	700,000
8½ % Unsecured Loan Stock 1993/98	275,000	275,000
	<u>1,425,000</u>	<u>1,425,000</u>
Subsidiary Companies		
4% First Mortgage Debenture Stock — perpetual	80,000	80,000
Secured Bank Loan — repayable August 1983 (1¼ % over London Interbank rate)	4,000,000	4,000,000
Consolidated Balance Sheet	<u>£5,505,000</u>	<u>£5,505,000</u>

NOTES ABOUT THE ACCOUNTS

Balance Sheets

13 Fixed Assets

				Freeholds	Long Leaseholds	Short Leaseholds	Vehicles and Sundry plant
				£	£	£	£
Consolidated Balance Sheet							
At 1st January 1980	..	..	..	16,949,301	7,175,565	965,076	1,093,344
Additions in the year	..	..	..	984,158	218,864	189,973	198,152
				<u>17,933,459</u>	<u>7,394,429</u>	<u>1,155,049</u>	<u>1,291,496</u>
Less: Assets fully depreciated	..	..		105,552	79	—	12,632
Disposals in the year	..	..	..	2,250,000	1,765	—	123,471
Exchange difference	..	..	..	—	—	122,288	—
				<u>£15,577,907</u>	<u>£7,392,585</u>	<u>£1,032,761</u>	<u>£1,155,393</u>
At 31st December 1980	..	..	..	
Comprised of assets at							
Valuation in 1962	..	..	..	4,136,000	—	—	—
Valuation in 1975	..	..	..	—	400,000	—	—
Net book value 1st July 1948	..	..	..	1,655,071	—	—	—
Cost since	..	..	..	9,786,836	6,992,585	1,032,761	1,155,393
				<u>15,577,907</u>	<u>7,392,585</u>	<u>1,032,761</u>	<u>1,155,393</u>
Less: Aggregate depreciation	..	..		1,761,119	195,078	541,483	554,735
				<u>£13,816,788</u>	<u>£7,197,507</u>	<u>£491,278</u>	<u>£600,658</u>
At 31st December 1980	..	..	..	
The Savoy Hotel Limited							
Balance Sheet							
At 1st January 1980	..	..	..	8,393,007	400,000		27,452
Additions in the year	..	..	..	595,009	5,000		17,727
				<u>8,988,016</u>	<u>405,000</u>		<u>45,179</u>
Less: Assets fully depreciated	..	..		62,945	—		—
Disposals in the year	..	..	..	2,250,000	—		4,250
				<u>£6,675,071</u>	<u>£405,000</u>		<u>£40,929</u>
At 31st December 1980	..	..	..	
Comprised of assets at							
Valuation in 1962	..	..	..	90,000	—		—
Valuation in 1975	..	..	..	—	400,000		—
Net book value 1st July 1948	..	..	..	1,605,071	—		—
Cost since	..	..	..	4,980,000	5,000		40,929
				<u>6,675,071</u>	<u>405,000</u>		<u>40,929</u>
Less: Aggregate depreciation	..	..		1,301,179	—		20,052
				<u>£5,373,892</u>	<u>£405,000</u>		<u>£20,877</u>
At 31st December 1980	..	..	..	

In the case of hotels and restaurants, the cost of furnishings and equipment is included in the respective value of the freehold or leasehold asset.

NOTES ABOUT THE ACCOUNTS

Balance Sheets

	1979	
	£	£
14 Investments		
Listed investments at cost (Market Value £297,063; 1979: £268,038) ..	£264,026	£262,294
	<u> </u>	<u> </u>
15 Deferred Taxation		
Provision has been made for deferred taxation of £6,600 (1979: £316,425) in respect of the liability arising from short term timing differences.		
The potential liability to deferred taxation not provided calculated at 52 per cent is as follows:—		
	£	£
Excess of tax allowances over depreciation	4,761,000	4,308,000
Stock relief	472,000	302,000
Other	(72,000)	—
Losses carried forward	(1,576,000)	(631,000)
Roll-over of capital gain on sale of properties	165,000	173,000
	<u>£3,750,000</u>	<u>£4,152,000</u>
The potential liability to deferred taxation on stock relief may be permanently relieved if the proposals contained in the Finance Bill 1981 are subsequently enacted.		
16 Bank Overdrafts		
These are repayable in one year or less, or on demand.		
17 Subsidiary Companies		
	£	£
Shareholdings at Cost or Valuation, less amounts written off	4,935,623	4,786,069
Amounts owing by Subsidiary Companies	7,319,960	4,641,728
	<u>12,255,583</u>	<u>9,427,797</u>
Deduct: Amounts owing to Subsidiary Companies	1,286,876	1,633,219
	<u>£10,968,707</u>	<u>£7,794,578</u>

Capital Commitments

There are capital commitments authorised, but not contracted for, amounting to £550,000 (1979: £885,000) mainly in connection with air conditioning and telephone installations.

Guarantee

The Company has guaranteed unsecured loans and bank advances of subsidiary companies amounting to £123,953 (1979: £153,768).

Close Company Status

The Company is not a close company within the meaning of the Income and Corporation Taxes Act 1970, as amended.

Charitable Contributions

The Company made charitable contributions during the year amounting to £1,748 (1979: £1,947).

MAIN ACTIVITY AND PRINCIPAL SUBSIDIARY COMPANIES OF THE SAVOY HOTEL LIMITED

The Savoy group of companies is mainly engaged in the ownership and management of hotels and restaurants and in ancillary services needed by them.

The following subsidiary companies are all wholly owned, except where indicated, the share capital being held either by The Savoy Hotel Limited or by another subsidiary company, and incorporated in Great Britain, except Hotel Lancaster, Société Anonyme, which is incorporated in France.

HOTEL AND RESTAURANT COMPANIES

The Berkeley Hotel Company Limited
Claridge's Hotel Limited
The Connaught Hotel Limited
Hotel Lancaster, Société Anonyme
Simpson's-in-the-Strand Limited
Stone's Chop House Limited

SERVICE COMPANIES

Beaufort Construction Limited
James Edward Limited
Savoy Management Services Limited
The Savoy Hotel Laundry Limited
The Strand Power Company Limited
William H. King and Sons (Strand) Limited

ENTERTAINMENT COMPANIES

The Minema Limited
The Savoy Orpheans Limited
Savoy Theatre Limited

HEALTH CENTRE

Forest Mere Limited

PROPERTY COMPANIES

The Worcester Buildings Company Limited
Motcomb Trust Limited
Mount Street Mansions Limited
*Q & M Limited

GARAGE AND TRANSPORT COMPANIES

B.P. & S. (1906) Limited
*Camelot Cars Couriers Limited (60%)
*McArdle Coachbuilders Limited (50%)

FLORISTS

Edward Goodyear Limited

*The accounts of these companies are not audited by Deloitte Haskins & Sells

REPORT OF THE AUDITORS TO THE MEMBERS OF THE SAVOY HOTEL LIMITED

We have audited the accounts set out on pages 4 to 14 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 31st December, 1980, and of the results and source and application of funds of the group for the year then ended and comply with the Companies Acts 1948 to 1980.

The accounts do not contain current cost accounts as required by Statement of Standard Accounting Practice No. 16.

London
14th April, 1981

Deloitte Haskins & Sells
DELOITTE HASKINS & SELLS
Chartered Accountants.

INTERESTS OF DIRECTORS IN THE CAPITAL OF THE COMPANY AT THE END OF THE YEAR AND OTHER MAJOR INTERESTS

Directors' Beneficial Interests	A Shares	Ordinary Share Capital		1979
		1979	B Shares	
Sir Hugh Wontner	144,265	145,365	4,590	4,572
Dame Bridget D'Oyly Carte	1,044,758	1,044,758	4,515	4,515
G. B. Potts	15,760	18,260	292	1,292
R. S. Hargreaves	3,300	3,300	1,139	2,514
M. B. Radcliffe	2,788	2,788	—	—
G. R. C. Shepard	11,522	11,522	—	112
Sir Antony Part	275	275	22	22

Interests as Trustees						
Sir Hugh Wontner	390,000	399,633	841,890	842,240		
Dame Bridget D'Oyly Carte	390,000	399,633	841,560	841,910		
G. B. Potts	—	—	330	330		
M. B. Radcliffe	390,000	399,633	597,240	597,840		

Directors' Beneficial Interests	4% First £	Debenture and Loan Stocks				1979 £
		1979 £	8% £	1979 £	8½% £	
Sir Hugh Wontner	2,050	1,250	1,000	1,000	4,000	4,000
Dame Bridget D'Oyly Carte	1,000	1,000	—	—	18,835	18,835
R. S. Hargreaves	—	—	—	—	250	250

Interests as Trustees						
Sir Hugh Wontner	600	600	2,000	2,000	—	—
G. B. Potts	600	600	2,000	2,000	—	—

Sir Hugh Wontner and Dame Bridget D'Oyly Carte have beneficial interests in £3,450 (1979: £3,450) and £16,400 (1979: £16,400) respectively of the 4% First Mortgage Debenture Stock of Savoy Theatre Limited. Sir Hugh Wontner also has an interest as a trustee in £500 (1979: £500) of this Debenture Stock.

There have been no changes between the end of the year and 14th April, 1981.

Other Major Interests at 14th April, 1981

Apart from the interests of the Directors, the Company has been notified of one holding in excess of 5 per cent.

Kuwait Investment Office	Ordinary Share Capital		Issued Capital	Total Votes
	A Shares	B Shares		
	9,592,500	95,584	34.01%	21.37%
	34.64%	7.32%		

THE SAVOY HOTEL LIMITED

YEAR ENDED 31st DECEMBER	1971	1972	1973
SOURCES OF CAPITAL			
Ordinary Shareholders (Note 1)	2,434,439	2,434,439	2,434,439
Reserves	6,763,612	7,436,969	7,725,804
Loan Capital	4,364,472	5,415,690	6,485,129
Provisions	1,153,769	1,191,733	797,516
Minority Shareholders' Interest in Subsidiary	—	—	30,741
Total Capital Employed	14,716,292	16,478,831	17,473,629
EMPLOYMENT OF CAPITAL			
Fixed Assets	14,350,917	15,490,777	15,848,110
Net Current Assets	365,375	988,054	1,625,519
Total Net Assets	14,716,292	16,478,831	17,473,629
PROFITS			
Net Profits before Taxation (Note 2)	974,857	1,150,598	480,052
Taxation	260,000	—	—
Profits after Taxation	714,857	1,150,598	480,052
DIVIDENDS			
Ordinary (Note 3)	401,682	419,941	121,722

NOTES

(1) Includes Bonus issue 1 for 10 of £257,645 in 1978.

(2) From 1973 in arriving at the net profits a charge was made in the accounts for depreciation on expenditure on development, re-equipment and modernisation of the Company's hotels and restaurants. Figures for 1972 have been adjusted accordingly. See accounting policies on page 8.

**SOURCES OF CAPITAL AND GROUP PROFITS
FOR THE TEN YEARS ENDED 31st DECEMBER 1980**

1974	1975	1976	1977	1978	1979	1980
2,434,439	2,434,439	2,434,439	2,576,451	2,834,096	2,834,096	2,834,096
9,821,029	13,025,441	13,433,231	15,058,083	15,376,041	15,241,524	14,155,694
7,148,159	7,785,608	5,613,825	5,100,965	5,631,371	5,505,000	5,505,000
—	—	—	—	—	—	—
31,614	33,422	37,227	40,756	85,983	116,534	92,528
19,435,241	23,278,910	21,518,722	22,776,255	23,927,491	23,697,154	22,587,318
17,890,825	19,405,858	19,935,944	21,239,204	22,475,287	23,434,777	22,106,231
1,544,416	3,873,052	1,582,778	1,537,051	1,452,204	262,377	481,087
19,435,241	23,278,910	21,518,722	22,776,255	23,927,491	23,697,154	22,587,318
(68,294)	51,918	1,237,173	2,686,174	1,109,365	519,496	(1,794,167)
—	—	300,679	719,691	(123,593)	75,892	(138,008)
(68,294)	51,918	936,494	1,966,483	1,232,958	443,604	(1,656,159)
121,722	121,722	243,444	287,770	325,684	325,684	325,684

(3) Dividends for 1971 and 1972 are stated gross. Dividends from 1973 are exclusive of advance corporation tax.

(4) From 1977 provision has only been made for deferred taxation which may be payable in the foreseeable future. Comparative figures from 1974 to 1976 have been adjusted accordingly. See accounting policies on page 8.

THE SAVOY HOTEL LIMITED

includes

THE SAVOY LONDON

THE SAVOY HOTEL
THE SAVOY RESTAURANT
THE SAVOY GRILL
THE SAVOY PRIVATE SALONS
THE SAVOY BANQUETING

CLARIDGE'S LONDON

CLARIDGE'S HOTEL
CLARIDGE'S RESTAURANT
THE CAUSERIE
CLARIDGE'S BANQUETING

THE BERKELEY LONDON

THE BERKELEY HOTEL
THE BERKELEY RESTAURANT
THE BERKELEY BANQUETING
LE PERROQUET
THE BERKELEY HEALTH CENTRE

THE CONNAUGHT LONDON

THE CONNAUGHT HOTEL
THE CONNAUGHT RESTAURANT
THE CONNAUGHT GRILL

THE LANCASTER PARIS

THE LANCASTER HOTEL
THE LANCASTER RESTAURANT

SIMPSON'S-IN-THE-STRAND LONDON

STONE'S CHOP HOUSE LONDON

and is associated with

SIMPSON'S-IN-THE-STRAND TORONTO

Printed by
ARCHIBALD & JOHNSON LTD
HULL AND LONDON