

# Aaron Diplomat Hotel Limited

Company Registration No. 4703743 (England and Wales)

## Directors' report and financial statements

For the period ended 31 March 2004



8 New Fields, 2 Stinsford Road, BH17 0NF  
Tel. 01202 680777 Fax. 01202 682671

# AARON DIPLOMAT HOTEL LIMITED

## COMPANY INFORMATION

---

<b>Directors</b>	J D Marr A Marr
<b>Secretary</b>	J D Marr
<b>Company number</b>	4703743
<b>Registered office</b>	9 Durley Road South Westcliff Bournemouth Dorset Great Britain BH2 5JH
<b>Auditors</b>	Mazars LLP 8 New Fields, 2 Stinsford Road Poole Dorset BH17 0NF
<b>Bankers</b>	The Royal Bank of Scotland Taunton Branch 7 Fore Street Taunton Great Britain TA1 1HT

---

# AARON DIPLOMAT HOTEL LIMITED

## CONTENTS

---

	Page
Directors' report	1
Independent auditors' report	2
Profit and loss account	3
Balance sheet	4
Notes to the financial statements	5 - 9

---

# AARON DIPLOMAT HOTEL LIMITED

## DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2004

---

The directors present their report and financial statements for the period ended 31 March 2004.

### Principal activities

The principal activity of the company is that of hotel management. The company was incorporated on 19 March 2003 and commenced trading on 1 April 2003. Upon incorporation 100 shares were issued to the ultimate parent company, Aaron House Hotel Group Limited.

### Directors

The following directors have held office since 19 March 2003:

J D Marr  
A Marr

### Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary Shares of £ 1 each	
	31 March 2004	19 March 2003
J D Marr	-	-
A Marr	-	-

### Auditors

Mazars LLP were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

### Directors' responsibilities

Company law requires the directors to prepare financial statements 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 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 financial statements on the 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 that 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



J D Marr

Director

5 March 2005

# AARON DIPLOMAT HOTEL LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AARON DIPLOMAT HOTEL LIMITED

We have audited the financial statements of Aaron Diplomat Hotel Limited on pages 3 to 9 for the period ended 31 March 2004. These financial statements have been prepared under the historical cost convention and 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 auditors' 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

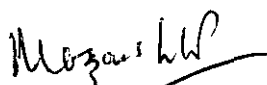
### Basis of audit opinion

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 circumstances of the company, 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.

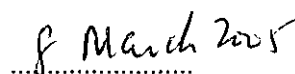
### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2004 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Mazars LLP

Chartered Accountants  
and Registered Auditors



8 New Fields, 2 Stinsford Road  
Poole  
Dorset, BH17 0NF

# AARON DIPLOMAT HOTEL LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 MARCH 2004

	Notes	Period ended 31 March 2004 £
Turnover		312,654
Cost of sales		(187,299)
<b>Gross profit</b>		<u>125,355</u>
Administrative expenses		(226,255)
<b>Operating loss</b>	<b>2</b>	<u>(100,900)</u>
Other interest receivable and similar income		232
Interest payable and similar charges		(51,069)
<b>Loss on ordinary activities before taxation</b>		<u>(151,737)</u>
Tax on loss on ordinary activities	<b>3</b>	-
<b>Loss on ordinary activities after taxation</b>	<b>10</b>	<u><u>(151,737)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.


# AARON DIPLOMAT HOTEL LIMITED

## BALANCE SHEET AS AT 31 MARCH 2004

	Notes	2004 £	£
<b>Fixed assets</b>			
Intangible assets	4		19,000
Tangible assets	5		1,704,986
			<u>1,723,986</u>
<b>Current assets</b>			
Stocks		4,747	
Debtors	6	24,329	
Cash at bank and in hand		1,143	
		<u>30,219</u>	
<b>Creditors: amounts falling due within one year</b>	7	(1,685,553)	
<b>Net current liabilities</b>			<u>(1,655,334)</u>
<b>Total assets less current liabilities</b>			<u>68,652</u>
 <b>Creditors: amounts falling due after more than one year</b>	 8		 220,289
<b>Capital and reserves</b>			
Called up share capital	9	100	
Profit and loss account	10	(151,737)	
<b>Shareholders' funds - equity interests</b>	11		<u>(151,637)</u>
			<u>68,652</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 5/3/05

  
.....  
J D Marr  
Director

# AARON DIPLOMAT HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2004

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

#### 1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Deposits received from customers are recognised as turnover immediately, rather than being included as creditors until after the date of that customer's stay. To this effect, they are accounted for on a receipts basis, not an accruals basis, although it is not expected that the deposits being held at the year end amount to a material balance.

#### 1.3 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 20 years.

#### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	Depreciation is not provided on freehold property as the directors consider that the life of the property is so long, and the residual value of such a level, that to depreciate it would be misleading.
Plant and machinery	25% Reducing balance
Fixtures, fittings & equipment	15% Reducing balance

#### 1.5 Leasing

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

#### 1.6 Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.7 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

### 2 Operating loss

2004  
£

Operating loss is stated after charging:

Amortisation of intangible assets	1,000
Depreciation of tangible assets	1,749
Operating lease rentals	900
Auditors' remuneration	4,000



# AARON DIPLOMAT HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2004

### 3 Taxation

Current tax charge

-

Factors affecting the tax charge for the period

Loss on ordinary activities before taxation

(151,737)

Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00% (2003: 0.00%)

-

Effects of:

Current tax charge

-

The company has estimated losses of £ 152,000 available for carry forward against future trading profits.

### 4 Intangible fixed assets

Goodwill

£

Cost

At 19 March 2003

-

Additions

20,000

At 31 March 2004

20,000

Amortisation

At 19 March 2003

-

Charge for the period

1,000

At 31 March 2004

1,000

Net book value

At 31 March 2004

19,000

At 18 March 2003

-

# AARON DIPLOMAT HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2004

### 5 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
<b>Cost</b>			
At 19 March 2003	-	-	-
Additions	1,699,084	7,651	1,706,735
	<u>1,699,084</u>	<u>7,651</u>	<u>1,706,735</u>
At 31 March 2004	1,699,084	7,651	1,706,735
	<u>1,699,084</u>	<u>7,651</u>	<u>1,706,735</u>
<b>Depreciation</b>			
At 19 March 2003	-	-	-
Charge for the period	-	1,749	1,749
	<u>-</u>	<u>1,749</u>	<u>1,749</u>
At 31 March 2004	-	1,749	1,749
	<u>-</u>	<u>1,749</u>	<u>1,749</u>
<b>Net book value</b>			
At 31 March 2004	1,699,084	5,902	1,704,986
	<u>1,699,084</u>	<u>5,902</u>	<u>1,704,986</u>

### 6 Debtors

2004  
£

Amounts owed by group undertakings and undertakings in which the company has a participating interest  
Other debtors

20,667  
3,662

24,329

### 7 Creditors: amounts falling due within one year

2004  
£

Bank loans and overdrafts  
Trade creditors  
Amounts owed to group undertakings and undertakings in which the company has a participating interest  
Taxation and social security  
Other creditors

16,747  
34,308  
1,584,252  
35,019  
15,227

1,685,553

# AARON DIPLOMAT HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2004

<b>8</b>	<b>Creditors: amounts falling due after more than one year</b>	<b>2004</b>
		<b>£</b>
	Other creditors	220,289
		<u>220,289</u>
	<b>Analysis of loans</b>	
	Wholly repayable within five years	220,289
		<u>220,289</u>
<b>9</b>	<b>Share capital</b>	<b>2004</b>
		<b>£</b>
	<b>Authorised</b>	
	1,000 Ordinary Shares of £1 each	1,000
		<u>1,000</u>
	<b>Allotted, called up and fully paid</b>	
	100 Ordinary Shares of £1 each	100
		<u>100</u>
	On incorporation of the company on 19 March 2003, 100 shares were issued at par.	
<b>10</b>	<b>Statement of movements on profit and loss account</b>	<b>Profit and loss account</b>
		<b>£</b>
	Retained loss for the period	(151,737)
		<u>(151,737)</u>
<b>11</b>	<b>Reconciliation of movements in shareholders' funds</b>	<b>2004</b>
		<b>£</b>
	Loss for the financial period	(151,737)
	Proceeds from issue of shares	100
		<u>(151,637)</u>
	Net depletion in shareholders' funds	(151,637)
	Opening shareholders' funds	-
		<u>(151,637)</u>
	Closing shareholders' funds	(151,637)
		<u>(151,637)</u>

### 12 Transactions with directors

At 31 March 2004 £220,289 was due to J D Marr.

# **AARON DIPLOMAT HOTEL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2004**

---

### **13 Control**

The ultimate parent company is Aaron House Hotel Group Limited, a company registered in England and Wales.

### **14 Related party transactions**

At 31 March 2004 the company owed the following amounts to other group companies:

Aaron Westleigh Hotel Limited £20,843

Aaron House Hotel Group Limited £1,361,111

Aaron House Hotels Limited £199,503

Aaron House Hotels Management Company Limited £2,795

At 31 March 2004 the company was owed the following amounts by other group companies:

Aaron Croham Hurst Hotel Limited £2,777

Aaron Rylstone Hotel Limited £3,990

Aaron Hotels Limited £13,900