

Warm Welcome Hotels (Southern) Limited

Abbreviated Annual Report

Year Ended 30 April 2006

Company Registration Number 2345854



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COMPANIES HOUSE 01/12/2006

Warm Welcome Hotels (Southern) Limited

Abbreviated Accounts

Year Ended 30 April 2006

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Warm Welcome Hotels (Southern) Limited

Independent Auditor's Report to Warm Welcome Hotels (Southern) Limited

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts which comprise the Balance Sheet and the related notes, together with the financial statements of Warm Welcome Hotels (Southern) Limited for the year ended 30 April 2006 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with those provisions and to report our opinion to you.

Basis of Opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with those provisions.

Other Information

On 23/11/06 we reported as auditor to the members of the company on the financial statements prepared under Section 226 of the Companies Act 1985 and our report included the following paragraph:

Going Concern

In forming our opinion, we have considered the adequacy of the disclosure made in note 1 of the financial statements concerning the pledge made by the parent company to provide sufficient continuing facilities to enable the company to continue normal trading facilities.

In view of the significance of this pledge we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

PSK Holding & Smith Ltd.

23/11/06

Warm Welcome Hotels (Southern) Limited

Independent Auditor's Report to Warm Welcome Hotels (Southern) Limited *(continued)*

UNDER SECTION 247B OF THE COMPANIES ACT 1985

Park Holding & Smith Limited

Chartered Accountants

Petitor House

Nicholson Road

Torquay

Devon

TQ2 7TD

28/11/06
.....

Registered Auditors

Warm Welcome Hotels (Southern) Limited


Abbreviated Balance Sheet

30 April 2006

| | Note | £ | 2006 £ | £ | 2005 £ |
|--|------|---------------|------------------|----------------|------------------|
| Fixed Assets | 2 | | | | |
| Tangible assets | | | 1,873,317 | | 1,966,106 |
| Current Assets | | | | | |
| Stocks | | 21,152 | | 19,169 | |
| Debtors | | 49,715 | | 95,434 | |
| Cash at bank and in hand | | 27,288 | | 16,787 | |
| | | <u>98,155</u> | | <u>131,390</u> | |
| Creditors: Amounts falling due within one year | 3 | 291,662 | | 284,547 | |
| Net Current Liabilities | | | <u>(193,507)</u> | | <u>(153,157)</u> |
| Total Assets Less Current Liabilities | | | 1,679,810 | | 1,812,949 |
| Creditors: Amounts falling due after more than one year | 4 | | 2,175,845 | | 2,202,476 |
| Provisions for Liabilities and Charges | | | 44,685 | | 48,646 |
| Government Grants | 5 | | 5,740 | | 6,970 |
| | | | <u>(546,460)</u> | | <u>(445,143)</u> |
| Capital and Reserves | | | | | |
| Called-up equity share capital | 6 | | 100 | | 100 |
| Profit and loss account | | | <u>(546,560)</u> | | <u>(445,243)</u> |
| Deficiency | | | <u>(546,460)</u> | | <u>(445,143)</u> |

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These abbreviated accounts have been approved for issue by the Board of Directors on 20 November 2006



 Mr P Davies

Warm Welcome Hotels (Southern) Limited

Notes to the Abbreviated Accounts

Year Ended 30 April 2006

1. Accounting Policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The company meets its day to day working capital requirements through an overdraft facility which is repayable on demand, long term bank loan and a pledge from its parent company Warm Welcome Management Limited to provide sufficient continuing facilities.

On this basis, the directors consider it appropriate to prepare financial statements on the going concern basis. The financial statements do not include any adjustment that would result from a withdrawal of the above facilities.

(b) Turnover

The turnover shown in the Profit and Loss Account represents amounts invoiced during the year, exclusive of Value Added Tax.

In respect of long-term contracts and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

(c) Fixed assets

All fixed assets are initially recorded at cost.

(d) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

| | |
|---------------------|------------------------------|
| Freehold Property | - 2% straight line |
| Leasehold Property | - Over the term of the lease |
| Fixtures & Fittings | - 15% reducing balance |

(e) Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

(f) Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Warm Welcome Hotels (Southern) Limited

Notes to the Abbreviated Accounts

Year Ended 30 April 2006

1. Accounting Policies *(continued)*

(g) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

(h) Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as required by the FRSSE.

(i) Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

2. Fixed Assets

| | Tangible Assets £ |
|-------------------------|----------------------------------|
| Cost | |
| At 1 May 2005 | 3,024,113 |
| Additions | 3,499 |
| At 30 April 2006 | <u><u>3,027,612</u></u> |
| Depreciation | |
| At 1 May 2005 | 1,058,007 |
| Charge for year | 96,288 |
| At 30 April 2006 | <u><u>1,154,295</u></u> |
| Net Book Value | |
| At 30 April 2006 | <u><u>1,873,317</u></u> |
| At 30 April 2005 | <u><u>1,966,106</u></u> |

3. Creditors: Amounts falling due within one year

The following liabilities disclosed under creditors falling due within one year are secured by the company:

| | 2006 £ | 2005 £ |
|---------------------------|-----------------------|-----------------------|
| Bank loans and overdrafts | 99,759 | 115,483 |
| Hire purchase agreements | 2,832 | 6,400 |
| | <u><u>102,591</u></u> | <u><u>121,883</u></u> |

Warm Welcome Hotels (Southern) Limited

Notes to the Abbreviated Accounts

Year Ended 30 April 2006

4. Creditors: Amounts falling due after more than one year

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

| | 2006 £ | 2005 £ |
|---------------------------|----------------|----------------|
| Bank loans and overdrafts | 464,554 | 500,000 |
| Hire purchase agreements | - | 2,832 |
| | <u>464,554</u> | <u>502,832</u> |

Included within creditors falling due after more than one year is an amount of £250,000 (2005 - £300,000) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

5. Government Grants

| | 2006 £ | 2005 £ |
|-------------------------|--------------|--------------|
| Received and receivable | 8,200 | 8,200 |
| Amortisation | (2,460) | (1,230) |
| | <u>5,740</u> | <u>6,970</u> |

6. Share Capital

Authorised share capital:

| | 2006 £ | 2005 £ |
|--------------------------------|------------|------------|
| Equity shares | | |
| 100 Ordinary shares of £1 each | <u>100</u> | <u>100</u> |

Allotted, called up and fully paid:

| | 2006 No | £ | 2005 No | £ |
|----------------------------|------------|------------|------------|------------|
| Equity shares | | | | |
| Ordinary shares of £1 each | <u>100</u> | <u>100</u> | <u>100</u> | <u>100</u> |

7. Ultimate Parent Company

The company is a wholly owned subsidiary of Warm Welcome Management Limited, a company registered and incorporated in England.