

## Ettington Park Group Plc

Financial statements 31 December 1994  
together with directors' and auditors' reports

Registered number: 1786119



## Directors' report

For the period ended 31 December 1994

The directors present their report together with the financial statements for the period ended 31 December 1994.

### Principal activity

The principal activity of the company is to operate a luxury country house hotel, Ettington Park Hotel.

### Review of the business

The directors consider that the year has been successful for the hotel. They anticipate that profitability will be maintained.

The profit for the period after taxation was £213,213 (31 March 1994 - profit £91,259). The dividend arising on preference shares has been accrued from the date of issue to 31 December 1994.

### Directors and their interests

The directors during the year were as follows:

L.A.B. Park	(Chairman)	(resigned 21 June 1994)
Miss R. Kennedy	(General Manager)	
D.J.P. Oakley		(resigned 21 June 1994)
D.P. Newling Ward		(resigned 21 June 1994)
R.J.M. Bonella		(appointed 21 June 1994)
R.R.A. Breare		(appointed 21 June 1994)
M.L. Dunning		(appointed 21 June 1994)
C.G. Upton		(appointed 21 June 1994)

Except as set out below, the directors do not have any beneficial interests in the shares of the company required to be disclosed under Schedule 7 of the Companies Act 1985. Messrs Breare, Upton and Ms Dunning are directors of the company's parent undertaking, Arcadian International Plc, and their interests in the shares of that company are shown in the financial statements of that company. Mr. Bonella, who is not a director of Arcadian International Plc, has a beneficial interest in 240,000 options over ordinary shares in that company (31 December 1993: 6,670). These options are exercisable at a price of 36p between 4 July 1997 and 4 July 2004.

The interests of the directors in the shares of the company at 1 April 1994 and 31 December 1994 were as follows:

	Number of ordinary shares	
	31 December 1994	1 April 1994
L.A.B. Park (Chairman)	nil	23,408

## Directors' report (continued)

### Directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

### Fixed assets

Information relating to significant changes in fixed assets is given in note 7 to these financial statements.

### Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Ettington Park Hotel  
Alderminster  
Nr. Stratford on Avon  
Warwickshire  
CV37 3BU

By order of the Board,  
~~L K Shone~~ R J M Bonella  
Richard J M Bonella  
Secretary Director

18 July 1995

## Auditors' report

London

To the Shareholders of Ettington Park Group plc:

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention as modified by the revaluation of hotels and the accounting policies set out on pages 6 and 7.

### **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 financial 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 company's state of affairs at 31 December 1994 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen  
Chartered Accountants and Registered Auditors

1 Surrey Street  
London  
WC2R 2PS

18 July 1995

# Balance sheet

31 December 1994

	Notes	31 December 1994 £	31 March 1994 £
<b>Fixed assets</b>			
Tangible assets	7	4,488,367	3,738,851
		<u>4,488,367</u>	<u>3,738,851</u>
<b>Current assets</b>			
Stocks	8	22,844	20,208
Debtors	9	442,243	128,788
Cash in hand		9,882	1,310
		<u>474,969</u>	<u>150,306</u>
<b>Creditors: Amounts falling due within one year</b>	10	(1,677,001)	(671,558)
<b>Net current liabilities</b>		<u>(1,202,032)</u>	<u>(521,252)</u>
<b>Total assets less current liabilities</b>		3,286,335	3,217,599
<b>Creditors: Amounts falling due after more than one year</b>	11	(8,629)	(946,958)
<b>Net assets</b>		<u>3,277,706</u>	<u>2,270,641</u>
<b>Capital and reserves</b>			
<b>Equity shareholders' funds</b>			
Called-up share capital	12	1,563,433	1,563,433
Share premium account	13	87,177	87,177
Revaluation reserve	13	1,125,287	331,435
Profit and loss account	13	(335,211)	(510,924)
	14	<u>2,440,686</u>	<u>1,471,121</u>
<b>Non-equity shareholders' funds</b>			
Called-up preference share capital	12	500,000	500,000
Accrued dividends	12	337,020	299,520
		<u>837,020</u>	<u>799,520</u>
		<u>3,277,706</u>	<u>2,270,641</u>

Signed on behalf of the Board



Director

18 July 1995

The accompanying notes are an integral part of this balance sheet.

## Profit and loss account

For the 9 month period ended 31 December 1994

	Notes	Nine month period ended 31 December 1994 £	Year ended 31 March 1994 £
Turnover	2	1,501,265	1,914,055
Cost of sales		(814,261)	(343,172)
<b>Gross profit</b>		<b>687,004</b>	<b>1,570,883</b>
Other administrative expenses		(473,384)	(1,368,880)
<b>Operating profit</b>		<b>213,620</b>	<b>202,003</b>
Interest payable and similar charges	3	(407)	(110,744)
<b>Profit on ordinary activities before taxation</b>	4	<b>213,213</b>	<b>91,259</b>
Tax on profit on ordinary activities	5	-	-
<b>Profit for the financial period</b>		<b>213,213</b>	<b>91,259</b>
Dividends paid and proposed	12	(37,500)	(50,000)
<b>Retained profit for the financial period</b>		<b>175,713</b>	<b>41,259</b>
<b>Accumulated deficit, beginning of period</b>		<b>(510,924)</b>	<b>(552,183)</b>
<b>Accumulated deficit, end of period</b>		<b>(335,211)</b>	<b>(510,924)</b>

A statement of movements in reserves is given in note 13. All operations of the company continued throughout both periods and no operations were acquired or discontinued.

The accompanying notes are an integral part of this profit and loss account.

## Statement of total recognised gains and losses

For the 9 month period ended 31 December 1994

	Nine month period ended 31 December 1994 £	Year ended 31 March 1994 £
Profit for the financial period	213,213	91,259
Unrealised surplus on revaluation of long leasehold property	793,852	-
<b>Total recognised gains and losses relating to the period</b>	<b>1,007,065</b>	<b>91,259</b>

# Notes to financial statements

For the year ended 31 December 1994

## 1 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, except that the leasehold property is shown at its revalued amount and except in the absence of provision for the depreciation of long leasehold buildings. Consolidated accounts have not been prepared because the company is a wholly-owned subsidiary of Arcadian International Plc, for which such accounts are prepared.

In accordance with Financial Reporting Standard No. 1, "cash flow statements", the company has not prepared a cash flow statement because its parent undertaking, Arcadian International Plc, has prepared consolidated financial statements which contain a cash flow statement.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below, except in respect of preference dividends which have been accrued in accordance with Financial Reporting Standard No. 5. Prior year has been restated for this change.

### a) *Turnover*

Turnover is the total amount receivable by the company for goods supplied and for services provided, excluding VAT.

### b) *Tangible fixed assets and depreciation*

Hotel properties with lease of 25 years or more to run at the balance sheet date are periodically revalued and the resultant valuation is included in the balance sheets unless the surplus or deficit is immaterial. Where a material surplus or deficit arises, this is taken to the revaluation reserve.

In accordance with normal practice within the hotel industry, no depreciation is provided on long leasehold properties. The company's properties are maintained at all times in sound condition and to a high standard. Accordingly, the directors are of the opinion that the length of lives and residual values (based on prices prevailing at the time of acquisition or subsequent valuation) of these properties are such that any provision for depreciation would not be material. Any permanent diminution in the value of such properties is charged to the profit and loss account.

Depreciation is calculated to write down the cost or valuation of tangible fixed assets equal annual instalments over their expected useful economic lives. The periods generally applicable are:

Furniture, fittings and equipment	5-15 years
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Leasehold properties are amortised over the unexpired period of the lease where this is less than 25 years.

### c) *Grants*

Grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal annual instalments over ten years.

## Notes to financial statements (continued)

### 1 Accounting policies (continued)

#### d) Stocks

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

#### e) Deferred tax

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by tax legislation) has been calculated on the liability method. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of the reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably reverse.

#### f) Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

### 2 Turnover and profit on ordinary activities before tax

The turnover and profit before tax are attributable to the operation of Ettington Park Hotel. All turnover arises within the United Kingdom.

### 3 Interest payable and similar charges

	Nine month period ended 31 December 1994 £	Year ended 31 March 1994 £
On bank loans, overdrafts and other loans		
- repayable within five years, otherwise than by instalments	407	27,595
- repayable wholly or partly in more than five years	-	80,730
- finance charges in respect of finance leases	-	2,419
	<u>407</u>	<u>110,744</u>

## Notes to financial statements (continued)

### 4 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after:

	Nine month period ended 31 December 1994 £	Year ended 31 March 1994 £
Auditors' remuneration		
- audit services	-	14,177
- non-audit services	-	4,786
Staff costs (see note 6)	366,090	669,043
Depreciation		
- tangible fixed assets		
i. owned	61,231	50,774
ii. held under finance leases and hire purchase contracts	-	83,254
Operating lease rentals	-	8,278
Transfer from deferred grant income	(19,413)	(25,884)

Auditors' remuneration for the current period was borne by another group company.

### 5 Taxation

The company has unrelieved tax losses in excess of £1,700,000 (31 March 1994 - £1,900,000) which are available to be set against future taxable trading profits.

Deferred taxation attributable to unrealised valuation surpluses arising on the company's long leasehold property has not been provided as there is no current intention to dispose of the property. The amount of unprovided deferred tax is approximately £370,000.

### 6 Directors and employees

Staff costs during the year were as follows:

	Nine month period ended 31 December 1994 £	Year ended 31 March 1994 £
Wages and salaries	340,402	618,230
Social security costs	25,688	50,813
	<u>366,090</u>	<u>669,043</u>

## Notes to financial statements (continued)

### 6 Directors and employees (continued)

The average weekly number of persons (including directors) employed full-time by the company during the period was 56 (31 March 1994 - 70).

Remuneration in respect of directors which is included in the above was payable as follows:

	Nine month period ended 31 December 1994 £	Year ended 31 March 1994 £
Directors' fees	4,751	43,500
Management remuneration	29,461	40,301
	<u>34,212</u>	<u>83,801</u>

The emoluments of the directors, excluding pension contributions were as follows:

	£	£
The chairman	3,000	26,700
Highest paid director	<u>29,461</u>	<u>40,301</u>

The emoluments of the directors, excluding pension contributions, fell within the following ranges:

	31 December 1994 Number	31 March 1994 Number
£ 0 - £ 5,000	7	-
£ 5,001 - £ 10,000	-	2
£ 10,001 - £ 15,000	-	-
£ 25,001 - £ 30,000	1	1
£ 40,001 - £ 45,000	<u>-</u>	<u>1</u>

# Notes to financial statements (continued)

## 7 Tangible fixed assets

	Long leasehold property £	Furniture, fittings and equipment £	Total £
<b>Cost or valuation</b>			
1 April 1994	3,500,000	1,129,011	4,629,011
Additions at cost	-	18,012	18,012
Disposals at cost	-	(16,149)	(16,149)
Revaluation	794,000	-	794,000
Transfer	(39,000)	39,000	-
31 December 1994	<u>4,255,000</u>	<u>1,169,874</u>	<u>5,424,874</u>
<b>Depreciation</b>			
1 April 1994	-	890,160	890,160
Charge for the year	-	61,231	61,231
Disposals	-	(14,884)	(14,884)
31 December 1994	<u>-</u>	<u>936,507</u>	<u>936,507</u>
<b>Net book value</b>			
31 December 1994	<u>-</u>	<u>233,367</u>	<u>4,488,367</u>
31 March 1994	<u>3,500,000</u>	<u>238,851</u>	<u>3,738,851</u>

The figures stated above for cost or valuation include valuations as follows:

	Long leasehold property	
	31 December 1994	31 March 1994
		£
At valuation	<u>4,255,000</u>	<u>3,500,000</u>

## Notes to financial statements (continued)

### 7 Tangible fixed assets (continued)

The valuation of the long leasehold property was carried out by Weatherall Green & Smith, Chartered Surveyors, as at 31 December 1994 on an open market basis for existing use as a fully operational hotel, in accordance with the Statements of Asset Valuation Practice and Guidance Notes issued by the Royal Institution of Chartered Surveyors.

If the long leasehold property had not been revalued, it would have been included at historical cost of £3,168,565 and the depreciation charge would not be materially different.

### 8 Stocks

	31 December 1994	31 March 1994 £
Goods for resale and consumables	<u>22,844</u>	<u>20,208</u>

### 9 Debtors

	31 December 1994 £	31 March 1994 £
Trade debtors	234,686	108,246
Amount owed by other group undertakings	165,619	-
Prepayments and accrued income	<u>41,938</u>	<u>20,542</u>
	<u>442,243</u>	<u>128,788</u>

### 10 Creditors: Amounts falling due within one year

	31 December 1994 £	31 March 1994 £
Bank overdraft (note 11)	-	299,172
Bank loan (note 11)	-	100,000
Trade creditors	130,592	104,751
Amount owed to parent undertaking	1,300,000	-
Amount owed to other group undertakings	117,873	-
Social security and other taxes	91,399	30,354
Other creditors	3,787	3,094
Accruals	3,711	102,684
Deferred income: grants (note 15)	23,507	25,884
Amounts due under finance leases	<u>6,132</u>	<u>5,619</u>
	<u>1,677,001</u>	<u>671,558</u>

## Notes to financial statements (continued)

### 10 Creditors: Amounts falling due within one year (continued)

Loans from parent undertaking and amounts owed to other group undertakings are unsecured and are repayable on demand.

### 11 Creditors: Amounts falling due after more than one year

	31 December 1994 £	31 March 1994 £
Bank loan	-	916,629
Deferred income: grants (note 15)	-	17,036
Amounts due under finance leases (due within 1-2 years)	8,629	13,293
	<u>8,629</u>	<u>946,958</u>
<i>Bank loan</i>		
	£	£
Repayable by instalments:	-	1,016,629
Less: included in creditors due within one year	-	100,000
	<u>-</u>	<u>916,629</u>

The bank loan and overdraft, which were repaid during the period, were secured by a mortgage debenture over the long leasehold property and by a fixed and floating charge over other assets of the company.

### 12 Share capital

	31 December 1994 £	31 March 1994 £
<i>Authorised</i>		
500,000 cumulative redeemable non-participating preference shares of £1 each	500,000	500,000
4,000,000 'A' ordinary shares of £1 each	4,000,000	4,000,000
666,666 'B' ordinary shares of 75p each	500,000	500,000
	<u>5,000,000</u>	<u>5,000,000</u>
<i>Allotted, called-up and fully-paid</i>		
500,000 cumulative redeemable non-participating preference shares of £1 each	500,000	500,000
1,063,433 'A' ordinary shares of £1 each	1,063,433	1,063,433
666,666 'B' ordinary shares of 75p each	500,000	500,000
	<u>2,063,433</u>	<u>2,063,433</u>

## Notes to financial statements (continued)

### 12 Share capital (continued)

The preference shares carry dividend rights at 10%. Such dividends have been accrued in accordance with Financial Reporting Standard No. 5. This represents a change in accounting policy and accordingly a prior year adjustment has been made in these financial statements in respect of previously unrecorded preference dividends of £299,520.

The preference shares are redeemable at par at the option of either the company or the shareholder subject to certain conditions.

### 13 Reserves

Of reserves shown in the balance sheet as shareholders' funds the following amounts are regarded as distributable or otherwise:

	1994 £	1993 £
Distributable		
- profit and loss account	(335,211)	(510,924)
Non-distributable		
- share premium account	87,177	87,177
- revaluation reserve	1,125,287	331,435
Total reserves	<u>877,253</u>	<u>(92,312)</u>

	Share premium account £	Revaluation reserve £	Profit and loss account £	Total £
Beginning of year	87,177	331,435	(510,924)	(92,312)
Retained profit for the period	-	-	175,713	175,713
Revaluation of long leasehold property	-	793,852	-	793,852
End of year	<u>87,177</u>	<u>1,125,287</u>	<u>(335,211)</u>	<u>877,253</u>

## Notes to financial statements (continued)

### 14 Reconciliation and movements in shareholders' funds

	31 December 1994 £	31 March 1994 £
Profit for the financial period	213,213	91,259
Other recognised gains and losses	793,852	-
Issue of shares	-	150
Net increase in shareholders funds	1,007,065	91,409
Opening shareholders' funds	2,270,641	2,179,232
Closing shareholders' funds	<u>3,277,706</u>	<u>2,270,641</u>

### 15 Grants

The amounts included in deferred income: grants, relate to the proportion of grants received that have not yet been recognised in the profit and loss account.

The company has received grants totalling £280,391 from the Historic Buildings and Monuments Commission and the English Tourist Board which are repayable in the event that within a 10 year period there is a breach of the grant terms. Such a breach would occur in the event of a change of use of the hotel or the disposal of the hotel in circumstances which were detrimental to the status of the property as a Grade 1 listed building.

### 16 Investment

The company owns all the 100 ordinary shares of £1 each in Ettington Park Hotel Limited, a dormant company registered in England. No value has been ascribed to the investment. The net assets of this company as at 31 December 1994 were £100.

### 17 Capital commitments

	31 December 1994 £	31 March 1994 £
Contracted for but not provided in these financial statements	-	-
Authorised but not contracted for	-	120,000

## Notes to financial statements (continued)

### 18 Contingent liabilities and subsequent event

The company has given a guarantee secured on its assets amounting to approximately £14.3 million (31 March 1994 - £nil) in support of group borrowings. Subsequent to the year end, this guarantee was increased to £23.3 million.

There were no other contingent liabilities at 31 December 1994 or 31 March 1994 except as disclosed in note 15 to these financial statements.

### 19 Leasing commitments

Operating lease payments amounting to £262 (31 March 1994 - £8,278) are due within one year. The leases to which these amounts relate expire as follows:

	31 December 1994		31 March 1994	
	Land and buildings £	Other £	Land and buildings £	Other £
In one year or less	-	-	-	8,016
In five years or more	262	-	262	-
	<u>262</u>	<u>-</u>	<u>262</u>	<u>8,016</u>

### 20 Ultimate parent undertaking

The company is a subsidiary undertaking of Arcadian International Plc, which is registered in England and Wales.

The only group in which the results of the company are consolidated is that headed by Arcadian International Plc. The consolidated financial statements of this group are available to the public and may be obtained from Gatton Place, St. Matthew's Road, Redhill, Surrey RH1 1TA.