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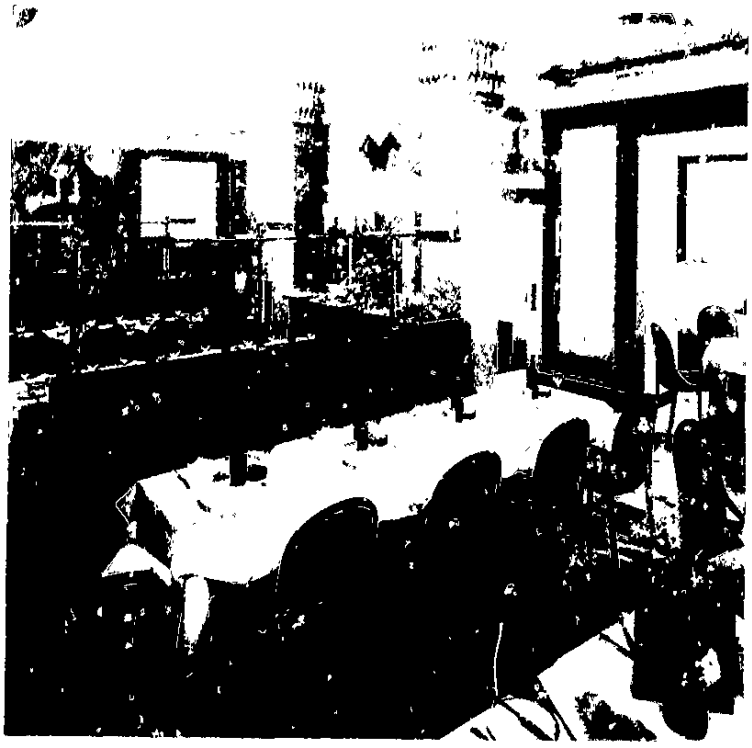
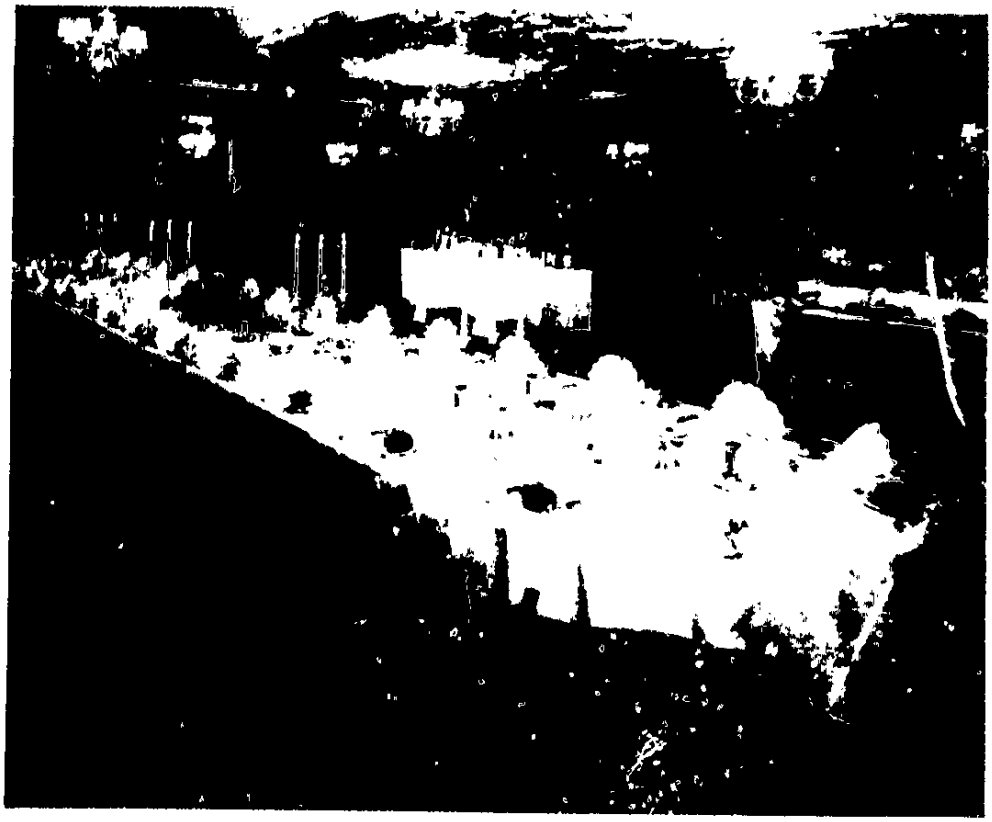
The Park Lane Hotel plc
Report and Accounts 1985





The Park Lane Hotel plc

REPORT AND ACCOUNTS
31st December 1985

Inside cover illustrations
Front—top: Brasserie on the Park
bottom: Oak Room
Back—top: Ballroom entrance
bottom: Ballroom

The Park Lane Hotel plc

REPORT AND ACCOUNTS
31st December 1985

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The Park Lane Hotel plc

Directors	Clive E. B. L. Carr, *(Chairman and managing director)* Eileen Armstrong Frederick W. Davis Carol Gault Paul H. T. Hanson Denis A. Rutland
Secretary	G. Baker, F.S.C.A.
Registered office	49 Brick Street London W1Y 8EB
Auditors	Wm. Robertshaw & Myers Chartered Accountants 76 Cavendish Street Keighley West Yorkshire BD21 3SR
Solicitors	Heald Nickinson 48 Bedford Square London WC1B 3DS
Registrars	Ravensbourne Registration Services Limited Bourne House 34 Beckenham Road Beckenham BR3 4TU

COMPANIES REGISTRATION
L C
17 JUL 1986

The Park Lane Hotel plc

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the sixty-seventh Annual General Meeting of the company will be held at The Park Lane Hotel on Thursday, 5th June, 1986, at 12.15 p.m. for the following purposes:

1. To receive and adopt the directors' report and accounts for the year ended 31st December, 1985.

2. To approve dividends.

3. To re-elect directors as referred to in the directors' report.

4. To renew the authority of the directors to allot relevant securities under article 4 of the Articles of Association.

5. To re-appoint Wm. Robertshaw & Myers as auditors and to authorise the directors to fix their remuneration.

6. To consider and if thought fit pass the following Ordinary Resolution pursuant to section 319 of the Companies Act 1985:
   "That a term of the Service Agreement to be entered into between the Park Lane Hotel plc and Mr. C. E. B. L. Carr commencing on 1st day of January 1987, reading as set out hereunder, be and is hereby approved·
   'The appointment shall continue as hereinafter provided for a term expiring on the 30th day of June, 1994'."

7. To transact any other ordinary business of the company.

49 Brick Street
London
W1Y 8EB
27th March 1986

By order of the Board
G. B. Baker
Secretary

Document for inspection:
A copy of the proposed Service Agreement, which is the subject of Resolution No. 6, will be available for inspection at the Registered Office of the Company during normal business hours on any weekday (Saturdays and public holidays excluded) from the date of this notice until the date of the Annual General Meeting and at the Annual General Meeting from at least 15 minutes prior to and until the conclusion of the Annual General Meeting.

A member entitled to vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the company.

Accounts are sent to all members of the company but only ordinary shareholders are entitled to vote at this meeting.

The Park Lane Hotel plc

CHAIRMAN'S STATEMENT

Trading in 1985

In my statement last year I indicated that 1985 forward bookings were more buoyant than they had ever been. I am pleased therefore to report that our early optimism was realised and we achieved the highest ever turnover and profit in your company's history. Our turnover increased by £1,957,000 to a record of £10,280,000 and pre-tax profits increased by £824,000 to £2,606,000.

I feel that these results reflect favourably on the policy your Board has pursued in continuing with its schemes of modernisation and improvement of the facilities available to our guests whilst maintaining the traditional standards of The Park Lane Hotel.

Dividend

Your Board believes that members should benefit from your company's record performance and recommends a final dividend of 9 pence net per ordinary share. This, together with the interim dividend of 3.25 pence net per ordinary share already paid, will make a total of 12.25 pence net per ordinary share; an increase of 63.3%.

Development Programme

Our capital expenditure programme has included the completion of the roof work and the conversion of the boilers to the use of gas.

The computerisation of the reception/cashier department, to which I referred in last year's statement, has proved extremely successful and it is envisaged that the accounts department will be fully computerised by the end of 1986 together with the various points of sale.

Continuing our policy of offering improved in-house facilities to our guests, I am delighted to report that 'The Brasserie on the Park' opened in February. It has been very well received and has made an excellent start.

Our future developments will include the replacement of the lifts, further modernisation of the reception area and the air conditioning of public areas and bedrooms.

Trading in 1986

Trading in early 1986 indicates that the industry is likely to be very considerably affected by the events which have been so widely reported in the national press. The reluctance of prospective visitors to travel on an international scale is becoming more and more apparent and tourism will suffer. Such events are outside our control, but we are taking vigorous measures to mitigate the consequent effects by stepping up our sales drive and maintaining stringent control of costs.

However, the prospects for the current year must be viewed with the utmost caution.

Shareholders' Discounts

The very popular shareholders' discount scheme has been extended to 31st March, 1987.

Shareholders benefit from a 15% discount off the single room rate and are offered a twin/double room at the single rate. In addition, the discount on Executive and Court Suites will be 50%. For reservations, please call our reservations manager on 01-499 6321 and quote your shareholders promotion number 001/5D.

A Bracewells Fine Wine Discount Card has been included in the discount scheme this year, entitling shareholders to a 25% reduction in the wine prices when they use Bracewells Restaurant.

Personnel

My statement would be incomplete if I did not on behalf of shareholders and the Board record our appreciation of all our staff for their contribution to such a successful year. They have maintained the friendliness and helpfulness for which your hotel is well known, despite the record increase in activity in every department.

The outstanding employees have been:

Carol Grimshaw	Telephone Department
Helen Bower	Reception Department
Michael Wint	Kitchen Department

who were jointly elected Employees of the Year for 1985. I congratulate them on their election and thank all our staff for their efforts in 1985.

CLIVE E. B. L. CARR,
Chairman

The Park Lane Hotel plc

DIRECTORS' REPORT

The directors present their annual report, together with the accounts of the company for the year ended 31st December 1985.

Results and dividends
The profit for the year before taxation is £2,606,000 and details are contained in the profit and loss account on page 7. The amount transferred to reserves is £1,247,000.

The dividend on the 5.6% cumulative preference shares of £1 each was paid on 1st January 1986.

The directors recommend the payment of a dividend of 10.5 pence per share on the second preference shares of £1 each.

An interim dividend of 3.25 pence per share on the ordinary 25 pence shares was paid on 20th December 1985 and the directors recommend the payment of a final dividend of 9 pence per share making 12.25 pence per share for the year compared with 7.5 pence per share for 1984. Together with the related tax credit this represents a gross equivalent of 17.319 pence per share (1984 — 10.714 pence per share). These dividends will, if approved, be paid on 1st July 1986 to shareholders registered on 3rd June 1986.

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

Principal activity
The principal activity of the company was the operation of The Park Lane Hotel.

Business review
A review of the company's business during the financial year, and of the position at the end of the year, and of future prospects, is given in the statement by the Chairman on page 5.

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

Fixed assets
Changes in the fixed assets of the company are shown in note 6 of the accounts.

Directors and their interests
Mrs. C. Gault and P. H. T. Hanson are the directors to retire by rotation and, being eligible, offer themselves for re-election. The directors of the company during the year ended 31st December 1985 and their interests in the shares of the company were as follows:-

	31st December 1985			1st January 1985		
	Ordinary	Preference	Second Preference	Ordinary	Preference	Second Preference
C. E. B. L. Carr	166,527	7,815	2,573	162,697	7,773	2,361
Mrs. E. Armstrong	989,549	18,320	23,433	1,084,629	18,320	23,433
F. W. Davis	1,316,433	11,978	49,237	1,416,433	11,978	49,237
Mrs. C. Gault	164,884	152	2,699	164,334	110	2,487
P. H. T. Hanson	410,325	5,803	30,921	410,325	5,803	30,921
D. A. Rutland	6,950	676	576	6,500	660	500

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

Donations
Donations to charitable organisations amounted to £1,758. There were no political contributions during the year.

Employment of disabled persons
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.

Close company status
The close company provisions of the Income and Corporation Taxes Act 1970 apply to the company.

Auditors
Messrs. Wm. Robertshaw & Myers have indicated their willingness to continue as auditors. A resolution to reappoint them, under the provisions of section 384(1) of the Companies Act 1985, will be proposed at the annual general meeting.

49 Brick Street
London W1Y 8EB
27th March 1986

By order of the Board
G. B. Baker
Secretary

The Park Lane Hotel plc

PROFIT AND LOSS ACCOUNT
For the year ended 31st December 1985

	Note	1985 £'000	1984 £'000
Turnover	1	**10,280**	8,323
Cost of sales		**6,470**	5,662
Gross profit		**3,810**	2,661
Administration expenses		**1,277**	935
Operating profit	2	**2,533**	1,726
Income from investments and deposits	3	**73**	56
Profit on ordinary activities before taxation		**2,606**	1,782
Taxation on profit on ordinary activities	4	**844**	188
		1,762	1,594
Surplus on investments realised		**1**	—
		1,763	1,594
Dividends	5	**516**	326
Retained profits		**1,247**	1,268

The notes on pages 10 to 15 form part of these accounts.

Reg No 152192

The Park Lane Hotel plc

BALANCE SHEET
At 31st December 1985

	Note	1985 £'000	1985 £'000	1984 £'000	1984 £'000
Fixed assets					
Tangible assets	6		**8,271**		6,966
Payments on account			**246**		45
Investments	7		**43**		35
			8,560		7,046
Current assets					
Stocks	8	**408**		327	
Debtors	9	**1,637**		1,500	
Short term deposits		**900**		450	
Cash at bank and in hand		**156**		97	
		3,101		2,374	
Creditors: amounts falling due within one year	10	**1,843**		1,369	
Net current assets			**1,258**		1,005
Total assets less current liabilities			**9,818**		8,051
Creditors: amounts falling due after more than one year					
Corporation tax			**632**		112
			9,186		7,939
Capital and reserves					
Called up share capital	11		**1,320**		1,320
Profit and loss account	12		**7,866**		6,619
			9,186		7,939

Chris Cam
} Directors

Approved by the Board of Directors on 27th March 1986

We hereby certify this to be a true copy of the last and only Balance Sheet laid before the Company during the period to which this return relates and a copy of the Report of the Auditors and of the Directors.

The notes on pages 10 to 15 form part of these accounts

Chris Cam DIRECTOR

DIRECTOR

The Park Lane Hotel plc

FUNDS STATEMENT
Year ended 31st December 1985

	1985		1984	
	£'000	£'000	£'000	£'000
Sources of funds				
Profit before taxation		**2,606**		1,782
Surplus on investments realised		**1**		--
Investments realised		**105**		—
Depreciation		**533**		457
Disposal of fixed assets		**2**		2
Taxation recovered		**—**		3
Short term deposits		**—**		207
		3,297		2,451
Application of funds				
Capital expenditure		**2,09?**		1,619
Dividends paid		**376**		256
Taxation paid		**140**		77
Investments and short term deposits		**563**		5
Increase in working capital				
Stock	**81**		21	
Debtors	**136**		527	
Creditors	**(149)**		(83)	
		68		465
		3,238		2,422
Increase in cash and bank balances		**59**		29

The Park Lane Hotel plc

NOTES TO THE ACCOUNTS

1 Accounting policies

(a) Accounting convention
The accounts are prepared under the historical cost convention.

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

(c) Depreciation
With effect from 1st January 1977 expenditure on building improvements and plant and equipment are shown as additions to fixed assets. From this date depreciation, where applicable, has been provided on a straight line basis as follows:
Freehold land and buildings – none.
Leasehold land and buildings – to write off expenditure incurred over the unexpired term of the lease.
Plant and equipment – to reduce each class of asset to its residual value over its estimated useful life.

(d) Deferred taxation
Deferred taxation is provided at 35% on timing differences which, in the opinion of the directors, may increase taxation liabilities in the foreseeable future.

(e) Advance corporation tax
Advance corporation tax on dividends paid is written off in the accounting period concerned where the recoverability against mainstream corporation tax is not reasonably certain and foreseeable.

(f) Turnover
Turnover represents the amounts receivable for goods sold and services provided net of value added tax.

(g) Leasing commitments
Rentals paid under operating leases are charged to income as incurred.

(h) Repairs
Repairs are charged to income as incurred.

2 Operating profit is stated after charging:

	1985 £'000	1984 £'000
Cost of sales		
Depreciation	**583**	457
Hire of plant and equipment	**19**	18
Other costs	**5,868**	5,187
	6,470	5,662
Administration expenses		
Auditors' remuneration	**12**	11
Directors' remuneration	**208**	164
Other expenses	**1,057**	760
	1,277	935

NOTES TO THE ACCOUNTS *continued*

2 Operating profit is stated after charging (continued)

Directors' emoluments

Excluding pension contributions, the emoluments of the Chairman, who is also the highest paid director, were £164,023 (1984 – £121,915). The emoluments of the other directors were within the following ranges:-

£	1985 number	1984 number
0 – 5,000	3	4
5,001 – 10,000	1	1
20,001 – 25.000	1	1

Mrs. E. Armstrong waived her director's fee of £5,000.

The average weekly number of employees during the year was as follows:	332	317
Staff costs:	£'000	£'000
Wages and salaries (including directors)	2,645	2,365
Social security costs	231	218
Directors' pension contributions	55	25
Other pension costs	67	66
	2,998	2,674

3 Income from investments and deposits

Listed	24	15
Short term deposit	49	41
	73	56

4 Taxation

U.K. corporation tax at 41.25% (1984 – 46.25%) on profits for the year	814	316
Tax credits on franked investment income	7	4
Deferred taxation	23	67
Advance corporation tax previously written off	—	(199)
	844	188

NOTES TO THE ACCOUNTS *continued*

5 Dividends	1985 £'000	1984 £'000
Preference 5.6% net	9	9
Proposed second preference 10.5% net	17	17
Ordinary -- paid	130	80
– proposed	360	220
	516	326

6 Tangible fixed assets

	Land and buildings		Plant and equipment	Total	Total
	Freehold £'000	Short leasehold £'000	£'000	£'000	£'000
Cost:					
1st January	34	4,839	4,410	9,283	7,714
Additions	—	774	1,116	1,890	1,574
	34	5,613	5,526	11,173	9,288
Disposals	—	—	8	8	5
31st December	34	5,613	5,518	11,165	9,283
Depreciation:					
1st January	—	771	1,546	2,317	1,863
On disposals eliminated	—	—	6	6	3
	—	771	1,540	2,311	1,860
Current year	—	124	459	583	457
31st December	—	895	1,999	2,894	2,317
Balance sheet value	34	4,718	3,519	8,271	6,966

Cost represents initial expenditure incurred on equipping the hotel in its original form, together with additions at cost less the original purchase price of items sold and not replaced.

NOTES TO THE ACCOUNTS *continued*

		1985 £'000	1984 £'000
7	**Investments**		
	Cost:		
	Listed	**29**	29
	Unlisted	**14**	6
		43	35
	Valuation:		
	Listed — market value	**518**	662
	Unlisted — directors' valuation	**14**	6
		532	668
	The listed investments are quoted on a recognised stock exchange		
8	**Stocks**		
	Raw materials and consumables	**408**	327
9	**Debtors**		
	Amounts falling due within one year:		
	Trade debtors	**1,325**	1,259
	Other debtors	**2**	4
	Prepayments and accrued income	**248**	176
		1,575	1,439
	Amount falling due after one year:		
	Deferred taxation (see note 14)	**62**	61
		1,637	1,500
10	**Creditors:** amounts falling due within one year		
	Trade creditors	**675**	589
	Current corporation tax	**316**	131
	Other taxes and social security costs	**294**	245
	Other creditors	**4**	4
	Accruals	**168**	154
	Proposed dividends	**386**	246
		1,843	1,369

NOTES TO THE ACCOUNTS *continued*

		1985 £'000	1984 £'000
11	**Share capital**		
	Authorised:		
	Preference 5.6% cumulative shares of £1 each	**160**	160
	Second 10.5% preference shares of £1 each	**160**	160
	Ordinary shares of 25 pence each	**2,000**	2,000
		2,320	2,320
	Allotted, called up and fully paid:		
	Preference 5.6% cumulative shares of £1 each	**160**	160
	Second 10.5% preference shares of £1 each	**160**	160
	Ordinary shares of 25 pence each	**1,000**	1,000
		1,320	1,320
12	**Profit and loss account**		
	At 1st January	**6,619**	5,351
	This year	**1,247**	1,268
	At 31st December	**7,866**	6,619
13	**Capital commitments**		
	Contracted	**720**	950
	Authorised but not contracted	**330**	400
		1,050	1,350

NOTES TO THE ACCOUNTS *continued*

		1985 £'000	1984 £'000
14	**Deferred taxation**		
	The potential amount of deferred taxation on all timing differences calculated on the liability method is shown below together with the amount provided against this liability.		
	Potential liability:-		
	Capital allowances	**1,660**	1,455
	Short term timing differences	**5**	2
		1,665	1,457
	Advance corporation tax on dividends	**152**	128
		1,513	1,329
	Amount provided — movement in provision:		
	At 1st January	**67**	—
	Profit and loss account	**23**	67
	At 31st December	**90**	67
	Net debtor:		
	Advance corporation tax on dividends	**152**	128
	Less amount provided	**90**	67
	Net debtor (see note 9)	**62**	61
15	**Contingent liabilities**		
	There is a contingent liability for deferred taxation not provided (see note 14).	**1,575**	1,390
	Subject to the above there are no material contingent liabilities other than those arising in the normal course of business.		

The Park Lane Hotel plc

REPORT OF THE AUDITORS

To the members of The Park Lane Hotel plc

We have audited the accounts on pages 7 to 15 in accordance with approved auditing standards. In our opinion, the accounts set out on pages 7 to 15 which have been prepared on the basis of the accounting policies set out on page 10, give a true and fair view of the state of affairs of the company at 31st December, 1985 and of the profit and source and application of funds of the company for the year to that date and comply with the Companies Act 1985.

Keighley
27th March 1986

Wm. Robertshaw & Myers.
Chartered Accountants.

FIVE YEAR STATISTICS

	1985 £'000	1984 £'000	1983 £'000	1982 £'000	1981 £'000
TURNOVER	**10,280**	8,323	6,238	4,011	3,040
OPERATING PROFIT (LOSS)	**2,533**	1,726	932	(119)	(373)
PROFIT (LOSS) BEFORE TAX	**2,606**	1,782	965	(80)	(244)
DIVIDENDS	**516**	326	176	108	104
SHAREHOLDERS INVESTMENT	**9,186**	7,939	6,671	5,954	5,924
EARNINGS PER ORDINARY SHARE pence	**43.4**	39.2	21.6	NOT COMPARABLE DUE TO CAPITAL RECONSTRUCTION	
DIVIDENDS PER ORDINARY SHARE pence	**12.25**	7.5	3.75		

DIXON & SLEE LIMITED CROSS HILL, NR KEIGHLEY.