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WASHINGTON HOTEL (LONDON) LIMITED

Fifty-two weeks ended

28th September, 1980



# WASHINGTON HOTEL (LONDON) LIMITED

Report of the directors for the fifty-two weeks ended 28th September, 1980

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The directors present their annual report together with the audited accounts for the fifty-two weeks ended 28th September 1980.

## Principal activities

The company is engaged in the trade of hoteliers and restaurateurs.

## Ultimate holding company

The company's ultimate holding company is Grand Metropolitan Limited, which is incorporated in England and which controls 100% of the issued share capital.

## Results

The profit and loss account is set out on page 3 and shows the company's result for the period.

## Exports

A substantial proportion, which cannot be determined accurately, of the hotel's turnover is attributable to visitors from overseas.

## Directors

The directors of the company during the period were as follows:

Sir M. Joseph (Chairman)  
S.G. Grinstead  
E.H. Sharp (resigned 21st March, 1980)  
R.G. Lewis  
A.W.C. Walford (appointed 27th January, 1981)  
P. Parrott (appointed 27th January, 1981)

## Directors' interests

Sir M. Joseph, S.G. Grinstead and R.G. Lewis are also directors of the ultimate holding company, Grand Metropolitan Limited and their interests in its share and loan capital are shown in the accounts of that company.

The interests of the other directors in the share and loan capital of the ultimate holding company were as follows:

	Number of ordinary shares in Grand Metropolitan Limited	
	<u>30.9.80</u>	<u>30.9.79</u>
A.W.C. Walford	6,000	6,000

No other director had any interest in the share and loan capital of Grand Metropolitan Limited.

WASHINGTON HOTEL (LONDON) LIMITED

Report of the directors for the fifty-two weeks ended 28th September 1980

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Directors' interests (continued)

At 30th September 1980 certain directors also held options to subscribe for 50p ordinary shares in Grand Metropolitan Limited at prices between 75p and 167<sup>1</sup>/<sub>2</sub>p per share exercisable before 1986, as follows:

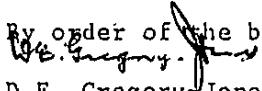
	Number of ordinary shares
A.W.C. Walford	12,857
P. Parrott	28,571

Sir M. Joseph, A.W.C. Walford and P. Parrott retire in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

Auditors

Stoy Hayward & Co. have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

By order of the board

  
D.E. Gregory-Jones

Secretary

29th January 1981

WASHINGTON HOTEL (LONDON) LIMITED

Profit and loss account for the fifty-two weeks ended 28th September, 1980

	Note	52 weeks ended 28th September 1980 £	52 weeks ended 30th September 1979 £
Turnover		1,468,596	1,411,372
Profit before taxation	2	<u>240,578</u>	<u>471,024</u>
Taxation at 52% on the profit for the period			
Corporation tax		134,166	216,988
Deferred taxation		<u>(1,000)</u>	<u>30,000</u>
		133,166	246,988
Profit after taxation		<u>107,412</u>	<u>224,036</u>
Extraordinary item			
Revaluation fees		(1,776)	-
Profit after taxation and extraordinary item		<u>105,636</u>	<u>224,036</u>
Balance brought forward			
- as previously reported		838,666	584,630
- prior year adjustment	9	<u>(46,000)</u>	<u>(16,000)</u>
- as restated		792,666	568,630
		<u>898,302</u>	<u>792,666</u>

The notes on pages 5 to 8 form part of these accounts.

WASHINGTON HOTEL (LONDON) LIMITED

Balance sheet at 28th September, 1980

	Note	28th September 1980 £	30th September 1979 £
Fixed assets	3	2,970,000	1,767,991
Current assets			
Stock	4	11,144	8,660
Debtors		16,666	11,558
Cash and bank balances		11,466	17,825
		<u>39,276</u>	<u>38,043</u>
Current liabilities			
Creditors		<u>60,070</u>	<u>38,440</u>
Net current liabilities		(20,794)	(397)
Inter group accounts	5	942,042	881,784
		<u>3,891,248</u>	<u>2,649,378</u>
Taxation payable on 1st January, 1982		(132,242)	(216,988)
		<u>3,759,006</u>	<u>2,432,390</u>
Represented by:			
Share capital	6	300	300
Reserves	11	3,706,706	2,386,090
		<u>3,707,006</u>	<u>2,386,390</u>
Deferred taxation	10	52,000	46,000
		<u>3,759,006</u>	<u>2,432,390</u>

A.W.C. Walford

P. Parrott

Directors

29th January 1981

The notes on pages 5 to 8 form part of these accounts.

WASHINGTON HOTEL (LONDON) LIMITED

Notes forming part of the accounts for the fifty-two weeks ended  
28th September, 1980

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1. Accounting policies

There have been no changes in the accounting policies during the period, except that relating to deferred taxation.

These accounts have been prepared under the historical cost convention, including the revaluation of certain fixed assets and adopting the following principal accounting policies:

Turnover

Turnover represents the sale of accommodation, catering and other hotel services.

Stock

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

Fixed assets

All replacements of furnishings and equipment are charged to revenue.

No depreciation has been provided on freehold land.

Depreciation is calculated to write off the cost and valuation of other fixed assets on a straight line basis over their estimated useful lives as follows:

Freehold buildings (including their contents of furniture and equipment)	-	60 years
Computer equipment	-	5 years

Additions to fixed assets are not depreciated in the period of acquisition.

Hotel improvements relating to fire precaution regulations are added to fixed assets.

Deferred taxation

In previous periods no provision had been made for deferred taxation. It is now the company's policy to provide deferred taxation in full on all material timing differences except on any capital gain that might arise on the disposal of the company's properties. Appropriate adjustments have been made to the comparative figures for earlier years as detailed in note 9.

WASHINGTON HOTEL (LONDON) LIMITED

Notes forming part of the accounts for the fifty-two weeks ended  
28th September, 1980 (continued)

2. Profit before taxation

Profit is stated after charging/(crediting) the following	1980 £	1979 £
Amortisation and depreciation	19,971	16,191
Auditors' remuneration	1,657	1,573
Hire charges	19,242	7,658
Provision for repairs authorised but not contracted (no longer required)	-	(50,000)
	<u>          </u>	<u>          </u>

The directors received no remuneration during the period.

3. Fixed assets

	Freehold property £	Computer equipment £	Total £
Cost and valuation			
At start of period	1,766,252	17,930	1,784,182
Surplus on revaluation	1,189,324	-	1,189,324
	<u>          </u>	<u>          </u>	<u>          </u>
At end of period	2,955,576	17,930	2,973,506
	<u>          </u>	<u>          </u>	<u>          </u>
Made up as follows:-			
Non depreciable assets (land)	1,336,500	-	1,336,500
Depreciable assets	1,619,076	17,930	1,637,006
	<u>          </u>	<u>          </u>	<u>          </u>
	2,955,576	17,930	2,973,506
	<u>          </u>	<u>          </u>	<u>          </u>
Valuation - 1980	2,955,576	-	2,955,576
Cost	-	17,930	17,930
	<u>          </u>	<u>          </u>	<u>          </u>
	2,955,576	17,930	2,973,506
	<u>          </u>	<u>          </u>	<u>          </u>
Depreciation			
At start of period	16,191	-	16,191
Provided in period	16,465	3,506	19,971
Released on revaluation	(32,656)	-	(32,656)
	<u>          </u>	<u>          </u>	<u>          </u>
At end of period	-	3,506	3,506
	<u>          </u>	<u>          </u>	<u>          </u>
Net book value			
At start of period	1,750,061	17,930	1,767,991
	<u>          </u>	<u>          </u>	<u>          </u>
At end of period	2,955,576	14,424	2,970,000
	<u>          </u>	<u>          </u>	<u>          </u>

# WASHINGTON HOTEL (LONDON) LIMITED

Notes forming part of the accounts for the fifty-two weeks ended  
28th September, 1980 (continued)

## 3. Fixed assets (continued)

The properties of Grand Metropolitan Hotels U.K. Division were valued by Messrs. Conrad Ritblat & Co., Consultant Surveyors & Valuers on the basis of open market value for the existing use as at 29th September, 1980.

## 4. Stock

Stock consists of goods for resale.

## 5. Inter group accounts

	1980 £	1979 £
Amounts due from fellow subsidiary companies	1,159,030	881,784
Amounts due to fellow subsidiary companies	(216,988)	-
	<u>942,042</u>	<u>881,784</u>

## 6. Share capital

	1980 £	1979 £
Authorized		
40,000 5% redeemable cumulative preference shares of £1 each	40,000	40,000
5,000 'A' shares of 5p each	250	250
1,000 'B' shares of 5p each	<u>50</u>	<u>50</u>
	<u>40,300</u>	<u>40,300</u>
Issued and fully paid		
5,000 'A' shares of 5p each	250	250
1,000 'B' shares of 5p each	<u>50</u>	<u>50</u>
	<u>300</u>	<u>300</u>

## 7. Tax liability if revalued property was sold

There is no present intention of selling the revalued property and no provision has been made for tax which might arise if such sale took place. It is estimated that if this property had been sold on 28th September, 1980 at its net book value at that date, the tax liability which would have arisen would not have exceeded £625,000.

## 8. Statement of source and application of funds

A statement of source and application of funds has not been produced as the company is a wholly owned subsidiary of Grand Metropolitan Limited, and its funds are therefore managed as part of that company's group funds. A group statement of source and application of funds is included in the accounts of Grand Metropolitan Limited.



WASHINGTON HOTEL (LONDON) LIMITED

Notes forming part of the accounts for the fifty-two weeks ended

28th September, 1980 (continued)

9. Taxation

The 1979 charge for taxation has been restated to reflect the revised deferred taxation accounting policy. The adjustment, together with that for 1978, has been treated as a prior year adjustment and deducted from reserves as follows:-

	£
1979	30,000
1978 and earlier	16,000
	<u>46,000</u>

But for the change in policy the taxation charge for 1980 would have been £1,000 more than provided.

10. Deferred taxation

	1980 £	1979 £
The excess of taxation allowances claimed on fixed assets over depreciation provided in the accounts	52,000	46,000

11. Reserves

	Other reserves £	Capital redemption reserve fund £	Share premium account £	Capital reserve £	Profit and loss account £	Total £
Balance at start of period	18,075	40,000	429,800	1,105,549	838,666	2,432,090
Prior year adjustment (note 9)	-	-	-	-	46,000	46,000
	<u>18,075</u>	<u>40,000</u>	<u>429,800</u>	<u>1,105,549</u>	<u>792,666</u>	<u>2,386,090</u>
Profit for year	-	-	-	-	105,636	105,636
Surplus on revaluation	-	-	-	1,189,324	-	1,189,324
Depreciation released on revaluation	32,656	-	-	-	-	32,656
Transfer to deferred taxation	(7,000)	-	-	-	-	(7,000)
Balance carried forward	<u>43,731</u>	<u>40,000</u>	<u>429,800</u>	<u>2,294,873</u>	<u>898,302</u>	<u>3,706,706</u>

WASHINGTON HOTEL (LONDON) LIMITED

Report of the auditors

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To the members of Washington Hotel (London) Limited

We have audited the financial statements on pages 3 to 8 in accordance with approved Auditing Standards.

The accounts do not comply with Statement of Standard Accounting Practice No. 10 as no statement of source and application of funds is included for the reason given in note 8.

The charge for depreciation has been calculated in accordance with the Grand Metropolitan Group's depreciation policy as explained in note 1. The depreciation rates applied may not therefore be wholly appropriate to the specific properties owned by this company.

In our opinion the financial statements, which have been prepared under the historical cost convention as modified by the revaluation of land and buildings, give a true and fair view of the state of the company's affairs at 28th September 1980 and of its result for the period then ended and comply with the Companies Acts, 1948 to 1980.

Stoy Hayward & Co.,  
Chartered Accountants,  
54 Baker Street,  
London, W1M 1DJ.

29th January 1981