

REGISTRAR'S COPY

COMPANY NUMBER 223343

FOLEY LODGE HOTELS PLC

Financial Statements

28 February 1990

FINNIE & CO  
Chartered Accountants  
NEWBURY



FOLEY LODGE HOTELS PLC

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DIRECTORY

DIRECTORS:

H W Biggs BA  
Mary E Brown IMA  
D J Corbett NDA  
Sarah M Corbett  
A B M Good FIPR - Chairman  
M Morris FCCA  
R P Smithson MCIMA - Managing Director

SECRETARY:

Sarah M Corbett

REGISTERED OFFICE:

Foley Lodge Hotel  
Stockcross  
Newbury  
Berkshire

AUDITORS:

Finnie & Co  
Oxford House  
12/20 Oxford Street  
Newbury  
Berkshire

SOLICITORS:

Lamb, Brooks, Wills, Chandler  
Victoria House  
38 Winchester Street  
Basingstoke  
Hampshire

BANKERS:

National Westminster Bank Plc  
15 Bishopsgate  
London  
EC2P 2AP

OPERATING PREMISES:

Foley Lodge Hotel  
Stockcross  
Newbury  
Berkshire

CHAIRMAN'S REPORT  
28 February 1990

Throughout the year under review Foley Lodge Hotel has established itself as one of Berkshire's leading hotels.

We have been particularly successful in attracting corporate conference business and have gained many contracts with top international companies.

The hotel completion coincided with two other hotel projects owned and operated by major hotel groups, with an addition of 270 extra bedrooms in the Newbury area.

In spite of this we exceeded our sales target by over £250,000, achieving a turnover of £1.5 million. The hotel, which was a phased development, the full facilities only being completed and fully operational from July 1989, was also profitable at operating level in its first year of trading.

This growth has continued throughout the current year in spite of a difficult economic environment and we are confident that we will again achieve our targets.

The hotel has now been awarded four star status and appears in Michelin guide and Derek Johansens hotel guide.

In May of 1990 we were proud to be winners of the Berkshire County Council Tourist Award. In July 1990 we were runners up in the Hotel and Catering Industries "Catay Award" for the best independent marketing campaign.

DIRECTORS' REPORT  
28 February 1990

The directors present their report and the consolidated financial statements for the year ended 28 February 1990.

PRINCIPAL ACTIVITIES

The group's principal activities continued to relate to the development and management of a country house hotel and to the provision of catering services.

RESULTS AND DIVIDENDS

Details of the results for the year are shown in the profit and loss account and related notes.

As indicated in the company's business plan, the directors are not recommending the payment of a dividend.

FIXED ASSETS

Movements in fixed assets are set out on page 11.

TAXATION STATUS

The company is not a close company as defined by the Income and Corporation Taxes Act 1988.

DIRECTORS

The directors who served during the year together with their beneficial interests in the ordinary shares of the company were as follows:

	<u>28 February 1990</u>		<u>28 February 1989</u>	
	"A"	"B"	"A"	"B"
	ordinary shares	ordinary shares	ordinary shares	ordinary shares
E I Roberts (resigned 26 June 1989)	-	-	-	-
D G F Evans (resigned 26 June 1989)	-	-	-	-
H W Biggs	116,266	-	116,266	-
Mary E Brown	91,739	-	91,739	-
D J Corbett	97,970	-	97,970	-
Sarah M Corbett	91,739	-	91,739	-
M Morris	-	5,000	-	5,000
R P Smithson	50,000	-	50,000	-
A B M Good (appointed 25 May 1989)	-	30,000	-	-

AUDITORS

A resolution to reappoint Finnie & Co., Chartered Accountants, as auditors will be proposed at the annual general meeting.

By order of the board

Mrs S M Corbett

Secretary

FOLEY LODGE HOTELS PLC

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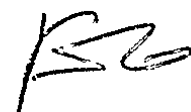
REPORT OF THE AUDITORS

To the members of Foley Lodge Hotels Plc

We have audited the financial statements on pages 5 to 17 in accordance with Auditing Standards.

The company does not depreciate its freehold buildings as is required by Statement of Standard Accounting Practice No. 12.

Subject to the foregoing, in our opinion, the financial statements, which have been prepared under the historical cost convention, as modified by freehold properties shown at valuation on 28 February 1987 and subsequent cost, give a true and fair view of the state of the financial affairs of the company and of the group at 28 February 1990 and of the loss and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



FINNIE & CO  
Chartered Accountants  
NEWBURY

20 July 1990

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
Year ended 28 February 1990

	note	1990 £	1989 £
TURNOVER	3	1,867,865	461,539
Change in stocks		<u>1,800</u>	<u>(26,353)</u>
		1,869,665	435,186
Raw materials		466,012	118,174
Staff costs	6	632,241	257,368
Depreciation of tangible fixed assets		195,007	23,680
Other operating charges		<u>561,294</u>	<u>138,331</u>
		1,854,554	537,553
OPERATING PROFIT/(LOSS)		15,111	(102,367)
Interest payable	4	<u>498,759</u>	<u>29,392</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAX	5	(483,648)	(131,759)
Tax on loss on ordinary activities	7	<u>34</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAX TRANSFERRED TO RESERVES	16	<u>(483,682)</u>	<u>(131,759)</u>

CONSOLIDATED BALANCE SHEET  
28 February 1990

	note	£	1990 £	1989 £
FIXED ASSETS				
Tangible assets	9		4,497,376	2,945,739
CURRENT ASSETS				
Stocks	11	28,153		26,353
Debtors	12	272,198		137,869
Cash in hand		<u>1,454</u>		<u>640</u>
		301,805		164,862
Creditors: amounts falling due within one year	13	<u>3,285,320</u>		<u>1,761,830</u>
NET CURRENT LIABILITIES			(2,983,515)	(1,596,968)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,513,861	1,348,771
Creditors: amounts falling due after more than one year	14		<u>572,593</u>	<u>227,042</u>
			<u>941,268</u>	<u>1,121,729</u>
CAPITAL AND RESERVES				
Called up share capital	15		1,392,541	1,192,407
Share premium account	16		173,087	82,020
Profit and loss account	16		<u>(624,360)</u>	<u>(152,698)</u>
			<u>941,268</u>	<u>1,121,729</u>

Directors:

R P Smithson

D J Corbett

*R. P. Smithson*  
*D. J. Corbett*



## FOLEY LODGE HOTELS PLC

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## BALANCE SHEET

28 February 1990

	note	£	1990 £	1989 £
FIXED ASSETS				
Tangible assets	9		4,478,582	2,920,471
Investments	10		<u>721,492</u>	<u>721,492</u>
			5,200,074	3,641,963
CURRENT ASSETS				
Stocks	11	23,067		21,553
Debtors	12	257,529		116,001
Cash in hand		<u>1,150</u>		<u>490</u>
		281,746		138,044
CREDITORS: amounts falling due within one year	13	<u>3,976,814</u>		<u>2,425,544</u>
NET CURRENT LIABILITIES			(3,695,068)	(2,287,500)
TOTAL ASSETS LESS CURRENT LIABILITIES			1,505,006	1,354,463
CREDITORS: amounts falling due after more than one year	14		<u>565,439</u>	<u>221,139</u>
			<u>939,567</u>	<u>1,133,324</u>
CAPITAL AND RESERVES				
Called up share capital	15		1,392,541	1,192,407
Share premium account	16		173,087	82,020
Profit and loss account	16		<u>(626,061)</u>	<u>(141,103)</u>
			<u>939,567</u>	<u>1,133,324</u>

Directors:

R P Smithson



D J Corbatt



NOTES ON THE FINANCIAL STATEMENTS  
28 February 1990

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention, except that freehold property is shown at its market value at 28 February 1987 and subsequent cost.

BASIS OF CONSOLIDATION

The group financial statements consolidate the audited accounts of the company and its subsidiaries all of which prepare financial statements at 28 February.

No profit and loss account is presented for Foley Lodge Hotels Plc as provided by S228(7) of the Companies Act 1985.

STOCK

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

Cost has been calculated on the "first in, first out" basis. Net realisable value comprises anticipated proceeds of sale less anticipated costs relating thereto.

DEPRECIATION AND AMORTISATION

No depreciation is provided on freehold property.

Other fixed assets are depreciated on a straight line basis over their estimated useful lives as follows:

	Annual rate
Motor vehicles	25%
Equipment, fixtures and fittings	20%

LEASED ASSETS

Finance leases which have an option to acquire the assets at the end of the lease term are capitalised and depreciated over the useful life of the asset.

Other operating leases are charged to the profit and loss account on a straight line basis over the lease term.

In accordance with Statement of Standard Accounting Practice 21, the group capitalises assets acquired under finance leases without the option to acquire the assets at the end of the lease term. Assets capitalised in accordance with Statement of Standard Accounting Practice 21 are depreciated in accordance with group policy, or over the period of the lease if shorter.

GOODWILL

Goodwill and capital reserves arising on the acquisition of subsidiary companies are written off directly against reserves in the year of acquisition.

NOTES ON THE FINANCIAL STATEMENTS (continued)  
28 February 1990

## DEFERRED TAX

Deferred tax in respect of accelerated capital allowances and other timing differences is provided under the liability method except where such timing differences are expected, with reasonable probability, to continue in the foreseeable future.

## 2 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the board on 20 July 1990

## 3 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

Turnover represents the total amount receivable in the ordinary course of business for goods sold after deducting discounts given and credit notes issued.

The group's turnover and profit on ordinary activities before tax are derived from its activities within the UK.

## 4 INTEREST PAYABLE

	1990	1989
	£	£
On bank loans and overdrafts repayable within 5 years	388,763	20,676
Hire purchase and other interest	<u>109,996</u>	<u>8,716</u>
	<u>498,759</u>	<u>29,392</u>

5 LOSS ON ORDINARY ACTIVITIES BEFORE TAX  
is stated after charging:

Equipment hire	41,672	17,457
Depreciation and amortisation - owned assets	114,385	11,557
Depreciation and amortisation - leased assets	80,622	12,123
Auditors' remuneration	16,871	13,500
Operating lease rentals	<u>7,000</u>	<u>-</u>

## Directors' emoluments:

Directors' fees	(650)	1,200
Directors' remuneration	66,566	44,584
Pension contributions	<u>600</u>	<u>600</u>

66,516 46,384

Emoluments (excluding pension contributions paid on their behalf):

Chairman	-	600
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Highest paid director	35,000	20,417
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## Other directors:

	Number	Number
£1 - £5,000	-	4
£1,001 - £15,000	2	2

NOTES ON THE FINANCIAL STATEMENTS (continued)  
28 February 1990

	1990	1989
6 STAFF COSTS (including directors)	£	£
Wages and salaries	588,000	238,178
Social security costs	42,633	18,590
Other costs	<u>1,608</u>	<u>600</u>
	<u>632,241</u>	<u>257,368</u>

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

Administration and management	5	6
Sales and marketing	3	1
Operational	<u>61</u>	<u>26</u>
	<u>69</u>	<u>33</u>

In addition to the above permanent staff, the group also employed an average of 31 (1989:23) part-time staff.

- 7 TAX ON LOSS ON ORDINARY ACTIVITIES  
No liability arises to UK corporation tax as a result of losses incurred. Profits chargeable to corporation tax in future years will be reduced by £600,000 in respect of trading losses carried forward.

8 GROUP LOSS AFTER TAX	1990	1989
	£	£
Dealt with in the financial statements of the holding company	<u>484,958</u>	<u>141,103</u>

NOTES ON THE FINANCIAL STATEMENTS (continued)  
28 February 1990

9	TANGIBLE FIXED ASSETS GROUP	Freehold property £	Equipment fixtures & fittings £	Motor vehicles £	Total £
	Cost or valuation				
	At 1 March 1989	2,676,288	298,246	32,699	3,007,233
	Additions	796,989	938,929	16,222	1,752,140
	Disposals	-	-	(6,870)	(6,870)
	At 28 February 1990	3,473,277	1,237,175	42,051	4,752,503
	Accumulated depreciation				
	At 1 March 1989	-	50,442	11,052	61,494
	Charge for the year	-	186,726	8,281	195,007
	Disposals	-	-	(1,374)	(1,374)
	At 28 February 1990	-	237,168	17,959	255,127
	Net book value				
	At 28 February 1990	3,473,277	1,000,007	24,092	4,497,376
	At 28 February 1989	2,676,288	247,804	21,647	2,945,739
	COMPANY				
	Cost or valuation				
	At 1 March 1989	2,676,288	237,883	15,482	2,929,653
	Intra-group transfer	-	-	500	500
	Additions	796,989	938,742	7,070	1,742,801
	Disposals	-	-	(6,870)	(6,870)
	At 28 February 1990	3,473,277	1,176,625	16,182	4,666,084
	Accumulated depreciation				
	At 1 March 1989	-	5,655	3,527	9,182
	Charge for year	-	176,168	3,526	179,694
	Disposals	-	-	(1,374)	(1,374)
	At 28 February 1990	-	181,823	5,679	187,502
	Net book value				
	At 28 February 1990	3,473,277	994,802	10,503	4,478,582
	At 28 February 1989	2,676,288	232,228	11,955	2,920,471
	Cost or valuation				
	At 28 February 1990 Freehold property is represented by:-				
	Valuation in 1987	625,000			
	Cost	2,848,277			
		3,473,277			

All other assets are shown at cost.

## NOTES ON THE FINANCIAL STATEMENTS (continued)

28 February 1990

## 9 TANGIBLE FIXED ASSETS (continued)

If the freehold property had not been revalued it would have been included at the following amounts:

	1990 £	1989 £
Cost	2,898,663	2,101,674
Accumulated depreciation	<u>-</u>	<u>-</u>
	<u>2,898,663</u>	<u>2,101,674</u>

Assets acquired under finance leases: Fixtures & fittings

	1990 £	1989 £	Motor vehicles 1990 £	1989 £
Cost	656,969	234,913	21,653	21,453
Depreciation	<u>78,546</u>	<u>5,655</u>	<u>6,640</u>	<u>6,766</u>
Net book value	<u>578,423</u>	<u>229,258</u>	<u>15,013</u>	<u>14,687</u>

## 10 FIXED ASSET INVESTMENTS

Investment in subsidiaries

Cost

At 1 March 1989 and 28 February 1990

721,492

The subsidiary companies at 28 February 1990 were:

Sarah & Mary Limited  
Foley Lodge Limited

Both companies are 100% subsidiaries and are incorporated in England.

11	STOCKS	1990	1989
	GROUP	£	£
	Consumables	<u>28,153</u>	<u>26,353</u>
	COMPANY		
	Consumables	<u>23,067</u>	<u>21,553</u>
12	DEBTORS		
	GROUP		
	Amounts falling due within one year:		
	Trade debtors	255,951	65,606
	Other debtors	4,413	70,567
	Prepayments	<u>11,834</u>	<u>1,696</u>
		<u>272,198</u>	<u>137,869</u>

NOTES ON THE FINANCIAL STATEMENTS (Continued)  
28 February 1990

12	DEBTORS (continued)	1990	1989
	COMPANY	£	£
	Trade debtors	244,897	50,944
	Other debtors	1,565	65,057
	Prepayments	<u>11,067</u>	<u>-</u>
		<u>257,529</u>	<u>116,001</u>
13	CREDITORS: amounts falling due within one year		
	GROUP		
	Loan	2,110,000	-
	Bank overdrafts	530,781	1,600,329
	Trade creditors	412,996	35,692
	Other taxes and social security costs	24,315	9,891
	Other creditors	33,802	17,864
	Obligations under finance leases	53,214	26,399
	Accruals	120,212	67,520
	Corporation tax	<u>-</u>	<u>4,135</u>
		<u>3,285,320</u>	<u>1,761,830</u>
	COMPANY		
	Bank overdraft	517,022	1,562,279
	Bank loan	2,110,000	-
	Trade creditors	406,622	32,162
	Other taxes and social security costs	20,788	7,714
	Amounts owed to subsidiary companies	734,573	738,287
	Other creditors	26,072	170
	Obligations under finance leases	46,796	22,795
	Accruals	<u>114,941</u>	<u>62,137</u>
		<u>3,976,814</u>	<u>2,425,544</u>

The overdrafts are secured by a legal mortgage over the company's freehold property. On 26 June 1989, £2,110,000 of the bank overdraft at that date was converted into a loan 2.5% above LIBOR repayable over 10 years after the initial drawdown. This was subsequently revised to 1.5% above LIBOR in October 1989.

14	CREDITORS: amounts falling due after more than one year	1990	1989
	GROUP	£	£
	Obligations under finance leases	<u>572,593</u>	<u>227,042</u>
	COMPANY		
	Obligations under finance leases		
	Amounts repayable within two to five years	388,166	123,817
	Amounts repayable after more than five years	<u>177,273</u>	<u>97,322</u>
		<u>565,439</u>	<u>221,139</u>

NOTES ON THE FINANCIAL STATEMENTS (continued)  
28 February 1990

15 CALLED UP SHARE CAPITAL	1990 £	1989 £
Authorised		
1,000,000 "A" Ordinary Shares of £1 each	1,000,000	1,000,000
1,000,000 "B" Ordinary Shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
	<u>2,000,000</u>	<u>2,000,000</u>
Allotted, called up and fully paid		
854,000 "A" Ordinary Shares of £1 each	854,000	814,000
538,241 "B" Ordinary Shares of £1 each	<u>538,541</u>	<u>378,407</u>
	<u>1,392,541</u>	<u>1,192,407</u>

Allotments during the year to provide further working capital:-

On 30 March 1989 the company allotted 45,000 "B" ordinary shares at £1.30 each and 9334 "B" ordinary shares at £1.50 each to provide working capital. The company allotted a further 2,000 "B" ordinary shares at £1.50 each on 4 April 1989.

On 30 September 1989 40,000 "A" ordinary shares were issued at £1.50 each and 79,500 "B" ordinary shares were also issued at £1.50 each.

A further 4,000 "B" ordinary shares were issued in October 1989 at £1.50 each.

20,300 "B" ordinary shares were also issued at £1.50 each in December 1989.

Contingent rights to the allotment of shares:

Options have been granted to directors to subscribe for ordinary shares of Foley Lodge Hotels Plc as follows:

Number & description of shares	Subscription price per share	Period within which options exercisable
100,000	£1	25 March 1988 - 25 March 1993
5,000	£1	26 March 1989 - 25 March 1990
10,000	£1	26 March 1990 - 25 March 1991
15,000	£1.10	26 March 1991 - 25 March 1992
20,000	£1.20	26 March 1992 - 25 March 1993



NOTES ON THE FINANCIAL STATEMENTS (continued)  
28 February 1990

## 16 SHARE PREMIUM ACCOUNT AND RESERVES

GROUP	Share premium account		Profit & loss account	
	1990 £	1989 £	1990 £	1989 £
At 1 March 1989	82,020	-	(152,698)	-
Premium on allotment during the year	91,067	82,020	-	-
Goodwill arising on consolidation	-	-	12,020	(20,939)
Loss for the period transferred to reserves	-	-	(483,682)	(131,759)
At 28 February 1990	<u>173,087</u>	<u>82,020</u>	<u>(624,360)</u>	<u>(152,698)</u>
COMPANY				
At 1 March 1989	82,020	-	(141,103)	-
Premium on allotment during the period	91,067	82,020	-	-
Loss for the period transferred to reserves	-	-	(484,958)	(141,103)
At 28 February 1990	<u>173,087</u>	<u>82,020</u>	<u>(626,061)</u>	<u>(141,103)</u>

## 17 CAPITAL COMMITMENTS

	1990 £	1989 £
Expenditure authorised but not contracted for	-	-
Expenditure contracted for but not provided for in the financial statements	-	720,673

## 18 CONTINGENT LIABILITIES

Unlimited cross-guarantees and debentures are held by the company's bankers over the company and its subsidiaries. The overdraft of Foley Lodge Hotels Plc at 28 February 1990 was £517,022 and the overdraft of Sarah & Mary Limited was £13,759.

## 19 HIRE PURCHASE AND LEASE COMMITMENTS

The following is a schedule of future minimum payments under finance leases and hire purchase agreements as at 28 February 1990:

	1990 £	1989 £
Repayable:		
Within one year	176,018	71,104
Between two and five years	727,203	267,293
Over five years	<u>202,494</u>	<u>117,559</u>
	<u>1,105,715</u>	<u>455,956</u>

NOTES ON THE FINANCIAL STATEMENTS (continued)  
28 February 1990

## 19 HIRE PURCHASE AND LEASE COMMITMENTS (continued)

At 28 February 1990 the group had annual commitments under non-cancellable operating leases as follows:

	1990 £	1989 £
Expiring between two and five years inclusive	7,000	7,000

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
Year ended 28 February 1990

	note	£	1990 £	£	1989 £
SOURCE OF FUNDS					
Issue of shares			291,201		1,274,427
Decrease in net working capital	2		692,460		224,321
Sale of fixed assets			<u>5,496</u>		<u>-</u>
			989,157		1,498,748
APPLICATION OF FUNDS					
Absorbed by operations	1	276,655		129,018	
Acquisition of fixed assets		<u>1,752,140</u>		<u>2,969,419</u>	
			<u>2,028,795</u>		<u>3,098,437</u>
DECREASE IN CASH RESOURCES			(1,039,638)		(1,599,689)
NOTES					
1 Absorbed by operations					
Loss for the year			(483,682)		(131,759)
Depreciation			195,007		23,680
Goodwill on acquisition of subsidiaries			<u>12,020</u>		<u>(20,939)</u>
			<u>(276,655)</u>		<u>(129,018)</u>
2 Movement in net working capital					
Stock			1,800		26,353
Debtors			134,329		137,869
Creditors			<u>(828,589)</u>		<u>(388,543)</u>
			<u>(692,468)</u>		<u>(224,321)</u>