

Company No: 3707886
Registered in England and Wales

THE ARDEN HOTEL LIMITED

ABBREVIATED ACCOUNTS

FOR THE PERIOD

4 FEBRUARY 1999 TO 30 JUNE 2000



THE ARDEN HOTEL LIMITED

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THE ARDEN HOTEL LIMITED

COMPANY INFORMATION

Directors	P.L. Bretherton J.E. Gardner Mrs. R.M. Gardner A.G. Cheal S.J.M. Gardner D.J. Gardner
Secretary	D.J. Gardner
Registered office	Coventry Road Bickenhill Solihull West Midlands B92 0EH
Registered number	3707886
Auditor	Williams, Ashton & Anderson Registered Auditor, and Authorised Public Accountants 359 Yardley Road Yardley Birmingham B25 8NB
Bankers	Barclays Bank Plc 15 Colmore Row Birmingham B2 2EP
Solicitors	Edge & Ellison Rutland House 148 Edmund Street Birmingham B3 2JR

THE ARDEN HOTEL LIMITED

REPORT OF THE DIRECTORS

The directors present their first report and the audited financial statements for the period from 4 February 1999 (date of incorporation) to 30 June 2000.

CHANGE OF NAME

The company was incorporated under the name of A H L Management Limited and this was subsequently changed to The Arden Hotel Limited.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of hotel, restaurant and leisure centre proprietors.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

On 4 March 1999, the company effectively acquired the entire share capital of Arden Restaurant & Hotel Limited for £3,441,734. The assets, liabilities and business of this company were hived up into the company on 30 June 1999. Results for the period compared with those of Arden Restaurant & Hotel Limited for the year ending 30 June 1999 are a little disappointing, with a decrease in turnover (£2,881,315 compared with £3,091,014) and operating profit (£656,722 compared with £932,523). However, results for the period have been disrupted by the commencement of the building of a major new extension. It is anticipated that this extension will be ready for occupation by October 2000 at a total expected cost of approximately £4 million. Part of this building work related to the new bar in the sunken lounge area which was completed and opened in the period.

The directors believe that the building of this extension is a strategic move in securing expected improvements in the future profitability of the company.

DIRECTORS

The present directors of the company are set out on page 1. All the directors served throughout the period.

Those directors serving at the end of the period had interests in the share capital of the company as follows:

	Ordinary Shares of £1 each	
	30.6.2000	Date of appointment
J.E. Gardner	2,991	1
Mrs. R.M. Gardner	2,990	1
P.L. Bretherton	5,980	1
S.J.M. Gardner	5,980	1
A.G. Cheal	5,979	1
D.J. Gardner	5,980	1

YEAR 2000 COMPLIANCE

The company has experienced no significant computer or operating problems arising from the advent of the year 2000. There may be problems yet to be identified but the directors are confident of being able to deal promptly with any that may occur. Costs of dealing with the year 2000 issue are expensed as incurred and are not deemed to be material.

Continued on page 3

THE ARDEN HOTEL LIMITED

REPORT OF THE DIRECTORS (continued)


CHARITABLE DONATIONS

The company made no charitable donations during the period.

AUDITORS

In accordance with the Companies Act 1985, Williams, Ashton & Anderson retire and offer themselves for re-appointment.

The report of the directors was approved by the Board on 25 August 2000 and signed on its behalf by:


.....
D.J. GARDNER
Director

Coventry Road
Bickenhill
B92 0EH

THE ARDEN HOTEL LIMITED

AUDITORS' REPORT TO THE ARDEN HOTEL LIMITED UNDER SECTION 246B OF THE COMPANIES ACT 1985

FOR THE PERIOD ENDED 30 JUNE 2000

We have examined the abbreviated accounts set out on pages 5 to 17, together with the accounts of the company for the period ended 30 June 2000 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A 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 section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full accounts.

Opinion

In our opinion, the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985 and the abbreviated accounts on pages 5 to 17 are properly prepared in accordance with that provision.

359 Yardley Road
Yardley
Birmingham
B25 8NB

25 August 2000

Williams, Ashton & Anderson

.....
WILLIAMS, ASHTON & ANDERSON
REGISTERED AUDITOR, AND
AUTHORISED PUBLIC ACCOUNTANTS

THE ARDEN HOTEL LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 30 JUNE 2000

	Note	2000 £
GROSS PROFIT		2,417,964
		<hr/>
Selling and distribution costs		(90,636)
Administrative expenses		(1,670,606)
		<hr/>
		(1,761,242)
		<hr/>
OPERATING PROFIT	3	656,722
Investment income	4	6,756,175
Amounts written off investments		(3,391,734)
Interest (payable)	5	(417,247)
		<hr/>
NET PROFIT FOR THE PERIOD BEFORE TAXATION		3,603,916
Taxation	8	(68,106)
		<hr/>
RETAINED PROFIT FOR THE FINANCIAL PERIOD		3,535,810
		<hr/>

CONTINUING OPERATIONS

Turnover and operating profit derive wholly from continuing operations which were transferred to the company by its subsidiary on 30 June 1999.

TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses other than those recorded in the profit and loss account.

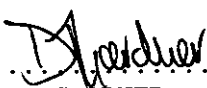
THE ARDEN HOTEL LIMITED

ABBREVIATED BALANCE SHEET

AT 30 JUNE 2000	Note	2000 £
FIXED ASSETS		
Tangible	9	10,593,427
Investment in subsidiary undertakings	10	50,000
		<hr/>
		10,643,427
		<hr/>
CURRENT ASSETS		
Stocks		17,964
Debtors due within one year	11	301,256
Cash at bank		4,626
		<hr/>
		323,846
CREDITORS:		
Amounts falling due within one year	12	(909,225)
		<hr/>
NET CURRENT (LIABILITIES)		(585,379)
		<hr/>
TOTAL ASSETS, LESS CURRENT LIABILITIES		10,058,048
CREDITORS:		
Amounts falling due after more than one year	13	(6,466,338)
PROVISIONS FOR LIABILITIES AND CHARGES:		
Deferred taxation	8	(26,000)
		<hr/>
TOTAL NET ASSETS		3,565,710
		<hr/>
CAPITAL AND RESERVES		
Called up share capital	15	29,900
Profit and loss account		3,535,810
		<hr/>
EQUITY SHAREHOLDERS' FUNDS		3,565,710
		<hr/>

These abbreviated accounts have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to medium sized companies.

The financial statements were approved by the Board on 25 August 2000 and signed on its behalf by:


.....
D.J. GARDNER
Director

THE ARDEN HOTEL LIMITED

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2000

Reconciliation of operating profit to net cash inflow from operating activities

	Note	£
Operating profit		656,722
Depreciation charge		235,408
(Increase) in stocks		(10)
(Increase) in debtors		(159,930)
Increase in creditors		97,074
		<hr/>
		829,264
		<hr/>

CASH FLOW STATEMENT

Net cash inflow from operating activities		829,264
Returns on investments and servicing of finance	1	(388,819)
Taxation	1	122,713
Capital expenditure	1	(2,315,287)
Acquisitions and disposals	1	47,714
Financing - new bank treasury loans		2,050,849
- decrease in debt		(341,880)
		<hr/>
Increase in cash		4,554
		<hr/>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

2

Increase in cash in the period	4,554
Cash (inflow) from (increase) in debt	(1,708,969)
Change in net debt resulting from cash flows	
Loans transferred from subsidiary undertaking	(1,821,512)
Loan on acquisition of subsidiary undertaking	(3,411,840)
	<hr/>
Movement in net debt in the period	(6,937,767)
	<hr/>
Net debt at 30 June 2000	(6,937,767)
	<hr/>

THE ARDEN HOTEL LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE PERIOD ENDED 30 JUNE 2000

1. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	£
Returns on investments and servicing of finance:	
Interest received	2,228
Interest paid	(391,047)
	<hr/>
	(388,819)
	<hr/>
Taxation	
UK Corporation tax paid	(78,604)
Advance corporation tax repaid	201,317
	<hr/>
	122,713
	<hr/>
Capital expenditure	
Payments to acquire tangible fixed assets	2,315,287
	<hr/>
Acquisitions and disposals	
Cash at bank and in hand on transfer of business	47,714
	<hr/>

2. ANALYSIS OF NET DEBT

	Cash flow	On acquisition of subsidiary	Transfer from subsidiary	At 30 June 2000
Cash in hand and at bank	4,626			4,626
Overdraft	(72)			(72)
	<hr/>			
	4,554			
	<hr/>			
Debt due after one year	(1,262,236)	(3,411,840)	(1,792,262)	(6,466,338)
Debt due within one year	(446,733)		(29,250)	(475,983)
	<hr/>			
	(1,704,415)	(3,411,840)	(1,821,512)	(6,937,767)
	<hr/>			

THE ARDEN HOTEL LIMITED

NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

FOR THE PERIOD ENDED 30 JUNE 2000

3. PURCHASE OF SUBSIDIARY UNDERTAKING AND TRANSFER OF BUSINESS

On 4 March 1999, the company acquired the share capital of Arden Restaurant & Hotel Limited and Kelube Limited for £3,441,734. This was satisfied by:

	£
Shares allotted	29,894
Loan notes	1,999,680
Bank loan	1,412,160
	<hr/>
	3,441,734
	<hr/>

On 30 June 1999, the assets, liabilities and business of Arden Restaurant & Hotel Limited were transferred to the company as follows:

Net assets acquired:

Fixed assets	8,513,548
Stocks	17,954
Debtors	141,320
Cash at bank and in hand	47,714
Creditors	(370,398)
Loans	(1,821,512)
Taxation recoverable	122,715
	<hr/>
	6,651,341
	<hr/>

Satisfied by:

Loan from subsidiary company	6,651,341
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4. NON CASH TRANSACTIONS

The consideration for the transfer of business of £6,651,341 was satisfied by a loan from the subsidiary company. A final dividend by the subsidiary company of £6,753,947 was set against this loan.

THE ARDEN HOTEL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

30 JUNE 2000

1. DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the company and of the profit or loss of the company 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;
- * prepare the statements on a 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 the financial statements 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.

2. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements are prepared in accordance with the historical cost convention.

The principal accounting policies which the directors have adopted within that convention are set out below.

(a) TURNOVER

Turnover consists of the invoiced value (excluding value added tax) of goods and services supplied to third parties. All transactions arose in the United Kingdom.

THE ARDEN HOTEL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

30 JUNE 2000

2. ACCOUNTING POLICIES (Continued)

(b) DEPRECIATION

Depreciation is provided so as to reduce fixed assets to their estimated residual value at the end of their anticipated useful lives. The principal annual rates used are:

Freehold buildings	Between 2% and 5% p.a. straight line basis
Computers	10% p.a. straight line basis
Fixtures & fittings	15% p.a. reducing balance basis

Freehold land is not depreciated.

Assets are depreciation from the date they come into use.

(c) STOCKS

Stocks consist of goods for resale and are stated at the lower of cost and net realisable value.

Cost is determined on a first-in first-out basis.

Net realisable value is based on the estimated selling price after taking into account all further costs expected to be incurred.

(d) TAXATION

The charge for taxation is based on the profit or loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

(e) LEASED ASSETS

Where asset acquisitions are financed by hire purchase and leasing agreements ("finance leases"), the assets are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in constant proportion to the balance of capital repayments outstanding. Rentals payable under operating leases are charged to the profit and loss account as incurred.

(f) INVESTMENTS

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

(g) GROUP ACCOUNTS

Group accounts have not been prepared as the company is exempt under S.248 Companies Act 1985 as the group is medium-sized.

THE ARDEN HOTEL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

30 JUNE 2000

3.	OPERATING PROFIT	2000
		£
	Operating profit is shown after charging:	
	Depreciation of owned fixed assets	235,408
	Auditors' remuneration	3,750
		<hr/>
4.	INVESTMENT INCOME	2000
		£
	Bank interest	2,228
	Dividends received from subsidiary company	6,753,947
		<hr/>
		6,756,175
		<hr/>
5.	INTEREST PAYABLE	2000
		£
	On bank overdraft and loans	266,831
	On loan notes	149,923
	On overdue taxation	493
		<hr/>
		417,247
		<hr/>
6.	EMPLOYEES	
	Employees:	
	Average number of people (including remunerated directors) employed by the company during the period:	
		No. of employees
	Office and management staff	3
	Restaurant and hotel staff	100
		<hr/>
		103
		<hr/>
	Costs in respect of these employees:	£
	Wages and salaries	788,385
	Social security costs	52,169
		<hr/>
		840,554
		<hr/>

THE ARDEN HOTEL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

30 JUNE 2000

7.	DIRECTORS' REMUNERATION	£
	Salaries	120,000

8.	TAX ON PROFIT ON ORDINARY ACTIVITIES	2000
		£
	Taxation charge for the period:-	
	Corporation tax at 20%	42,106
	Deferred taxation	26,000

		68,106
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The tax charge is disproportionately high due to timing differences relating to freehold buildings.

The amounts of deferred tax provided and unprovided in the accounts are as follows:

	Provided	Not provided
	£	£
Accelerated capital allowances	26,000	165,000

The company acquired the freehold property from the subsidiary company in the period. Prior to this date the property had been revalued in the accounts of the subsidiary. No deferred taxation has been provided in respect of any potential capital gain as it is not anticipated that the property will be disposed of within the foreseeable future.

THE ARDEN HOTEL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

30 JUNE 2000

9. TANGIBLE ASSETS

	Freehold property	Fixtures fittings plant & equipment	Computers	TOTAL
	£	£	£	£
Cost				
Acquired from subsidiary	8,150,000	350,000	13,548	8,513,548
Additions	1,954,967	324,937	35,383	2,315,287
	<hr/>			
At 30 June 2000	10,104,967	674,937	48,931	10,828,835
	<hr/>			
Depreciation Charge				
	178,000	52,500	4,908	235,408
	<hr/>			
At 30 June 2000	178,000	52,500	4,908	235,408
	<hr/>			
Net book value				
At 30 June 2000	9,926,967	622,437	44,023	10,593,427
	<hr/>			

The cost attributed to land included in freehold property which is not depreciated is £1,500,000.

Additions to freehold property are in respect of a new extension which is in the course of construction.

THE ARDEN HOTEL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

30 JUNE 200)

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS	2000
	£
Cost of shares acquired	3,441,734
Less: Amounts written off	(3,391,734)
	<hr/>
	50,000
	<hr/>

On 4 March 1999, the company acquired 35,094 shares (79.55% of share capital) in Arden Restaurant & Hotel Limited and the whole of the share capital of Kelube Limited - a non trading company, which owns the remaining 20.45% of the share capital of Arden Restaurant & Hotel Limited.

Arden Restaurant & Hotel Limited traded as hotel, restaurant and leisure centre proprietors until 30 June 1999 when its assets, liabilities and business were transferred to the company. Its profit after tax for the year ended 30 June 1999 was £623,593.

The net assets of these companies at 30 June 2000 were £50,000.

11. DEBTORS	2000
	£
Trade debtors	137,701
Other debtors	133,300
Prepayments and accrued income	30,255
	<hr/>
	301,256
	<hr/>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2000
	£
Bank loans and overdraft (note 14)	455,859
M. & B. Loan (note 14)	20,196
Trade creditors	72,427
Amount due to subsidiary undertaking	50,000
Director's loan account	26,500
Corporation tax	42,104
Other taxes and social security costs	56,038
Other creditors	109,612
Accruals	50,450
Subscriptions to leisure centre in advance	26,039
	<hr/>
	909,225
	<hr/>

THE ARDEN HOTEL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

30 JUNE 2000

13. CREDITORS: AMOUNTS FALLING DUE AFTER
MORE THAN ONE YEAR

	2000 £
Bank loans (note 14)	4,432,998
M. & B. loan (note 14)	33,660
Unsecured loan notes 2014 (note 14)	1,999,680
	<hr/>
	6,466,338
	<hr/>

14. BORROWINGS

	2000 £
Bank loans and overdraft	4,888,857
M. & B. loan	53,856
Unsecured loan notes	1,999,680
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	6,942,393
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Analysis of repayments

Within one year or on demand	476,055
Between one and two years	473,933
Between two and five years	1,374,675
After five years	4,617,730
	<hr/>
	6,942,393
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Bank loans are comprised of treasury loans which are repayable by quarterly instalments. Interest is charged at 1.25% over Barclays Libor rate.

The bank's security for the borrowings is a first legal charge over the company's land and buildings and a debenture on the bank's standard charge form.

The loan with Mitchells & Butler carries no interest and is repayable by equal monthly instalments of £1,683 over ten years from March 1993. The loan is secured by a second legal charge over the land and buildings. Mitchells & Butler is a division of Bass Brewers Limited.

The loan notes are unsecured and repayable by 2014. Interest is charged at Libor rate.

THE ARDEN HOTEL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

30 JUNE 2000

15. SHARE CAPITAL	2000
Authorised	£
29,900 ordinary shares of £1 each	29,900
	<hr/>
Called up, allotted and fully paid	£
29,900 ordinary shares of £1 each	29,900
	<hr/>

On 4 March 1999 the authorised share capital was increased by the creation of 29,800 ordinary shares of £1 each and 29,894 shares were issued in consideration for the acquisition of Arden Restaurant & Hotel Limited.

16. RELATED PARTY TRANSACTIONS

The company owed P.L. Bretherton a director, £26,500 at 30 June 2000. This loan is interest free.

On 4 March 1999, the company issued unsecured loan notes to J.E. Gardner and Mrs. R.M. Gardner £999,840 and P.L. Bretherton £999,840 as part of the consideration for the acquisition of their shares in Arden Restaurant & Hotel Limited. During the period to 30 June 2000 the company paid interest on these loan notes amounting to £74,961 each.

All of the directors had an interest in Arden Restaurant & Hotel Limited and Kelube Limited (see note 10).

17. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no contingent liabilities at the year end other than costs which may be incurred in connection with year 2000 compliance issues. It is not possible to quantify any such costs.

The company was effectively committed to further capital expenditure at the 30 June 2000 amounting to £1,687,000.