

SEIONT MANOR HOTEL LIMITED
Report and accounts
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SEIONT MANOR HOTEL LIMITED
Company Information

Directors

R C Felton

J Hands

Secretary

Jordans Company Secretaries Limited

Auditors

PKF

Farringdon Place

20 Farringdon Road

London

EC1M 3AP

Registered office

The Old Library

The Drive

Sevenoaks

Kent

TN13 3AB

Registered number

3779729

SEIONT MANOR HOTEL LIMITED

Directors' Report

The directors present their report and accounts for the 52 weeks ended 27 November 2003.

Principal activities

The company's principal activity during the period continued to be that of the ownership and operation of the Seiont Manor Hotel.

Review of business

The results for the period and financial position of the company are as shown in the annexed financial statements.

Dividends

No dividends will be distributed for the period ended 27 November 2003.

Directors

The directors who served during the period under review were:

R.C. Felton

J. Hands

The directors holding office at 27 November 2003 did not hold any beneficial interest in the issued share capital of the company or any other company within the group at 28 November 2002 or 27 November 2003, except J Hands, who holds two shares.

Statement of Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, the directors are required to:

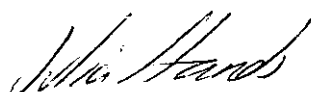
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the directors' report and other information included in the financial statements is prepared in accordance with company law in the United Kingdom.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

Auditors

A resolution to reappoint PKF as auditors will be put to the forthcoming Annual General Meeting.



J Hands
Director

SEIONT MANOR HOTEL LIMITED

Independent auditors' report to the members of SEIONT MANOR HOTEL LIMITED

We have audited the accounts of Seiont Manor Hotel Limited for the period ended 27 November 2003 which comprise the Profit and Loss account, the Balance Sheet and the related notes. These financial statements have been prepared under 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 directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes 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.

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 of the state of the company's affairs as at 27 November 2003 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

AKF

PKF
Registered auditors

London

~~April~~ 2004

12 May 2004

SEIONT MANOR HOTEL LIMITED**Profit and Loss Account****for the period from 29 November 2002 to 27 November 2003**

		52 weeks ended 27 November 2003 £	52 weeks ended 28 November 2002 £
	Notes		
Turnover		816,537	809,530
Cost of sales		(195,972)	(218,155)
Gross profit		<u>620,565</u>	<u>591,375</u>
Administrative expenses		(694,612)	(745,911)
Operating loss	2	<u>(74,047)</u>	<u>(154,536)</u>
Loss on ordinary activities before taxation		<u>(74,047)</u>	<u>(154,536)</u>
Tax on loss on ordinary activities	4	(13,000)	13,000
Retained loss for the period	10	<u>(87,047)</u>	<u>(141,536)</u>

Continuing operations

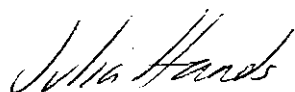
None of the company's activities were acquired or discontinued during the above two periods.

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the loss for the above two periods.

SEIONT MANOR HOTEL LIMITED**Balance Sheet****as at 27 November 2003**

	Notes	27 November 2003 £	28 November 2002 £
Fixed assets			
Tangible assets	5	1,418,319	1,310,103
Current assets			
Stocks	6	9,022	10,237
Debtors	7	39,103	28,271
Cash at bank and in hand		790	6,490
		<u>48,915</u>	<u>44,998</u>
Creditors: amounts falling due within one year	8	(634,106)	(447,926)
Net current liabilities		<u>(585,191)</u>	<u>(402,928)</u>
Total assets less current liabilities		<u>833,128</u>	<u>907,175</u>
Provisions for liabilities and charges			
Deferred taxation	4	-	13,000
		<u>833,128</u>	<u>920,175</u>
Capital and reserves			
Called up share capital	9	1,250,002	1,250,002
Profit and loss account	10	(416,874)	(329,827)
Shareholders' funds	11	<u>833,128</u>	<u>920,175</u>



J Hands

Director

Approved by the board on 28 April 2004

SEIONT MANOR HOTEL LIMITED

Notes to the Accounts

for the period from 29 November 2002 to 27 November 2003

1 Accounting policies

Fundamental Accounting Concept

The accounts have been prepared on a going concern basis on the basis of continuing financial support from the immediate parent undertaking Hand Picked Hotels Limited.

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax, all of which is generated through the operation of the hotel.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings core	50 years
Freehold buildings surface finishes and services	20 years
Plant and machinery	4 to 25 years

Stocks

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

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company is a wholly owned subsidiary undertaking.

Deferred taxation

Deferred tax is provided on material timing differences between the incidence of income and expenditure for taxation and accounts purposes using the full provision basis set out in Financial Reporting Standard 19.

Related party transactions

The company has taken advantage of the exemptions in FRS 8 in connection with the disclosure of transactions with other group undertakings.

Leasing

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

SEIONT MANOR HOTEL LIMITED**Notes to the Accounts****for the period from 29 November 2002 to 27 November 2003**

2 Operating loss	2003	2002
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	37,831	27,469
Other operating leases	580	-
Auditors' remuneration - audit fees	<u>2,600</u>	<u>2,600</u>

3 Staff costs	2003	2002
	£	£
Wages and salaries	330,369	352,029
Social security costs	20,394	24,196
Other pension costs	<u>1,360</u>	<u>4,545</u>
	<u>352,123</u>	<u>380,770</u>

None of the directors received any remuneration for the period (2002: £nil)

Average number of employees during the year	Number	Number
Hotel operations	22	22
Administration	<u>3</u>	<u>3</u>
	<u>25</u>	<u>25</u>

4 Taxation	2003	2002
	£	£
Current year charge		
Corporation tax	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred taxation	13,000	(13,000)
Total tax	<u>13,000</u>	<u>(13,000)</u>

SEIONT MANOR HOTEL LIMITED

Notes to the Accounts

for the period from 29 November 2002 to 27 November 2003

4 Taxation (continued)

	2003 £	2002 £
Factors affecting tax charge for the period		
Loss on ordinary activities before tax	(74,047)	(154,536)
Loss on ordinary activities multiplied by standard rate of corporation tax (30%)	(22,214)	(46,361)
<i>Explained by:</i>		
Expenses not deductible for tax purposes	88	26
Capital allowances for period in excess of depreciation	(14,014)	(11,081)
Losses carried forward for future offset	36,140	-
Losses carried forward	-	57,416
Total current tax	-	-
Deferred tax	£	
At 29 November 2002	13,000	
Charged to profit and loss	(13,000)	
At 27 November 2003	-	

There are trading losses carried forward of £312,000 (2002 £192,000) available for offset against future trading profits. At the period end there is a deferred tax liability arising on accelerated capital allowances of £59,000 and a deferred tax asset arising on losses of £94,000. The net deferred tax asset has not been recognised as the recoverability of the asset is uncertain.

5 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Total £
Cost			
At 29 November 2002	1,133,691	276,707	1,410,398
Additions	-	146,047	146,047
Disposals	-	(32,654)	(32,654)
At 27 November 2003	1,133,691	390,100	1,523,791
Depreciation			
At 29 November 2002	17,044	83,251	100,295
Charge for the 52 weeks	5,203	32,628	37,831
On disposals	-	(32,654)	(32,654)
At 27 November 2003	22,247	83,225	105,472
Net book value			
At 27 November 2003	1,111,444	306,875	1,418,319
At 28 November 2002	1,116,647	193,456	1,310,103

Included in freehold land and buildings is freehold land of £307,841 (2002: £307,841) which is not depreciated.

SEIONT MANOR HOTEL LIMITED

Notes to the Accounts

for the period from 29 November 2002 to 27 November 2003

6 Stocks			2003	2002
			£	£
Goods for resale			<u>9,022</u>	<u>10,237</u>
7 Debtors			2003	2002
			£	£
Trade debtors			29,696	19,167
Amounts due from fellow subsidiary undertakings			238	-
Other debtors			4,785	1,309
Prepayments and accrued income			<u>4,384</u>	<u>7,795</u>
			<u>39,103</u>	<u>28,271</u>
8 Creditors: amounts falling due within one year			2003	2002
			£	£
Bank loans and overdrafts			20,252	-
Payments in advance			24,732	13,324
Trade creditors			17,399	17,032
Amounts due to immediate parent undertaking			510,728	350,973
Amounts due to fellow subsidiary undertakings			2,309	2,334
Other taxes and social security costs			26,919	31,066
Other creditors			242	633
Accruals and deferred income			<u>31,525</u>	<u>32,564</u>
			<u>634,106</u>	<u>447,926</u>
9 Share capital	2003	2002	2003	2002
	No	No	£	£
Authorised:				
Ordinary shares of £1 each	3,000,000	3,000,000	3,000,000	3,000,000
Allotted, issued and fully paid:				
Ordinary shares of £1 each	1,250,002	1,250,002	<u>1,250,002</u>	<u>1,250,002</u>
10 Profit and loss account			2003	2002
			£	£
At 29 November 2002			(329,827)	(188,291)
Retained loss			(87,047)	(141,536)
At 27 November 2003			<u>(416,874)</u>	<u>(329,827)</u>

SEIONT MANOR HOTEL LIMITED**Notes to the Accounts****for the period from 29 November 2002 to 27 November 2003****11 Reconciliation of movement in shareholders' funds**

	2003 £	2002 £
At 29 November 2002	920,175	1,061,711
Loss for the financial period	(87,047)	(141,536)
At 27 November 2003	<u>833,128</u>	<u>920,175</u>

12 Contingent liability

At 27 November 2003, the company, along with certain other fellow subsidiary undertakings, has granted a fixed and floating charge over its assets, to a maximum of £5,245,000 (2002: £5,245,000), in respect of certain liabilities of Hand Picked Hotels Limited.

13 Ultimate Parent Company

The company's ultimate parent undertaking is Benfica Limited, which is registered in the Isle of Man. The company's immediate parent is Hand Picked Hotels Limited a company registered in England and Wales. The largest and smallest group, in whose financial statements the results of the company will be consolidated is Hand Picked Hotels Limited. The consolidated accounts of Hand Picked Hotels Limited will be available to the public and will be obtainable in due course from the Registrar of Companies, Companies House, Crown Way, Cardiff.

The controlling party is Mr G Hands.