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1976

THE RITZ HOTEL, LIMITED (PARIS)

DIRECTORS' REPORT AND ACCOUNTS
for the YEAR ended 31st DECEMBER, 1976



THE RITZ HOTEL, LIMITED (PARIS)

Directors:

MADAME M. RITZ, *Chairman* LADY BERLIN S. NIARCHOS
B. PENCHÉ R. ROCHE C. STEIN

Auditors:

HAYS ALLAN, *Chartered Accountants*
Southampton House, 317 High Holborn, London WC1V 7NL

London Secretary and Registered Office:

E. J. G. ATKINS, Southampton House, 317 High Holborn, London WC1V 7NL

NOTICE IS HEREBY GIVEN that the Seventy-seventh Annual General Meeting of the Ritz Hotel, Limited (Paris), will be held at the Ritz Hotel, 15 Place Vendôme, Paris 1^{er} on Friday, the 24th day of June, 1977, at 12 noon, for the purpose of passing the following Resolutions:

1. That the Accounts of the Company for the year ended 31st December, 1976 and the Reports of the Directors and of the Auditors thereon be approved and adopted;
2. That the transfer from Revenue Reserves to Profit and Loss Account of F 204,946 be approved;
3. That Madame M. Ritz, who retires by rotation under Article 90, be re-elected as a Director of the Company;
4. That Messrs. Hays Allan be re-appointed as Auditors of the Company;
5. That the Auditors' remuneration shall be agreed by the Directors;

and for transacting any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE IS ALSO HEREBY GIVEN that any member of the Company entitled to attend and vote at this meeting is entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of him.

By Order of the Board,

E. J. G. ATKINS, *London Secretary*,
Southampton House, 317 High Holborn,
London, WC1V 7NL.

J. POUIGNET, *Paris Secretary*,
15 Place Vendôme,
Paris 1^{er}.

Dated this 1st day of June, 1977.

THE RITZ HOTEL, LIMITED (PARIS)

REPORT of the DIRECTORS

To be presented to the members at the Seventy-seventh Annual General Meeting to be held at the Ritz Hotel, 15 Place Vendôme, Paris 1^{er}, on Friday, the 24th day of June, 1977, at 12 noon.

The Directors submit herewith the accounts of the Company for the year ended 31st December, 1976.

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The accounts show a loss for the year after taxation of	831,478
from which must be deducted the balance brought forward from the previous year of	11,540
leaving a loss of	819,938
The Directors recommend transfers from Revenue Reserves of	204,946
leaving a loss to be carried forward of	<u>F614,992</u>

The group loss for the year of F 500,199 shows a reduction of F 805,531 compared with 1975. The Hotel de Castille achieved a reasonable increase in profit over the previous year, but the amount of the reduction in the loss made by the Ritz was not as great as planned.

The number of visitors to the Ritz increased and gross margins were maintained but the consequent rise in income was to a great extent absorbed by further increases in salaries and other expenses.

As explained in previous years the charge for taxation of F 309,204 arises because for tax purposes the loss suffered by the Ritz cannot be set against the profit achieved by the Castille. In 1975 the group loss made was cushioned by the release of depreciation of F 769,335 overprovided in previous years. This, together with a transfer of F 1,100,000 from general reserve enabled a dividend to be paid for 1975. No such adjustments are available for 1976 and therefore no dividend can be paid for the year concerned.

Over 90 per cent. of the visitors to the Ritz come from outside France. This means that promotional trips to these other countries have to be maintained and developed. Since the last Directors' report trips have been made to Mexico, Iran, Iraq, and various parts of Europe. Madame Ritz has personally visited the United States and Canada.

The level of business achieved by the Ritz in 1977 to date shows a reasonable increase over the equivalent period for 1976, but the pressure of increased costs continues. The Castille should maintain the increased level of profit achieved in 1976 and it is hoped that the continued improvement of the Ritz business will enable the group at least to break even in 1977. It must be remembered, however, that the transitional stage referred to last year is still in operation and therefore the promised recovery has only just started.

Your Board suffered the grievous loss of the death of two Directors in 1976. Mr. Charles Ritz, who served as Chairman from 1953 to 1976, was the son of the founder of the Ritz Hotel, and his ideas, encouragement and enthusiasm, over many years were a constant help to his Executives. The contribution of Sir Guy Bracewell Smith given over many years was also much appreciated. Both these Directors will be greatly missed.

The Director retiring by rotation is Madame M. Ritz and who, being eligible, offers herself for re-election.

The auditors, Messrs. Hays Allan have expressed their willingness to continue in office and offer themselves for re-appointment in accordance with Section 14(1) of the Companies Act 1976.

Southampton House,
317 High Holborn,
London, WC1V 7NL

1st June, 1977

By Order of the Board,
E. J. G. ATKINS, *London Secretary*,
J. POUGNILLET, *Paris Secretary*.

THE RITZ HOTEL, LIMITED (PARIS)

PROFIT AND LOSS ACCOUNT for the YEAR ended 31st DECEMBER, 1976

	F	1975 F
Loss for the year before taxation--note 2		(605,512) (1,507,027)
Taxation--note 4		25,966 4,838
Loss after taxation		(831,478) (1,511,865)
Unappropriated profit brought forward from previous year		11,540 44,597
Adjustments relating to previous years		— 769,335
Transfer from Revenue Reserves		204,946 1,100,000
		(614,992) 402,067
Dividend for 1975 on the Ordinary and "C" Ordinary Shares at F1.85 per share		359,696
Payments to Directors under Article 81		30,831
		390,527
Loss (1975 Unappropriated profit) carried forward		F(614,992) F11,540

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the YEAR ended 31st DECEMBER, 1976

Loss for the year before taxation - note 2	(500,109) (1,305,730)
Taxation note 4	309,204 195,571
Loss after taxation	(809,403) (1,501,301)
Unappropriated profit brought forward from previous year	327,827 361,096
Adjustments relating to previous years	— 769,335
Transfer from Revenue Reserves	204,946 1,100,000
	(276,630) 729,130
Transfer to Capital Reserves-Péserve Légale note 1 (a)	9,119 9,057
Dividend of Parent Company	— 359,696
Payments to Directors under Article 81	— 30,831
	9,119 399,584
Net profit attributable to minority interests in subsidiary	(285,749) 329,546
	2,457 1,719
Loss (1975 Unappropriated profit) carried forward	F(288,206) F327,827

THE RITZ HOTEL,

BALANCE SHEET as at

								<i>Authorised £</i>	<i>Issued and Fully Paid £</i>	<i>1975 F</i>	<i>1975 F</i>
Capital - note 5											
Ordinary Shares of £1 each	...	...	...	...	...	...	...	175,000	97,215	1,294,904	1,294,904
"C" Ordinary Shares of £1 each	...	...	...	...	...	...	...	100,000	97,215	1,294,904	1,294,904
								<u>£275,000</u>	<u>£194,430</u>	<u>2,589,808</u>	<u>2,589,808</u>
Capital Reserves											
	...	...	...	...	...	...	...			15,555,892	15,555,892
Revenue Reserves											
At 31st December, 1975...	...	...	...	...	...	...	...		355,345		
Less: Transfer to Profit and Loss Account	...	...	...	...	...	...	...		204,946		
										150,399	355,345
Profit and Loss Account											
	...	...	...	...	...	...	...			(614,992)	11,540
										<u>17,681,107</u>	<u>18,512,585</u>
6$\frac{3}{4}$% Loan 1977/86 (secured)											
	...	...	...	...	...	...	...			2,517,534	2,689,144
Current Liabilities											
Creditors and Accrued Charges	...	...	...	...	...	...	...		4,033,092		3,610,062
Bank Overdrafts	...	...	...	...	...	...	...		965,652		151,977
French Taxes	...	...	...	...	...	...	...		310,971		328,310
Unclaimed Dividends	...	...	...	...	...	...	...		38,164		28,891
Proposed Dividend	...	...	...	...	...	...	...				386,696
										<u>5,347,879</u>	<u>4,478,036</u>

Signed on behalf of the Board,

MADAME M. RITZ }
 B. PENCHE } *Directors*
 F. J. G. ATKINS } *Secretary*

125,546,520 125,679,765

L, LIMITED (PARIS)

at 31st DECEMBER, 1976

		F	F	1975 F
Fixed Assets				
Freehold Land and Buildings—note 8				
At cost or valuation	... ..	12,261,272		12,356,618
Less: Depreciation	... ..	3,761,592		3,536,414
			8,499,680	8,820,204
Furniture and Fittings—note 8				
At cost	... ..	18,561,880		18,747,806
Less: Depreciation	... ..	11,780,122		11,205,866
			6,781,758	7,541,940
			15,281,438	16,362,144
Subsidiary Company				
Shares	.. ..	2,515,335		2,499,335
Less: Current Account	... ..	433,785		155,574
			2,081,550	2,343,761
Current Assets				
Stocks of Wines, Spirits, Provisions, etc., as valued by officials of the Company at cost or lower market value				
	... ..	2,334,103		2,077,680
Debtors and Payments in Advance, less provision for doubtful debts	... ..	2,035,704		1,591,191
Trade Investment at cost, less amounts written off	... ..	271,186		271,677
Investments quoted on Stock Exchanges:				
In Great Britain (market value F 1,651,510; 1975 F 1,782,221)	... ..	626,289		626,289
Outside Great Britain (market value F 2,978,134; 1975 F 2,763,797)	... ..	2,180,862		2,138,885
Bank Balances and Cash	... ..	735,388		208,138
			8,187,532	6,973,860

F 25,546,520 F 25,679,705

CO. CONSOLIDATED BALANCE SHEET

F

F

P

2,589,808

2,589,808

At 31st December, 1975 ...	16,242,830
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<i>Add: Transfer from Profit and Loss Account</i>	9,119
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Reserves relating to minority shareholding in subsidiary purchased during the year	3,425
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16,255,374 16,242,830

At 31st December, 1975	355,345
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Less: Transfer to Profit and Loss Account	204,946
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150,399 353,345

Profit and Loss Account
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(288,206) 327,827

18,707,375	19,515,810
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63.0% Loan 1977/86 (secured)
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2,517,534 2,689,144

Interest applicable to Minority Shareholders

13,881 33,178

Creditors and Accrued Charges	31.0	37.7	62.6	70.1	70.3	4,221,003
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Bank Overdrafts ... 334 335 34 337 336 33 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000 1001 1002 1003 1004 1005 1006 1007 1008 1009 1010

3,791.535

Bank Overdrafts ... 334 335 34 337 336 33 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000

151.077

French Taxes 3.0 4.0 5.0 6.0 7.0 8.0 9.0 431.046

366,237

[illegible]

366,237

[illegible]

28.897

Proposed Dividend of Parent Company \$ 1.00

359,696

5,655,865	4,697,436
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P 26,894,655 P 26,935,568

ET as at 31st DECEMBER, 1976 $1^{\circ} 26.894,655 \quad 1^{\circ} 26.935,568$

THE RITZ HOTEL, LIMITED (PARIS)

NOTES on the ACCOUNTS for the YEAR ended 31st DECEMBER, 1976

1. The accounts incorporate the requirements of French company and tax laws as follows:
 - (a) Each company transfers a sum equal to 5 per cent. of its annual profit, after taxation, to a Réserve Légale subject to an overriding cumulative limit of 10 per cent. on its issued share capital.
 - (b) Depreciation of fixed assets is provided at rates fixed by the French fiscal authorities.

				<i>Company</i>		<i>Group</i>	
				1976	1975	1976	1975
				F	F	F	F
2.	The profit (loss) before taxation has been arrived at after crediting or charging the following items:						
	Income from quoted investments	...	...	234,027	210,958	234,027	210,958
	Profit (loss) on sales of investments	...	...	4,237	(86,379)	4,237	(86,379)
	Dividend from subsidiary	...	...	245,871	173,556	—	—
	Interest receivable...	...	...	10,177	18,138	13,211	23,558
	Directors' emoluments including fees	...	...	...	...	...	...
	F 65,000 (1975—F 65,000)	...	...	394,418	421,926	396,418	422,926
	Auditors' remuneration and expenses	...	...	13,200	11,800	18,010	15,555
	Interest payable on loan	...	...	178,669	200,016	178,669	189,692
	Other interest payable	...	...	65,328	25	65,328	25
	Depreciation of fixed assets	...	...	1,823,541	1,983,032	2,061,714	2,228,384

3. The aggregate turnover of the Group consisting of gross receipts for apartments, food and liquor, was F 26,048,544 (1975 F 21,803,615), the whole of which arose in France.

				<i>Company</i>	<i>Group</i>
				F	F
4.	The taxation charged in the accounts is made up as follows:				
	French taxes based on the profits for the year	...	...	...	275,863
	French taxes underprovided in previous years	...	...	10,707	18,082
	Income Tax and Corporation Tax on income arising in the U.K.	...	...	15,259	15,259
				<u>F 25,966</u>	<u>F 309,204</u>

5. The Share Capital has been converted into francs at the rate ruling at 31st December, 1971 — F 13.32 £1. All other sterling balances have been converted into francs at the rate ruling at 31st December, 1976.
6. The trade investments are in a French government-sponsored company connected with the hotel trade. No income has arisen therefrom to date but the Directors are of the opinion that they are properly valued at F 286,486.
7. The Company owns 99.61 per cent. of Hôtel de Castille, S.A., a company incorporated in France which owns and manages an hotel in Paris.

8. Fixed Assets

				<i>Company</i>		<i>Group</i>	
				<i>Freehold Land and Buildings</i>	<i>Furniture and Fittings</i>	<i>Freehold Land and Buildings</i>	<i>Furniture and Fittings</i>
				F	F	F	F
At cost or valuation at 31st December, 1975	...	...	...	12,356,618	18,747,806	14,582,618	20,743,787
Additions	...	...	...	(86,346)	829,181	(86,346)	908,682
Cost of wholly depreciated assets considered to have no future value...				(9,000)	(1,015,107)	(9,000)	(1,060,886)
At cost or valuation at 31st December, 1976	...	...	...	F12,261,272	F18,561,880	F14,487,272	F20,591,583
At cost	...	...	...	4,934,521	18,561,880	4,934,521	20,591,583
At Directors' valuation in 1960	...			7,326,751	—	7,326,751	—
	1968	...		—	—	400,000	—
	1970	...		—	—	1,600,000	—
At professional valuation in 1974	...			—	—	226,000	—
				F12,261,272	F18,561,880	F14,487,272	F20,591,583

9. The shareholdings of the Directors at 31st December, 1975 and 1976 were:

				<i>31st December, 1976</i>		<i>31st December, 1975</i>	
				<i>Ordinary "C"</i>	<i>Ordinary</i>	<i>Ordinary "C"</i>	<i>Ordinary</i>
Shares owned beneficially							
Madame M. Ritz	...	...	...	1,672	1,803	583	503
Lady Berlin	...	...	...	6,438	5,301	6,438	5,301
S. Niarchos	...	...	...	5	—	5	—
B. Penché	...	...	...	429	479	429	479
C. C. Ritz	...	...	...	—	—	1,084	1,294
R. Roche	...	...	...	163	133	163	133
Sir Guy Bracewell Smith	...	...	...	—	—	6,088	6,118
C. Stein	...	...	...	1	—	—	—
Shares held as Trustee							
Sir Guy Bracewell Smith	...	...	...	—	—	1,035	1,423

Mr. C. C. Ritz died on 11th July, 1976 and Sir Guy Bracewell Smith died on 18th September, 1976.

Mr. C. Stein was appointed as Director on 7th May, 1976.

Directors' emoluments relate wholly to services rendered in France.

THE RITZ HOTEL, LIMITED (PARIS)

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 31st DECEMBER, 1976

										F	1975 F
Source of funds:											
Loss for the year before taxation	...	...	...	...	...	...	...	...	...	(500,199)	(1,305,730)
Adjustment for items not involving the movement of funds											
Depreciation	...	...	...	...	...	...	...	...	...	2,061,714	2,228,384
Total funds generated from operations	...	...	...	...	...	...	...	...	...	<u>F1,561,515</u>	<u>F922,654</u>
Application of funds:											
Payments to Directors under Article 81	...	...	...	...	...	...	...	...	...	—	30,831
Dividends paid	...	...	...	...	...	...	...	...	...	350,423	1,084,265
Taxes paid	...	...	...	...	...	...	...	...	...	244,395	364,161
Purchases of fixed assets	...	...	...	...	...	...	...	...	...	822,336	1,045,941
6¾% loan redeemed	...	...	...	...	...	...	...	...	...	171,610	160,585
Adjustment to Minority interests	...	...	...	...	...	...	...	...	...	18,329	1,644
										<u>1,607,093</u>	<u>2,687,427</u>
Increase (Decrease) in working capital											
Stocks	...	...	...	...	...	...	...	...	...	258,173	123,674
Debtors	...	...	...	...	...	...	...	...	...	452,772	(305,579)
Trade investments	...	...	...	...	...	...	...	...	...	(491)	(492)
Quoted investments	...	...	...	...	...	...	...	...	...	41,977	(92,064)
Creditors and accrued charges	...	...	...	...	...	...	...	...	...	(429,468)	(318,759)
										<u>322,963</u>	<u>(593,220)</u>
										<u>F1,930,056</u>	<u>F2,094,207</u>
Movement in Net Liquid Funds											
Increase in net bank indebtedness	...	...	...	...	...	...	...	...	...	<u>F368,541</u>	<u>F1,171,553</u>

THE RITZ HOTEL, LIMITED (PARIS)

REPORT of the AUDITORS to the MEMBERS of THE RITZ HOTEL, LIMITED (PARIS)

In our opinion the accounts set out on pages 3 to 10 which have been prepared under the historical cost convention give, so far as concerns members of the Holding Company, a true and fair view of the state of affairs at 31st December, 1976, and of the less and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 and 1967. The accounts of the subsidiary have been audited by another firm.

HAYS ALLAN,
Chartered Accountants.

Southampton House,
317 High Holborn,
London WC1V 7NL

1st June, 1977