

75625

NORTH BRITISH TRUST HOTELS LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the 93rd ANNUAL GENERAL MEETING of the Company will be held at the ROYAL ABBEY HOTEL, EDINBURGH, on the 6th day of December, 1996, at 12 noon for the following purposes, namely:—

1. To receive the reports of the Directors and Auditors and the statement of accounts for the year ended 31st March, 1996.
2. To confirm a Dividend of 1.32p per share on the Ordinary Shares and Trustee Shares for the year ended 31st March, 1996.
3. To re-elect a Director and fix the Directors' remuneration.
4. To re-elect P. L. Crerar as a director at the first annual general meeting following his appointment.
5. To re-appoint Sagars as Auditors for the forthcoming year.
6. To authorise the Directors to fix the remuneration of the Auditors.
7. To elect members of the Council.
8. To transact such other business as may be lawfully done at an Ordinary General Meeting.

By order of the Board

JOHN CAMPBELL,
Secretary.

17 Main Street
Kirkby Lonsdale
via Carnforth,
Lancs. LA6 2NQ.

8 November 1996.

Pursuant to Section 372 of the Companies Act, 1985: A member entitled to attend and vote may appoint a proxy to attend and vote instead of him. Such proxy need not necessarily be a member of the Company.



NORTH BRITISH TRUST HOTELS LIMITED

CHAIRMAN'S STATEMENT

I am pleased to report another satisfactory year for the company, with turnover again increasing at a rate well above the level of inflation. Although profit before taxation fell in comparison to the previous year, it is encouraging to note that it exceeded 20% of turnover for the second year in succession, a ratio which had not been achieved during any of the earlier three years. In a previous statement, I referred to "the spectre of rising costs" and it is these rising costs that have caused this year's downturn in profits. The main elements of the increased costs are payroll and interest charges; staff costs have inevitably risen as our hotels have expanded and we strive to provide ever-improving standards of service for our guests; interest charges have increased as the company has raised additional loans to finance the capital investment programme. Both increases reflect the board's policy of continually improving the quality of the accommodation and service we offer and we remain convinced that this policy is justified by the continuing increase in turnover and the sustained growth in profits as illustrated by the five year summary attached to this report. As a result the board has no hesitation in recommending a dividend for the year of 1.32p per share, in line with previously stated dividend policy.

The Group's management under the leadership of Alan Alexander have done well to increase turnover and maintain the usual high level of control. Mr P. L. Crerar, after nearly ten years service with the company has joined the Board of Directors with special responsibilities in sales and marketing.

Our policy of refurbishment and improvement of hotels has continued with particular benefit to Gretna Hall, Craiglynn, Regent and Fishers Hotels. The lounge and entertainment space at Gretna Hall has been increased and improved. The Anvil Weddings wing has been upgraded and the number of ceremonies introduced by the local Registry Office is now over 1,550 this year. We have also made arrangements to accommodate Church of Scotland marriages and we anticipate that this new venture will mean a further 600 weddings in the first year. It is expected that this business will increase over future years. Craiglynn has a new wing of modern bedrooms and the original building has been refurbished up to our modern standards, including the installation of a new passenger lift. The Regent and Fishers Hotels are benefiting from the extra business being attracted to the new lounges and bars.

The Trust has continued to increase the amount of donations made as a direct result of the increased dividend income. Negotiations are now under way which should result in the provision of a complete "Home from Home" for the use of parents and siblings of Leukaemia patients being cared for in the adjacent Edinburgh Royal Hospital for Sick Children. The home is to bear the name of our Trust and will accept relatives and sick children from all over Scotland. We are also offering considerable support to Atlantis Leisure, a charitable organisation building a large leisure and sports complex in Oban, for the benefit of both tourists and local residents. I regret having to record the death of Professor R. I. Currie, C.B.E. His wise counsel, especially on scientific and environmental subjects were of particular value to his colleagues on the Council. I am pleased to report that Dr R. L. Frew and Mr J. R. M. MacQueen, W.S. have accepted invitations for service on the Council.

I can report satisfactory results for the current year and the board are optimistic that turnover and profitability will continue to improve.

NORRIS BEITH.

Oban,

October 1996.

NORTH BRITISH TRUST HOTELS LIMITED

REPORT OF THE DIRECTORS

For the year ended 31st March, 1996

The Directors present their ninety-third annual report together with the audited accounts for the year ended 31st March, 1996.

ACTIVITIES OF THE GROUP

The principal activities of the group during the financial year have continued to be those relating to the hotel industry.

REVIEW OF THE BUSINESS

The profit of the group before taxation decreased from £2,648,906 in 1994-95 to £2,389,960 in 1995-96. The Directors are recommending the payment of a dividend of 1.32p per share on the Ordinary and Trustee Shares.

A summary of the profits and dividends is as follows:—

The profit for the year after depreciation and interest on loans	2,389,960
Taxation absorbed	361,075
Making a net profit for the year of	<u>£2,028,885</u>
It is proposed that this should be dealt with as follows:—	
(a) By distribution in dividend	
On the Ordinary Shares	364,317
On the Trustee Shares	295,683
	<u>660,000</u>
(b) By retention in the business	1,368,885
	<u>£2,028,885</u>

FIXED ASSETS

Details of movements in fixed assets during the year appear in the notes to the accounts.

During the year the company completed major improvements at the Caledonian Hotel, Ullapool; The Craiglynne Hotel, Grantown-on-Spey; the Gretna Hall Hotel, Gretna Green; and the Highland Hotel, Fort William.

NORTH BRITISH TRUST HOTELS LIMITED

DISABLED PERSONS

The Company's policy with regard to disabled persons is to consider sympathetically all such applicants having regard to their particular aptitudes and abilities; to continue to employ such persons wherever possible, including those employees who have become disabled during the year, giving specialist training as necessary and to encourage by way of educational training career development and promotion of such disabled employees.

EVENTS SINCE THE BALANCE SHEET DATE

Apart from as stated in Note 11, there are no material post balance sheet events to report.

DIRECTORS

The directors who held office during the year are shown below along with their interests in the shares of the Company.

	at 31st March, 1996	at 31st March, 1995
	Ordinary shares of 25p each	
Norris Beith	179,700	179,700
W. G. Crerar	14,167,920	14,167,920
A. L. Alexander	—	—
J. G. Crerar	441,895	441,895
	Trustee shares of 25p each	
Norris Beith (as Trustee)	22,400,201	22,400,201

J. G. Crerar retires by rotation in accordance with the Articles of Association. P. L. Crerar retires at the first annual general meeting following his appointment.

P. L. Crerar, who was appointed a director of the company on 29 August, 1996, held 504,395 ordinary shares of 25p each at the date of his appointment.

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 company's state of affairs at the end of the year and of its 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;
- ★ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- ★ prepare the accounts on the going concern basis unless it is inappropriate to assume 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 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 or other irregularities.

NORTH BRITISH TRUST HOTELS LIMITED

SHARE CAPITAL

As far as the directors are aware, apart from the directors' shareholdings disclosed on page six, the only holders of more than 3% of the ordinary share capital are 3i Investments P.L.C. (36.3%).

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of Sagars as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board,


JOHN CAMPBELL,
Secretary.

25 October, 1996.

NORTH BRITISH TRUST HOTELS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF NORTH BRITISH TRUST HOTELS LIMITED

We have audited the accounts on pages 9 to 20 which have been prepared under the accounting policies set out on page 13.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on the accounts and to report our opinion to you.

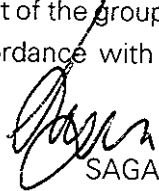
BASIS OF OPINION

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group'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 accounts 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 the information in the accounts.

UNQUALIFIED OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31st March, 1996 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


SAGARS,
Chartered Accountants
and Registered Auditor,
Station House,
Station Road,
Kendal LA9 6RY.

25 October, 1996.

NORTH BRITISH TRUST HOTELS LIMITED

CONSOLIDATED

PROFIT AND LOSS ACCOUNT

For the year ended 31st March, 1996

	Notes	1996	1995
TURNOVER	2	11,524,156	10,909,528
Cost of Sales		<u>3,131,705</u>	<u>2,877,490</u>
Gross Profit		8,392,451	8,032,038
Administrative expenses	774,147		745,069
Other operating charges	<u>4,669,330</u>	<u>5,443,477</u>	<u>4,162,222</u>
		2,948,974	3,124,747
Other operating Income	3	<u>77,519</u>	<u>26,881</u>
OPERATING PROFIT	4	3,026,493	3,151,628
Interest payable	7	<u>636,533</u>	<u>502,722</u>
PROFIT on ordinary activities before taxation		2,389,960	2,648,906
TAXATION	8	<u>361,075</u>	<u>552,703</u>
PROFIT on ordinary activities after taxation		2,028,885	2,096,203
DIVIDENDS	9	<u>660,000</u>	<u>600,000</u>
RETAINED PROFIT for the financial year .	24	<u>£1,368,885</u>	<u>£1,496,203</u>
REVENUE RESERVES AT BEGINNING OF YEAR		3,000,035	1,503,832
RETAINED PROFIT for the financial year:—			
Holding company	1,368,885		1,343,657
Subsidiaries	<u>—</u>	<u>152,546</u>	<u>152,546</u>
		1,368,885	1,496,203
REVENUE RESERVES AT END OF YEAR	18	<u>£4,368,920</u>	<u>£3,000,035</u>

The profit and loss account contains all the gains and losses recognised in the current and preceding years.

There is no material difference between the profit for the year as disclosed above and that on the historical cost basis.

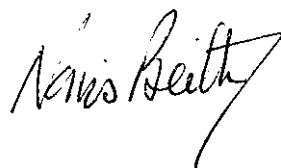
The notes on pages 13 to 20 form part of these accounts.

NORTH BRITISH TRUST HOTELS LIMITED

CONSOLIDATED

BALANCE SHEET AT 31st MARCH, 1996

	Notes	1996	1995
FIXED ASSETS			
Tangible assets	10	25,833,589	23,948,590
Investments	12	<u>2,500</u>	<u>2,500</u>
		25,836,089	23,951,090
CURRENT ASSETS			
Stocks		169,580	151,985
Debtors	13	1,263,753	1,239,372
Cash at banks and in hand		<u>30,489</u>	<u>34,185</u>
		1,463,822	1,425,542
CREDITORS: Amounts falling due within one year	14	<u>5,465,131</u>	<u>4,891,897</u>
NET CURRENT LIABILITIES		<u>4,001,309</u>	<u>3,466,355</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		21,834,780	20,484,735
CREDITORS: Amounts falling due after more than one year	15	<u>4,146,775</u>	<u>4,177,315</u>
		<u>£17,688,005</u>	<u>£16,307,420</u>
CAPITAL AND RESERVES			
Called up share capital	16	12,500,000	12,500,000
Other reserves	17	819,085	807,385
Profit and loss account	18	<u>4,368,920</u>	<u>3,000,035</u>
	24	<u>£17,688,005</u>	<u>£16,307,420</u>



NORRIS BEITH }
W. G. CRERAR } Directors

Approved by the Board on 25 October, 1996.

The notes on pages 13 to 20 form part of these accounts.

NORTH BRITISH TRUST HOTELS LIMITED

HOLDING COMPANY

BALANCE SHEET AT 31st MARCH, 1996

	Notes	1996	1995
FIXED ASSETS			
Tangible assets	10	25,833,589	23,948,590
Investment in subsidiaries	11	234,529	234,529
Investments	12	2,500	2,500
		<u>26,070,618</u>	<u>24,185,619</u>
CURRENT ASSETS			
Stocks		169,580	151,985
Debtors	13	1,263,753	1,234,230
Cash at banks and in hand		30,489	28,887
		<u>1,463,822</u>	<u>1,415,102</u>
CREDITORS: Amounts falling due within one year	14	6,037,179	5,453,505
NET CURRENT LIABILITIES		<u>4,573,357</u>	<u>4,038,403</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		21,307,261	20,147,216
CREDITORS: Amounts falling due after more than one year	15	4,146,775	4,177,315
		<u>£17,350,486</u>	<u>£15,969,901</u>
CAPITAL AND RESERVES			
Called up share capital	16	12,500,000	12,500,000
Other reserves	17	819,085	807,385
Profit and loss account	18	4,031,401	2,662,516
		<u>£17,350,486</u>	<u>£15,969,901</u>



NORRIS BEITH }
W. G. CRERAR } Directors

Approved by the Board on 25 October, 1996.

The notes on pages 13 to 20 form part of these accounts.

NORTH BRITISH TRUST HOTELS LIMITED

GROUP CASH FLOW STATEMENT

YEAR ENDED 31st MARCH, 1996

	Notes	1996	1995
NET CASH INFLOW FROM OPERATING ACTIVITIES	23 (a)	3,121,577	3,111,938
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	72,488	26,881	
Interest paid	(632,240)	(502,722)	
Dividends paid	(600,000)	(500,000)	
		<u> </u>	<u> </u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(1,159,752)	(975,841)
		1,961,825	2,136,097
TAXATION			
Corporation tax paid (including advance corporation tax)		(562,657)	(297,751)
		<u> </u>	<u> </u>
		1,399,168	1,838,346
INVESTING ACTIVITIES			
Purchase of assets	(1,919,423)	(1,643,015)	
Sale of assets	14,500	—	
Government grants	11,700	—	
		<u> </u>	<u> </u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(1,893,223)	(1,643,015)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(494,055)	195,331
FINANCING			
New secured loan	2,000,000	1,000,000	
		<u> </u>	<u> </u>
NET CASH INFLOW FROM FINANCING		2,000,000	1,000,000
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	23(b)	<u>£1,505,945</u>	<u>£1,195,331</u>

The notes on pages 13 to 20 form part of these accounts.

NORTH BRITISH TRUST HOTELS LIMITED

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 1996

1. ACCOUNTING POLICIES

(a) Accounting Convention:

These accounts are presented under the historical cost convention as modified to include the revaluation of certain assets and in accordance with applicable accounting standards.

(b) Basis of Consolidation:

The group accounts consolidate the accounts of North British Trust Hotels Ltd. and all its subsidiary companies, made up to 31st March each year. No profit and loss account is presented for North British Trust Hotels Ltd., as provided by S. 230 (4) of the Companies Act, 1985.

(c) Depreciation, Renewals and Maintenance:

It is the group's policy to maintain its properties in such condition that their value to the business, taken as a whole, is not impaired by the passage of time. Such expenditure is charged to profits in the year in which it is incurred and, as a consequence, any element of depreciation would, in the opinion of the directors, be immaterial. Therefore, no provision for depreciation has been made.

All renewals of furniture, fittings and equipment at hotels have been charged to profit and loss account and no depreciation has been provided on the initial cost of such items. Depreciation on motor vehicles and computer equipment is calculated at a fixed percentage of cost at a rate sufficient to write them off over five years.

(d) Grants and Capital Reserve:

Grants, including those made by the Highlands & Islands Development Board, are included in other reserves.

(e) Stocks:

Stocks have been valued at cost.

(f) Deferred Taxation:

Provision for deferred taxation will only be made at the current rate of taxation if and to the extent that there is a reasonable probability that such tax will become payable in the future.

2. TURNOVER

Turnover represents the net value of sales and services to customers. Turnover and profit before taxation are attributable to the one principal activity carried on in the United Kingdom.

3. OTHER OPERATING INCOME

	1996	1995
Interest receivable	<u>£77,519</u>	<u>£26,881</u>

4. OPERATING PROFIT

	1996	1995
The operating profit is stated after charging:		
Repairs, maintenance and renewals	674,413	659,306
Depreciation	18,119	17,820
Staff costs (note 5)	2,723,586	2,430,150
Directors' emoluments (note 6)	141,602	138,652
Auditors remuneration — Holding company	10,560	9,540
Auditors remuneration — Subsidiary companies	500	1,750
	<u> </u>	<u> </u>

5. STAFF COSTS

Wages and salaries	2,534,458	2,244,571
Social security costs	177,492	174,278
Other pension costs	5,299	5,299
Sickness benefit scheme	6,337	6,002
	<u>£2,723,586</u>	<u>£2,430,150</u>

The average weekly number of employees excluding directors during the year was as follows:—

Hotel staff	380	357
Hotel managers and assistants	50	57
Office and management	31	28
	<u>461</u>	<u>442</u>

6. DIRECTORS' EMOLUMENTS

Fees	5,250	5,000
Executive remuneration	114,367	111,577
Pension schemes	21,985	21,985
	<u>£141,602</u>	<u>£138,562</u>

Emoluments excluding pension payments of the Chairman included therein	<u>£40,000</u>	<u>£40,000</u>
--	----------------	----------------

Emoluments excluding pension payments of the highest paid director included therein	<u>£52,062</u>	<u>£49,812</u>
---	----------------	----------------

The number of other directors whose emoluments excluding pension payments came between the limits shown below was:—

	Number of Directors	
£0— £5,000	—	1
£5,001—£10,000	1	—
£10,001—£15,000	—	—
£15,001—£20,000	—	—
£20,001—£25,000	1	1

W. G. Crerar is a partner in a firm of architects, Crerar and Partners, who have been involved during the year in the design and supervision of extensions, alterations and repairs at several hotels.

7. INTEREST PAYABLE

Interest on bank overdrafts and loans	<u>£636,533</u>	<u>£502,722</u>
---------------------------------------	-----------------	-----------------

8. TAXATION

1996

1995

The charge for taxation shown in the Profit and Loss Account is made up as follows:—

Corporation tax at 33% (1995: 33%)	400,000	582,000
Prior year adjustments	(38,925)	(29,297)
	<u>£361,075</u>	<u>£552,703</u>

The tax charge for the year has been reduced by £439,000 (1995: £300,000) as no provision has been made for deferred taxation.

No provision has been made in respect of potential tax liabilities of £275,000 (1995: £306,000) on revalued properties since the directors are of the opinion that these properties are unlikely to be disposed of in the foreseeable future.

The maximum potential liability for deferred taxation is as follows:—

Excess of the cost or net book values of fixed assets over tax written down values, and other timing differences at 33% (1995: 33%)	3,277,000	2,838,000
Chargeable gains 'rolled over' less losses at 33% (1995: 33%)	190,000	190,000
On property revaluations at 33% (1995: 33%)	275,000	306,000
	<u>£3,742,000</u>	<u>£3,334,000</u>

9. DIVIDENDS

Proposed dividends:—

On Ordinary Shares at 1.32p (1995: 1.2p)	364,317	331,198
On Trustee Shares at 1.32p (1995: 1.2p)	295,683	268,802
	<u>£660,000</u>	<u>£600,000</u>

10. FIXED ASSETS

GROUP AND HOLDING COMPANY	Total	Freehold Land and Buildings	Furniture Fittings and Equipment	Motor Vehicles
Cost or valuation:	£	£	£	£
At 31st March, 1995	24,002,702	20,020,988	3,925,271	56,443
Additions at cost	1,919,423	1,375,059	515,369	28,995
Disposals	(36,376)	(1,500)	—	(34,876)
	<u>£25,885,749</u>	<u>£21,394,547</u>	<u>£4,440,640</u>	<u>£50,562</u>
At 31st March, 1996				
Being:				
At cost	4,803,749	3,424,547	1,328,640	50,562
At valuation	21,082,000	17,970,000	3,112,000	—
	<u>£25,885,749</u>	<u>£21,394,547</u>	<u>£4,440,640</u>	<u>£50,562</u>
Aggregate depreciation:				
At 31st March, 1995	54,112	—	28,799	25,313
Provided in year	18,119	—	6,819	11,300
Disposals	(20,071)	—	—	(20,071)
	<u>£52,160</u>	<u>£ —</u>	<u>£35,618</u>	<u>£16,542</u>
At 31st March, 1996				
Net book values:				
At 31st March, 1996	<u>£25,833,589</u>	<u>£21,394,547</u>	<u>£4,405,022</u>	<u>£34,020</u>
At 31st March, 1995	<u>£23,948,590</u>	<u>£20,020,988</u>	<u>£3,896,472</u>	<u>£31,130</u>

The Company's freehold land and buildings, furniture, fittings and equipment were revalued on 31st March, 1993, on a going concern basis, by the directors of the Company, who are experts in the hotel industry. The gross cost of depreciable assets included in furniture, fittings and equipment at 31st March, 1996, was £49,483 (1995: £44,794).

11. INVESTMENT IN SUBSIDIARIES

The Company owns the whole of the issued share capital of the following Companies and the amount shown in the holding Company's balance sheet comprises:—

	1996	1995
Tower Hotel Hawick Ltd. (Registered in England)		
100 ordinary shares of £1 each at cost.....	100	100
Debenture secured on the assets of the subsidiary	45,000	45,000
Amount due by subsidiary	410	410
	<u>45,510</u>	<u>45,510</u>
Provision for loss	45,509	45,509
	<u>£1</u>	<u>£1</u>
North British Tours Ltd. (Registered in Scotland)		
100,000 deferred shares of £1 each at cost.....	5,000	5,000
1,000 ordinary shares of £1 each at cost	234,000	234,000
	<u>239,000</u>	<u>239,000</u>
Acquisition costs	15,121	15,121
	<u>254,121</u>	<u>254,121</u>
Provision for goodwill and costs of acquisition	19,593	19,593
	<u>£234,528</u>	<u>£234,528</u>

North British Tours Ltd. became dormant on 6th March, 1995, having previously operated direct-sell coach tours, this business being taken over by North British Trust Hotels Ltd. The Tower Hotel Hawick Ltd. was dormant throughout the year.

North British Tours Ltd. recommenced trading on 1st May, 1996, providing transport services to North British Trust Hotels Ltd.

12. INVESTMENTS

	1996	1995
Unquoted investment at cost	<u>£2,500</u>	<u>£2,500</u>

13. DEBTORS

	Group		Holding Company	
	1996	1995	1996	1995
Trade debtors	245,044	143,934	245,044	143,934
Other debtors	689,393	779,626	689,393	774,484
Prepayments	164,316	165,812	164,316	165,812
A.C.T. recoverable after more than one year	165,000	150,000	165,000	150,000
	<u>£1,263,753</u>	<u>£1,239,372</u>	<u>£1,263,753</u>	<u>£1,234,230</u>

Included in other debtors are loans to employees of £88,445 (1995—£95,249) of which £72,785 (1995—£82,649) is repayable after more than one year.

14. CREDITORS

Amounts falling due within one year:—

	Group		Holding Company	
	1996	1995	1996	1995
Bank overdraft and current loan instalments	2,470,682	1,949,783	2,470,682	1,949,783
Trade creditors	849,323	691,206	849,323	679,420
Amount due to subsidiary	—	—	572,048	637,028
Corporation tax	410,183	602,645	410,183	540,645
Social security and other taxes	38,912	32,929	38,912	31,776
Proposed dividends	660,000	600,000	660,000	600,000
Other creditors	326,352	349,241	326,352	349,241
Accruals and deferred income	709,679	666,093	709,679	665,612
	<u>£5,465,131</u>	<u>£4,891,897</u>	<u>£6,037,179</u>	<u>£5,453,505</u>

15. CREDITORS

Amounts falling due after more than one year:—

	1996	1995
Long term loans (note 19)	<u>£4,146,775</u>	<u>£4,177,315</u>

16. SHARE CAPITAL

Authorised, allotted, issued and fully paid:—

27,599,799 Ordinary Shares of 25p each	6,899,950	6,899,950
22,400,201 Trustees Shares of 25p each	5,600,050	5,600,050
	<u>12,500,000</u>	<u>12,500,000</u>
Authorised:—		
10,000,000 Unclassified Shares of 25p each	2,500,000	2,500,000
	<u>£15,000,000</u>	<u>£15,000,000</u>

17. OTHER RESERVES

	1996	1995
Balance at beginning of year	807,385	807,385
Grant received	11,700	—
	<u>819,085</u>	<u>807,385</u>
Balance at end of year	<u>£819,085</u>	<u>£807,385</u>

18. PROFIT AND LOSS ACCOUNT

	Group		Holding Company	
	1996	1995	1996	1995
Retained as follows:—				
Holding Company	4,031,401	2,662,516	4,031,401	2,662,516
Provision for loss in subsidiary	45,509	45,509	—	—
	<u>4,076,910</u>	<u>2,708,025</u>	<u>4,031,401</u>	<u>2,662,516</u>
Subsidiaries	292,010	292,010	—	—
	<u>£4,368,920</u>	<u>£3,000,035</u>	<u>£4,031,401</u>	<u>£2,662,516</u>

19. LONG TERM LOANS

Floating rate unsecured redeemable loan notes 1988/2000	195,700	195,700
Secured bank loan repayable in 1996:		
Interest payable at 11.8125% per annum	1,000,000	1,000,000
Secured bank loan repayable in 1997:		
Interest payable at 11.125% per annum	1,000,000	1,000,000
Secured bank loan repayable in 1997:		
Interest payable at 12.06258% per annum	1,000,000	1,000,000
Secured bank loan repayable in 1999:		
Interest payable at 9% per annum	1,000,000	1,000,000
Secured bank loan repayable in 2000:		
Interest payable at 8.875% per annum	2,000,000	—
	<u>£6,195,700</u>	<u>£4,195,700</u>
Repayable within one year	2,048,925	18,385
Repayable after more than one year	4,146,775	4,177,315
	<u>£6,195,700</u>	<u>£4,195,700</u>

The bank loans are secured on certain hotels owned by the company.

20. CAPITAL COMMITMENTS

Capital expenditure contracted for but not provided in these accounts	£ —	£ —
	<u>—</u>	<u>—</u>

21. CONTINGENT LIABILITY

In the opinion of the directors, there were no contingent liabilities at 31st March, 1996.

22. PENSIONS

During the year the group continued to operate individual pension schemes with defined contribution levels covering certain employees including Directors. Contributions to the Schemes are independently administered by Insurance Companies.

23. GROUP CASH FLOW STATEMENT

	1996	1995	
(a) Reconciliation of operating profit to net cash inflow from operating activities:—			
Operating profit	2,948,974	3,124,747	
Depreciation charges	18,119	17,820	
Loss on sale of assets	1,805	—	
(Increase)/decrease in stocks	(17,595)	1,158	
Increase in debtors	(14,523)	(163,432)	
Increase in creditors	184,797	131,645	
	<u>£3,121,577</u>	<u>£3,111,938</u>	
(b) Analysis of changes in cash and cash equivalents during the year:—			
Balance at beginning of year	(1,897,213)	(3,092,544)	
Net cash inflow/(outflow)	1,505,945	1,195,331	
Balance at end of year	<u>£(391,268)</u>	<u>£(1,897,213)</u>	
Analysis of cash and cash equivalents as shown in the Balance Sheet—			
	Change	1996	1995
Cash at bank and in hand	(3,696)	30,489	34,185
Bank overdraft	1,509,641	(421,757)	(1,931,398)
	<u>£1,505,945</u>	<u>£(391,268)</u>	<u>£(1,897,213)</u>

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Profit for the financial year	2,028,885	2,096,203
Dividend	(660,000)	(600,000)
	<u>1,368,885</u>	<u>1,496,203</u>
 Grant received	11,700	—
Net movement in shareholders' funds	1,380,585	1,496,203
Opening shareholders' funds	16,307,420	14,811,217
Closing shareholders' funds	<u>£17,688,005</u>	<u>£16,307,420</u>

NORTH BRITISH TRUST HOTELS LIMITED

COMPARATIVE FINANCIAL STATEMENT FOR THE PAST FIVE YEARS

	1991-92	1992-93	1993-94	1994-95	1995-96
TURNOVER	<u>£8,372,600</u>	<u>£9,449,700</u>	<u>£10,027,400</u>	<u>£10,909,500</u>	<u>£11,524,200</u>
TRADING PROFIT	2,439,800	2,814,300	3,141,500	3,801,800	3,629,900
INTEREST RECEIVABLE	19,200	12,000	19,800	26,900	77,500
	<u>2,459,000</u>	<u>2,826,300</u>	<u>3,161,300</u>	<u>3,828,700</u>	<u>3,707,400</u>
HOTEL REPAIRS AND RENEWALS	588,700	580,700	614,200	659,300	662,800
DEPRECIATION	11,400	25,900	18,300	17,800	18,100
BANK AND LOAN INTEREST	375,000	501,900	524,500	502,700	636,500
	<u>975,100</u>	<u>1,108,500</u>	<u>1,157,000</u>	<u>1,179,800</u>	<u>1,317,400</u>
PROFIT BEFORE TAXATION	1,483,900	1,717,800	2,004,300	2,648,900	2,390,000
TAXATION	280,500	221,300	323,600	552,700	361,100
	<u>1,203,400</u>	<u>1,496,500</u>	<u>1,680,700</u>	<u>2,096,200</u>	<u>2,028,900</u>
APPROPRIATIONS:					
DISTRIBUTED IN DIVIDENDS ...	360,000	470,000	500,000	600,000	660,000
RETAINED IN BUSINESS	<u>£843,400</u>	<u>£1,026,500</u>	<u>£1,180,700</u>	<u>£1,496,200</u>	<u>£1,368,900</u>
SHAREHOLDERS' FUNDS					
EMPLOYED:					
ISSUED SHARE CAPITAL ..	12,500,000	12,500,000	12,500,000	12,500,000	12,500,000
RESERVES	1,980,500	1,097,600	2,311,200	3,807,400	5,188,000
	<u>£14,480,500</u>	<u>£13,597,600</u>	<u>£14,811,200</u>	<u>£16,307,400</u>	<u>£17,688,000</u>
REPRESENTED BY:					
FIXED ASSETS	20,728,700	21,171,300	22,325,900	23,951,100	25,836,100
CURRENT ASSETS	1,243,500	1,194,300	1,306,600	1,425,500	1,463,800
	<u>21,972,200</u>	<u>22,365,600</u>	<u>23,632,500</u>	<u>25,376,600</u>	<u>27,299,900</u>
Less:					
LONG TERM LOANS	3,207,500	3,181,100	3,178,100	4,177,300	4,146,800
CURRENT LIABILITIES	4,284,200	5,586,900	5,643,200	4,891,900	5,465,100
	<u>£14,480,500</u>	<u>£13,597,600</u>	<u>£14,811,200</u>	<u>£16,307,400</u>	<u>£17,688,000</u>