

International Hotels Limited

**Directors' report and financial
statements**

Registered number 1352019

31 December 2000



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

Principal activities

The principal activities of the company are the operation of a luxury country house hotel, Alexander House, providing accommodation, restaurant and conference facilities, and property investment. The company's subsidiary, Stoke Park Limited, holds the leasehold of Stoke Poges Golf Club which it operates, along with a luxury hotel business.

Business review

The results for the year are set out in the profit and loss account on page 5.

During the year the shares in the company were acquired by International Hospitals Group Limited. As a result the company is no longer required to produce consolidated accounts.

Proposed dividend

The directors do not recommend the payment of a dividend (1999: £nil).

Directors and directors' interests

The directors who held office during the year were as follows:

The Right Honourable Earl Alexander of Tunis	(Chairman)
RM King	(Deputy Chairman)
GD King	
HM King	
WM King	
CM King	

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the company. Their interests in the ordinary shares of the parent company, International Hospital Group Limited, are disclosed in the financial statements of that company.

According to the register of directors' interests, no rights to subscribe for shares in the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Directors' report *(continued)*

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

H. M. King
HM King
Director

Hertford Place
Denham Way
Rickmansworth
Hertfordshire
WD3 9HG
19th June 2001

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Aquis Court
31 Fishpool Street
St Albans
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AL3 4RF

Auditors' report to the members of International Hotels Limited

We have audited the financial statements on pages 5 to 13.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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 as at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

25 JUNE 2001

Profit and loss account

for the year ended 31 December 2000

	<i>Note</i>	2000 £000	1999 £000
Turnover	2	1,299	1,304
Cost of sales		(725)	(830)
		<hr/>	<hr/>
Gross profit		574	474
Administrative expenses		(734)	(694)
		<hr/>	<hr/>
Operating loss		(160)	(220)
Interest payable and similar charges	4	(165)	(149)
		<hr/>	<hr/>
Loss on ordinary activities before and after tax	3	(325)	(369)
		<hr/> <hr/>	<hr/> <hr/>

The results for the current and preceding year were derived from continuing operations.

There is no difference between the results for the year and the historical cost profit.

There are no recognised gains or losses during the current and preceding year other than those reflected in the profit and loss account.

Balance sheet

at 31 December 2000

	Note	2000	1999
		£000	£000
Fixed assets			
Tangible assets	8	5,017	5,104
Investments	9	1	1
		<u>5,018</u>	<u>5,105</u>
Current assets			
Stocks	10	84	108
Debtors	11	120	12,821
Cash at bank and in hand		13	1
		<u>217</u>	<u>12,930</u>
Creditors: amounts falling due within one year	12	<u>(1,976)</u>	<u>(2,255)</u>
Net current (liabilities)/assets		<u>(1,759)</u>	<u>10,675</u>
Total assets less current liabilities		<u>3,259</u>	<u>15,780</u>
Creditors: amounts falling due after more than one year	13	<u>(4,074)</u>	<u>(16,270)</u>
Net liabilities		<u>(815)</u>	<u>(490)</u>
Capital and reserves			
Called up share capital	15	2,505	2,505
Profit and loss account	16	(4,084)	(3,759)
Revaluation reserve	16	764	764
		<u>(815)</u>	<u>(490)</u>
Deficit on equity shareholders' funds	16	<u>(815)</u>	<u>(490)</u>

These financial statements were approved by the board of directors on its behalf by:

19th June

2001 and were signed

H. M. King
HM King
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost accounting rules, modified to include the revaluation of freehold and leasehold properties.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Notwithstanding the company's net liabilities, the financial statements have been prepared on a going concern basis as the ultimate parent company has undertaken to provide the financial support necessary to allow the company to trade as a going concern.

Cash flow statement

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a parent company which has produced a group cash flow in accordance with the standard.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Motor vehicles	-	33.3%
Fixtures and fittings	-	12.5%
Plant and equipment	-	20%

No depreciation is provided on freehold or long leasehold land and buildings or on fine art works included within fixtures and fittings as it is considered that the residual value of these items will be greater than cost. The costs of maintaining the condition of the freehold and leasehold properties are expensed through the profit and loss account.

Stocks

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

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

Notes (continued)

2 Segmental information

In the opinion of the directors, turnover and the loss on ordinary activities before tax arose in the same class of business and geographical market.

3 Loss on ordinary activities before and after tax

	2000 £000	1999 £000
<i>Loss on ordinary activities before and after tax is stated after charging</i>		
Auditors' remuneration:		
Audit	7	7
Depreciation of tangible assets	87	76
	<u> </u>	<u> </u>

4 Interest payable and similar charges

	2000 £000	1999 £000
On bank loans and overdrafts	165	149
	<u> </u>	<u> </u>

5 Remuneration of directors

None of the directors received any direct emoluments for their services from the company (1999: £nil).

Notes (continued)

6 Staff numbers and costs

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

	Number of employees	
	2000	1999
Administration	9	10
Operational	27	28
	<hr/>	<hr/>
	36	38
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2000	1999
	£000	£000
Wages and salaries	509	496
Social security costs	23	40
	<hr/>	<hr/>
	532	536
	<hr/>	<hr/>

7 Taxation

No liability to United Kingdom Corporation Tax arose during the year ended 31 December 2000 due to there being tax losses (1999: *£nil*).

The potential deferred tax liability following revaluation of the group's freehold and long leasehold properties amounts to £803,000. The directors have not provided for this potential liability as they have no intention of disposing of the property. There are no other potential deferred tax liabilities and no assets which the directors expect to crystallise in the foreseeable future.

Notes (continued)

8 Tangible fixed assets

	Freehold land and buildings	Motor vehicles	Fixtures fittings tools and equipment	Total
	£000	£000	£000	£000
Cost or valuation				
At beginning of year	4,161	105	1,494	5,760
Additions	-	-	2	2
Disposals	-	-	(3)	(3)
At end of year	4,161	105	1,493	5,759
Depreciation				
At beginning of year	-	36	620	656
Charge for year	-	31	56	87
On disposals	-	-	(1)	(1)
At end of year	-	67	675	742
Net book value				
At 31 December 2000	4,161	38	818	5,017
At 31 December 1999	4,161	69	874	5,104

The cost of fixtures, fittings, tools and equipment includes £699,000 (1999: £699,000) of assets not subject to depreciation.

The historical cost of the freehold land and buildings is £3,397,000 (1999: £3,397,000).

9 Investments

	Country of registration and incorporation	Principal activity	Shares in subsidiary undertaking £000	Class and percentage of shares held
Cost and net book value at beginning and end of year			1	
Stoke Park Limited	England and Wales	Management of golf course	100%	ordinary

Notes *(continued)*

10 Stocks

	2000 £000	1999 £000
Finished goods for resale	84	108
	<u>84</u>	<u>108</u>

11 Debtors

	2000 £000	1999 £000
Trade debtors	87	90
Amounts due from group undertakings	3	12,701
Other debtors	6	3
Prepayments and accrued income	24	27
	<u>120</u>	<u>12,821</u>

12 Creditors: amounts falling due within one year

	2000 £000	1999 £000
Bank loans and overdrafts	1,747	2,036
Obligations under finance leases	-	2
Trade creditors	55	80
Amounts owed to group undertakings	7	-
Other creditors including taxation and social security	58	104
Accruals and deferred income	109	33
	<u>1,976</u>	<u>2,255</u>

The bank overdraft is secured by a fixed and floating charge over assets.

Notes (continued)

13 Creditors: amounts falling due after more than one year

	2000 £000	1999 £000
Amounts owed to group undertakings	2,574	14,770
Amounts owed to related parties	1,500	1,500
	<u>4,074</u>	<u>16,270</u>

Analysis of debt:

	2000 £000	1999 £000
Debt can be analysed as falling due:		
In one year or less, or on demand	1,976	2,255
Between one and two years	2,574	14,770
In five years or more	1,500	1,500
	<u>6,050</u>	<u>18,525</u>

14 Called up share capital

	2000 £000	1999 £000
Equity: Authorised ordinary shares of £1 each	2,600	2,600
Equity: Allotted, called up and fully paid shares of £1 each	<u>2,505</u>	<u>2,505</u>

15 Reconciliation of movements in deficit on equity shareholders' funds

Company	Share capital £000	Profit and loss account £000	Revaluation reserve £000	2000 Total deficit on shareholders' funds £000	1999 Total deficit on shareholders' funds £000
At beginning of year	2,505	(3,759)	764	(490)	(121)
Loss for the year	-	(325)	-	(325)	(369)
At end of year	<u>2,505</u>	<u>(4,084)</u>	<u>764</u>	<u>(815)</u>	<u>(490)</u>

Notes *(continued)*

16 Capital commitments

At the year end the company had no capital commitments (1999: *£nil*).

17 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company's ultimate parent undertaking and largest and smallest group in which the company's results are consolidated is International Hospitals Group Limited a company incorporated in Great Britain and registered in England and Wales. The consolidated financial statements of International Group Limited, within which this company is included, can be obtained from Hertford Place, Denham Way, Rickmansworth, Hertfordshire, WD3 9HG.

18 Related party transactions

As the company is a wholly owned subsidiary of International Hospitals Group Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group headed by International Hospitals Group Limited and with associate companies of the group.