

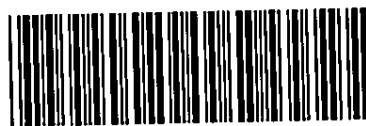
Company No 3707886
Registered in England and Wales

THE ARDEN HOTEL LIMITED

REPORT AND FINANCIAL STATEMENTS

*** FOR THE YEAR ENDED 30 JUNE 2007 ***

WEDNESDAY



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30/04/2008

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COMPANIES HOUSE

Williams, Ashton & Anderson

Registered as Auditors

by

The Association of Chartered Certified Accountants

**359 YARDLEY ROAD
YARDLEY
BIRMINGHAM B25 8NB**

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 2007

PRINCIPAL ACTIVITIES

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

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Turnover was up marginally in comparison with the previous year , to £4,423,119 falling only £34,719 short of 2004's record Turnover was looking exceptionally high up until a poor fourth quarter took its toll on the overall results The poor performance in the last quarter can be entirely attributed to April Turnover in this month was down 29.5% in comparison with 2006 and wiped £132,915 off the comparative figure for 2007 This is largely due to the fact that April 2006 benefited from MACH (bi annual) and IPEX (every four years), whereas 2007 did not Overall turnover was encouraging and was again strongly buoyed by increased internet and GDS sales

In contrast to 2006, the cost of agency staff fell, while the payroll increased The net effect was that overall staff costs increased by 5.8% Since headcounts remained broadly in line over the two years, wage rate inflation, fuelled largely by the increase in the minimum wage and the effect it has on differentials, has driven up the cost in excess of the growth of turnover Generally, other costs were in line with expectation The hotel continued to invest heavily on its room stock, refurbishing a further thirty rooms and bathrooms, so as to keep the overall standard of rooms constant

The outlook for the forthcoming year appears largely positive, and we expect it to be our busiest to date

DIVIDENDS

A dividend of £500,000 was declared during the year. No further dividend is proposed

Continued on page 3

THE ARDEN HOTEL LIMITED

REPORT OF THE DIRECTORS (CONTD.)

FOR THE YEAR ENDED 30 JUNE 2007

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 2007	30 6 2006
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 charitable donations of £238 during the year (2006 £310)

AUDIT ENQUIRIES

As far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware Each of the directors has taken all steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

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 10 April 2008 and signed on its behalf by:


D.J. GARDNER
Director

Coventry Road
Bickenhill
B92 0EH

THE ARDEN HOTEL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE ARDEN HOTEL LIMITED

We have audited the financial statements of The Arden Hotel Limited for the year ended 30 June 2007 on pages 6 to 18. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes an 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.

Continued on page 5

THE ARDEN HOTEL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE ARDEN HOTEL LIMITED (CONTD.)

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 in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 30 June 2007 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

359 Yardley Road
Yardley
Birmingham
B25 8NB

10 April 2008

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

THE ARDEN HOTEL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 £	2006 £
TURNOVER	2 (a)	4,423,119	4,399,625
Cost of sales		(615,435)	(588,555)
		<hr/>	<hr/>
GROSS PROFIT		3,807,684	3,811,070
		<hr/>	<hr/>
Selling and distribution costs		(134,837)	(145,922)
Administrative expenses		(2,703,666)	(2,697,171)
		<hr/>	<hr/>
		(2,838,503)	(2,843,093)
		<hr/>	<hr/>
OPERATING PROFIT	3	969,181	967,977
Investment income	4	10,372	9,482
Interest (payable)	5	(337,317)	(351,972)
		<hr/>	<hr/>
NET PROFIT FOR THE YEAR BEFORE TAXATION		642,236	625,487
Taxation	8	(174,000)	(195,000)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR	17	468,236	430,487
		<hr/>	<hr/>

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

BALANCE SHEET

AT 30 JUNE 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Tangible	10	9,784,103	10,125,975
Investment in subsidiary undertakings	11	50,000	50,000
		<u>9,834,103</u>	<u>10,175,975</u>
CURRENT ASSETS			
Stocks	2c	22,387	22,387
Debtors due within one year	12	224,820	192,449
Cash at bank		396,900	304,609
		<u>644,107</u>	<u>519,445</u>
CREDITORS:			
Amounts falling due within one year	13	(1,666,011)	(1,389,529)
NET CURRENT (LIABILITIES)		<u>(1,021,904)</u>	<u>(870,084)</u>
TOTAL ASSETS, LESS CURRENT LIABILITIES		8,812,199	9,305,891
CREDITORS:			
Amounts falling due after more than one year	14	(4,861,951)	(5,307,879)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	16	(245,000)	(261,000)
TOTAL NET ASSETS		<u>3,705,248</u>	<u>3,737,012</u>
CAPITAL AND RESERVES			
Called up share capital	17	29,900	29,900
Profit and loss account	17	3,675,348	3,707,112
EQUITY SHAREHOLDERS' FUNDS	17	<u>3,705,248</u>	<u>3,737,012</u>

The financial statements were approved by the Board on 10 April 2008 and signed on its behalf by


D.J. GARDNER
Director

THE ARDEN HOTEL LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

Reconciliation of operating profit to net cash inflow from operating activities

	Note	2007 £	2006 £
Operating profit		969,181	967,977
Depreciation charge		408,478	401,064
(Increase)/decrease in debtors		(32,371)	36,819
Increase in creditors		15,403	61,786
		<u>1,360,691</u>	<u>1,467,646</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities		1,360,691	1,467,646
Returns on investments and servicing of finance	1	(326,945)	(342,490)
Taxation	1	(222,581)	(53,537)
Capital expenditure	1	(66,606)	(114,506)
Equity dividends paid		(200,000)	(300,000)
Financing - decrease in debt		(452,268)	(451,304)
		<u>92,291</u>	<u>205,809</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

2

Increase/(decrease) in cash in the period		92,291	205,809
Cash outflow from decrease in debt		452,268	451,304
		<u>544,559</u>	<u>657,113</u>
Change in net debt resulting from cash flows		544,559	657,113
Net debt brought forward		(5,455,490)	(6,112,603)
		<u>(4,910,931)</u>	<u>(5,455,490)</u>
Net debt carried forward		(4,910,931)	(5,455,490)

THE ARDEN HOTEL LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	2007 £	2006 £
1 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT		
Returns on investments and servicing of finance		
Interest received	10,372	9,482
Interest paid	(337,317)	(351,972)
	<u>(326,945)</u>	<u>(342,490)</u>
Taxation		
UK Corporation tax paid	(222,581)	(53,537)
	<u>(222,581)</u>	<u>(53,537)</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(66,606)	(114,506)
	<u>(66,606)</u>	<u>(114,506)</u>
2 ANALYSIS OF NET DEBT		
	2006 £	Cash flow 2007 £
Cash in hand and at bank	304,609	92,291 396,900
Debt due after one year	(5,305,020)	443,069 (4,861,951)
Debt due within one year	(443,069)	- (443,069)
Finance leases	(12,010)	9,199 (2,811)
	<u>(5,760,099)</u>	<u>452,268 (5,307,831)</u>
	<u>(5,455,490)</u>	<u>544,559 (4,910,931)</u>

THE ARDEN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2007

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 FINANCIAL STATEMENTS

30 JUNE 2007

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 and 25% p a straight line 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 FINANCIAL STATEMENTS

30 JUNE 2007

3	OPERATING PROFIT	2007	2006
		£	£
	Operating profit is shown after charging.		
	Depreciation of owned fixed assets	401,374	393,684
	Depreciation of leased assets	7,104	7,380
	Auditors' remuneration	5,200	3,700
		<u> </u>	<u> </u>
4	INVESTMENT INCOME	2007	2006
		£	£
	Bank interest	10,372	9,482
		<u> </u>	<u> </u>
5	INTEREST PAYABLE	2007	2006
		£	£
	Bank overdraft and loans	244,443	261,303
	Loan notes	92,083	88,913
	Finance leases	791	1,756
		<u> </u>	<u> </u>
		337,317	351,972
		<u> </u>	<u> </u>
6	EMPLOYEES		
	Employees		
	Average number of people (including remunerated directors) employed by the company during the year		
		2007	2006
		£	£
	No. of employees		
	Office and management staff	3	3
	Restaurant and hotel staff	114	97
		<u> </u>	<u> </u>
		117	100
		<u> </u>	<u> </u>
	Costs in respect of these employees:	£	£
	Wages and salaries	1,319,498	1,235,821
	Social security costs	92,611	84,485
		<u> </u>	<u> </u>
		1,412,109	1,320,306
		<u> </u>	<u> </u>

THE ARDEN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2007

		2007	2006
7	DIRECTORS' REMUNERATION	£	£
	Salaries	156,558	135,000
		<hr/>	<hr/>
8	TAX ON PROFIT ON ORDINARY ACTIVITIES	2007	2006
		£	£
(a)	Analysis of charge for the year		
	Current tax		
	UK corporation tax on profits for the year	190,000	174,000
	Adjustments in respect of previous periods	-	48,000
		<hr/>	<hr/>
		190,000	222,000
	Deferred tax -		
	Origination and reversal of timing differences	(16,000)	(8,000)
	Adjustment in respect of previous periods	-	(19,000)
		<hr/>	<hr/>
	Tax on profit on ordinary activities	174,000	195,000
		<hr/>	<hr/>
(b)	Factors affecting tax charge for year		
	Profit on ordinary activities before tax	642,236	625,487
		<hr/>	<hr/>
	Profit on ordinary activities multiplied by 27% (2006 26.47%)	173,404	165,566
	Effect of		
	Depreciation in excess of capital allowances	16,596	8,434
	Adjustment to tax charge in respect of previous periods	-	48,000
		<hr/>	<hr/>
	Current tax charge for year	190,000	222,000
		<hr/>	<hr/>

THE ARDEN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2007

8 TAX ON PROFIT ON ORDINARY ACTIVITIES (contd.)

- (c) Factors that may affect future tax charges.
Little change is expected in future years with depreciation being in excess of capital allowances

The company acquired the freehold property from its 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.

9	DIVIDENDS	2007	2006
		£	£
	Final dividend declared	500,000	500,000

10 TANGIBLE ASSETS

	Freehold property	Fixtures fittings plant & equipment	Computers	TOTAL
	£	£	£	£
Cost				
At 1 July 2006	10,781,675	2,194,496	96,558	13,072,729
Additions	6,808	59,798	-	66,606
At 30 June 2007	10,788,483	2,254,294	96,558	13,139,335
Depreciation				
At 1 July 2006	1,543,824	1,322,088	80,842	2,946,754
Charge	230,770	163,924	13,784	408,478
At 30 June 2007	1,774,594	1,486,012	94,626	3,355,232
Net book value				
At 30 June 2007	9,013,889	768,282	1,932	9,784,103
At 30 June 2006	9,237,851	872,408	15,716	10,125,975

THE ARDEN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2007

10 TANGIBLE ASSETS (contd).

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 £NIL (2006 £7,104) in respect of assets held under finance leases

11 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 2006 and 30 June 2007.

The net assets of these companies at 30 June 2007 were £50,000.

12 DEBTORS	2007	2006
	£	£
Trade debtors	211,650	177,269
Prepayments and accrued income	13,170	15,180
	<hr/>	<hr/>
	224,820	192,449
	<hr/>	<hr/>

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
	£	£
Bank loans (note 15)	443,069	443,069
Trade creditors	173,767	183,018
Amount due to subsidiary undertaking	50,000	50,000
Corporation tax	189,882	222,463
Other taxes and social security costs	184,364	192,079
Accruals and deferred income	122,118	89,749
Obligations under finance leases	2,811	9,151
Dividend declared	500,000	200,000
	<hr/>	<hr/>
	1,666,011	1,389,529
	<hr/>	<hr/>

THE ARDEN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2007

14 CREDITORS: AMOUNTS FALLING DUE AFTER
MORE THAN ONE YEAR

	2007	2006
	£	£
Bank loans (note 15)	2,962,271	3,405,340
Unsecured loan notes 2014 (note 15)	1,899,680	1,899,680
Obligations under finance leases	-	2,859
	<hr/>	<hr/>
	4,861,951	5,307,879
	<hr/>	<hr/>

15 BORROWINGS

	2007	2006
	£	£
Bank loans	3,405,340	3,848,409
Unsecured loan notes	1,899,680	1,899,680
Obligations under finance leases	2,811	12,010
	<hr/>	<hr/>
	5,307,831	5,760,099
	<hr/>	<hr/>

Analysis of repayments

Within one year or on demand	445,880	452,220
Between one and two years	443,069	445,928
Between two and five years	1,329,207	1,329,207
After five years	3,089,675	3,532,744
	<hr/>	<hr/>
	5,307,831	5,760,099
	<hr/>	<hr/>

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

THE ARDEN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2007

16	PROVISION FOR DEFERRED TAX	2007	2006
		£	£
	Accelerated capital allowances	245,000	261,000
		<u> </u>	<u> </u>
	Provision at 1 July 2006	261,000	288,000
	Deferred tax credit in profit and loss account for the year (note 8)	(16,000)	(27,000)
		<u> </u>	<u> </u>
	Provision at 30 June 2007	245,000	261,000
		<u> </u>	<u> </u>

17	SHAREHOLDERS FUNDS	Called up Share Capital	Profit & Loss account	Total
		£	£	£
	Balance at 1 July 2006	29,900	3,707,112	3,737,012
	Profit for the financial year	-	468,236	468,236
	Dividends	-	(500,000)	(500,000)
		<u> </u>	<u> </u>	<u> </u>
	Balance at 30 June 2007	29,900	3,675,348	3,705,248
		<u> </u>	<u> </u>	<u> </u>

The authorised share capital comprises

	2007	2006
Authorised	£	£
29,900 ordinary shares of £1 each	29,900	29,900
	<u> </u>	<u> </u>
Called up, allotted and fully paid	£	£
29,900 ordinary shares of £1 each	29,900	29,900
	<u> </u>	<u> </u>

THE ARDEN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2007

18 RELATED PARTY TRANSACTIONS

The unsecured loan notes (note 15) are for J E Gardner and Mrs R M Gardner £899,840 and P L Bretherton £999,840. During the year to 30 June 2007 the company paid interest on these loan notes amounting to £43,618 (2006 £42,116) to J.E. and Mrs R M Gardner and £48,465 to P L Bretherton (2006 £46,797).

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

19	COMMITMENTS AND CONTINGENT LIABILITIES	2007	2006
	Operating leases expiring within 2 to 5 years	£	£
	Land	10,000	10,000
	Contingent Liabilities	None	None
		<hr/>	<hr/>