

Company No: 3707886
Registered in England and Wales

THE ARDEN HOTEL LIMITED

ABBREVIATED ACCOUNTS

*** FOR THE YEAR ENDED 30 JUNE 2002 ***



THE ARDEN HOTEL LIMITED

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THE ARDEN HOTEL LIMITED

COMPANY INFORMATION

Directors

J.E. Gardner
Mrs. R.M. Gardner
D.J. Gardner
S.J.M. Gardner
P.L. Bretherton
A.G. Cheal

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

Hammond Suddards Edge
Rutland House
148 Edmund Street
Birmingham
B3 2JR

THE ARDEN HOTEL LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 30 June 2002.

PRINCIPAL ACTIVITIES

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

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

These accounts reflect the first full year of trading with the new extension fully operational. Despite a sluggish first six months of the year, affected by the events of September 11th full year turnover was up 1.4%, resulting in a satisfactory increase in pre-tax net profit to £434,349.

The directors anticipate satisfactory results for the year to 30 June 2003.

DIVIDENDS

An interim dividend of £100,000 was paid during the year. A final dividend of £100,000 is proposed.

DIRECTORS

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

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

	Ordinary Shares of £1 each	
	30.6.2002	30.6.2001
J.E. Gardner	2,990	2,990
Mrs. R.M. Gardner	2,990	2,990
P.L. Bretherton	5,980	5,980
S.J.M. Gardner	5,980	5,980
A.G. Cheal	5,980	5,980
D.J. Gardner	5,980	5,980


CHARITABLE DONATIONS

The company made no charitable donations during the year.

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 6 September 2002 and signed on its behalf by:


.....
D.J. GARDNER
Director

Coventry Road
Bickenhill
B92 0EH

THE ARDEN HOTEL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE ARDEN HOTEL LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

FOR THE YEAR ENDED 30 JUNE 2002

We have examined the abbreviated accounts set out on pages 4 to 15, together with the accounts of the company for the year ended 30 June 2002 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 page 4 to 15 are properly prepared in accordance with that provision.

359 Yardley Road
Yardley
Birmingham
B25 8NB

William Ashton & Anderson
WILLIAMS, ASHTON & ANDERSON
REGISTERED AUDITOR, AND
AUTHORISED PUBLIC ACCOUNTANTS

6 September 2002

THE ARDEN HOTEL LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 £	2001 £
GROSS PROFIT		3,329,826	3,291,254
Selling and distribution costs		(111,653)	(122,615)
Administrative expenses		(2,327,311)	(2,214,622)
		(2,438,964)	(2,337,237)
OPERATING PROFIT	3	890,862	954,017
Investment income	4	3,853	5,904
Interest (payable)	5	(460,366)	(545,734)
NET PROFIT FOR THE YEAR BEFORE TAXATION		434,349	414,187
Taxation	8	(375,421)	(36,401)
PROFIT FOR THE FINANCIAL YEAR		58,928	377,786
Dividends	18	(200,000)	(100,000)
RETAINED PROFIT BROUGHT FORWARD		3,813,596	3,535,810
RETAINED PROFIT CARRIED FORWARD	15	3,672,524	3,813,596

CONTINUING OPERATIONS

Turnover and operating profit derive wholly from continuing operations.

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

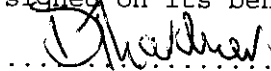
ABBREVIATED BALANCE SHEET

AT 30 JUNE 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible	9	11,688,211	12,095,189
Investment in subsidiary undertakings	10	50,000	50,000
		<u>11,738,211</u>	<u>12,145,189</u>
CURRENT ASSETS			
Stocks		20,752	16,732
Debtors due within one year	11	265,193	296,056
Cash at bank		526,393	372,792
		<u>812,338</u>	<u>685,580</u>
CREDITORS:			
Amounts falling due within one year	12	(1,180,186)	(1,121,579)
		<u>(367,848)</u>	<u>(435,999)</u>
NET CURRENT (LIABILITIES)			
		<u>11,370,363</u>	<u>11,709,190</u>
TOTAL ASSETS, LESS CURRENT LIABILITIES			
CREDITORS:			
Amounts falling due after more than one year	13	(7,345,939)	(7,814,694)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	8	(322,000)	(51,000)
		<u>3,702,424</u>	<u>3,843,496</u>
TOTAL NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	15	29,900	29,900
Profit and loss account	15	3,672,524	3,813,596
		<u>3,702,424</u>	<u>3,843,496</u>
EQUITY SHAREHOLDERS' FUNDS	15	3,702,424	3,843,496

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 6 September 2002 and signed on its behalf by:



 D.J. GARDNER
 Director

THE ARDEN HOTEL LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2002

Reconciliation of operating profit to net cash inflow from operating activities

	Note	2002 £	2001 £
Operating profit		890,862	954,017
Depreciation charge		507,156	472,556
(Increase)/ Decrease in stocks		(4,020)	1,232
Decrease in debtors		30,863	5,200
(Decrease)/Increase in creditors		(128,084)	250,150
		<u>1,296,777</u>	<u>1,683,155</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities		1,296,777	1,683,155
Returns on investments and servicing of finance	1	(463,736)	(538,807)
Taxation	1	(11,421)	(42,005)
Capital expenditure	1	(100,178)	(1,925,109)
Equity dividends paid		(100,000)	(100,000)
Financing - new bank treasury loans		-	1,702,823
- decrease in debt		(467,841)	(411,819)
		<u>153,601</u>	<u>368,238</u>
Increase in cash			

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

2

Increase in cash in the period		153,601	368,238
Cash outflow/(inflow) from decrease/(increase) in debt		467,841	(1,291,004)
		<u>621,442</u>	<u>(922,766)</u>
Change in net debt resulting from cash flows:			
New finance leases		-	(49,209)
		<u>621,442</u>	<u>(971,975)</u>
Movement in net debt in the year			
Net debt brought forward		(7,909,742)	(6,937,767)
		<u>(7,288,300)</u>	<u>(7,909,742)</u>
Net debt carried forward			

THE ARDEN HOTEL LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2002

	2002 £	2001 £
1. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT		
Returns on investments and servicing of finance:		
Interest received	3,853	5,904
Interest paid	(467,589)	(544,711)
	<u>(463,736)</u>	<u>(538,807)</u>
Taxation		
UK Corporation tax paid	(11,421)	(42,005)
	<u>(11,421)</u>	<u>(42,005)</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(100,178)	(1,925,109)
	<u>(100,178)</u>	<u>(1,925,109)</u>

2. ANALYSIS OF NET DEBT

	2001 £	Cash flow	2002 £
Cash in hand and at bank	372,792	153,601	526,393
Debt due after one year	(7,775,230)	463,266	(7,311,964)
Debt due within one year	(463,265)		(463,265)
Finance leases	(44,039)	4,575	(39,464)
	<u>(8,282,534)</u>	<u>467,841</u>	<u>(7,814,693)</u>
	<u>(7,909,742)</u>	<u>621,442</u>	<u>(7,288,300)</u>

THE ARDEN HOTEL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

30 JUNE 2002

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, and in accordance with applicable accounting standards.

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 2002

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 depreciated 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 year 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.

(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 2002

3. OPERATING PROFIT	2002	2001
	£	£
Operating profit is shown after charging:		
Depreciation of owned fixed assets	499,776	467,351
Depreciation of leased assets	7,380	5,205
Auditors' remuneration	3,800	3,800
	<u> </u>	<u> </u>
4. INVESTMENT INCOME	2002	2001
	£	£
Bank interest	3,853	5,904
	<u> </u>	<u> </u>
5. INTEREST PAYABLE	2002	2001
	£	£
Bank overdraft and loans	363,578	420,724
Loan notes	91,373	120,631
	<u> </u>	<u> </u>
Finance leases	5,415	4,379
	<u> </u>	<u> </u>
	460,366	545,734
	<u> </u>	<u> </u>
6. EMPLOYEES		
Employees:		
Average number of people (including remunerated directors) employed by the company during the year:		
	2002	2001
	£	£
No. of employees		
Office and management staff	3	3
Restaurant and hotel staff	102	102
	<u> </u>	<u> </u>
	105	105
	<u> </u>	<u> </u>
Costs in respect of these employees:	£	£
Wages and salaries	989,494	958,925
Social security costs	64,752	63,335
	<u> </u>	<u> </u>
	1,054,246	1,022,260
	<u> </u>	<u> </u>

THE ARDEN HOTEL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

30 JUNE 2002

	2002	2001
	£	£
7. DIRECTORS' REMUNERATION		
Salaries	120,000	120,000

	2002	2001
	£	£
8. TAX ON PROFIT ON ORDINARY ACTIVITIES		
Taxation charge for the year:-		
Corporation tax at 24% (2001 20%)	104,421	11,401
Deferred taxation	271,000	25,000
	375,421	36,401

Following the issue of Financial Reporting Standard "Deferred Tax", the company is now required to make full provision for deferred tax in respect of all accelerated capital allowances including Freehold Buildings. This change of basis has resulted in a disproportionately high tax charge being an excess of £271,000.

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

	2002		2001	
	Provided	Not provided	Provided	Not provided
	£	£	£	£
Accelerated capital allowances	322,000	-	51,000	270,000
Provision at 1 July 2001				51,000
Deferred tax charge in profit and loss account for the year				271,000
Provision at 30 June 2002				322,000

The company acquired the freehold property from the subsidiary company in a previous period. Prior to this 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 2002

9. TANGIBLE ASSETS

	Freehold property	Fixtures fittings plant & equipment	Computers	TOTAL
	£	£	£	£
Cost				
At 1 July 2001	10,697,537	2,017,849	87,767	12,803,153
Additions	46,841	50,296	3,041	100,178
At 30 June 2002	10,744,378	2,068,145	90,808	12,903,331
Depreciation				
At 1 July 2001	393,276	297,448	17,240	707,964
Charge	229,794	264,878	12,484	507,156
At 30 June 2002	623,070	562,326	29,724	1,215,120
Net book value				
At 30 June 2002	10,121,308	1,505,819	61,084	11,688,211
At 30 June 2001	10,304,261	1,720,401	70,527	12,095,189

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

The net book value of fixtures, fittings, plant and equipment includes £36,624 (2001 £44,004) in respect of assets held under finance leases.

THE ARDEN HOTEL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

30 JUNE 2002

10. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

The investment of £50,000 relates to 35,094 shares (79.55% of share capital) in Arden Restaurant & Hotel Limited and the whole of the share capital of Kelube Limited which owns the remaining 20.45% of the share capital of Arden Restaurant & Hotel Limited. Neither company has traded during the years to 30 June 2002 and 30 June 2001.

The net assets of these companies at 30 June 2002 were £50,000.

11. DEBTORS

	2002	2001
	£	£
Trade debtors	249,751	263,805
Prepayments and accrued income	15,442	32,251
	<hr/>	<hr/>
	265,193	296,056
	<hr/>	<hr/>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£	£
Bank loans and overdraft (note 14)	443,069	443,069
Bass Brewers Ltd. Loan (note 14)	20,196	20,196
Trade creditors	126,448	203,223
Amount due to subsidiary undertaking	50,000	50,000
Director's loan account	-	26,500
Corporation tax	104,500	11,500
Other taxes and social security costs	191,571	147,493
Other creditors	50,250	79,800
Accruals and deferred income	88,663	135,223
Obligations under finance leases	5,489	4,575
Proposed dividend	100,000	-
	<hr/>	<hr/>
	1,180,186	1,121,579
	<hr/>	<hr/>

THE ARDEN HOTEL LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

30 JUNE 2002

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

	2002	2001
	£	£
Bank loans (note 14)	5,177,616	5,620,686
Bass Brewers Ltd. loan (note 14)	134,668	154,864
Unsecured loan notes 2014 (note 14)	1,999,680	1,999,680
Obligations under finance leases	33,975	39,464
	<u>7,345,939</u>	<u>7,814,694</u>

14. BORROWINGS

	2002	2001
	£	£
Bank loans and overdraft	5,620,685	6,063,755
Bass Brewers Ltd. loan	154,864	175,060
Unsecured loan notes	1,999,680	1,999,680
Obligations under finance leases	39,464	44,039
	<u>7,814,693</u>	<u>8,282,534</u>
Analysis of repayments		
Within one year or on demand	468,754	467,840
Between one and two years	469,668	468,754
Between two and five years	1,414,502	1,411,756
After five years	5,461,769	5,934,184
	<u>7,814,693</u>	<u>8,282,534</u>

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 from Bass Brewers Limited carries no interest and is repayable by equal monthly instalments of £1,683. The loan is secured by a second legal charge over the land and buildings.

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 2002

15. SHAREHOLDERS FUND

	Called up Share Capital	Profit & Loss account	Total
	£	£	£
Balance at 1 July 2001	29,900	3,813,596	3,843,496
Profit for the financial year	-	58,928	58,928
Dividends	-	(200,000)	(200,000)
Balance at 30 June 2002	29,900	3,672,524	3,702,424

The authorised share capital comprises:

	2002	2001
	£	£
Authorised 29,900 ordinary shares of £1 each	29,900	29,900
Called up, allotted and fully paid 29,900 ordinary shares of £1 each	29,900	29,900

16. RELATED PARTY TRANSACTIONS

The company owed P.L. Bretherton a director, £26,500 at 30 June 2001. This amount was repaid during the year.

The unsecured loan notes (note 14) are for J.E. Gardner and Mrs. R.M. Gardner £999,840 and P.L. Bretherton £999,840. During the year to 30 June 2002 the company paid interest on these loan notes amounting to £45,687 each (2001 £60,316 each)

The company was charged rent of £10,000 for the use of certain land owned by J.E. Gardner and P.L. Bretherton

17. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

None (2001 None).

18. DIVIDENDS

	2002	2001
	£	£
Interim - paid	100,000	100,000
Final - proposed	100,000	-
	200,000	100,000