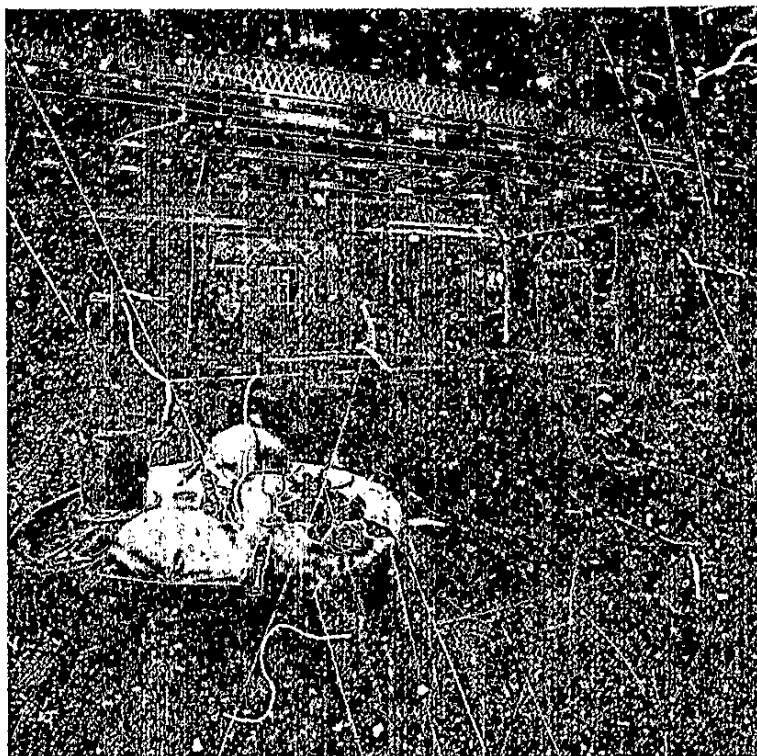


REPORT and
ACCOUNTS 1988

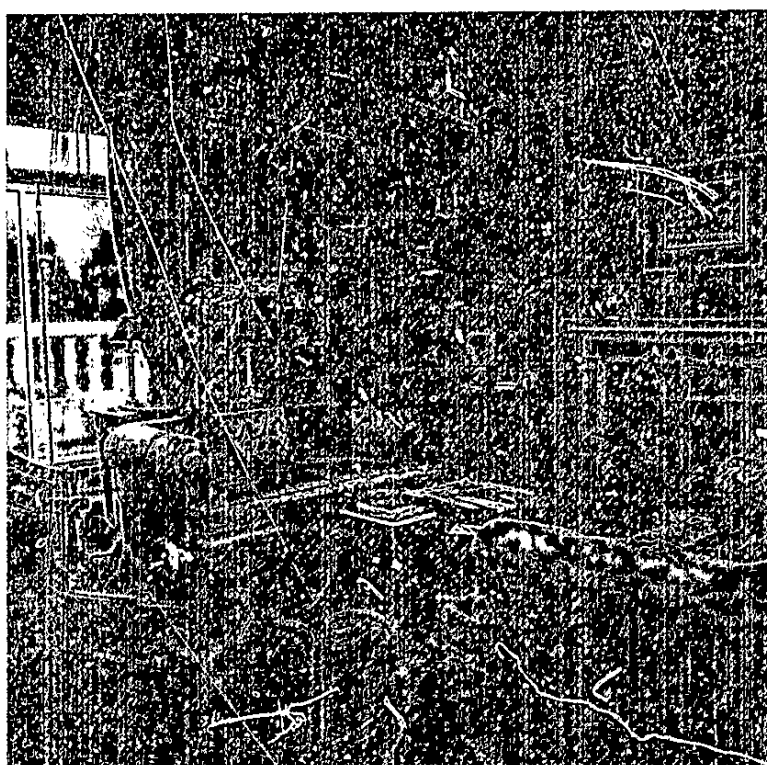

The Park Lane Hotel
PICCADILLY



The Tudor Rose Room



The York Suite Sitting Room



The Park Lane Hotel plc

REPORT AND ACCOUNTS 31st December 1988

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The Park Lane Hotel plc

Directors	Clive E.B.L. Carr, (<i>Chairman and managing director</i>) Eileen Armstrong Frederick W. Davis Carol Gault Paul H.T. Hanson Denis A. Rutland
Secretary	G.B. Baker, F.S.C.A.
Registered office	49 Brick Street London W1Y 8EB
Auditors	Peat Marwick McLintock 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

The Park Lane Hotel plc

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the seventieth Annual General Meeting of the company will be held at The Park Lane Hotel on Tuesday 13th June 1989 at 12.30pm for the following purposes:-

1. To receive and adopt the directors' report and accounts for the year ended 31st December 1988.
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 Post Marwick McLintock as auditors and to authorise the directors to fix their remuneration.
6. To transact any other ordinary business of the company.

49 Brick Street
London W1Y 8EE
11th May 1989

By order of the Board
G.B. Baker
Secretary

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 1988.

In my statement to you last year I reported that trading for the first four months of 1988 was ahead of the previous year but, because of the strength of sterling against other major currencies, the rest of the year would have to be viewed with caution. This concern turned out to be all too justified as the summer tourist season from May to the end of August for our category of hotel was as slack as any I can recall. However trading for the last four months of the year improved to such an extent that profits were actually edged marginally ahead of those for 1987. At £2,280,000 they were the second highest in the company's history.

This outcome was due in large part to the morale of our managers, who were successful in obtaining new business. Our outstanding achievement was in the Banqueting and Function Department where turnover was up by 36% despite the fact that the Tudor Room (now the Tudor Rose Room) was taken off for refurbishment for two months.

It is interesting to note from management accounts that, apart from the summer tourist season, our trading last year was comfortably at an all time high.

Dividends

Your Board is pleased to recommend a final dividend of 12.25p per ordinary share. This, together with the interim dividend of 5p per ordinary share already paid, will make a total of 17.25p per ordinary share compared with 16p per share for 1987. The total cost of the increased dividend on ordinary shares is more than twice covered by post-tax profits.

Development

We have continued the programme of up-grading bedrooms and, as at this Spring, we have effectively brought all bedrooms up to a high standard. Of course, in order to continue to advance our position in the market, further improvements will be made on an ongoing basis.

All corridors have now been refurbished. They had been rather institutional and depressing and the changes are most effective.

The transformation of the Tudor Room into the Tudor Rose Room has been an outstanding success. It is now generally regarded as one of the finest banqueting rooms of its size in London.

This summer we plan a major refurbishment of Bracewells, our main restaurant, which continues to receive excellent reviews.

The Oak Room, which is our third largest banqueting room, is also to be redecorated at this time.

In addition to the improvements to the visual aspects of the hotel, the new installation of the most modern telephone switchboard should be completed this month.

Steigenberger

I am delighted to announce that we joined the prestigious Steigenberger Reservation Service (SRS) as an "International DeLuxe Hotel" on 1st January this year.

To achieve this, we had to undertake certain further improvements in the amenities for our guests - the most significant of which is the new Business Centre on the first floor. This offers guests full secretarial facilities including such refinements as Word Processing in English and Japanese.

SRS is particularly strong in Europe and therefore fits well into our strategy of increasing market share from this area.

Other hotels in the SRS International De Luxe category include the Dorchester in London, The Crillon in Paris, The Grand in Stockholm, The Imperial in Tokyo, The Goodwood Park in Singapore, The Omni Berkshire Place in New York and The Portman in San Francisco.

The Park Lane Hotel plc

CHAIRMAN'S STATEMENT (continued)

Women Guests

The SRS news sheet for March 1989 states: "The Business Woman's Travel Club reveals that businesswomen want to be given the same treatment and to receive equal standards to those of their male counterparts."

It recommends:

- * "More attention paid by hotels to security - spy holes and security chains on doors, room numbers kept confidential, well-lit corridors, women asked their preference in the situation of their rooms.
- * Car parks well-lit and a car jockey service provided, especially at night.
- * Bar and restaurant staff should endeavour to make women feel at ease.
- * Standard amenities should include hairdriers, wardrobe with space for longer garments, well-lit make-up mirrors, toiletries, irons, ironing boards and bathrobes"

It is pleasing to report that your hotel offers all these facilities.

Trading in 1989

Trading in the first four months was ahead of last year's figure. Although we cannot be certain, current signs are that tourist activity this Summer will be at a better level than in 1988.

Shareholders Discounts

We have retained the very popular discount scheme. Shareholders may benefit from either a 20% discount off the single room rate, or occupy a twin/double room at the single rate. Executive Rooms and Court Suites are also available to shareholders at 35% discount.

The scheme has been extended to 31st March 1990 and shareholders may make their reservations by calling our Reservations Manager on 01-499-6321 giving their shareholders' promotion number 001/SD.

Personnel

The main staff news is that we have relocated our Personnel Department into the Maintenance Block. This makes not only for a more efficient operation but also for an improvement in security as it keeps people seeking employment out of the main body of the hotel. We have added to the complement of this department by the appointment of a training officer with the intention of further improving standards. All this recognises the growing importance of personnel management in such areas as recruiting, training, Health and Safety and staff relations.

We congratulate John Halton, one of our young Chefs working in our Bracewells Restaurant, on coming second in the Young Master Chefs of The Year Competition. This was open to all staff employed by Master Chefs in the United Kingdom. Both Nigel Frost, Hotel Executive Chef and David Ryan, Bracewells Chef, are Master Chefs.

The reputation of our staff for friendly, efficient service continues. The following were jointly elected employees of the year for 1988:

Irene Dalton
Julie Woodroffe
Amanda Wroe
Denis Walker

Advance Reservations
Main Kitchen
Switchboard
Banqueting Casual

I am sure that shareholders will wish to join me in offering congratulations to them and also thanks to all our staff for working so well in what has been a demanding year.

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 1988.

Results and dividends

The profit for the year before taxation is £2,280,000 and details are contained in the profit and loss account on page 7. The amount transferred to reserves is £766,000.

The dividend on the 5.6% cumulative preference shares of £1 each was paid on 1st January 1989.

The directors recommend the payment of a dividend of 12.5 pence per share on the second preference shares of £1 each.

An interim dividend of 5 pence per share on the ordinary 25 pence shares was paid on 3rd January 1989 and the directors recommend the payment of a final dividend of 12.25 pence per share making 17.25 pence per share for the year compared with 16 pence per share for 1987. Together with the related tax credit this represents a gross equivalent of 23 pence per share (1987 - 21.515 pence per share). These recommended dividends will, if approved, be paid on 3rd July 1989 to shareholders registered on 2nd June 1989.

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 pages 4 and 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 to the accounts.

Directors and their interests

Mrs E. Armstrong and Mr 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 1988 and their interests in the shares of the company were as follows:-

	31st December 1988			1st January 1988		
	Ordinary	Preference	Second Preference	Ordinary	Preference	Second Preference
C.E.B.L. Carr	167,658	7,815	2,573	167,658	7,815	2,573
Mrs E. Armstrong	991,061	18,320	23,433	991,061	18,320	23,433
F.W. Davis	1,316,433	11,978	49,237	1,316,433	11,978	49,237
Mrs C. Gault	164,884	152	2,699	164,884	152	2,699
P.H.T. Hanson	410,325	5,803	30,921	410,325	5,803	30,921
D.A. Rutland	7,500	676	576	7,500	676	576

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

Donations

Donations to charitable organisations amounted to £2,243. 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 1988 apply to the company.

Auditors

At the company's last annual general meeting Wm. Robertshaw & Co. were reappointed as auditors of the company. They are now practising under the name of Peat Marwick McLintock and accordingly they have signed the audit report in their new name. A resolution concerning their reappointment will be proposed at the annual general meeting.

49 Brick Street
London W1Y 8EB
11th May 1989.

By order of the Board
G.B. Baker
Secretary

The Park Lane Hotel plc

PROFIT AND LOSS ACCOUNT For the year ended 31st December 1988

	Note	1988 £'000	1987 £'000
Turnover	1	11,651	10,961
Cost of sales		7,884	7,353
Gross profit		3,767	3,608
Administration expenses		1,574	1,419
Operating profit	2	2,193	2,189
Income from investments and deposits	3	87	79
Profit on ordinary activities before taxation		2,280	2,268
Taxation on profit on ordinary activities	4	798	794
		1,482	1,474
Dividends	5	716	666
Retained profit for the financial year		766	808

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

The Park Lane Hotel plc

BALANCE SHEET At 31st December 1988

	Note	1988	1987
		£'000	£'000
Fixed assets			
Tangible assets	6	11,031	10,590
Investments	7	81	43
		<u>11,112</u>	<u>10,633</u>
Current assets			
Stocks	8	562	510
Debtors	9	1,901	1,514
Short term deposits		900	600
Cash at bank and in hand		422	544
		<u>3,785</u>	<u>3,168</u>
Creditors: amounts falling due within one year	10	<u>3,464</u>	<u>2,628</u>
Net current assets		<u>321</u>	<u>540</u>
Total assets less current liabilities		<u>11,433</u>	<u>11,173</u>
Creditors: amounts falling due after more than one year	11	-	(487)
Provisions for liabilities and charges	12	-	(19)
		<u>11,433</u>	<u>10,667</u>
Capital and reserves			
Called up share capital	13	1,320	1,320
Profit and loss account	14	10,113	9,347
		<u>11,433</u>	<u>10,667</u>

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

C.E.B.L. Carr - Directors

D.A. Rutland

Approved by the Board of Directors on 11th May 1989.

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

Chris Carr
Director

The Park Lane Hotel plc

FUNDS STATEMENT Year ended 31st December 1988

	1988		1987	
	£'000	£'000	£'000	£'000
Source of funds				
Profit on ordinary activities before taxation		2,280		2,268
Adjustments for items not involving the movement of funds:				
Depreciation of tangible fixed assets	931		852	
Profit on sale of tangible fixed assets	(2)		(3)	
Profit on sale of investments	(2)		-	
		<u>927</u>		<u>849</u>
Funds generated from operations		<u>3,207</u>		<u>3,117</u>
Funds from other sources				
Proceeds of sale of tangible fixed assets	6		9	
Proceeds of sale of investments	14		-	
		<u>20</u>		<u>9</u>
		<u>3,227</u>		<u>3,126</u>
Application of funds				
Purchase of tangible fixed assets	1,376		1,738	
Purchase of investments	50		-	
Dividends	466		616	
Taxation	604		837	
		<u>(2,496)</u>		<u>(3,191)</u>
Increase (decrease) in working capital		<u>731</u>		<u>(65)</u>
Components of increase (decrease) in working capital				
Stock	52		56	
Debtors	283		222	
Creditors	218		(246)	
Short term deposits	300		(402)	
		<u>853</u>		<u>(370)</u>
Movement in net liquid funds:				
Cash at bank and in hand		<u>(122)</u>		<u>305</u>
		<u>731</u>		<u>(65)</u>

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 valued 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. No depreciation is provided on freehold properties. Leasehold properties are amortised over the unexpired terms of the leases. All other tangible fixed assets are depreciated on a straight line basis at rates of between 4% pa and 25% pa.
- (d) 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.
- (e) Advance corporation tax
Advance corporation tax is written off unless its recoverability is 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(crediting):

	1988 £'000	1987 £'000
Depreciation of tangible fixed assets	931	652
Profit on sale of tangible fixed assets	(2)	(3)
Directors' emoluments		
As directors	39	34
Remuneration as executives (including pension contributions)	307	289
Hire of plant and machinery	10	10
Profit on sale of investments	(2)	-
Auditors remuneration	15	14

The Park Lane Hotel plc

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 £157,949 (1987 - £143,719). The emoluments of the other directors were within the following ranges:

£
5,001 - 10,000
10,001 - 15,000

One director waived fees amounting to £6,420.

The number of employees whose emoluments, excluding pension contributions, fell within the following ranges were:

£
30,001 - 35,000
35,001 - 40,000
40,001 - 45,000

The average weekly number of persons (including directors) employed by the company during the year was as follows:

	1988	1987
	number	number
	2	4
	2	1
	1	1
	1	2
	1	-
	307	305
	£'000	£'000
Staff costs:		
Wages and salaries	2,898	2,765
Social security costs	252	266
Other pension costs	223	216
	3,373	3,247
3 Income from investments and deposits		
Listed	27	22
Short term deposits	60	57
	87	79
4 Taxation		
U.K. corporation tax at 35% (1987 - 35%) on profits for the year	832	709
Tax credits on franked investment income	7	6
Deferred taxation	(41)	79
	798	794

The Park Lane Hotel plc

NOTES TO THE ACCOUNTS *continued*

				1988 £'000	1987 £'000
5 Dividends					
Preference 5.6% cumulative				9	9
Second 10.5% preference				17	17
Ordinary - interim				200	200
- final				490	440
				<hr/> 716	<hr/> 666
6 Tangible fixed assets					
	Land and buildings Freehold	Short leasehold	Plant and equipment		
	£'000	£'000	£'000	£'000	£'000
Cost					
1st January	34	6,571	8,435	15,040	13,334
Additions	-	761	615	1,376	1,738
	<hr/> 34	<hr/> 7,332	<hr/> 9,050	<hr/> 16,416	<hr/> 15,072
Disposals	-	-	17	17	32
	<hr/> 34	<hr/> 7,332	<hr/> 9,033	<hr/> 16,399	<hr/> 15,040
Depreciation					
1st January	-	1,184	3,266	4,450	3,624
On disposals eliminated	-	-	13	13	26
	<hr/> -	<hr/> 1,184	<hr/> 3,253	<hr/> 4,437	<hr/> 3,598
Current year charge	-	171	760	931	852
	<hr/> -	<hr/> 1,355	<hr/> 4,013	<hr/> 5,368	<hr/> 4,450
31st December	-	1,355	4,013	5,368	4,450
	<hr/> -	<hr/> 1,355	<hr/> 4,013	<hr/> 5,368	<hr/> 4,450
Balance sheet value	34	5,977	5,020	11,031	10,590
	<hr/> 34	<hr/> 5,977	<hr/> 5,020	<hr/> 11,031	<hr/> 10,590

Costs 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.

The Park Lane Hotel plc

NOTES TO THE ACCOUNTS *continued*

	1988 £'000	1987 £'000
7 Investments		
Cost:		
Listed	29	29
Unlisted	52	14
	<hr/>	<hr/>
	81	43
Valuation:		
Listed - market value	577	504
Unlisted - directors' valuation	52	14
	<hr/>	<hr/>
	629	518
	<hr/>	<hr/>
The listed investments are quoted on a recognised stock exchange.		
8 Stocks		
Raw materials and consumables	562	510
	<hr/>	<hr/>
9 Debtors		
Trade debtors	1,420	1,221
Other debtors	31	4
Prepayments and accrued income	346	289
Advance corporation tax (see note 12)	104	-
	<hr/>	<hr/>
	1,901	1,514
	<hr/>	<hr/>
Advance corporation tax is recoverable after more than one year.		
10 Creditors: amounts falling due within one year		
Trade creditors	669	1,074
Advance corporation tax	227	220
Corporation tax	1,170	373
Other taxes and social security	395	361
Other creditors	7	4
Accruals	280	130
Proposed dividends	716	466
	<hr/>	<hr/>
	3,464	2,628
	<hr/>	<hr/>

The Park Lane Hotel plc

NOTES TO THE ACCOUNTS *continued*

	1988 £'000	1987 £'000
11 Creditors: amounts falling due after more than one year		
Corporation tax (due 1st January 1989)	-	487
	<hr/>	<hr/>
12 Provisions for liabilities and charges		
Deferred taxation		
Movement in provision:		
Balance at 1st January	19	(59)
Profit and loss account	(41)	79
Advance corporation tax	(82)	(1)
	<hr/>	<hr/>
Balance at 31st December	(104)	19
	<hr/>	<hr/>
The amounts provided for deferred taxation and the amounts unprovided are set out below		
Provided:		
Capital allowances	94	104
Short term timing differences	34	65
Advance corporation tax recoverable	(232)	(150)
	<hr/>	<hr/>
	(104)	19
	<hr/>	<hr/>
Unprovided:		
Capital allowances	1,665	1,647
	<hr/>	<hr/>

The Park Lane Hotel plc

NOTES TO THE ACCOUNTS *continued*

	1988 £'000	1987 £'000
13 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
	<hr/> 2,320	<hr/> 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
	<hr/> 1,320	<hr/> 1,320
14 Profit and loss account		
At 1st January	9,347	8,539
Retained profit for the financial year	766	808
	<hr/> 10,113	<hr/> 9,347
15 Capital commitments		
Contracted	691	370
Authorised but not contracted	447	976
	<hr/> 1,138	<hr/> 1,346

The Park Lane Hotel plc

REPORT OF THE AUDITORS

To the members of The Park Lane Hotel plc

We have audited the accounts set out on pages 7 to 15 in accordance with Auditing Standards. In our opinion the accounts give a true and fair view of the state of affairs of the company at 31st December 1988 and of the profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

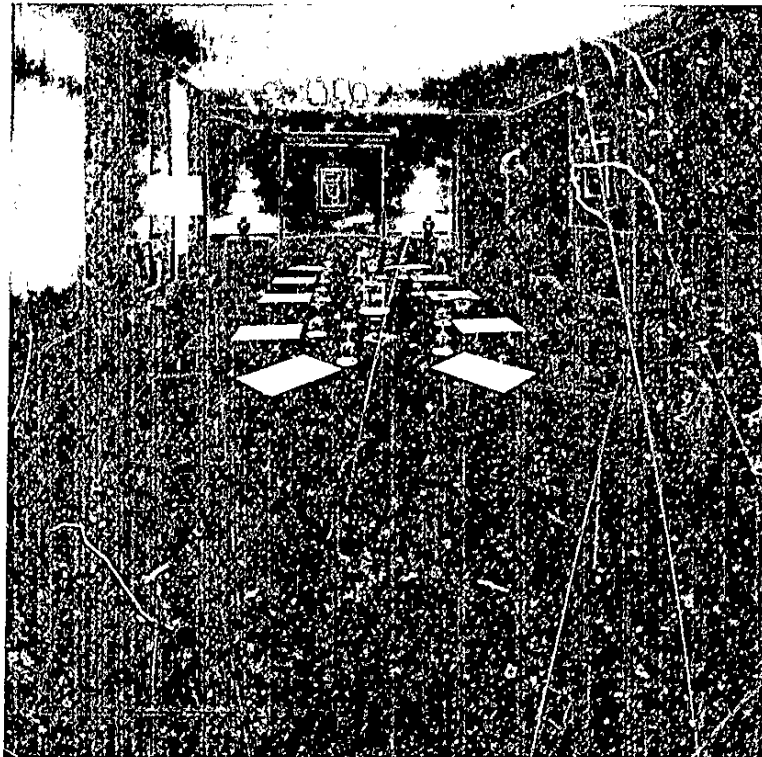
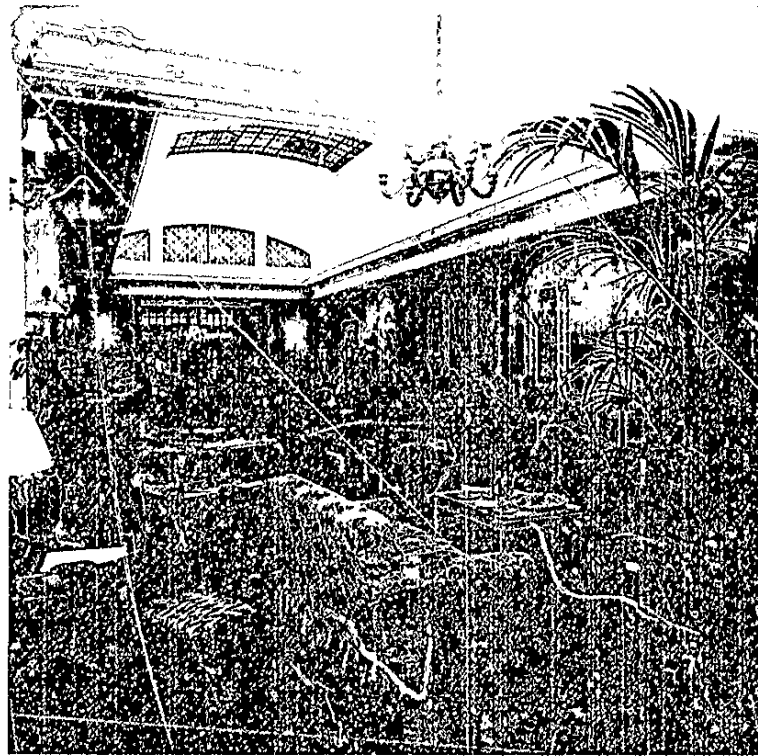
Keighley
11th May 1989

Peat Marwick McLintock
Chartered Accountants

FIVE YEAR STATISTICS

	1988 £'000	1987 £'000	1986 £'000	1985 £'000	1984 £'000
TURNOVER	11,651	10,961	9,127	10,280	8,323
PROFIT BEFORE TAX	2,280	2,268	1,803	2,606	1,782
DIVIDENDS	716	666	546	516	326
SHAREHOLDERS' INVESTMENT	11,433	10,667	9,859	9,186	7,939
EARNINGS PER ORDINARY SHARE pence	36.4	36.2	29.8	43.4	39.2
DIVIDENDS PER ORDINARY SHARE pence	17.3	16.0	13.0	12.3	7.5

The Palm Court Lounge



Suite arranged for Meeting