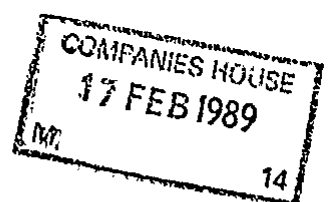


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BRITANNIA HOTELS LIMITED
GROUP REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 1988

J.C. ALLEN & CO.

CHARTERED ACCOUNTANTS



- 2 -
BRITANNIA HOTELS LIMITED
DIRECTORS' REPORT

The Directors submit their report and the audited financial statements of the Group for the year ended 31st March 1988.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The Group's principal activity during the year was that of Hoteliers.

There was no significant change during the year.

The Directors are pleased with the progress of the Group and are confident that the present level of progress will be maintained.

RESULTS AND DIVIDENDS

The Group Profit for the year, after taxation, amounted to £1,627,849 (1987 - £263,201)

The Directors do not recommend the payment of a dividend. The balance has been added to retained profits.

FIXED ASSETS

The changes in fixed assets during the year are summarised in the notes to the financial statements.

DIRECTORS AND THEIR INTERESTS

The Directors at 31st March 1988 and their beneficial interests in the share capital of the Company, were as follows:-

<u>Director</u>	<u>At 31.3.88</u> <u>Ordinary Shares</u>	<u>At 31.3.87</u> <u>Ordinary Shares</u>
Mr. A. Langsam	2500	2500
Mr. M.S. Morton	2500	2500

Mr. M.S. Morton retires by rotation at the Annual General Meeting and, being eligible, offers himself for re-election.

CLOSE COMPANY

The Company is a close Company within the provisions of the Income and Corporation Taxes Act 1970 (now the Income and Corporation Taxes Act 1988).

AUDITORS

In accordance with Section 384 of the Companies Act 1985 a resolution to re-appoint Messrs. J.C. Allen & Co. as auditors will be put to the members at the Annual General Meeting.

By Order of The Board

28th DECEMBER 1988.

SECRETARY

REPORT OF THE AUDITORS TO THE MEMBERS OF

BRITANNIA HOTELS LIMITED

We have audited the financial statements on pages 4 to 19 in accordance with approved Auditing Standards having regard to the matter referred to in the following paragraph.

The Company has not complied with Statement of Standard Accounting Practice No. 12 in that depreciation has not been provided on freehold and long leasehold buildings and alterations and the majority of the plant, machinery, fixtures and fittings, (see Note 1 c.).

Subject to the foregoing, in our opinion the financial statements, which have been prepared under the historical cost convention, modified to incorporate the revaluation of the majority of the tangible fixed assets, give a true and fair view of the state of affairs of the Company and the Group at 31st March 1988 and of the Profit and Source and Application of Funds of the Group for the year then ended and comply with the Companies Act 1985.

St. James Building,
79 Oxford Street,
MANCHESTER.
M1 6HT
28th DECEMBER 1988.

J. C. ALLEN & CO.

Chartered Accountants

- 4 -

BRITANNIA HOTELS LIMITED
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH 1988

	<u>NOTES</u>	<u>1988</u>	<u>1987</u>
<u>TURNOVER</u>	2.	14703850	11977359
Cost of Sales		6570730	5572175
		<hr/>	<hr/>
<u>Gross Profit</u>		8133120	6405184
Administrative expenses		2003028	2907966
Other operating charges		2736606	2480073
		<hr/>	<hr/>
		4739634	5388039
		<hr/>	<hr/>
Other operating income		3393486	1017145
		115528	95000
		<hr/>	<hr/>
<u>Operating Profit</u>	3.	3509014	1112145
Interest payable	5.	963873	623144
		<hr/>	<hr/>
<u>Profit on ordinary activities</u>			
<u>before taxation</u>	2.	2545141	489001
Taxation	6.	917292	225800
		<hr/>	<hr/>
<u>Profit on ordinary activities</u>			
<u>after taxation and profit</u>		1627849	263201
<u>for the Financial Year</u>			
(of which £865196 is dealt with in the financial statements of the Holding Company)			
Retained Profits brought forward		4612547	4349346
		<hr/>	<hr/>
<u>Retained Profits carried forward</u>		6240396	4612547
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 8 to 19 form part of these financial statements.

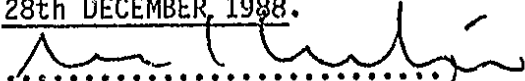
BRITANNIA HOTELS LIMITED

GROUP BALANCE SHEET - AS AT 31st MARCH 1988

	<u>NOTES</u>	<u>1988</u>	<u>1987</u>
<u>FIXED ASSETS</u>			
Tangible assets	7.	65750922	18195929
<u>CURRENT ASSETS</u>			
Stocks	9.	181765	172113
Debtors	10.	1604961	816763
Cash at bank and in hand		87183	245971
		<u>1873909</u>	<u>1234847</u>
<u>CREDITORS: Due within one year</u>	11.	8280566	6740620
<u>NET CURRENT LIABILITIES</u>		<u>(6406657)</u>	<u>(5505773)</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>59344265</u>	<u>12690156</u>
<u>CREDITORS: Due after more than one year</u>			
Loans	12.	4546974	4663417
Property completion		-	472500
		<u>4546974</u>	<u>5135917</u>
		<u>54797291</u>	<u>7554239</u>
<u>PROVISION FOR LIABILITIES AND CHARGES</u>			
Deferred taxation	13.	2742992	1866135
		<u>52054299</u>	<u>5688104</u>
<u>ACCRUALS AND DEFERRED INCOME</u>			
Deferred grants	14.	1168124	1070557
		<u>50886175</u>	<u>4617547</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	15.	5000	5000
Revaluation Reserve	16.	44640779	-
Profit and loss account		6240396	4612547
		<u>50886175</u>	<u>4617547</u>

Approved by the Board on:-

28th DECEMBER 1988.



DIRECTORS

The notes on pages 8 to 19 form part of these financial statements.

BRITANNIA HOTELS LIMITED

GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31st MARCH 1988

	<u>1988</u>	<u>1987</u>
<u>SOURCE OF FUNDS</u>		
Profit on ordinary activities before taxation	2545141	489001
Adjustment for items not involving the movement of funds:-		
Depreciation	30046	15576
<u>TOTAL GENERATED FROM OPERATIONS</u>	<u>2575187</u>	<u>504577</u>
<u>FUNDS FROM OTHER SOURCES</u>		
Disposals of tangible fixed assets	-	1
Increase in loans	1560791	2596392
Capital based Grants receivable	97567	137502
	<u>1658358</u>	<u>2733895</u>
	4233545	3238472
<u>APPLICATION OF FUNDS</u>		
Purchase of tangible fixed assets	2944260	3921661
Loans repaid	1889461	493955
	<u>4833721</u>	<u>4415616</u>
<u>WORKING CAPITAL - DECREASE</u>	<u>(600176)</u>	<u>(1177144)</u>
<u>COMPONENTS OF DECREASE IN WORKING CAPITAL</u>		
Stocks	9652	(4394)
Debtors	788198	(138202)
Creditors	833173	(35998)
	<u>1631023</u>	<u>(178594)</u>
<u>Movement in Net Liquid Funds:-</u>		
Cash in hand	(158788)	215495
Bank overdraft	(2072411)	(1214045)
	<u>(2231199)</u>	<u>(998550)</u>
	<u>(600176)</u>	<u>(1177144)</u>

The notes on pages 8 to 19 form part of these financial statements.

BRITANNIA HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31st MARCH 1988

1. ACCOUNTING POLICIES

a. Accounting Convention

The financial statements are prepared under the historical cost convention, modified to incorporate the revaluation of the majority of the tangible fixed assets.

b. Basis of Consolidation

The Group financial statements incorporate the audited results of the holding company and its subsidiaries 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 228(7) of the Companies Act 1985.

c. Depreciation

No depreciation is provided on freehold hotel properties or hotel properties on leases with fifty years or more to run at the balance sheet date. It is the Group's practice to maintain the hotels in a continued state of sound repair and accordingly the Directors consider that the lives of hotel properties are so long and their residual values so high that their depreciation is insignificant. Depreciation on other tangible fixed assets is provided as follows:-

Hotel plant, machinery, fixtures and fittings	- None provided (see d. below)
Other plant, machinery, fixtures and fittings	- None provided (see notes 7 and 16)
Motor vehicles	- 25% per annum reducing balance basis

d. Repairs and Renewals

For new hotels, original costs of hotel, plant, machinery, fixtures and fittings are capitalised until the hotel for which they are acquired is completed. No depreciation is provided but costs incurred on replacements after this time are written off to the profit and loss account as incurred. Costs of cutlery, crockery, glassware and other consumable equipment are included in plant, machinery, fixtures and fittings.

e. Grants Received

Capital based grants are credited to a deferral account and are to be released to revenue over the expected useful life of the relevant assets by equal annual amounts, commencing on 1st April 1988. Grants of a revenue nature are credited to income in the period to which they relate.

f. Stocks

Stocks are stated at the lower of cost and net realisable value on a basis which is consistent with previous years.

BRITANNIA HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31st MARCH 1988

1. ACCOUNTING POLICIES (continued)

g. Bank and Loan Interest

In circumstances where the Directors consider that bank and loan interest payable relates 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.

h. Deferred Taxation

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

i. Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

All differences are taken to the profit and loss account.

j. Leasing and Hire Purchase Contracts

Assets obtained under hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. Interest on hire purchase agreements is charged in the profit and loss account on a straight line basis over the period of the agreement. Rentals paid under operating and finance leases are charged to income as incurred.

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 is wholly attributable to the principal activity within the United Kingdom.

BRITANNIA HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31st MARCH 1988

	<u>1988</u>	<u>1987</u>
3. <u>OPERATING PROFIT</u>		
a) <u>This is stated after charging or (crediting):-</u>		
Directors' remuneration - Management fees (see note 3b)	1036297	2194220
Auditors' remuneration	15000	13000
Depreciation	30046	15576
Hire of equipment	13855	27510
Rentals under finance leases	29492	29492
Rents received	(115528)	(95000)
Management charge receivable - Britannia Ringway Hotel Limited	(300000)	(295000)
	<u> </u>	<u> </u>
b) <u>Directors' remuneration</u>		
Management remuneration (including pension contribution)	1036297	2194220
	<u> </u>	<u> </u>
The Directors' remuneration disclosed above (excluding pension contribution) included amounts paid to:-		
The Chairman	369867	650000
	<u> </u>	<u> </u>
The highest paid Director	220430	652220
	<u> </u>	<u> </u>
4. <u>STAFF COSTS</u>	<u>1988</u>	<u>1987</u>
Wages and salaries	4401094	4323621
Social security costs	276031	223182
Other pension costs	456400	904820
	<u> </u>	<u> </u>
	5133525	5451623
	<u> </u>	<u> </u>

BRITANNIA HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31st MARCH 1988

4. STAFF COSTS (Cont/d)

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

	<u>No.</u>	<u>No.</u>
Directors	2	2
Office and management	139	83
Direct workers	788	742
	<hr/>	<hr/>
	929	827
	<hr/>	<hr/>

5. INTEREST PAYABLE

	<u>1988</u>	<u>1987</u>
Bank loans and overdrafts	859710	502929
Other loans wholly repayable within five years	97921	47965
Other loans not wholly repayable within five years	6242	72250
	<hr/>	<hr/>
	963873	623144
	<hr/>	<hr/>

6. TAXATION

Based on results for the year:-

	<u>1988</u>	<u>1987</u>
Corporation Tax at 35%	40435	-
Deferred taxation	876857	225800
	<hr/>	<hr/>
	917292	225800
	<hr/>	<hr/>

The Company has taxation losses of £404768 (1987 - £713797) available for set-off against future trading profits.

BRITANNIA HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31st MARCH 1988

7. TANGIBLE FIXED ASSETS

a) <u>GROUP</u>	<u>Freehold</u> <u>Land and</u> <u>Buildings</u> <u>and</u> <u>Alterations</u>	<u>Long</u> <u>Leasehold</u> <u>Land and</u> <u>Buildings</u> <u>and</u> <u>Alterations</u>	<u>Plant,</u> <u>Machinery,</u> <u>Fixtures</u> <u>and</u> <u>Fittings</u>	<u>Motor</u> <u>Vehicles</u>	<u>Total</u>
Cost or valuation:					
At 1st April 1987	8691015	3327530	6130658	87635	18236838
Additions	1983134	-	885559	75567	2944260
Surplus on revaluation	26884526	12572470	5183783	-	44640779
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1988	37558675	15900000	12200000	163202	65821877
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31st March 1988:					
At cost	608675	-	-	163202	771877
At valuation	36950000	15900000	12200000	-	65050000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	37558675	15900000	12200000	163202	65821877
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:					
At 1st April 1987	-	-	-	40909	40909
Provided during the Year	-	-	-	30046	30046
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1988	-	-	-	70955	70955
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value					
At 31st March 1988	37558675	15900000	12200000	92247	65750922
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value					
At 31st March 1987	8691015	3327530	6130658	46726	18195929
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

BRITANNIA HOTELS LIMITEDNOTES TO THE FINANCIAL STATEMENTSAT 31st MARCH 1988

7. b) <u>COMPANY</u>	<u>Freehold Land and Buildings and Alterations</u>	<u>Plant, Machinery Fixtures and Fittings</u>	<u>Motor Vehicles</u>	<u>Total</u>
Cost or valuation				
At 1st April 1987	8166015	3596925	81198	11844138
Additions	1977459	873697	75567	2926723
Surplus on revaluation	26884526	4129378	-	31013904
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1988	37028000	8600000	156765	45784765
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31st March 1988:				
At cost	78000	-	156765	234765
At valuation	36950000	8600000	-	45550000
	<hr/>	<hr/>	<hr/>	<hr/>
	37028000	8600000	156765	45784765
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:				
At 1st April 1987	-	-	37730	37730
Provided during the Year	-	-	29230	29230
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1988	-	-	66960	66960
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
At 31st March 1988	37028000	8600000	89805	45717805
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
At 31st March 1987	8166015	3596925	43468	11806408
	<hr/>	<hr/>	<hr/>	<hr/>

The freehold and long leasehold land, buildings and alterations and the plant, machinery, fixtures and fittings were valued by Edward Rushton Son and Kenyon, as at 31st March 1988, on the basis of open Market Value for existing use. If those tangible fixed assets had not been revalued, they would have been included in the financial statements as follows:-

<u>GROUP</u>	<u>Freehold Land and Buildings and Alterations</u>	<u>Leasehold Land and Buildings and Alterations</u>	<u>Plant, Machinery Fixtures and Fittings</u>
Cost	10674149	3327530	7016217
Depreciation	Nil	Nil	Nil
	<hr/>	<hr/>	<hr/>
<u>COMPANY</u>			
Cost	10143474	Nil	4470622
Depreciation	Nil	Nil	Nil
	<hr/>	<hr/>	<hr/>

BRITANNIA HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31st MARCH 1988

8. <u>INVESTMENTS IN SUBSIDIARIES</u>	<u>1988</u>	<u>1987</u>
Unlisted investments at cost	400	204
	<u> </u>	<u> </u>

The Company owns 100% of the issued ordinary share capital of the following unlisted Companies incorporated in England:-

	<u>Principal Activity</u>
Britannia Adelphi Hotel Limited	- Hoteliers
Olivecrest Limited	- Not trading
Britannia Motels Limited	- Not trading
Britannia Developments (Manchester) Limited	- Not trading

9. <u>STOCKS</u>	<u>Group</u>		<u>Holding Company</u>	
	<u>1988</u>	<u>1987</u>	<u>1988</u>	<u>1987</u>
The book value of stocks comprises:-				
Wet stocks	134239	141508	76782	70288
Food stocks	37946	28777	21390	9541
Others	9580	1828	2943	-
	<u>181765</u>	<u>172113</u>	<u>101115</u>	<u>79829</u>

The Directors consider that the replacement cost of stocks will not be materially different from the book value.

10. DEBTORS	Group		Holding Company	
	1988	1987	1988	1987
Trade debtors	878158	730611	519419	406810
Other debtors (see note 20)	671832	26750	664903	93318
Amounts due from subsidiaries				
less provision	-	-	1093143	2061229
Prepayments and accrued income	54971	59402	8256	24081
	<hr/>	<hr/>	<hr/>	<hr/>
	1604961	816763	2285721	2585438
	<hr/>	<hr/>	<hr/>	<hr/>

BRITANNIA HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31st MARCH 1988

11. <u>CREDITORS: DUE WITHIN ONE YEAR</u>	<u>Group</u>		<u>Holding Company</u>	
	<u>1988</u>	<u>1987</u>	<u>1988</u>	<u>1987</u>
Bank overdraft (see below)	4038504	1966093	3719006	1902424
Directors' loan accounts	1980	24835	1980	24835
Current amounts due on loans (note 12)	2099982	1839709	1719982	1459709
Amount due to subsidiaries	-	-	-	46091
Trade creditors	554937	457516	334797	262366
Current corporation tax	40435	-	-	-
Other taxes and social security costs	539036	160816	347332	80683
Other creditors (note 20)	673014	1893973	315021	1637240
Accruals	332678	397678	258501	376213
	<u>8280566</u>	<u>6740620</u>	<u>6696619</u>	<u>5789561</u>

Bank overdrafts amounting to £3878902 (1987 - £1786221) are secured by charges on the assets of the Group.

12. <u>LOANS</u>	<u>Group</u>		<u>Holding Company</u>	
	<u>1988</u>	<u>1987</u>	<u>1988</u>	<u>1987</u>
<u>Wholly repayable within five years:-</u>				
a) European Investment Bank	-	85528	-	85528
<u>Not wholly repayable within five years:-</u>				
b) Wilsons Brewery Limited	456790	496497	99790	125657
c) Barclays Bank Plc	1491000	2239000	636000	1004000
d) Credit Lyonnais Bank Nederland NV	2599184	1842392	2599184	1842392
	<u>4546974</u>	<u>4663417</u>	<u>3334974</u>	<u>3057577</u>

BRITANNIA HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31st MARCH 1988

12. LOANS (Cont/d)

Repayment Terms:-

- a) This loan is repayable in ten half-yearly instalments commencing 15th December 1983 in accordance with an amortisation table which forms part of the loan agreement. Interest is payable at 11% per annum, half-yearly in arrears. Amounts repayable within twelve months of the balance sheet date being £90073 (1987 - £170800) have been included in creditors due within one year.
- b) These secured loans bear interest at 4% above the National Westminster Bank P.L.C. base rate, but provided all the terms of the loan agreement are complied with, the rate will be reduced to 5% per annum. They are mainly repayable in equal monthly instalments over a ten year period from the date of the first instalment. Amounts repayable within twelve months of the balance sheet date being £20108 (1987 - £20108) have been included in creditors due within one year.
- c) Loans from Barclays Bank P.L.C. consist of an a medium term loan of £1004000 and a bridging loan of £1235000. Both loans bear interest at 1½% per annum over London Inter Bank offer rate. Amounts repayable within twelve months of the balance sheet date being £748000 (1987 - £748000) have been included in creditors due within one year. The loans are secured by charges on the freehold and leasehold land and buildings owned by the Group.
- d) The loans from Credit Lyonnais Bank Nederland NV are as follows:-
 1. A loan of £304,250 repayable by quarterly instalments of £35,000 each. Interest is charged at 1½% above Inter-Bank Rate. The amount of £140,000 which is due within 12 months has been included in current liabilities.
 2. A loan of £2,862,934 repayable by quarterly instalments of £107,000 each. Interest is charged 15/8% above the offered side of the rate for one month deposits on the London Inter-bank Market. The amount of £428,000 which is due within 12 months has been included in current liabilities.
- e) Pension Fund loan - included in creditors due within one year is a loan of £673801 from the Pension Fund. This loan is unsecured and is repayable on demand. Interest is charged at 15% per annum.

BRITANNIA HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

AT 31st MARCH 1988

13. DEFERRED TAXATION

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

a) <u>GROUP</u>	<u>Provision</u>		<u>Potential</u>	
	<u>1988</u>	<u>1987</u>	<u>1988</u>	<u>1987</u>
Capital allowances in advance of depreciation	3456618	3051244	3456618	3051244
Other differences in recognising revenue and expense items in other periods for taxation purposes	(18993)	(26042)	(18993)	(26042)
	3437625	3025202	3437625	3025202
<u>Less:-</u> Taxation losses	(694633)	(1159067)	(694633)	(1159067)
	2742992	1866135	2742992	1866135
Taxation payable if property disposed of at book value	-	-	16148244	523972
	2742992	1866135	18891236	2390107
	=====	=====	=====	=====
b) <u>COMPANY</u>				
Capital allowances in advance of depreciation	2127197	1776532	2127197	1776532
Other differences in recognising revenue and expense items in other periods for taxation purposes	(18993)	(26042)	(18993)	(26042)
	2108204	1750490	2108204	1750490
<u>Less:-</u> Taxation losses	(141669)	(249829)	(141669)	(249829)
	1966535	1500661	1966535	1500661
Taxation payable if property disposed of at book value	-	-	11378838	523972
	1966535	1500661	13345373	2024633
	=====	=====	=====	=====

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.

BRITANNIA HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31st MARCH 1988

14. <u>DEFERRED GRANTS</u>	<u>Group</u>		<u>Holding Company</u>	
	<u>1988</u>	<u>1987</u>	<u>1988</u>	<u>1987</u>
Balance at 1st April 1987	1070557	1010190	83000	-
Received during the year	225026	266749	97567	83000
	<u>1295583</u>	<u>1276939</u>	<u>180567</u>	<u>83000</u>
Apportionment to repairs and renewals	(127459)	(206382)	-	-
	<u>1168124</u>	<u>1070557</u>	<u>180567</u>	<u>83000</u>

The Directors do not consider it appropriate to release any of the deferred grant to the Profit and Loss Account until 1st April 1988. This is consistent with the policy adopted for the depreciation of the tangible fixed assets concerned.

15. <u>SHARE CAPITAL</u>	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>1988</u>	<u>1987</u>	<u>1988</u>	<u>1987</u>
	<u>No.</u>	<u>No.</u>	<u>£</u>	<u>£</u>
Ordinary shares of £1 each	5000	5000	5000	5000
	<u>5000</u>	<u>5000</u>	<u>5000</u>	<u>5000</u>

16. <u>REVALUATION RESERVE</u>	<u>Group</u>		<u>Holding Company</u>	
	<u>1988</u>	<u>1987</u>	<u>1988</u>	<u>1987</u>
Arising on revaluation of tangible fixed assets during the year	44640779	-	31013904	-
	<u>44640779</u>	<u>-</u>	<u>31013904</u>	<u>-</u>

17. <u>CAPITAL COMMITMENTS</u>	<u>Group</u>		<u>Holding Company</u>	
	<u>1988</u>	<u>1987</u>	<u>1988</u>	<u>1987</u>
Contracted for but not provided in the financial statements	-	2658205	-	2400000
	<u>-</u>	<u>2658205</u>	<u>-</u>	<u>2400000</u>

In arriving at the above amounts government grants have been taken into account. The Directors have given a general authorisation for any future capital expenditure required for the completion of the Hotels owned by the Group.

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18. CONTINGENT LIABILITIES

The Holding Company has given an unlimited guarantee to Barclays Bank Plc in respect of the loans and overdrafts of the subsidiaries which amounted to £1,564,864 at the Balance Sheet date.

19. COMMITMENTS UNDER FINANCE LEASES

	<u>Group</u>		<u>Holding Company</u>	
	<u>1988</u>	<u>1987</u>	<u>1988</u>	<u>1987</u>
At 31st March 1988:				
Payable within one year	29492	29432	14746	14746
Payable within two to five years	117968	117968	58984	58984
Payable in over five years	29492	58984	14746	29492
	<u>176952</u>	<u>206444</u>	<u>88476</u>	<u>103222</u>

20. TRANSACTIONS WITH DIRECTORS

Included in other debtors and other creditors are the following balances with Companies in which Mr. M.S. Morton and Mr. A. Langsam have material interests as shareholders:-

<u>Other Debtors</u>		<u>Group</u>		<u>Holding Company</u>	
		<u>1988</u>	<u>1987</u>	<u>1988</u>	<u>1987</u>
a)	Everbuild Limited	-	-	-	65000
b)	MSM Construction Limited	592573	-	592573	-
		<u>592573</u>	<u>-</u>	<u>592573</u>	<u>65000</u>
<u>Other Creditors</u>					
c)	Cormorant Building Contractors Limited	-	40407	-	40407
d)	Everbuild Limited	271901	135731	-	-
e)	Britannia Ringway Hotel Limited	228656	555903	259877	548408
f)	MSM Construction Limited	-	982892	-	982892
		<u>500557</u>	<u>1714933</u>	<u>259877</u>	<u>1571707</u>

Holding Company Transactions:

- a) & d) Transactions with Everbuild Limited consisted of building services provided by that Company and payments made in part settlement of the outstanding balance.
- b) & f) Transactions with M.S.M. Construction Limited consisted of building services provided by that company and payments made in settlement of the outstanding balance.
- c) Transactions with Cormorant Building Contractors Limited included building and maintenance services provided by that company and payments made in settlement of the outstanding balance.
- e) Transactions with Britannia Ringway Hotel Limited included a management charge of £260000 and trading expenses incurred by one company on behalf of the other which were not wholly reimbursed.