

Company Registration No. 596765 (England and Wales)

KING'S CHALETS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 1999



KING'S CHALETS LIMITED

COMPANY INFORMATION

Directors

J G King Esq
G I King Esq
R C Marson Esq
T Carlton Esq
Ecorps Managers Limited

Secretary

R C Marson Esq

Company number

596765 (England and Wales)

Registered office

2 Mountview Court
310 Friern Barnet Lane
London N20 0YZ

Auditors

Harris Lipman
2 Mountview Court
310 Friern Barnet Lane
London N20 0YZ

Business address

Kings Park
Canvey Island
Essex
SS8 8HE

Bankers

Barclays Bank Plc
PO Box No. 3735, 2 High Street
Chelmsford
Essex
CM1 1DS

KING'S CHALETS LIMITED

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KING'S CHALETS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 1999

The directors present their report and financial statements for the year ended 31 January 1999.

Principal activities and review of the business

The principal activity of the company continued to be that of operators of a caravan and chalet park.

The company continues to undertake major refurbishment work on its chalet accommodation as well as refurbishing and improving the camp facilities. During the year the company has significantly increased the number of mobile homes on the site.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

Future developments

The company continues to improve the park and increase the number of mobile homes with the aim of increasing profitability in the long term.

Year 2000

The directors have considered whether the company's operations could be adversely affected by malfunctions in computer or other equipment arising from errors in processing dates in the year 2000 and beyond.

No part of the company's current operations are critically dependent on computer or other equipment which could be affected by year 2000 problems.

Directors

The following directors have held office since 1 February 1998:

Mrs C B King	(Resigned 5 April 1999)
J G King Esq	
G I King Esq	
R C Marson Esq	
T Carlton Esq	
H W King Esq	(Resigned 16 March 1998)
Ecorps Managers Limited	(Appointed 16 March 1998)

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 January 1999	1 February 1998
Mrs C B King	4,000	4,000
J G King Esq	4,000	4,000
G I King Esq	4,000	4,000
R C Marson Esq	-	-
T Carlton Esq	-	-
Ecorps Managers Limited	-	-

Charitable contributions

During the year the company made charitable donations of £13,114 (1998: £2,517).

KING'S CHALETS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 1999

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Harris Lipman be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

By order of the board



J G King Esq

Director

Date : 22-11-99

KING'S CHALETS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF KING'S CHALETS LIMITED

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 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.

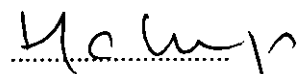
Basis of opinion

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 31 January 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Harris Lipman

Registered Auditors

2 Mountview Court

310 Friern Barnet Lane

London N20 0YZ

Date : 29th November 1999

KING'S CHALETS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 1999

		Year ended 31 January 1999 £	Year ended 31 January 1998 £
	Notes		
Turnover	2	4,506,787	4,291,417
Cost of sales		(1,973,735)	(1,844,368)
Gross profit		2,533,052	2,447,049
Administrative expenses		(2,635,677)	(2,477,877)
Other operating income		73,000	134,829
Operating (loss)/profit	3	(29,625)	104,001
Other interest receivable and similar income		66,221	49,112
Interest payable and similar charges	4	(61,925)	(19,966)
(Loss)/profit on ordinary activities before taxation		(25,329)	133,147
Tax on (loss)/profit on ordinary activities	5	(8,285)	(9,579)
(Loss)/profit on ordinary activities after taxation	12	(33,614)	123,568

There are no acquisitions or discontinued operations in the current or preceding year.

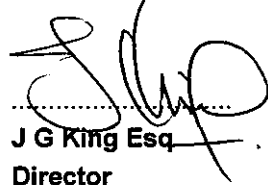
There are no recognised gains and losses other than those passing through the profit and loss account.

KING'S CHALETS LIMITED

BALANCE SHEET AS AT 31 JANUARY 1999

	Notes	1999 £	£	1998 £	£
Fixed assets					
Tangible assets	6		6,578,441		6,633,476
Current assets					
Stocks	7	61,560		62,002	
Debtors	8	359,173		496,323	
Cash at bank and in hand		33,940		37,010	
		<u>454,673</u>		<u>595,335</u>	
Creditors: amounts falling due within one year	9	<u>(1,873,533)</u>		<u>(2,035,616)</u>	
Net current liabilities			(1,418,860)		(1,440,281)
Total assets less current liabilities			<u>5,159,581</u>		<u>5,193,195</u>
Capital and reserves					
Called up share capital	11	200,000		200,000	
Revaluation reserve	12	5,138,598		5,138,598	
Profit and loss account	12	(179,017)		(145,403)	
Shareholders' funds - equity interests	13	<u>5,159,581</u>		<u>5,193,195</u>	

The financial statements were approved by the Board on 22-11-1999


J G King Esq
Director


G I King Esq
Director

KING'S CHALETS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JANUARY 1999

	Year ended 31 January 1999 £	Year ended 31 January 1998 £
Net cash inflow from operating activities	29,439	950,624
Returns on investments and servicing of finance		
Interest received	66,221	49,112
Interest paid	(5,472)	(19,966)
	<hr/>	<hr/>
Net cash inflow for returns on investments and servicing of finance	60,749	29,146
Taxation	(8,385)	-
Capital expenditure		
Payments to acquire tangible assets	(168,374)	(136,564)
Receipts from sales of tangible assets	12,445	30,147
	<hr/>	<hr/>
Net cash outflow for capital expenditure	(155,929)	(106,417)
	<hr/>	<hr/>
Net cash (outflow)/inflow before management of liquid resources and financing	(74,126)	873,353
	<hr/>	<hr/>
(Decrease)/increase in cash in the year	<u>(74,126)</u>	<u>873,353</u>

KING'S CHALETs LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JANUARY 1999

1	Reconciliation of operating (loss)/profit to net cash inflow from operating activities	1999	1998
		£	£
	Operating (loss)/profit	(29,625)	104,001
	Depreciation of tangible assets	208,418	75,102
	Loss on disposal of tangible assets	2,546	4,483
	Decrease in stocks	442	11,550
	Decrease in debtors	137,150	72,081
	(Decrease)/Increase in creditors within one year	(289,492)	683,407
	Net cash inflow from operating activities	29,439	950,624

2	Analysis of net debt	1 February 1998	Cash flow	Other non-cash changes	31 January 1999
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	37,010	(3,070)	-	33,940
	Bank overdrafts	(126,392)	(71,056)	-	(197,448)
		(89,382)	(74,126)	-	(163,508)
	Debt:				
	Net debt	(89,382)	(74,126)	-	(163,508)

3	Reconciliation of net cash flow to movement in net debt	1999	1998
		£	£
	(Decrease)/increase in cash in the year	(74,126)	527,647
	Cash inflow from increase in debt	-	-
	Movement in net debt in the year	(74,126)	527,647
	Opening net debt	(89,382)	(617,029)
	Closing net debt	(163,508)	(89,382)

KING'S CHALETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The company meets its day to day working capital requirements through its bank overdraft facility.

The directors consider that the bank will continue to provide facilities on the basis of significant asset cover. In this way the directors consider that the company will continue to operate and have therefore prepared the financial statements on the going concern basis.

1.2 Compliance with accounting standards

The financial statements have been prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% Straight line
Plant and machinery	25% Straight line/Reducing balance method
Fixtures, fittings & equipment	25% Straight line
Motor vehicles	25%/10% Straight line

Investment properties are revalued annually. See note 6 for details.

1.5 Stock

Stock is valued at the lower of cost and net realisable value.

1.6 Pensions

The company operates defined contribution pension schemes. Contributions are charged to the profit and loss account as they fall due for payment.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

KING'S CHALETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 1999

3	Operating (loss)/profit	1999	1998
		£	£
	Operating (loss)/profit is stated after charging:		
	Depreciation of tangible assets	208,418	75,102
	Auditors' remuneration	15,000	7,500
		<u> </u>	<u> </u>
	and after crediting:		
	Refund of overpaid rates	-	(30,829)
	Amount due in respect of overdeclared output		
	VAT on caravan site charges	-	(98,814)
		<u> </u>	<u> </u>
4	Interest payable	1999	1998
		£	£
	On bank loans and overdrafts	5,472	19,966
	On overdue tax	56,453	-
		<u> </u>	<u> </u>
		61,925	19,966
		<u> </u>	<u> </u>
5	Taxation	1999	1998
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 21% (1998 - 0%)	8,298	-
	Prior years		
	U.K. corporation tax	(13)	9,579
		<u> </u>	<u> </u>
		8,285	9,579
		<u> </u>	<u> </u>

KING'S CHALETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 1999

6 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 February 1998	6,370,360	938,950	372,206	87,752	7,769,268
Additions	42,259	101,080	25,035	-	168,374
Disposals	-	(14,991)	-	-	(14,991)
At 31 January 1999	6,412,619	1,025,039	397,241	87,752	7,922,651
Depreciation					
At 1 February 1998	62,434	701,839	336,948	34,571	1,135,792
Charge for the year	32,244	149,391	22,283	4,500	208,418
At 31 January 1999	94,678	851,230	359,231	39,071	1,344,210
Net book value					
At 31 January 1999	6,317,941	173,809	38,010	48,681	6,578,441
At 31 January 1998	6,307,926	237,111	35,258	53,181	6,633,476

One freehold investment property was revalued at £52,500 on 26 September 1994 and the other two at £37,000 each on 17 June 1997 on the basis of an open market valuation for existing use by Fisk-Hyde, Chartered Surveyors. In the opinion of the directors a total valuation of £126,500 (historical cost £113,000) is applicable at 31 January 1999.

Land and buildings used by the company for its business activities were revalued at £6,200,000 (historical cost £1,249,568) on 28 June 1996 on the basis of an open market valuation for existing use by Countrywide Surveyors Limited. In the opinion of the company's directors a total valuation of £6,191,441 is applicable at 31 January 1999. The buildings cost element of £1,612,206 is depreciated over 50 years.

In accordance with SSAP 19, 'Accounting for Investment Properties, the company's investment properties are revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve. No depreciation is provided in respect of investment properties, which is not in accordance with the Companies Act 1985. However, the requirement to depreciate conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, as these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view. If this departure from the Act had not been made, the profit before tax for the financial year would have been reduced by £2,530 on a revalued basis (£2,260 on a historical cost basis), had a depreciation rate of 2% been applied. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

KING'S CHALETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 1999

7	Stocks	1999	1998
		£	£
	Finished goods and goods for resale	61,560	62,002
		<u> </u>	<u> </u>
8	Debtors	1999	1998
		£	£
	Trade debtors	167,544	171,122
	Amounts owed by group undertakings	32,003	-
	Other debtors	132,688	294,689
	Prepayments and accrued income	26,938	30,512
		<u> </u>	<u> </u>
		359,173	496,323
		<u> </u>	<u> </u>
9	Creditors: amounts falling due within one year	1999	1998
		£	£
	Bank loans and overdrafts	197,448	126,392
	Trade creditors	251,977	183,760
	Corporation tax	106,117	106,217
	Other taxes and social security costs	82,721	148,944
	Directors' current accounts	-	48,190
	Other creditors	765,403	1,072,679
	Accruals and deferred income	469,867	349,434
		<u> </u>	<u> </u>
		1,873,533	2,035,616
		<u> </u>	<u> </u>
10	Pension costs		
	The company operates defined contribution pension schemes. The pension cost charge represents contributions payable by the company to the funds and amounted to £35,000 (1998 - £32,517).		
11	Share capital	1999	1998
		£	£
	Authorised		
	200,000 Ordinary shares of £ 1 each	200,000	200,000
		<u> </u>	<u> </u>
	Allotted, called up and fully paid		
	200,000 Ordinary shares of £ 1 each	200,000	200,000
		<u> </u>	<u> </u>

KING'S CHALETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 1999

12 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 February 1998	5,138,598	(145,403)
Retained loss for the period	-	(33,614)
Balance at 31 January 1999	<u>5,138,598</u>	<u>(179,017)</u>

13 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
(Loss)/Profit for the financial year	(33,614)	123,568
Opening shareholders' funds	<u>5,193,195</u>	<u>5,069,627</u>
Closing shareholders' funds	<u>5,159,581</u>	<u>5,193,195</u>

14 Contingent liabilities

The company has a contingent liability for a cross guarantee dated 12 July 1996 in favour of Barclays Bank Plc in respect of related companies' overdrafts amounting to £607,944 (1998: £547,281) as at 31 January 1999. One of the company's freehold investment properties is charged to the bank as security in respect of this guarantee.

The company is about to enter into a new arrangement which will release the company from its existing cross guarantee with related companies.

15 Directors' emoluments

	1999 £	1998 £
Emoluments for qualifying services	66,433	169,095
Company pension contributions to money purchase schemes	<u>30,000</u>	<u>10,000</u>
	<u>96,433</u>	<u>179,095</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 5 (1998 - 6).

KING'S CHALETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 1999

16 Transactions with directors

The financial statements include the following transactions with companies and other organisations in which the directors have beneficial interests:

Organisation	Type of transaction (in King's Chalets Limited)	Amount (£) 1999	Amount (£) 1998	Balance due from/ (to) organisation as at 31 January
Autoclassic Limited	Sales	141,884	107,862	
	Management charges receivable	36,500	50,000	
	Fixed assets acquired	64,500	47,013	
	Amount outstanding -1999			115,150
	-1998			(20,487)
Kings Aviation limited	Services acquired	43,367	26,122	
	Amount outstanding -1999			(13,613)
	-1998			(13,323)
York Leisure Limited	Sales	70,035	65,341	
	Management charges receivable	36,500	54,000	
	Amount outstanding -1999			(10,951)
	-1998			(150,930)
Design 2 Print Limited	Services acquired	45,644	32,372	
	Services supplied	6,760	6,490	
	Amount outstanding -1999			(14,644)
	-1998			(13,703)
Pemican Limited	Amount outstanding -1999			(139,759)
	-1998			(140,538)
Yorkcastle Limited	Amount outstanding -1999			(572,220)
	-1998			(577,220)
Steve's Radio Cars	Services acquired	18,323	9,672	
	Services supplied	10,200	9,508	
	Amount outstanding -1999			(8,159)
	-1998			(2,531)
The Jack King Charity	Rent received	2,400	2,400	
	Amount outstanding -1999			2,452
	-1998			(566)

J G King and G I King are directors of and have beneficial interests in all of the above incorporated companies.

KING'S CHALETS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 1999

16 Transactions with directors

Mrs S Palmer is a director of and has a beneficial interest in all of the above incorporated companies except Kings Aviation Limited and Design 2 Print Limited.

J G King and G I King are partners in Steve's Radio Cars. Mrs C B King is a trustee of The Jack King Charity.

During the year the company paid £21,000 (1998 - £21,000) to Linda Smith, for services rendered. Linda Smith is a close family member of the three directors.

'Amounts owed by group undertakings' (Note 8) represents amounts due from Meakin Limited, the parent company.

17 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1999 Number	1998 Number
Directors and employees	86	82

Employment costs

	£	£
Wages and salaries	791,970	830,533
Social security costs	61,946	65,444
Other pension costs	35,500	33,017
	889,416	928,994

18 Control

The ultimate controlling party is H W King, a former director of the company and a close family member of three directors.

The ultimate parent company is Meakin Limited, a company incorporated in Gibraltar.