

# COUNTRY CLUB HOTELS LIMITED

## REPORT & ACCOUNTS

2 March 1996



Registered number 532865

Group Accounts  
02-Oct-96



COUNTRY CLUB HOTELS LIMITED

**DIRECTORS**

A C Parker  
G R L Windle  
M D Hampson  
C J Wilkins

(appointed 7 September 1995)

**SECRETARY**

G R L Windle

**REGISTERED OFFICE**

Chiswell Street  
London EC1Y 4SD

**AUDITORS**

Ernst & Young  
400 Capability Green  
Luton LU1 3LU

**REGISTERED NUMBER**

532865

## **DIRECTORS' REPORT**

### **Accounts**

The directors submit to the shareholders their report and accounts for the year ended 2 March 1996.

### **Principal activities and business review**

The principal activities of the company are the development and operation of hotel, golf and country clubs. The company intends to continue these activities for the foreseeable future.

The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future, and have therefore used the going concern basis in preparing the financial statements.

### **Results and dividends**

The hotel industry has seen increased levels of demand in the last 12 months and the directors are pleased to note that the company's trading performance improved year on year, driven by significant increases in room occupancy and a moderate increase in average room rate. Several major golfing events were held during the year, including:

Ladies Scottish Open - Dalmahoy

Scottish PGA Tournament - Dalmahoy

Womens Welsh Open - St Pierre

Significant capital investment was made during the year, enhancing the estate. In particular, leisure developments were an area of focus in the second half of 1995/96. As a result of the increased trading levels experienced during the year, gross profit increased by 28% to £7.1m. The profit for the year, after taxation, attributable to shareholders amounted to £3,360,699 (1994/95 - £3,570,942). The prospects for the current year remain sound. The directors do not recommend the payment of a dividend.

### **Donations**

During the year the company contributed £500 (1994/95 - £1,438) for charitable purposes.

### **Fixed assets**

The movements of fixed assets during the year, including revaluation of property, are set out in note 4 to the accounts.

### **Directors**

The directors of the company who served during the year ended 2 March 1996 are listed on page 1.

**DIRECTORS' REPORT****Directors' interests**

According to the register maintained as required under the Companies Act 1985, the beneficial interests of the directors in shares and options over the ordinary shares in the holding company, Whitbread PLC including shares held under the Whitbread PLC Share Ownership Scheme are as follows:

Ordinary shares	<u>2 March 1996</u>	<u>26 February 1995</u>
A C Parker	8,021	1,474 #
C J Wilkins	5,565	6,950
M D Hampson	249	194
G R L Windle	12,599	12,140
# - date of appointment		

**Options over ordinary shares**

During the year the following movements in options over the ordinary share capital of the holding company, Whitbread PLC, took place:-

		<u>Options held</u> <u>at 26.2.95</u>	<u>Options granted</u>		<u>Options exercised</u>		<u>Options held</u> <u>at 2.3.96</u>
			<u>Number</u>	<u>Price</u>	<u>Number</u>	<u>Price</u>	
A C Parker	a	100,000 #			82,200	456.8	17,800
C J Wilkins	a	63,900	4,400	594.2	-		68,300
	b	3,856	-		-		3,856
M D Hampson	a	52,100	2,500	594.2	-		54,600
	b	3,052	692	498.0	-		3,744
G R L Windle	a	35,100	1,100	594.2	-		36,200
	b	3,856	-		-		3,856

# - date of appointment

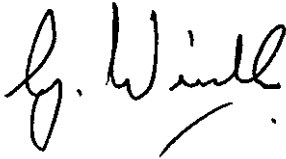
(a) the Executive Share Option Scheme

(b) the Savings Related Option Scheme

**Auditors**

Ernst & Young have expressed their willingness to continue in office as auditors.

By order of the Board

  
Secretary  
8 October 1996

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities set out on page 5, is made with a view to distinguishing the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## AUDITOR'S REPORT

### REPORT OF THE AUDITORS

to the members of Country Club Hotels Limited

We have audited the accounts on pages 6 to 13 which have been prepared under the historical cost convention as modified by the revaluation of properties and on the basis of the accounting policies set out on page 8.

#### Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

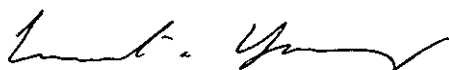
#### Basis of opinion

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 company'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 information in the accounts.

#### Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 2 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Chartered Accountants  
Registered Auditor  
Luton

17 October 1996

**PROFIT AND LOSS ACCOUNT****Year ended 2 March 1996**

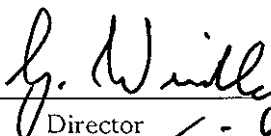
	Notes	53 weeks 1995/96 £	52 weeks 1994/95 £
<b>TURNOVER</b>		<b>27,887,737</b>	<b>23,579,876</b>
Cost of sales		<u>(20,742,949)</u>	<u>(17,983,654)</u>
<b>GROSS PROFIT</b>		<b>7,144,788</b>	<b>5,596,222</b>
Administrative expenses		<u>(2,114,926)</u>	<u>(724,404)</u>
<b>PROFIT BEFORE INTEREST</b>	1	<b>5,029,862</b>	<b>4,871,818</b>
Interest	2	<u>(347,885)</u>	<u>(276,087)</u>
<b>PROFIT BEFORE TAXATION</b>		<b>4,681,977</b>	<b>4,595,731</b>
Taxation	3	<u>(1,321,278)</u>	<u>(1,024,789)</u>
<b>RETAINED PROFIT FOR THE YEAR</b>	11	<u><b>3,360,699</b></u>	<u><b>3,570,942</b></u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

<b>PROFIT EARNED FOR SHAREHOLDERS</b>	<b>3,360,699</b>	<b>3,570,942</b>
Unrealised surplus on revaluation of fixed assets	<u>26,795</u>	<u>142,676</u>
<b>TOTAL GAINS RECOGNISED SINCE PREVIOUS YEAR END</b>	<u><b>3,387,494</b></u>	<u><b>3,713,618</b></u>

**BALANCE SHEET****2 March 1996**

	Notes	<u>1996</u> £	<u>1995</u> £
<b>FIXED ASSETS</b>			
Tangible assets	4	74,682,173	70,128,688
Investments	5	<u>11,223,238</u>	<u>11,223,238</u>
		<u>85,905,411</u>	<u>81,351,926</u>
<b>CURRENT ASSETS AND LIABILITIES</b>			
Stocks	6	269,628	227,324
Debtors	7	8,461,963	7,734,959
Cash at bank and in hand		<u>18,355</u>	<u>20,965</u>
		8,749,946	7,983,248
Creditors - amounts falling due within one year	8	<u>(33,205,331)</u>	<u>(31,254,642)</u>
Net current liabilities		<u>(24,455,385)</u>	<u>(23,271,394)</u>
Total assets less current liabilities		61,450,026	58,080,532
<b>CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
	9	<u>(5,197,075)</u>	<u>(5,215,075)</u>
		<u>56,252,951</u>	<u>52,865,457</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	32,400,000	32,400,000
Revaluation reserve - non distributable	11	15,254,835	15,228,040
Profit and loss account	11	<u>8,598,116</u>	<u>5,237,417</u>
<b>SHAREHOLDERS' FUNDS</b>	12	<u>56,252,951</u>	<u>52,865,457</u>

  
 Director / - G. WINDLE  
 80000000 1996



## **ACCOUNTING POLICIES**

### **A. Accounting convention**

The accounts are prepared in accordance with applicable Accounting Standards under the historical cost convention and incorporate the revaluation of property. In accordance with the Companies Act 1985, section 228(1), as the company is a wholly owned subsidiary of an EC parent, group accounts are not prepared.

### **B. Fixed Assets**

Interest costs incurred in the financing of major projects, until the time that they are brought into use, are capitalised. While it is the company's policy to depreciate relevant fixed assets, the nature of the hotel industry requires that, in order to protect the trade, freehold and long leasehold licensed premises are maintained in such a state of repair that the aggregate of their residual value is at least equal to their book amounts. In the opinion of the directors, any depreciation of these properties would not be material.

The cost of other fixed assets is depreciated by equal annual instalments over the expected useful lives of the assets as follows:

Computer equipment	5 years
Furniture and equipment	6 years
Motor vehicles	5 years

### **C. Stocks**

Finished goods are stated at the lower of cost and net realisable value.

### **D. Turnover**

Turnover is the value of goods and services sold to third parties, within the UK, as part of the company's ordinary activities after deducting trade discounts and sales based taxes.

### **E. Leases**

Rental payments in respect of operating leases are charged against profit on a straight line basis over the period of the lease.

### **F. Deferred Taxation**

Deferred taxation is recognised under the liability method on all timing differences where it is considered that a liability will crystallise or tax will be recoverable in the foreseeable future.

### **G. Cash flow statement**

As permitted by Financial Reporting Standard number 1, a cash flow statement has not been prepared as the company is a wholly owned subsidiary of a European Community parent

**NOTES TO THE ACCOUNTS****1. PROFIT AND LOSS ACCOUNT DETAILS**

	<u>1995/96</u>	<u>1994/95</u>
	£	£
Profit on ordinary activities is stated after charging:		
Depreciation (note 4)	1,203,043	1,408,673
Hire of plant and machinery	56,131	91,898
Operating lease rentals - plant and machinery	58,966	97,512
Auditors' remuneration	<u>-</u>	<u>18,000</u>

Labour costs included in these accounts are in respect of employees of the ultimate parent undertaking. No director received any remuneration from the company during the year. The cost of auditing the accounts of the company is dealt with by the parent company.

**2. INTEREST****Interest payable and similar charges**

Interest payable on bank loans and overdrafts	2,204	-
Other interest payable	356,123	290,985
Interest received	(10,442)	(14,898)
	<u>347,885</u>	<u>276,087</u>

**3. TAXATION****Current taxation on profit for the year**

U.K. Corporation Tax at 33% (1994/95 - 33%)	1,182,185	1,024,789
Adjustments to earlier periods	139,093	-
	<u>1,321,278</u>	<u>1,024,789</u>

The charge for U.K. Corporation Tax has been relieved by £703,188 (1994/95 - £534,748) in respect of accelerated capital allowances for which no deferred tax has been provided.

**Deferred taxation**

The potential amount of deferred taxation at 33% not provided in these accounts is £2,693,886 (1995 - £2,058,127) in respect of accelerated capital allowances. No provision has been made for any chargeable gains which might arise in the event of properties being sold at their revalued amounts as in the ordinary course of business these assets would be retained indefinitely.

**NOTES TO THE ACCOUNTS****4. TANGIBLE FIXED ASSETS**

	<u>Retail property</u>	<u>Plant &amp; machinery</u>	<u>Total</u>
	£	£	£
Gross amounts 25 February 1995	67,004,351	8,994,598	75,998,949
Additions	3,211,809	2,579,466	5,791,275
Disposals	-	(845,931)	(845,931)
Transfers from group companies	-	14,964	14,964
Revaluation	26,795	-	26,795
Gross amounts 2 March 1996	<u>70,242,955</u>	<u>10,743,097</u>	<u>80,986,052</u>
Depreciation 25 February 1995	-	(5,870,261)	(5,870,261)
Depreciation for the year	-	(1,203,043)	(1,203,043)
Disposals	-	773,885	773,885
Transfers from group companies	-	(4,460)	(4,460)
Depreciation 2 March 1996	<u>-</u>	<u>(6,303,879)</u>	<u>(6,303,879)</u>
Net book amounts 2 March 1996	<u>70,242,955</u>	<u>4,439,218</u>	<u>74,682,173</u>
Net book amounts 25 February 1995	<u>67,004,351</u>	<u>3,124,337</u>	<u>70,128,688</u>

The directors carried out a valuation of the Company's properties at 27 February 1993. Some of the properties were also revalued in 1994/95 and 1995/96 as part of a programme to keep values under continuous review. The properties were valued at open market value for the purpose of their existing use by chartered surveyors employed by the ultimate parent company.

If this and previous revaluations had not taken place the book value of fixed assets would be:

Gross amounts	54,988,120	10,743,097	65,731,217
Depreciation	-	(6,303,879)	(6,303,879)
Net book amounts 2 March 1996	<u>54,988,120</u>	<u>4,439,218</u>	<u>59,427,338</u>
Net book amounts 25 February 1995	<u>51,776,311</u>	<u>3,124,337</u>	<u>54,900,648</u>
<b>Net book amounts of properties</b>	<b>Freehold</b>	<b>Long leasehold</b>	<b>Total</b>
	£	£	£
2 March 1996	<u>45,133,576</u>	<u>25,109,379</u>	<u>70,242,955</u>
25 February 1995	<u>43,401,031</u>	<u>23,603,320</u>	<u>67,004,351</u>

**NOTES TO THE ACCOUNTS****4. TANGIBLE FIXED ASSETS (continued)**

	<u>1996</u>	<u>1995</u>
	£	£
Gross amounts of properties		
As valued 1995/96	6,977,739	-
As valued 1994/95	6,592,278	6,592,279
As valued 1993/94	28,541,614	28,541,614
As valued 1992/93	20,741,709	27,333,011
At cost	<u>7,389,615</u>	<u>4,537,447</u>
	<u>70,242,955</u>	<u>67,004,351</u>

**Capital expenditure for which no provision has been made**

Commitments	-	-
Authorised, not committed	-	98,000
	<u>-</u>	<u>98,000</u>

**5. INVESTMENT IN SUBSIDIARY UNDERTAKINGS****Shares at or under cost**

2 March 1996 and 25 February 1995	<u>11,223,238</u>
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	<u>Principal</u>	<u>Country of</u>	<u>Country of</u>	<u>%</u>
<u>Principal subsidiary undertakings</u>	<u>activities</u>	<u>incorporation</u>	<u>principal</u>	<u>equity</u>
		<u>or registration</u>	<u>operations</u>	<u>holding</u>
Forest of Arden Golf and Country Club Hotel	Hotels	England	England	100
Priory Leisure Limited	Hotels	England	England	100
Breadsall Priory Limited	Hotels	England	England	100
Broughton Park Hotel Limited	Hotels	England	England	100
Goodwood Park Hotel Limited	Hotels	England	England	70

All the above companies have the same year end as Country Club Hotels Limited and are all owned directly by that company. These companies are those which principally affect the results and assets of the Group. A full list of subsidiary undertakings will be annexed to the next annual return of Country Club Hotels Limited to be filed with the Registrar of Companies.

**6. STOCKS**

	<u>1996</u>	<u>1995</u>
	£	£
Finished goods	<u>269,628</u>	<u>227,324</u>

**NOTES TO THE ACCOUNTS****7. DEBTORS**

	1996	1995
	£	£
Trade debtors	1,090,775	955,604
Amounts due from group and parent undertakings	6,023,396	6,254,395
Other debtors	332,534	84,068
Prepayments and accrued income	1,015,258	440,892
	<u>8,461,963</u>	<u>7,734,959</u>

Amounts due from group and parent undertakings have no fixed repayment date.

**8. CREDITORS- AMOUNTS FALLING DUE WITHIN ONE YEAR**

Bank overdrafts	31,561	59,057
Trade creditors	204,902	306,779
Amounts due to group and parent undertakings	30,641,562	29,693,692
Corporation Tax	1,187,460	457,043
Other taxes and social security	326,115	222,152
Accruals and deferred income	-	135,413
Other creditors	813,731	380,506
	<u>33,205,331</u>	<u>31,254,642</u>

Amounts due to group and parent undertakings have no fixed repayment date.

**9. CREDITORS- AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Repayment date	Interest rates	1996	1995
			£	£
Loan capital				
Loan notes	2008	Variable	<u>5,197,075</u>	<u>5,215,075</u>
The loan notes are unsecured and are not repayable by instalments				

	Authorised 1996		Allotted, called up and fully paid 1995	1996	1995
	£		£	£	£
<b><u>10. SHARE CAPITAL</u></b>					
'A' Ordinary shares of £1 each	8,500,000	8,500,000	8,100,000	8,100,000	
'B' Ordinary shares of £1 each	25,500,000	25,500,000	24,300,000	24,300,000	
	<u>34,000,000</u>	<u>34,000,000</u>	<u>32,400,000</u>	<u>32,400,000</u>	

	Revaluation reserve	Profit & loss account	Total
	£	£	£
<b>11. RESERVES</b>			
25 February 1995	15,228,040	5,237,417	20,465,457
Profit retained	-	3,360,699	3,360,699
Revaluation	26,795	-	26,795
2 March 1996	<u>15,254,835</u>	<u>8,598,116</u>	<u>23,852,951</u>

	1996	1995
	£	£
<b>12. MOVEMENT IN SHAREHOLDERS' FUNDS</b>		
Shareholders' funds at 25 February 1995	52,865,457	49,151,839
Profit earned for ordinary shareholders	3,360,699	3,570,942
Revaluation	26,795	142,676
Shareholders' funds at 2 March 1996	<u>56,252,951</u>	<u>52,865,457</u>

**13. LEASE COMMITMENTS****Plant and machinery**

Annual payments under operating leases which expire:

Within one year	27,308	4,918
Between one and five years	3,978	58,495
After five years	1,777	-
	<u>33,063</u>	<u>63,413</u>

**14. PARENT UNDERTAKING**

The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is Whitbread PLC, registered in England and Wales. Copies of Whitbread PLC's accounts can be obtained from Chiswell Street, London, EC1Y 4SD.