

398439/
85

THE LYGON ARMS LIMITED

REPORT AND FINANCIAL STATEMENTS

31ST OCTOBER 1983

CHALMERS, IMPEY & CO.
Chartered Accountants
Edmund House
12 Newhall Street
Birmingham B3 3EP



THE LYGON ARMS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the Inn at 10.30 a.m. on Friday 18th May 1984 for the following purposes:-

1. To receive and, if thought fit, adopt the Report of the Directors and Financial Statements for the year ended 31st October, 1983.
2. To declare a dividend.
3. To elect directors.
4. To appoint auditors and to authorise the directors to fix their remuneration.
5. To transact any other business.

BY ORDER OF THE BOARD

T. ASHLEY

Secretary

Broadway,
Worcestershire
B12 7DU

9th April 1984

A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of him. A proxy need not be a member of the company.

THE LYGON ARMS LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST OCTOBER 1983.

The directors present their annual report and the audited financial statements for the year ended 31st October 1983.

REVIEW OF THE YEAR

The company continued to trade as hoteliers. There were no significant developments in the company's business during the year.

	<u>1983</u>	<u>1982</u>
The profit on ordinary activities after taxation amounted to	47,767	19,492
Extraordinary profit net of tax amounted to	49,991	39,500
	<hr/>	<hr/>
Giving a net profit available for appropriation of	<u>£97,758</u>	<u>£58,992</u>

DIVIDENDS AND APPROPRIATIONS

The directors recommend an ordinary dividend of £21,600 (60p per share) (1982 40p per share) and a preference dividend of £1,050.

FUTURE DEVELOPMENTS

Work is continuing on the development and improvement of existing services to meet customers' requirements.

DIRECTORS

The directors of the company during the year and their interests in the company's share capital, as recorded in the Register of Directors' Interests, are as follows:-

	<u>End of Year</u>		<u>Beginning of Year</u>	
	<u>Ordinary</u>	<u>Pref.</u>	<u>Ordinary</u>	<u>Pref.</u>
	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>
D.J. Barrington	10,400	5,700	10,400	5,700
K. Ritchie	-	-	-	-
R.H. Leigh	-	-	-	-
T. Ashley	-	-	-	-
Mrs. C.R.M. Barrington	3,200	-	1,400	-
R.S. Hargreaves (resigned 4th November 1982)	-	-	-	-

Mr. D.J. Barrington retires by rotation at the Annual General Meeting and, being eligible offers himself for re-election.

THE LYGON ARMS LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

FOR THE YEAR ENDED 31ST OCTOBER 1983

AUDITORS

Messrs. Chalmers, Impey & Co. have agreed to offer themselves for re-election as auditors of the company. A resolution proposing their re-appointment will be placed before the Annual General Meeting.

BY ORDER OF THE BOARD

T. ASHLEY

Secretary

Broadway,
Worcestershire
WR12 7DU

27th March 1984

THE LYGON ARMS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST OCTOBER 1983

	<u>Notes</u>	<u>1983</u> £	<u>1982</u> £
TURNOVER		<u>1,773,918</u>	<u>1,513,985</u>
OPERATING PROFIT	2	119,906	125,460
INVESTMENT INCOME	4	<u>2,841</u>	<u>1,555</u>
		122,747	127,015
INTEREST PAYABLE AND SIMILAR CHARGES	5	<u>(59,980)</u>	<u>(84,523)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		62,767	42,492
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	<u>(14,100)</u>	<u>(23,000)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		48,667	19,492
EXTRAORDINARY ITEMS	7	<u>49,991</u>	<u>39,500</u>
PROFIT FOR THE FINANCIAL YEAR		98,658	58,992
DIVIDENDS PAID AND PROPOSED	8	<u>(22,650)</u>	<u>(15,450)</u>
RETAINED PROFITS	16	<u>£ 76,008</u>	<u>£ 43,542</u>

The notes on Pages 7 to 12 form an integral part of these financial statements

THE LYGON ARMS LIMITEDBALANCE SHEET31ST OCTOBER 1983

	<u>Notes</u>	<u>£</u>	<u>1983</u>	<u>£</u>	<u>£</u>	<u>1982</u>	<u>£</u>
FIXED ASSETS							
TANGIBLE ASSETS	9		859,190			838,138	
INVESTMENTS	10		38,274			29,769	
			<u>897,464</u>			<u>867,907</u>	
CURRENT ASSETS							
STOCKS		27,107			26,498		
DEBTORS	11	170,621			114,963		
INVESTMENTS	12	763			717		
CASH AT BANK AND IN HAND	13	10,335			13,763		
			<u>208,826</u>		<u>155,941</u>		
LESS: CURRENT LIABILITIES							
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(233,421)			(182,114)		
NET CURRENT (LIABILITIES)			(24,595)		(26,173)		
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>872,869</u>		<u>841,734</u>		
LESS: CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13	(412,555)			(461,362)		
PROVISIONS FOR LIABILITIES AND CHARGES	14	(47,681)	(460,236)	(43,747)	(505,109)		
NET ASSETS			<u>£412,633</u>		<u>£336,625</u>		
CAPITAL AND RESERVES:							
CALLED UP SHARE CAPITAL	15		66,000		66,000		
PROFIT AND LOSS ACCOUNT	16		346,633		270,625		
			<u>£412,633</u>		<u>£336,625</u>		

The notes on pages 7 to 12 form an integral part of these financial statements

Approved by the Board of Directors on 27th March 1984.

M Barrington } Directors
Ashley

THE LYGON ARMS LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDS31ST OCTOBER 1983

	£	<u>1983</u>	£	£	<u>1982</u>	£
SOURCE OF FUNDS						
Profit on ordinary activities before taxation			62,767			42,492
Adjustment for items which do not involve the movement of funds:						
Depreciation	36,371			32,502		
Loss on sale of investments	-			1,364		
Profit on sale of fixed assets	(35)	36,336		-		33,866
Total generated from ordinary activities		<u>99,103</u>				<u>76,358</u>
Disposal of tangible fixed assets	84,824			44,500		
Disposal of investments	-			30,889		
		<u>84,824</u>				<u>75,389</u>
TOTAL SOURCES		<u>183,927</u>				<u>151,747</u>
APPLICATION OF FUNDS						
Dividends paid	(15,450)			(1,050)		
Taxation paid	(6,479)			(644)		
Purchase of tangible fixed assets	(92,221)			(8,469)		
Purchase of investments	(8,505)			(18,908)		
Loan repayments	(29,404)			(21,404)		
TOTAL APPLICATIONS		<u>(152,059)</u>				<u>(50,475)</u>
INCREASE IN WORKING CAPITAL AND NET LIQUID FUNDS/(SHORT TERM FINANCE)		<u>£ 31,868</u>				<u>£101,272</u>
INCREASE IN WORKING CAPITAL						
Increase/(Decrease) in stocks	609			(8,979)		
Increase/(Decrease) in debtors	55,658			(17,683)		
(Increase)/Decrease in creditors	(21,017)	35,250		56,481		29,819
INCREASE IN NET LIQUID FUNDS/(SHORT TERM FINANCE)						
(Decrease)/Increase in cash at bank and in hand	(3,428)			71,343		
Increase in Building Society deposit	46	(3,382)		110		71,453
		<u>£ 31,868</u>				<u>£101,272</u>

THE LYGON ARMS LIMITEDNOTES TO THE FINANCIAL STATEMENTS31ST OCTOBER 1983

1. ACCOUNTING POLICIES

1.1 Basis of Accounting: The financial statements have been prepared in accordance with the statutory historical cost accounting rules and accounting principles introduced by the Companies Act 1981.

1.2 Tangible Fixed Assets and Depreciation:
Fixed assets are stated at cost.

No depreciation is provided on freehold property as it is the company's policy to maintain it, out of expenditure charged to revenue, to a standard which ensures its estimated residual value exceeds net book value. Depreciation is provided to write off the cost of all other assets on a reducing balance basis at the following rates :

Plant and boilers	- 15%
Hotel furniture and equipment	- 2 % to 10%
Motor vehicles	- 20%

A full year's depreciation is provided in the year of purchase but not in the year of disposal.

1.3 Stock Stock is valued at the lower of cost and net realisable value, Cost comprises purchase price including import duties, transport and handling costs and any other directly attributable costs, less trade discounts, rebates and subsidies.

1.4 Deferred Taxation: Deferred taxation is provided on the liability method to take account, in so far as tax is likely to be payable by the company, of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. The major timing differences taken into account include the excess of taxation allowances claimed over the depreciation charge on the relevant fixed assets, charges, and unrelieved tax losses in as far as they are available to relieve future profits from taxation. Unrecovered advance corporation tax on dividends is deducted from deferred taxation.

THE LYGON ARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31ST OCTOBER 1983

2. OPERATING PROFIT

	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>
Turnover	1,773,918	1,513,985
Other operating income	19,962	17,395
Total operating income	<u>1,793,880</u>	<u>1,531,380</u>

Raw materials and consumables	(559,188)	(456,142)
Other external charges	(99,108)	(83,544)
Staff costs (see Note 3)	(600,761)	(529,975)
Depreciation	(36,371)	(32,502)
Other operating charges	(378,546)	(303,757)
Total operating charges	<u>(1,673,974)</u>	<u>(1,405,920)</u>
Operating Profit	<u>119,906</u>	<u>125,460</u>
Operating charges include:-		
Plant and machinery hire	17,024	15,760
Auditors' remuneration	2,700	2,500
Operating income includes:-		
Rents receivable	<u>15,681</u>	<u>15,723</u>

3. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>
Wages and salaries	527,055	460,285
Social Security costs	55,352	56,669
Other pension costs	18,354	13,021
	<u>£600,761</u>	<u>£529,975</u>
Average number employed:		
Administration	7	7
Other	109	94
	<u>116</u>	<u>101</u>
	<u>£</u>	<u>£</u>
Directors: Fees	500	1,554
Other emoluments	55,627	46,529
Ex-gratia payment	5,000	-
Emoluments (excluding pension contributions):		
Chairman	<u>17,954</u>	<u>1,054</u>
Highest-paid director	<u>17,954</u>	<u>14,641</u>
	<u>Number</u>	<u>Number</u>
Other directors:		
Up to £5,000	2	1
£ 5,001 - £10,000	2	2
£10,001 - £15,000	1	1

THE LYGON ARMS LIMITEDNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)31ST OCTOBER 1983

4. INVESTMENT INCOME

	<u>1983</u> £	<u>1982</u> £
Interest receivable	<u>£2,841</u>	<u>£1,555</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1983</u> £	<u>1982</u> £
Bank loans, overdrafts and loans wholly repayable within five years	11,755	23,212
Mortgage loans repayable after more than five years	<u>48,225</u>	<u>61,311</u>
	<u>£59,980</u>	<u>£84,523</u>

6. TAXATION ON PROFITS

	<u>1983</u> Profit on ordinary activities £	<u>1982</u> Profit on ordinary activities £
Corporation tax @ 33% effective rate		
Current year	6,100	-
Provision for deferred tax	<u>8,000</u>	<u>23,000</u>
	<u>£14,100</u>	<u>£23,000</u>

Corporation tax payable on profit on ordinary activities has been reduced by £25,000 as a result of unrelieved tax losses brought forward.

7. EXTRAORDINARY ITEMS

	<u>1983</u> £	<u>1982</u> £
Extraordinary profit on disposal of freehold properties	<u>£49,991</u>	<u>£39,500</u>

8. DIVIDENDS

	<u>1983</u> £	<u>1982</u> £
3.5% Preference £1 Shares	<u>1,050</u>	<u>1,050</u>
Ordinary £1 Shares		
- Proposed final 60p. per share	<u>21,600</u>	<u>14,400</u>

THE LYGON ARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31ST OCTOBER 1983

9. TANGIBLE FIXED ASSETS

	Land and Buildings £	Plant and Machinery £	Fixtures Fittings Tools and Equipment £	Total £
AT COST OR VALUATION				
At 31st October 1982	582,433	425,266	156,674	1,164,373
Additions	33,770	16,407	42,044	92,221
Disposals	(28,236)	-	(16,458)	(44,694)
At 31st October 1983	587,967	441,673	182,260	1,211,900
DEPRECIATION				
At 31st October 1982	(-)	(271,164)	(55,071)	(326,235)
Charge for year	(-)	(25,577)	(10,794)	(36,371)
Adjustments - On disposals	-	-	9,896	9,896
At 31st October 1983	(-)	(296,741)	(55,969)	(352,710)
NET BOOK AMOUNT				
31st October 1983	£587,967	£144,932	£126,291	£859,190

Capital Expenditure Authorised and Committed:

	1983	1982
Authorised, but contracts not placed	£171,171	£18,346

These amounts do not take account of government grants which may be available.

Not applicable

*203 David Campbell, C1 & Co
check lease facilities.*

10. FIXED ASSET INVESTMENTS

	Life Assurance premiums paid £	Other Investments £	Total £
AT COST			
At 31st October 1982	29,748	521	30,269
Additions	2,006	6,500	8,506
At 31st October 1983	£31,754	£7,021	£38,775
DIMINUTION IN VALUE			
At 31st October 1982 and 1993	(-)	(£ 501)	(£ 501)
NET BOOK AMOUNT			
31st October 1983	£31,754	£6,520	£38,274

THE LYGON ARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31ST OCTOBER 1983

11. DEBTORS

	<u>Amounts falling due within one year</u>	
	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>
Trade debtors	125,659	94,527
Other debtors	7,125	1,512
Prepayments and accrued income	37,837	18,924
	<u>£170,621</u>	<u>£114,963</u>

12. CURRENT ASSETS - INVESTMENTS

	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>
Building Society deposit	<u>£763</u>	<u>£717</u>

13. CREDITORS

	<u>Amounts falling due within one year</u>		<u>Amounts falling due after more than one year</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Mortgage loans	38,414	17,400	383,954	426,362
Bank loans and overdrafts	7,000	8,000	28,000	35,000
Trade creditors	93,265	74,560	-	-
Corporation tax	9,707	6,621	601	-
Other taxation and Social Security	38,793	35,788	-	-
Proposed dividend	22,650	15,450	-	-
Other creditors	9,478	8,105	-	-
Accruals and deferred income	14,114	16,180	-	-
	<u>£233,421</u>	<u>£182,114</u>	<u>£412,555</u>	<u>£461,362</u>

The mortgage loans are secured on certain of the company's property, the bank loans and overdrafts are secured by a fixed and floating charge over the company's assets.

A right of set-off is held by the bank on the company's bank accounts, and consequently in order to show a true and fair view the company's bank accounts have been set-off in these financial statements.

14. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Movements</u>			
	<u>Profit and Loss Account</u>		<u>Utilised</u>	
	<u>1982</u>	<u>1983</u>		<u>1983</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Deferred taxation (Notes 6 and 17)	<u>£43,747</u>	<u>£8,000</u>	<u>£4,066</u>	<u>£47,681</u>

THE LYGON ARMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31ST OCTOBER 1983

15. SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, Called Up and Fully Paid</u>	
	<u>No. of Shares</u>	<u>£</u>	<u>No. of Shares</u>	<u>£</u>
1983 and 1982				
3.5% £1 Preference shares	30,000	30,000	30,000	30,000
£1 Ordinary shares	40,000	40,000	36,000	36,000
		<u>£70,000</u>		<u>£66,000</u>

16. RESERVES

	<u>At Beginning of year</u>	<u>Transfers from Profit & Loss Account</u>	<u>At End of Year</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Profit and Loss Account	£270,625	£76,008	£346,633

17. DEFERRED TAXATION

	<u>1983</u>		<u>1982</u>	
	<u>Potential liability</u>	<u>Amount provided</u>	<u>Potent. l liability</u>	<u>Amount provided</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Taxation deferred by capital allowances	91,100	70,000	118,000	70,000
Charges	(2,000)	(2,000)	(2,000)	(2,000)
Advance Corporation Tax recoverable	(20,319)	(20,319)	(16,253)	(16,253)
Unrelieved taxation losses	-	-	(8,000)	(8,000)
Rollover relief	20,000	-	9,500	-
	<u>£ 88,781</u>	<u>£47,681</u>	<u>£101,247</u>	<u>£43,747</u>

The potential liability and provision are based on a Corporation Tax rate of 30%. (1982 40%)

REPORT OF THE AUDITORS TO THE MEMBERS OF
THE LYGON ARMS LIMITED

We have audited the financial statements on Pages 4 to 12 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost accounting rules, give a true and fair view of the state of the company's affairs at 31st October 1983 and of its profit and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 to 1981.

Chalven Lupton

Chartered Accountants

Birmingham

27th March 1984