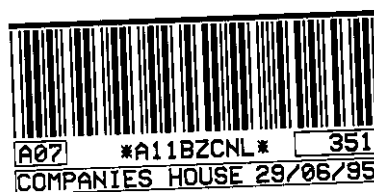


THE PARK LANE HOTEL

ANNUAL REPORT 1994



THE PARK LANE HOTEL PLC

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THE PARK LANE HOTEL PLC

DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

DIRECTORS

Clive E B L Carr (Chairman and managing)
Gilbert B Baker (Financial)
Richard C L Carr
Frederick W Davis
Carol Gault
Paul H T Hanson

SECRETARY

G B Baker FSCA

REGISTERED OFFICE

49 Brick Street
London
W1Y 8EB

REGISTERED NUMBER

158092

AUDITORS

Wm. Robertshaw & Myers
York Buildings
18 Cooke Street
Keighley
West Yorkshire
BD21 3NP

SOLICITORS

Radcliffes & Co.
5 Great College Street
Westminster
London
SW1P 3SJ

REGISTRARS

Barclays Registrars Limited
Bourne House
34 Beckenham Road
Beckenham
Kent
BR3 4TU

THE PARK LANE HOTEL PLC

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the seventy-sixth annual general meeting of the company will be held at The Park Lane Hotel, Piccadilly, London W1Y 8BX, on 15th June 1995 at 12.30pm for the following purposes:

1. To receive and adopt the directors' report and financial statements for the year ended 31st December 1994.
2. To declare a dividend of 5.6 pence per share on the 5.6% cumulative preference shares.
3. To declare a dividend of 10.5 pence per share on the 10.5% second preference shares.
4. To declare a final dividend of 17 pence per share on the ordinary shares.
5. To re-elect P H T Hanson, a director retiring by rotation.
6. To re-elect R C L Carr, a director retiring by rotation.
7. To re-elect G B Baker as a director.
8. To re-appoint Wm. Robertshaw & Myers as auditors until the next annual general meeting and to authorise the directors to fix their remuneration.
9. As special business, to consider and, if thought fit, to pass the following Special Resolution:

"That the existing Articles of Association be amended by the addition of a new Article 28 as set out below:

28 - Share Certificates

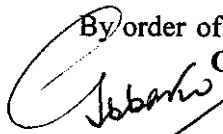
Every certificate may be issued under seal or bearing an imprint or representation of the seal or such other form of authentication as the directors may determine and shall specify the number, class and distinguishing number (if any) of the shares to which it relates and the amounts or respective amounts paid up on them."

10. As special business, to consider and, if thought fit, to pass the following Special Resolution:

"That Article 4 of the Articles of Association of the company be and it is hereby amended by its deletion and substituted in its place the following new Article 4:

4. The Authority given by the company to the directors at the annual general meeting held on 12th June 1991 to allot shares be revoked and the directors be and are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985, in respect of the period commencing on the date of the passing of this resolution and expiring on 14th June 2000 (both days inclusive) to exercise all the powers of the company to allot relevant securities (as defined in that Section), and to make an offer or agreement which would or might require relevant securities to be allotted after that date, provided that the aggregate nominal value of the relevant securities to be allotted under this authority shall not exceed £1,000,000."

49 Brick Street
London W1Y 8EB
21st April 1995

By order of the Board
 G B Baker
Secretary

Notes

1. A member of the company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the company.
2. Financial statements are sent to all members of the company but only ordinary shareholders are entitled to attend and vote at this meeting.

THE PARK LANE HOTEL PLC

CHAIRMAN'S STATEMENT

TRADING IN 1994

I indicated in my statement last year that 1994 had begun better than the previous year and our short term forecast indicated that the improvement would continue. I am very pleased to report that such was the case and we achieved a turnover of £13,690,000, up by some £2,700,000.

The improved economic situation in the UK and overseas was an important factor and, with more deluxe rooms being available, we were well placed to take advantage of the potential created. Our guests appear to be very pleased with these new rooms and we are experiencing many repeat bookings for them. Our banqueting department and restaurants also showed marked progress compared with the previous year.

A combination of these items resulted in a pre-tax profit of £1,779,000, an increase of £1,158,000 on the previous year. After a taxation charge of £351,000, the amount available for distribution was £1,428,000. Total dividends of £906,000 are being recommended which, if approved, will allow £522,000 for transfer to shareholders' funds.

DIVIDENDS

An interim dividend of 5 pence per ordinary share was paid on 16th December 1994. The final dividend being recommended by your board is 17 pence per ordinary share which, together with the interim dividend, would make a total of 22 pence for the year.

DEVELOPMENT

I referred earlier in my statement to the success of our newly designed air conditioned rooms. Our project on the 7th and 8th floors was completed in mid-1994 and significantly contributed to our improved trading performance. We are currently undertaking a similar scheme to provide a further 29 such rooms which, upon completion, will mean we will have in excess of 200 air conditioned rooms, of which 131 will be in our deluxe category.

Other major developments which took place were the installation of the final chiller plant and the remodelling of the Orchard Room to provide a much improved conference and banqueting suite. Continuous projects have placed extra demands on utility services, such as water and electricity, and these areas have been improved on the course of the contracts.

REPRESENTATION

We continue to have a worldwide representation through our relationship with Steigenberger Reservation Service, Occidental Hotels, Supranational Hotels and Utell. Such representative arrangements are an integral part of our marketing strategy and results from these sources have grown considerably over the years.

TRADING IN 1995

The early trading in the current year has been most encouraging with all departments showing greater activity. Consequently, results to date show a marked improvement on those for 1994. At present the indications are that this strong progress will continue for the remainder of the year. However, shareholders will not need reminding that our industry has only a relatively small proportion of its revenue contracted forward and, therefore, trading is susceptible to unforeseeable changes.

DIRECTORS

It is with great regret that I report the death of Lady Bracewell Smith on 11th July 1994. She had been a director for only 21 months but her services and contributions were much appreciated.

On 27th February 1995, Mr Gilbert Baker accepted an invitation to join the board of directors and became financial director. Mr Baker joined the company in December 1983 and has been company secretary/financial controller for 11 years. He will continue to hold the position of company secretary.

SHAREHOLDERS' DISCOUNT

All shareholders are honorary members of our Directors Club, which continues to go from strength to strength. This enables you to take advantage of the various discounts and special room rates which apply.

PERSONNEL

Since the year end, several changes in our management structure have taken place. Mr Simon Venison, who was House Manager, left us for a career promotion. He has been replaced by Mr Christopher Hamilton, who was Conference and Banqueting Manager.

THE PARK LANE HOTEL PLC

CHAIRMAN'S STATEMENT

PERSONNEL (CONTINUED)

In addition to these changes, Mr Patrick Stevenson, our Director of Sales and Marketing, has undertaken additional responsibilities in the Reception systems operations to maximise our rooms yield management.

The working patterns of our staff were again affected in 1994 by our capital projects. However, they overcame the difficulties presented with cheerfulness and understanding. We continue to receive many letters and messages of congratulations on the friendliness and efficiency of our staff and our thanks are due to them all. A particular mention should be made of Mrs Maureen Watters, whose 26 years of service as tea lady was recognised in Country Life magazine, where she was acclaimed as a "living national treasure". As is our custom, some staff members were chosen for particular recognition and our "Employees of the Year" for 1994 were:

Mrs Lucy Pineda	- Senior Waitress in Garden Room
Mr Kevin Chapman	- Carpenter
Mr Marin Betlemovie	- Trainee Floor Housekeeper

Clive E B L Carr
Chairman

THE PARK LANE HOTEL PLC

DIRECTORS' REPORT

The directors present their annual report together with the financial statements of the company for the year ended 31st December 1994.

RESULTS AND DIVIDENDS

The profit on ordinary activities before taxation for the year is £1,779,000 and details are contained in the profit and loss account on page 9. The retained profit for the year is £522,000.

The directors recommend the payment of a dividend of 5.6 pence per share on the 5.6% cumulative preference shares of £1 each. The directors also recommend the payment of a dividend of 10.5 pence per share on the 10.5% second preference shares of £1 each. An interim dividend of 5 pence per share on the ordinary 25 pence shares was paid on 16th December 1994. The directors recommend the payment of a final dividend of 17 pence per share making 22 pence per share for the year compared with 10 pence per share for 1993. These recommended dividends will, if approved, be paid on 1st July 1995 to shareholders registered on 9th June 1995.

STATE OF AFFAIRS

The directors consider that the state of the company's affairs is satisfactory.

PRINCIPAL ACTIVITY

The principal activity of the company continues to be the operation of The Park Lane Hotel.

BUSINESS REVIEW

A review of the company's business during the financial year, of the position at the end of the year and of future prospects, is given in the statement by the chairman on pages 3 and 4.

MARKET VALUE OF LAND AND BUILDINGS

The directors are unable to express an opinion on the market value of the company's land and buildings since this is dependent on factors outside their control.

SIGNIFICANT CHANGES IN FIXED ASSETS

Additions to fixed assets are £2,972,000 and further details are shown in notes 6 and 7 on the financial statements.

BOARD OF DIRECTORS

The directors holding office at the date of this report are shown on page 1.

P H T Hanson and R C L Carr are the directors to retire by rotation and, being eligible, offer themselves for re-election.

G B Baker was appointed a director of the company on 27th February 1995. In accordance with the Articles of Association he retires at the annual general meeting and, being eligible, offers himself for re-election.

Lady Bracewell Smith died on 11th July 1994 and the directors wish to place on record their appreciation of her service to the company.

The directors of the company at 31st December 1994 and their interests in the shares of the company are shown in note 2 on the financial statements.

During the year the company purchased liability insurance for certain of its directors and officers.

Non-executive directors

The company currently has four non-executive directors, namely:

R C L Carr is a barrister. He is also a director of Arsenal Football Club PLC and Tymals Investment Limited.

F W Davis is a chartered accountant. He is also a director of The Fellowship of Independent Evangelical Churches Limited.

Mrs C Gault is the company representative in North America specialising in marketing. She is also a director of an hotel company, Settlers Beach Limited, and a Canadian investment company, First Canadian Mutual Funds.

P H T Hanson is an executive director of Parkland Group Plc, a textile group based in Yorkshire.

No non-executive director has a service contract with the company.

THE PARK LANE HOTEL PLC

DIRECTORS' REPORT (continued)

BOARD OF DIRECTORS (continued)

Executive directors

The executive directors are C E B L Carr and G B Baker.

Reporting and controls

The board meets on a regular basis where management accounts are considered.

EMPLOYEES

In accordance with company policy all employees are kept as fully informed as practicable concerning the activities of the company. The company is an equal opportunities employer.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. All disabled employees are eligible for training and promotion and, within the limits of their disabilities, are given equal consideration with other applicants.

The company recognises the high standards required to ensure the health, safety and welfare of

its employees at work, its customers and the general public. Company policies in this regard are regularly reviewed with the objective of ensuring that these standards are achieved.

CLOSE COMPANY STATUS

The close company provisions of the Income and Corporation Taxes Act 1988 apply to the company.

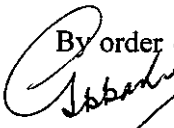
DONATIONS

Donations to charitable organisations amounted to £2,910 (1993: £2,862). There were no political contributions during the year (1993: £nil).

AUDITORS

Wm. Robertshaw & Myers have expressed their willingness to continue in office as auditors and a resolution will be submitted at the annual general meeting proposing their re-appointment and also to authorise the directors to fix their remuneration.

49 Brick Street
London W1Y 8EB
21st April 1995

By order of the Board
 G B Baker
Secretary

THE PARK LANE HOTEL PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

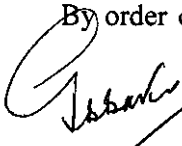
The directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of each financial year and of the profit or loss for the period to that date. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the financial statements comply with the above requirements and that the company has maintained proper accounting records which disclose with reasonable accuracy at any time the financial position of the company which enables them to ensure that the financial statements comply with the requirements of the Companies Act 1985.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

49 Brick Street
London
W1Y 8EB
21st April 1995

By order of the board
 **G B Baker**
Secretary

THE PARK LANE HOTEL PLC

AUDITORS' REPORT TO THE SHAREHOLDERS OF THE PARK LANE HOTEL PLC

We have audited the financial statements on pages 9 to 20.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 7 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with 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 31st December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

York Buildings
18 Cooke Street
Keighley

West Yorkshire
BD21 3NP
21st April 1995


Wm. Robertshaw & Myers

Chartered Accountants
Registered Auditors

THE PARK LANE HOTEL PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1994

	Note	1994 £'000	1993 £'000
Turnover	1	13,690	10,985
Cost of sales		(9,338)	(8,367)
Gross profit		4,352	2,618
Administrative expenses		(2,608)	(2,120)
Operating profit	2	1,744	498
Other interest receivable and similar income	3	35	123
Profit on ordinary activities before taxation		1,779	621
Taxation on profit on ordinary activities	4	351	(2)
Profit on ordinary activities after taxation		1,428	623
Dividends including non-equity dividends	5	(906)	(426)
Retained profit for the financial year		522	197
Retained profit brought forward		13,655	13,458
Retained profit carried forward		14,177	13,655

The above activities relate to continuing operations.

There are no recognised gains or losses other than those included in the profit and loss account.

The notes referred to above form part of these financial statements.

THE PARK LANE HOTEL PLC

BALANCE SHEET

AT 31ST DECEMBER 1994

	Note	1994 £'000	1993 £'000
Fixed assets			
Tangible assets	6	15,005	13,498
Investments	7	25	21
		<u>15,030</u>	<u>13,519</u>
Current assets			
Stocks	8	613	606
Debtors	9	1,544	1,552
Short term deposits		1,000	980
Cash at bank and in hand		224	164
		<u>3,381</u>	<u>3,302</u>
Creditors: amounts falling due within one year	10	<u>(2,914)</u>	<u>(1,846)</u>
Net current assets		<u>467</u>	<u>1,456</u>
Net assets		<u><u>15,497</u></u>	<u><u>14,975</u></u>
Capital and reserves			
Called up share capital	11	1,320	1,320
Profit and loss account		14,177	13,655
Shareholders' funds including non-equity interests	12	<u><u>15,497</u></u>	<u><u>14,975</u></u>

These financial statements were approved
by the board of directors on 21st April 1995
and were signed on its behalf by:

C E B L Carr - director



The notes referred to above form part of these financial statements.

THE PARK LANE HOTEL PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 1994

	Note	1994 £'000	1993 £'000
Net cash inflow from operating activities	14	3,328	1,784
Returns on investments and servicing of finance			
Interest received		35	123
Dividends paid		(546)	(586)
Net cash outflow from returns on investments and servicing of finance		(511)	(463)
Taxation		2,817	1,321
UK corporation tax refunded		49	111
Investing activities		2,866	1,432
Purchase of tangible fixed assets		(2,782)	(1,961)
Purchase of investments		(4)	-
Net cash outflow from investing activities		(2,786)	(1,961)
Increase/(decrease) in cash and cash equivalents	15	80	(529)

The notes referred to above form part of these financial statements.

THE PARK LANE HOTEL PLC

ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

FIXED ASSETS AND DEPRECIATION

For the years up to and including 31st December 1976 expenditure on tangible fixed assets was shown at original cost with renewals or replacements being charged to the profit and loss account.

Capital expenditure incurred after 1st January 1977 is shown as additions to tangible fixed assets. Depreciation is provided on a straight line basis to write off the cost of tangible fixed assets over their estimated useful lives as follows:

- Short leasehold land and buildings - within the unexpired term of the lease;
- Plant and equipment - 4 to 25 years.

No depreciation is provided on freehold property as it is the company's policy to maintain its property in good condition which prolongs its useful life and any depreciation involved would not be material.

Major refurbishments of the leasehold property are treated as additions to short leasehold land and buildings.

LEASING COMMITMENTS

Rentals paid under operating leases are charged against income as incurred.

REPAIRS

Repairs are charged against income as incurred.

ADVANCE CORPORATION TAX

Advance corporation tax is carried forward only to the extent that it is considered to be recoverable in the foreseeable future.

DEFERRED TAXATION

Deferred taxation is provided using the liability method in respect of all material timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

PENSION COSTS

The company operates a defined benefit pension scheme administered by a trustee, the funds of which are separate from those of the company. Sufficient contributions are paid to the trustee on a regular basis to secure the benefits provided under the rules of the scheme and to maintain at least 100% funding levels. The company also operates a non-contributory defined contribution scheme. Contributions to both schemes are charged against income and are included in payroll costs.

TURNOVER

Turnover represents the amount receivable for goods sold and services provided, in the ordinary course of business, net of value added tax.

INVESTMENT INCOME

Income is credited to the profit and loss account on an accruals basis.

OVERSEAS CURRENCIES

Assets and liabilities have been translated at the rate of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the profit and loss account.

STOCKS

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

THE PARK LANE HOTEL PLC

NOTES ON THE FINANCIAL STATEMENTS

	1994 £'000	1993 £'000
1 TURNOVER AND SEGMENTAL ANALYSIS		
Turnover, profit before taxation and net assets of the company relate wholly to the United Kingdom and the principal activity of the company.		
2 OPERATING PROFIT IS STATED AFTER CHARGING		
Depreciation of tangible fixed assets	1,461	1,320
Directors' emoluments (including pension contributions):		
As directors	53	56
As executives	504	359
Hire of plant and machinery	3	3
Operating lease costs:		
Ground rent	13	13
Plant and machinery	75	73
Auditors' remuneration:		
Audit	21	21
Other services	16	16
	<u> </u>	<u> </u>
DIRECTORS		
Emoluments:		
The emoluments, excluding pension contributions, of the chairman, who is also the highest paid director, were:	244	197
	<u> </u>	<u> </u>
The emoluments, excluding pension contributions, of the directors were within the following ranges:		
	Number of directors	Number of directors
£ 5,001 - £ 10,000	4	4
£ 20,001 - £ 25,000	1	1
£195,001 - £200,000	-	1
£240,001 - £245,000	1	-
	<u> </u>	<u> </u>

THE PARK LANE HOTEL PLC

NOTES ON THE FINANCIAL STATEMENTS (continued)

2 OPERATING PROFIT IS STATED AFTER CHARGING (continued)

Directors' shareholdings

The interests of the directors, who served during the year, in the shares of the company were:

	31st December 1994			1st January 1994		
			Second			Second
	Ordinary	Preference	preference	Ordinary	Preference	preference
C E B L Carr	166,902	17,990	3,427	166,902	17,990	3,427
R C L Carr	920,346	17,681	18,136	920,346	17,681	18,136
F W Davis	1,196,133	11,978	49,237	1,324,633	11,978	49,237
Mrs C Gault	296,778	152	2,699	168,278	152	2,699
P H T Hanson	447,325	7,203	30,921	447,325	7,203	30,921

Certain of the holdings include the same shares more than once in relation to non-beneficial holdings.

Lady Bracewell Smith was a director until her death on 11th July 1994.

There were no directors' share options at 31st December 1994 nor are there any at 21st April 1995, the date of signing the financial statements.

EMPLOYEES

The average number of staff, including directors, employed by the company during the year was:

	1994	1993
	255	242
	<u> </u>	<u> </u>
	£'000	£'000
The aggregate payroll costs of all employees were:		
Wages and salaries	4,241	3,720
Social security costs	382	336
Other pension costs	327	239
	<u> </u>	<u> </u>
	4,950	4,295
	<u> </u>	<u> </u>

3 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

Short term deposits	35	74
Interest on repayment of corporation tax	-	49
	<u> </u>	<u> </u>
	35	123
	<u> </u>	<u> </u>

THE PARK LANE HOTEL PLC

NOTES ON THE FINANCIAL STATEMENTS (continued)

	1994 £'000	1993 £'000
4 TAXATION ON PROFIT ON ORDINARY ACTIVITIES		
UK corporation tax at 33% (1993: 33%) on the profit for the year	351	11
Deferred taxation	-	(11)
Corporation tax overprovided in earlier years	-	(2)
	<u>351</u>	<u>(2)</u>

The 1994 taxation charge is reduced by approximately £219,000 (1993: £200,000) due to the company not providing deferred taxation on accelerated capital allowances as it is anticipated that this liability will not crystallise in the foreseeable future.

5 DIVIDENDS

Non-equity:

5.6% cumulative preference - proposed	9	9
10.5% second preference - proposed	17	17

Equity:

Ordinary	- interim paid	200	80
	- proposed final	680	320
		<u>906</u>	<u>426</u>

6 TANGIBLE FIXED ASSETS

	Land and buildings		Plant and	Total
	Freehold	Short	equipment	
	£'000	leasehold	£'000	£'000
Cost				
1st January 1994	34	10,347	14,046	24,427
Additions	-	1,121	1,847	2,968
Disposals	-	-	(2,752)	(2,752)
31st December 1994	<u>34</u>	<u>11,468</u>	<u>13,141</u>	<u>24,643</u>
Depreciation				
1st January 1994	-	2,612	8,317	10,929
Charge for the year	-	397	1,064	1,461
On disposals	-	-	(2,752)	(2,752)
31st December 1994	<u>-</u>	<u>3,009</u>	<u>6,629</u>	<u>9,638</u>
Net book amount				
31st December 1994	<u>34</u>	<u>8,459</u>	<u>6,512</u>	<u>15,005</u>
31st December 1993	<u>34</u>	<u>7,735</u>	<u>5,729</u>	<u>13,498</u>

THE PARK LANE HOTEL PLC

NOTES ON THE FINANCIAL STATEMENTS (continued)

7 INVESTMENTS

	Listed £'000	Unlisted £'000	Total £'000
Cost			
1st January 1994	1	95	96
Additions	-	4	4
	<u>-</u>	<u>4</u>	<u>4</u>
31st December 1994	1	99	100
Provision for diminution in value			
1st January 1994 and 31st December 1994	-	75	75
	<u>-</u>	<u>75</u>	<u>75</u>
Net book amount at 31st December 1994	1	24	25
	<u>1</u>	<u>24</u>	<u>25</u>
Net book amount at 31st December 1993	1	20	21
	<u>1</u>	<u>20</u>	<u>21</u>
		1994	1993
		£'000	£'000
Valuation at 31st December 1994			
Listed - market value		6	8
Unlisted - directors' valuation		24	20
		<u>6</u>	<u>28</u>
		30	28
		<u>30</u>	<u>28</u>

The listed investments are quoted on The International Stock Exchange.

At 31st December 1994 unlisted investments included a holding of 15.0% (1993: 15.0%) of the issued ordinary share capital of Daniele Ryman Limited, a company registered in England and Wales.

8 STOCKS

Raw materials and consumables	613	606
	<u>613</u>	<u>606</u>

9 DEBTORS

Trade debtors	905	886
Other debtors	63	87
Prepayments and accrued income	476	408
Deferred taxation	100	10
Advance corporation tax recoverable	-	161
	<u>1,544</u>	<u>1,552</u>

With the exception of deferred taxation all debtors fall due for payment within one year.

THE PARK LANE HOTEL PLC

NOTES ON THE FINANCIAL STATEMENTS (continued)

	1994 £'000	1993 £'000
10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade creditors	698	588
Fixed asset creditors	186	-
Advance corporation tax on proposed dividends	177	87
Advance corporation tax on dividends paid	50	23
Corporation tax	214	2
Other taxes and social security costs	508	397
Accruals and deferred income	375	403
Proposed dividends	706	346
	<u>2,914</u>	<u>1,846</u>
11 CALLED UP SHARE CAPITAL		
Authorised		
160,000 5.6% cumulative preference shares of £1 each	160	160
160,000 10.5% second preference shares of £1 each	160	160
8,000,000 ordinary shares of 25 pence each	2,000	2,000
	<u>2,320</u>	<u>2,320</u>
Allotted, called up and fully paid		
Non-equity shares:		
160,000 5.6% cumulative preference shares of £1 each	160	160
160,000 10.5% second preference shares of £1 each	160	160
Equity shares:		
4,000,000 ordinary shares of 25 pence each	1,000	1,000
	<u>1,320</u>	<u>1,320</u>

The non-equity interests, both of which are irredeemable, relate to 5.6 per cent. cumulative preference shares and 10.5 per cent. second preference shares and have the following rights:

1. an entitlement to payment of a fixed preferential dividend in priority to the ordinary shares.
2. an entitlement to repayment of capital in priority to the ordinary shares in the event of a winding up together with arrears of dividends.
3. preference shareholders do not have the right to attend or receive notice of general meetings of the company and may not vote at such meetings save in circumstances where dividends are more than six months in arrears.

THE PARK LANE HOTEL PLC

NOTES ON THE FINANCIAL STATEMENTS (continued)

	1994 £'000	1993 £'000
12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
Profit for the year after taxation	1,428	623
Dividends	(906)	(426)
Net addition to shareholders' funds	<u>522</u>	<u>197</u>
Opening shareholders' funds	14,975	14,778
Closing shareholders' funds	<u>15,497</u>	<u>14,975</u>
Analysis of shareholders' funds		
Non-equity shareholders' interests:		
5.6% cumulative preference share capital	160	160
10.5% second preference share capital	160	160
	<u>320</u>	<u>320</u>
Equity shareholders' interests:		
Ordinary share capital	1,000	1,000
Profit and loss account	14,177	13,655
	<u>15,177</u>	<u>14,655</u>
Shareholders' funds	<u>15,497</u>	<u>14,975</u>

THE PARK LANE HOTEL PLC

NOTES ON THE FINANCIAL STATEMENTS (continued)

	1994 £'000	1993 £'000
13 PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred taxation		
Movement in provision:		
1st January 1994	(10)	(59)
Profit and loss account	-	(11)
Advance corporation tax	(90)	60
31st December 1994	(100)	(10)
The amount provided for deferred taxation and the amount unprovided at 33% (1993: 33%) are set out below:		
Provided		
Short term timing difference	77	77
Advance corporation tax recoverable	(177)	(87)
31st December 1994	(100)	(10)
Unprovided		
Capital allowances	2,785	2,566
14 RECONCILIATION OF OPERATING PROFIT TO CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit	1,744	498
Depreciation	1,461	1,320
(Increase)/decrease in stocks	(7)	130
(Increase)/decrease in debtors	(63)	32
Increase/(decrease) in creditors	193	(196)
Net cash inflow from operating activities	3,328	1,784
15 RECONCILIATION OF MOVEMENTS IN CASH AND CASH EQUIVALENTS WITH BALANCE SHEET ITEMS		
At start of year	1,144	1,673
Net cash inflow/(outflow)	80	(529)
At end of year	1,224	1,144
Change in year		
£'000		
Cash at bank and in hand	60	224
Short term deposits	20	1,000
Cash and cash equivalents	80	1,224

THE PARK LANE HOTEL PLC

NOTES ON THE FINANCIAL STATEMENTS (continued)

	1994 £'000	1993 £'000
16 CAPITAL COMMITMENTS		
Capital commitments at the end of the financial year, for which no provision has been made, are as follows:		
Contracted	118	102
Authorised by the directors but not contracted	2,083	1,199
	<u>2,201</u>	<u>1,301</u>

17 OPERATING LEASE COMMITMENTS

The company had annual commitments under operating leases as follows:

Plant and machinery		
On leases expiring in two to five years	56	56
	<u>56</u>	<u>56</u>
Land and buildings		
On leases expiring after five years	13	13
	<u>13</u>	<u>13</u>

18 PENSIONS

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with an insurance company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. Contributions to the scheme are determined by an actuary on the basis of triennial valuations whereby the future expected income and outgoings are projected over 20 years. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment return would be 9.0% per annum, salaries would increase by 7.5% per annum and pensions would increase by 3.0% per

annum. The most recent actuarial valuation of the principle asset of the scheme on 1st December 1992 was £1,483,000 which represented 132% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The pension charge for the year was £67,000 (1993: £77,000) and the contributions of the company and employees were approximately 7.9% and 5% of earnings respectively. Included in debtors is an amount prepaid of £109,000 (1993: £102,000) in respect of these contributions. The company also operates a non-contributory defined contribution scheme for one of its directors. The assets of the scheme are held separately from those of the company, being invested with an insurance company. The pension charge for the year was £260,000 (1993: £162,000). Included in debtors is an amount prepaid of £119,000 (1993: £119,000) in respect of the normal contribution.

THE PARK LANE HOTEL PLC

FIVE YEAR SUMMARY

	1994	1993	1992	1991	1990
£'000					
Turnover	13,690	10,985	11,482	11,226	13,671
Profit before taxation and exceptional items	1,779	621	1,036	1,380	2,645
Dividends	906	426	626	646	1,046
Capital expenditure	2,968	1,961	935	1,251	2,055
Shareholders' funds	<u>15,497</u>	<u>14,975</u>	<u>14,778</u>	<u>14,126</u>	<u>13,763</u>
 Pence per ordinary share					
Earnings	<u>35.1</u>	<u>14.9</u>	<u>31.3</u>	<u>24.6</u>	<u>43.3</u>
Dividends	<u>22.0</u>	<u>10.0</u>	<u>15.0</u>	<u>15.5</u>	<u>25.5</u>