

BRITANNIA HOTELS LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2000



HACKER YOUNG
CHARTERED ACCOUNTANTS

BRITANNIA HOTELS LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2000

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**The following pages do not form part
of the statutory financial statements**

Holding company trading and profit and loss account	Appendix 1
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BRITANNIA HOTELS LIMITED

DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements of the company and the group, for the year ended 31 March 2000.

Principal activity and business review

The group's principal activity continued to be hoteliers and developing and selling residential properties.

The directors are satisfied with the results for the year, and view future trading prospects with optimism.

Results and dividends

The results for the year ended 31 March 2000 are shown in the profit and loss account on page 6.

The group profit for the year, after taxation amounted to £1,115,000 (1999 - profit £2,839,000).

The directors do not recommend the payment of a dividend for the year.

The profit has been added to retained reserves.

Economic monetary union

The group has no business or assets denominated in European currencies, and so the introduction of the single currency and its potential adoption within the UK will not affect the reporting of results. Costs will be incurred, however, in the modification of certain computer systems to handle dual currencies and in associated staff training. These modifications will take place within the timescale for UK entry. These costs cannot be quantified at this stage, but are not expected to be sufficiently material to be reported as exceptional.

BRITANNIA HOTELS LIMITED

DIRECTORS' REPORT

- CONTINUED -

Directors and interests

The directors who held office during the year and their beneficial interests in the share capital of the company, were as follows:

	Ordinary shares of £1 each	
	31 March 2000	1 April 1999
Mr R Ferrari	-	-
Mr D E Smith	-	-

Mr R Ferrari retires by rotation at the annual general meeting and, being eligible, offers himself for re-election.

Employees

Briefing and consultative procedures exist throughout the group to inform employees on matters of concern to them and to provide opportunities for comment and discussion. The group encourages the involvement of employees in the group's performance and to this end operates a profit related pay scheme.

The group makes every effort to provide the same opportunities to disabled persons as to others and does not discriminate between employees on the grounds of race, ethnic origin or sex. Equal opportunity is given to all job applicants.

Statement of 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;
- 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 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.

BRITANNIA HOTELS LIMITED


DIRECTORS' REPORT

- CONTINUED -

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution to re-appoint Hacker Young as auditors will be proposed at the Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'R. Ferrari', with a horizontal line extending to the right.

R Ferrari
Director
26 September 2000

AUDITORS' REPORT TO THE MEMBERS OF

BRITANNIA HOTELS LIMITED

We have audited the financial statements on pages 6 to 28 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 pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 3 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.

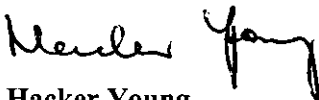
Basis of opinion

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 affairs of the company and of the group as at 31 March 2000 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Hacker Young

Chartered Accountants
Registered Auditor

26 September 2000

BRITANNIA HOTELS LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2000

	Note	£'000	2000 £'000	£'000	1999 £'000
Turnover	2		29,491		35,814
Cost of sales			15,978		18,349
Gross profit			<u>13,513</u>		<u>17,465</u>
Administrative expenses			11,508		13,530
Other operating income			(221)		(203)
Operating profit	3		<u>2,226</u>		<u>4,138</u>
Interest receivable	5	(369)		(198)	
Interest payable	6	1,375		1,497	
			<u>1,006</u>	<u>1,497</u>	<u>1,299</u>
Profit on ordinary activities before taxation	2		1,220		2,839
Taxation	7		<u>105</u>		<u>-</u>
Profit on ordinary activities after taxation and retained profit for the financial year (of which loss - £1,106,000 (1999 profit - £2,224,000) is dealt with in the financial statements of the holding company)	16		<u>1,115</u>		<u>2,839</u>

The group's operations in the year continued unchanged, no operations were disposed of or acquired.

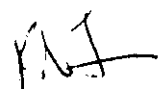
The group has no recognised gains or losses other than those passing through the profit and loss account.

BRITANNIA HOTELS LIMITED

GROUP BALANCE SHEET AT 31 MARCH 2000

	Note	2000	1999
		£'000	£'000
Fixed assets			
Intangible assets	8	71	73
Tangible assets	9	90,239	90,168
Investments (rounded down)	10	-	-
		<u>90,310</u>	<u>90,241</u>
Current assets			
Stocks	11	3,329	3,353
Debtors	12	5,919	3,810
Cash at bank and in hand		9,887	28,340
		<u>19,135</u>	<u>35,503</u>
Creditors - amounts falling due within one year	13	<u>24,898</u>	<u>41,279</u>
Net current liabilities		<u>(5,763)</u>	<u>(5,776)</u>
Total assets less current liabilities		<u>84,547</u>	<u>84,465</u>
Creditors - amounts falling due after more than one year	14	<u>7,692</u>	<u>8,725</u>
		<u>76,855</u>	<u>75,740</u>
Capital and reserves			
Called up share capital (rounded up)	16	6	6
Revaluation reserve	17	49,683	49,683
Profit and loss account	17	27,166	26,051
Equity shareholders' funds	18	<u>76,855</u>	<u>75,740</u>

The financial statements were approved by the Board on 26 September 2000.



R Ferrari
Director

BRITANNIA HOTELS LIMITED

HOLDING COMPANY BALANCE SHEET AT 31 MARCH 2000

	Note	£'000	2000 £'000	£'000	1999 £'000
Fixed assets					
Intangible assets	8		33		33
Tangible assets	9		63,380		63,309
Investments in subsidiary undertakings (rounded down)	10		-		-
			<u>63,413</u>		<u>63,342</u>
Current assets					
Stocks	11	3,196		3,225	
Debtors	12	11,343		7,765	
Cash at bank and in hand		9,864		25,644	
		<u>24,403</u>		<u>36,634</u>	
Creditors - amounts falling due within one year	13	<u>30,971</u>		<u>40,999</u>	
Net current liabilities			<u>(6,568)</u>		<u>(4,365)</u>
Total assets less current liabilities			56,845		58,977
Creditors - amounts falling due after more than one year	14		<u>7,692</u>		<u>8,718</u>
			<u>49,153</u>		<u>50,259</u>
Capital and reserves					
Called up share capital (rounded up)	16		6		6
Revaluation reserve	17		31,014		31,014
Profit and loss account	17		18,133		19,239
Equity shareholders' funds	18		<u>49,153</u>		<u>50,259</u>

The financial statements were approved by the Board on 26 September 2000.



R Ferrari
Director

BRITANNIA HOTELS LIMITED
GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2000

	Note	2000 £'000	1999 £'000
Net cash inflow from operating activities	22	1,568	2,098
Returns on investments and servicing of finance	23	(1,124)	(1,075)
Taxation	23	(105)	-
Capital expenditure	23	(118)	(15)
Cash inflow before financing		<u>221</u>	<u>1,008</u>
Financing	24	(1,072)	4,970
(Decrease)/increase in cash in the year	25	<u>(851)</u>	<u>5,978</u>

BRITANNIA HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 MARCH 2000

1 Accounting policies

Accounting convention

These financial statements have been prepared under the historical cost convention, modified to incorporate the revaluation of the majority of the tangible fixed assets, and have been prepared in accordance with applicable accounting standards (with the exception of Financial Reporting Standard No 15 as noted below).

Basis of consolidation

The group financial statements incorporate the audited results of the holding company and its subsidiaries, other than those disclosed as excluded in note 10, made up to a common accounting date.

The group financial statements do not include a separate profit and loss account for Britannia Hotels Limited (the parent company) as permitted by Section 230 of the Companies Act 1985.

Depreciation/amortisation

Certain of the groups' fixed assets are carried at valuation. With the introduction of FRS15, the group has followed the transitional provisions to retain the net book value of those assets, but not to adopt a policy of revaluation in the future.

No depreciation is provided on freehold hotel properties or hotel properties with leases of twenty years or more to run at the balance sheet date or plant, machinery, fixtures and fittings. It is the group's practice to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time and accordingly the directors consider that the lives of these assets are so long, and residual values (based on prices prevailing at the time of acquisition or subsequent valuation) are so high, that their depreciation is insignificant. Moreover, whilst the initial costs incurred on extensive repair and refurbishment programmes are capitalised, those in respect of items subsequently replaced are written off to the profit and loss account as incurred. Any permanent diminution in the value of such properties is charged to the profit and loss account as appropriate.

Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of assets over their expected useful lives as follows:-

Motor vehicles - 25% per annum reducing balance basis

Chief rents created are capitalised on the basis of 3-5 times the annual amounts receivable. No amortisation is provided on chief rents capitalised, as the amount involved would not be significant.

Goodwill is capitalised and amortised straight line over its useful economic life, which in the opinion of the directors, is twenty years.

BRITANNIA HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2000

1 Accounting policies - continued -

Stocks

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

Bank and loan interest

Where the directors consider that bank and loan interest is payable in relation to capital expenditure incurred on the development of hotels it is capitalised as part of the cost of land and buildings and alterations. Where the directors consider that this is not the case, it is written off to the profit and loss account as incurred.

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the foreseeable future, calculated at the rate at which it is estimated that tax will be payable.

Operating leases

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

Accounting reference period

These financial statements are prepared for the 53 week period ended 1 April 2000.

BRITANNIA HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2000

2 Turnover and profit on ordinary activities before taxation

Turnover represents the total amount receivable by the group for goods sold and services provided (stated net of value added tax) during the year.

The turnover and pre-tax profit are attributable to the group's principal activities within the United Kingdom.

Group turnover and profit on ordinary activities before taxation were contributed as follows:

	2000 £'000	1999 £'000
Turnover		
Area of activity:		
Hoteliers	29,491	35,813
Property development and sale	-	1
	<u>29,491</u>	<u>35,814</u>
 Profit on ordinary activities before taxation		
Area of activity:		
Hoteliers	1,220	2,839
Property development and sale	-	-
	<u>1,220</u>	<u>2,839</u>

BRITANNIA HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 MARCH 2000

3 Operating profit

This is stated after charging/(crediting):

	2000	1999
	£'000	£'000
Auditors' remuneration - audit fees	20	24
Depreciation	43	34
Loss on disposal of fixed assets	4	-
Amortisation of goodwill	2	2
Exceptional items -rates rebate	-	(273)
Operating leases - hire of equipment	78	76
- other	164	164
Rental income	(221)	(203)
	<u> </u>	<u> </u>

Audit fees charged to the holding company during the year were £14,000 (1999 - £14,000).

Directors' remuneration

Management remuneration	<u>119</u>	<u>94</u>
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4 Staff costs - directors and employees

	2000	1999
	£'000	£'000
Wages and salaries	10,584	7,341
Social security costs	781	814
	<u>11,365</u>	<u>8,155</u>

BRITANNIA HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2000

4 Staff costs - directors and employees - continued -

The average monthly number of employees during the year was made up as follows:

	2000	1999
	No	No
Directors	2	2
Office and management	142	51
Direct workers	1,413	1,272
	<u>1,557</u>	<u>1,325</u>

5 Interest receivable

	2000	1999
	£'000	£'000
Other interest	-	27
Bank interest	369	171
	<u>369</u>	<u>198</u>

6 Interest payable

	2000	1999
	£'000	£'000
Bank loans and overdrafts	<u>1,375</u>	<u>1,497</u>

7 Taxation

	2000	1999
	£'000	£'000
Prior years		
UK corporation tax	<u>105</u>	<u>-</u>

BRITANNIA HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2000

8 Intangible assets

Group

Cost or valuation	Goodwill capitalised £'000	Chief rents capitalised £'000	Total £'000
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At 1 April 1999 and at 31 March 2000	50	33	83
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Balance at 31 March 2000

At cost	50	18	68
At valuation	-	15	15
	50	33	83

Amortisation

At 1 April 1999	10	-	10
Provided during the year	2	-	2
At 31 March 2000	12	-	12

Net book value

At 31 March 2000	38	33	71
At 31 March 1999	40	33	73

Holding company

Cost or valuation	Chief rents capitalised £'000
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At 1 April 1999 and at 31 March 2000	33
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Balance at 31 March 2000

At cost	18
At valuation	15
	33

BRITANNIA HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2000

9 Tangible assets

Group

Cost or valuation	Freehold land and buildings and alterations £'000	Long leasehold land and buildings £'000	Plant, machinery fixtures and fittings £'000	Motor vehicles £'000	Total £'000
At 1 April 1999	50,458	20,942	18,662	241	90,303
Additions	-	-	-	125	125
Disposals	-	-	-	(35)	(35)
At 31 March 2000	<u>50,458</u>	<u>20,942</u>	<u>18,662</u>	<u>331</u>	<u>90,393</u>
Balance at 31 March 2000					
At cost	13,508	-	6,004	331	19,843
At valuation	36,950	20,942	12,658	-	70,550
	<u>50,458</u>	<u>20,942</u>	<u>18,662</u>	<u>331</u>	<u>90,393</u>
Depreciation					
At 1 April 1999	-	-	-	135	135
Provided during the year	-	-	-	43	43
Disposals	-	-	-	(24)	(24)
At 31 March 2000	<u>-</u>	<u>-</u>	<u>-</u>	<u>154</u>	<u>154</u>
Net book value					
At 31 March 2000	<u>50,458</u>	<u>20,942</u>	<u>18,662</u>	<u>177</u>	<u>90,239</u>
At 31 March 1999	<u>50,458</u>	<u>20,942</u>	<u>18,662</u>	<u>106</u>	<u>90,168</u>

BRITANNIA HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2000

9 Tangible assets - continued -

Holding company

	Freehold land and buildings and alterations	Plant, machinery fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 April 1999	48,610	14,593	241	63,444
Additions	-	-	125	125
Disposals	-	-	(35)	(35)
At 31 March 2000	<u>48,610</u>	<u>14,593</u>	<u>331</u>	<u>63,534</u>

Balance at 31 March 2000

At cost	11,660	5,993	331	17,984
At valuation	<u>36,950</u>	<u>8,600</u>	<u>-</u>	<u>45,550</u>
	<u>48,610</u>	<u>14,593</u>	<u>331</u>	<u>63,534</u>

Depreciation

At 1 April 1999	-	-	135	135
Provided during the year	-	-	43	43
Disposals	-	-	(24)	(24)
At 31 March 2000	<u>-</u>	<u>-</u>	<u>154</u>	<u>154</u>

Net book value

At 31 March 2000	<u>48,610</u>	<u>14,593</u>	<u>177</u>	<u>63,380</u>
At 31 March 1999	<u>48,610</u>	<u>14,593</u>	<u>106</u>	<u>63,309</u>

BRITANNIA HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2000

9 Tangible assets - continued -

The company has adopted FRS15: Tangible Fixed Assets and has followed the transitional provisions to retain the revalued amount of certain land and buildings.

The freehold land and buildings and alterations and corresponding plant, machinery, fixtures and fittings included at valuation were valued in 1988.

The long leasehold land and buildings and corresponding plant, fixtures and fittings were valued as at 21 April 1994 at £25,000,000.

If these tangible fixed assets had not been revalued, they would have been included in the financial statements as follows:

	Freehold land and buildings and alterations £'000	Long leasehold land and buildings £'000	Plant, machinery fixtures and fittings £'000
Group			
Cost	<u>9,731</u>	<u>3,328</u>	<u>7,808</u>
Holding company			
Cost	<u>9,731</u>	<u>-</u>	<u>4,805</u>

BRITANNIA HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2000

10 Fixed assets - investments

	Group £	Holding company £
Cost - subsidiary undertakings		
At 1 April 1999 and at 31 March 2000	<u>100</u>	<u>402</u>

Group

The directors consider that consolidating Britannia Hotel (Manchester) Limited would be of no real value to the group's members in view of the insignificant amounts involved.

	Aggregate capital and reserves at 31 March 2000 £'000	Profit for the year ended 31 March 2000 £'000
Britannia Hotel (Manchester) Limited	<u>78</u>	<u>6</u>

Holding company

Particulars of subsidiary undertakings, which are all wholly owned, are as follows:

Name of subsidiary	Nature of business	Total issued share capital £
Britannia Adelphi Hotel Limited	Hoteliers	100
Britannia Hotel (Manchester) Limited	Leasing of door answering equipment	100
Britannia Hotels Payroll Services Limited	Provision of labour	100
Britannia Developments (Manchester) Limited	Not trading	100
Birmingham International Hotel Limited	Hoteliers	2

BRITANNIA HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2000

11 Stocks

The book value of stocks comprises:

	Group		Holding company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Development properties	3,056	3,058	3,056	3,058
Wet stocks	178	189	98	101
Food stocks	89	74	38	35
Others	6	32	4	31
	<u>3,329</u>	<u>3,353</u>	<u>3,196</u>	<u>3,225</u>

12 Debtors

	Group		Holding company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Trade debtors	916	574	506	352
Amounts due from subsidiary undertakings	-	-	7,009	5,570
Other debtors (see note 20)	3,545	2,878	3,181	1,545
Taxation receivable	3	121	-	112
Prepayments and accrued income	1,455	237	647	186
	<u>5,919</u>	<u>3,810</u>	<u>11,343</u>	<u>7,765</u>

13 Creditors - amounts falling due within one year

	Group		Holding company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank overdraft (see below)	4,157	21,759	7,085	21,663
Bank loans (see note 13)	10,026	10,026	10,026	10,026
Other loans (see note 13)	7	46	-	-
Trade creditors	1,008	751	536	476
Amounts due to subsidiary undertakings	60	56	5,706	4,389
Other taxes and social security costs	641	948	53	237
Other creditors (see note 20)	2,503	3,672	3,441	2,959
Accruals and deferred income	6,496	4,021	4,124	1,249
	<u>24,898</u>	<u>41,279</u>	<u>30,971</u>	<u>40,999</u>

BRITANNIA HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2000

14 Creditors - amounts falling due after more than one year

	Group		Holding company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank loans (see below)	7,692	8,718	7,692	8,718
Other loans (see below)	-	7	-	-
	<u>7,692</u>	<u>8,725</u>	<u>7,692</u>	<u>8,718</u>

Creditors due after more than one year comprises debts repayable at £256,500 every three months.

Total debt is secured on freehold properties belonging to the group. Interest rates are linked to bank base rates.

Bank loans and other loans are repayable as follows:

	Group		Holding company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Between 1 and 2 years	1,026	1,033	1,026	1,026
Between 2 and 5 years	3,076	3,077	3,076	3,077
After 5 years	3,590	4,615	3,590	4,615
	<u>7,692</u>	<u>8,725</u>	<u>7,692</u>	<u>8,718</u>
Total due after more than one year	7,692	8,725	7,692	8,718
Total due within one year	10,033	10,072	10,026	10,026
	<u>17,725</u>	<u>18,797</u>	<u>17,718</u>	<u>18,744</u>

BRITANNIA HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2000

15 Deferred taxation

Deferred taxation calculated in the financial statements and the potential amounts, including the amounts for which provision has been made, are as follows:

	Group		Potential	
	Provision		Provision	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Capital allowances in advance of depreciation	-	-	7,970	7,713
Other timing differences	-	-	(15)	(15)
Less: Taxation losses	-	-	(2,258)	(2,662)
	<u>-</u>	<u>-</u>	<u>5,697</u>	<u>5,036</u>
Taxation payable if property disposed of at book value	-	-	16,120	16,120
	<u>-</u>	<u>-</u>	<u>21,817</u>	<u>21,156</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>5,697</u></u>	<u><u>5,036</u></u>

	Holding company		Potential	
	Provision		Provision	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Capital allowances in advance of depreciation	-	-	6,132	5,925
Other timing differences	-	-	(12)	(12)
Less: Taxation losses	-	-	(1,783)	(1,459)
	<u>-</u>	<u>-</u>	<u>4,337</u>	<u>4,454</u>
Taxation payable if property disposed of at book value	-	-	10,516	10,516
	<u>-</u>	<u>-</u>	<u>14,853</u>	<u>14,970</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>14,853</u></u>	<u><u>14,970</u></u>

The directors have not provided for deferred taxation in respect of the excess of capital allowances over depreciation as they consider the reversal of such timing differences will not result in a tax charge, due to probable future trading losses.

No provision has been made for the potential liability on the disposal of the property as the directors do not consider that this will take place in the foreseeable future. No allowance has been made for indexation in calculating the potential liability.

BRITANNIA HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2000

16 Share capital

	2000 No	1999 No
Ordinary shares of £1 each:		
Authorised	10,000	10,000
	<u>10,000</u>	<u>10,000</u>
	2000 £	1999 £
Allotted, called up and fully paid	5,500	5,500
	<u>5,500</u>	<u>5,500</u>

17 Reserves

	Group		Holding company	
	Profit and loss account £'000	Revaluation reserve £'000	Profit and loss account £'000	Revaluation reserve £'000
At 1 April 1999	26,051	49,683	19,239	31,014
Profit/(loss) after tax for the year	1,115	-	(1,106)	-
	<u>27,166</u>	<u>49,683</u>	<u>18,133</u>	<u>31,014</u>
At 31 March 2000	<u>27,166</u>	<u>49,683</u>	<u>18,133</u>	<u>31,014</u>

BRITANNIA HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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18 Reconciliation of movements in shareholders' funds

	Group		Holding company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Profit/(loss) for the financial year after taxation and net addition to shareholders' funds	1,115	2,839	(1,106)	2,224
Opening shareholders' funds	75,740	72,901	50,259	48,035
Closing shareholders' funds	<u>76,855</u>	<u>75,740</u>	<u>49,153</u>	<u>50,259</u>

19 Contingent liabilities

Holding company

The company has guaranteed to the Royal Bank of Scotland the borrowings of Britannia Adelphi Limited and Britannia Hotels Payroll Services Limited. At 31 March 2000 the potential liability amounted to £Nil (1999 - £Nil).

20 Commitments under operating leases

At 31 March annual commitments under operating leases were as follows:

	Group		Holding company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Leases expiring within two to five years				
Land and buildings	<u>164</u>	<u>164</u>	<u>-</u>	<u>-</u>

BRITANNIA HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 MARCH 2000

21 Related party transactions

During the year the company entered into transactions with various businesses in which the shareholders, A Langsam and M S Morton, and/or directors are materially interested as detailed below:

Company	Interested as shareholder	Interested as director
Britannia Country House Hotel Limited	A Langsam M S Morton	R Ferrari Britannia Hotels Limited
The Britannia Hotel Wolverhampton Limited	A Langsam M S Morton	R Ferrari Britannia Hotels Limited
MSM Construction Limited		M S Morton

Business	Interested as proprietors
Langsam and Morton Hoteliers	A Langsam M S Morton
A Langsam Hotelier	A Langsam
A Langsam Estate Agents	A Langsam
Hotel Management Services	A Langsam M S Morton

Included in amounts due to subsidiary undertakings is the following balance:

	Group		Holding company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Britannia Hotel (Manchester) Limited	60	56	60	56

Included in other debtors/(creditors) are the following balances:

	Group		Holding company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Britannia Country House Hotel Limited	1,667	(226)	1,594	(287)
The Britannia Hotel Wolverhampton Limited	278	(22)	(180)	(251)
MSM Construction Limited	1,583	816	1,583	816
Langsam and Morton Hoteliers	(1,386)	(1,460)	(2,120)	(2,168)
A Langsam	7	-	-	-
A Langsam Estate Agents	(59)	(42)	(59)	(42)
Hotel Management Services	(807)	(11)	(931)	(14)

BRITANNIA HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31 MARCH 2000

21 Related party transactions - continued -

The group charged its related parties for payroll services during the year as follows:

	2000	1999
	£'000	£'000
Britannia Country House Hotel Limited	742	739
The Britannia Hotel Wolverhampton Limited	165	162
Langsam and Morton Hoteliers	3,634	3,753
Hotel Management Services	766	676
A Langsam Hotelier	50	355

Transactions with MSM Construction Limited consisted of the supply of maintenance and repair work by that company for the group totalling £5,152,174 (1999 - £4,069,957) and the holding company totalling £4,610,408 (1999 - £1,237,140).

Transactions with Hotel Management Services consisted of management charges for services provided by that business for the group totalling £1,290,000 (1999 - £4,748,749) and for the holding company totalling £601,000 (1999 - £3,419,972). During the year rent was received from Hotel Management Services for premises used by that business totalling £65,000 (1999 - £65,000).

The group provided sales and management and marketing services to The Britannia Hotel Wolverhampton Limited totalling £224,000 (1999 - £137,000).

Included in debtors/(creditors) are amounts due to A Langsam and M S Morton as follows:

	2000	Group and Holding company 1999
	£'000	£'000
Other debtors	-	410
Other creditors	534	-

22 Reconciliation of operating profit to net cash inflow from operating activities

	2000	1999
	£'000	£'000
Operating profit	2,226	4,138
Amortisation of goodwill	2	2
Depreciation	43	34
Loss on disposal of assets	4	-
Decrease in stock	24	16
Increase in debtors	(2,017)	(2,291)
Increase in creditors	1,286	199
Net cash inflow from operating activities	1,568	2,098

BRITANNIA HOTELS LIMITED
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23 Gross cash flows

	2000	1999
	£'000	£'000
Returns on investments and servicing of finance		
Interest received	369	193
Interest paid	(1,493)	(1,268)
	<u>(1,124)</u>	<u>(1,075)</u>
Taxation		
Corporation tax paid	<u>(105)</u>	<u>-</u>

Capital expenditure

	2000	1999
	£'000	£'000
Payments to acquire tangible fixed assets	(125)	(18)
Receipts from sale of tangible fixed assets	7	3
	<u>(118)</u>	<u>(15)</u>

24 Financing

	2000	1999
	£'000	£'000
New bank loans	-	10,000
Repayment of bank loans	(1,026)	(3,756)
Repayment of other loans	(46)	(1,274)
	<u>(1,072)</u>	<u>4,970</u>

25 Reconciliation of net cash flow to movement in net debt

	2000
	£'000
Decrease in cash in period	(851)
Repayment of loans	<u>1,072</u>
Change in net debt	221
Net debt at 1 April 1999	<u>(12,216)</u>
Net debt at 31 March 2000	<u>(11,995)</u>

BRITANNIA HOTELS LIMITED
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26 Analysis of changes in net debt

	1 April 1999 £'000	Cash flows £'000	Other movement £'000	31 March 2000 £'000
Cash at bank and in hand	28,340	(18,453)	-	9,887
Overdrafts	(21,759)	17,602	-	(4,157)
	<u>6,581</u>	<u>(851)</u>	<u>-</u>	<u>5,730</u>
Debt due within one year	(10,072)	1,072	(1,033)	(10,033)
Debt due after one year	(8,725)	-	1,033	(7,692)
	<u>(12,216)</u>	<u>221</u>	<u>-</u>	<u>(11,995)</u>