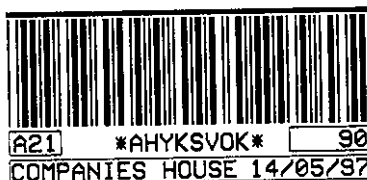


Register

Company No. 596765 (England and Wales)

Kings Chalets Limited
Directors' Report and Financial Statements
for the year ended 31 January 1996



Kings Chalets Limited

Company Information

Directors	H W King Esq J G King Esq G I King Esq Mrs C B King R C Marson Esq T Carlton Esq
Secretary	R C Marson Esq
Company Number	596765 (England and Wales)
Registered Office	2 Mountview Court 310 Friern Barnet Lane London N20 0YZ
Auditors	Harris Lipman 2 Mountview Court 310 Friern Barnet Lane London N20 0YZ
Business Address	Kings Park Canvey Island Essex SS8 8HE
Bankers	Barclays Bank plc Cheriot House Baxter Avenue Southend-on-sea Essex SS2 6HG

Kings Chalets Limited

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Kings Chalets Limited

Directors' Report for the year ended 31 January 1996

The directors present their report and the financial statements for the year ended 31 January 1996.

Principal Activities and Review of the Business

The principal activity of the company is that of operators of a caravan and chalet park and dealers in caravans and chalets.

The company is undertaking major refurbishment work on its chalet accommodation as well as refurbishing and improving the camp facilities. It is anticipated that revenues will increase as a result of this work.

The directors are satisfied with the performance of the company taking into account the difficult trading conditions and the current economic climate.

Results and Dividends

The results for the year are set out on page 4.

The directors do not recommend payment of a dividend.

It is proposed that the loss of £101,404 is transferred to reserves.

Fixed Assets

The significant changes in fixed assets during the year are explained in note 7 to the financial statements.

Future Developments

The company continues to improve the park with the aim of increasing profitability in the long term.

Directors and their Interests

The directors who served during the year and their interests in the company at the beginning and end of the year were as stated below.

	Class of share	Number of shares	
		1996	1995
H W King Esq	Ordinary shares	192,019	192,019
J G King Esq	Ordinary shares	3,981	3,981
G I King Esq	Ordinary shares	2,000	2,000
Mrs C B King	Ordinary shares	-	-
R C Marson Esq	Ordinary shares	-	-
T Carlton Esq	Ordinary shares	-	-

Political and Charitable Contributions

During the year the company contributed £1,788 to charities .

Auditors

The company has by elective resolution dispensed with the obligation to appoint auditors annually in accordance with Section 386(1) of the Companies Act 1985. Therefore, the auditors, Harris Lipman, will be deemed to be reappointed for each succeeding financial year.

Kings Chalets Limited

Directors' Report for the year ended 31 January 1996 (continued)

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume 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 financial statements 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 and other irregularities.

This report was approved by the Board on 9.14.1997

.....
H W King Esq
Director

Kings Chalets Limited

Auditors' Report
to the shareholders of Kings Chalets Limited

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

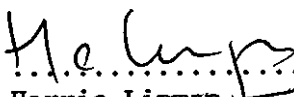
Basis of opinion

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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 January 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


.....
Harris Lipman
Registered Auditors
2 Mountview Court
310 Friern Barnet Lane
London N20 0YZ

Date: 12th May 1997

Kings Chalets Limited

Profit and Loss Account for the year ended 31 January 1996

	Notes	1996 £	1995 £
Turnover	2	3,206,719	3,565,357
Cost of sales		(1,225,003)	(1,739,470)
Gross profit		1,981,716	1,825,887
Administrative expenses		(2,362,167)	(2,198,875)
Other operating income		206,061	55,000
Operating loss	3	(174,390)	(317,988)
Other interest receivable and similar income	4	17,528	5,303
Interest payable and similar charges	5	(12,331)	(4,981)
Loss on ordinary activities before taxation		(169,193)	(317,666)
Tax on loss on ordinary activities	6	67,789	(3,015)
Loss for the year	13	<u>£(101,404)</u>	<u>£(320,681)</u>

There are no acquisitions or discontinued operations during the current or preceding year.

Kings Chalets Limited

Statement of Total Recognised Gains and Losses
for the year ended 31 January 1996

	1996 £	1995 £
Loss for the financial year	(101,404)	(320,681)
Unrealised surplus on revaluation of properties	<u>5,124,598</u>	<u>-</u>
Total recognised gains and losses relating to the year	<u>£ 5,023,194</u>	<u>£(320,681)</u>

Kings Chalets Limited

Balance Sheet as at 31 January 1996

	Notes	1996 £	1995 £
Fixed Assets			
Tangible assets	7	6,622,240	1,210,954
Current Assets			
Stocks	8	85,771	76,888
Debtors	9	606,451	338,649
Cash at bank and in hand		38,878	182,095
		<u>731,100</u>	<u>597,632</u>
Creditors: amounts falling due within one year	10	(1,938,878)	(1,417,318)
Net Current Liabilities		<u>(1,207,778)</u>	<u>(819,686)</u>
Total Assets less Current Liabilities		<u>£ 5,414,462</u>	<u>£ 391,268</u>
Capital and Reserves			
Called up share capital	11	200,000	200,000
Revaluation reserve	12	5,144,098	19,500
Profit and loss account	13	70,364	171,768
Shareholders' Funds	14	<u>£ 5,414,462</u>	<u>£ 391,268</u>

The financial statements were approved by the Board on 09-05-1997.

.....
H W King Esq
Director

.....
J G King Esq
Director

Kings Chalets Limited

Cash Flow Statement
for the year ended 31 January 1996

	1996		1995	
	£	£	£	£
Net cash outflow from operating activities		183,403		(40,930)
Returns on investments and servicing of finance				
Interest received	17,528		5,303	
Interest paid	(12,331)		(4,981)	
Net cash inflow from returns on investments and servicing of finance		5,197		322
Taxation				
Corporation tax paid (including advance corporation tax)	(50,674)		-	
Tax paid		(50,674)		-
Investing activities				
Payments to acquire tangible assets	(452,153)		(174,263)	
Net cash outflow from investing activities		(452,153)		(174,263)
Net cash outflow before financing		(314,227)		(214,871)
Financing				
Net cash outflow from financing		-		-
Decrease in cash and cash equivalents		£(314,227)		£(214,871)

Kings Chalets Limited

Notes to the Cash Flow Statement for the year ended 31 January 1996

1	Reconciliation of operating loss to net cash outflow from operating activities	1996 £	1995 £	
	Operating loss	(174,390)	(317,988)	
	Depreciation of tangible assets	165,465	158,738	
	Increase in stocks	(8,883)	1,723	
	Increase in debtors	(207,227)	88,313	
	Increase in creditors due within one year	408,438	28,284	
	Net cash outflow from operating activities	<u>£ 183,403</u>	<u>£ (40,930)</u>	
2	Analysis of changes in cash and cash equivalents during the year	1996 £	1995 £	
	Balance at 1 February 1995	(217,599)	(2,728)	
	Net cash outflow	(314,227)	(214,871)	
	Balance at 31 January 1996	<u>£(531,826)</u>	<u>£(217,599)</u>	
3	Analysis of the balances of cash and cash equivalents as shown in the balance sheet	1996 £	1995 £	Change in year £
	Cash at bank and in hand	38,878	182,095	(143,217)
	Bank overdrafts	(570,704)	(399,694)	(171,010)
		<u>£(531,826)</u>	<u>£(217,599)</u>	<u>£(314,227)</u>
4	Analysis of changes in financing during the year	Share capital £	Loans and finance lease obligations £	
	Balance at 1 February 1995	200,000	-	
	Balance at 31 January 1996	<u>£ 200,000</u>	<u>£ -</u>	

Kings Chalets Limited

Notes to the Financial Statements for the year ended 31 January 1996

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and include the results of the company's operations as indicated in the directors' report.

The company meets its day to day working capital requirements through its bank overdraft facility and borrowings from related companies.

The directors consider that the bank will continue to provide facilities on the basis of significant asset cover and furthermore the related companies will continue to provide their support. In this way the directors consider that the company will continue to operate and have therefore prepared the financial statements on the going concern basis.

1.2 Compliance with accounting standards

The financial statements have been prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services provided in the UK net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings	-	Straight line over fifty years
Plant and machinery	-	25% Straight line
Fixtures, fittings and equipment	-	25% Straight line
Motor vehicles	-	25% Straight line

Investment properties are revalued annually. See note 7 for details.

1.5 Stock

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

1.6 Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they fall due for payment.

1.7 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Kings Chalets Limited

Notes to the Financial Statements for the year ended 31 January 1996

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the U.K.

3. Operating Loss	1996 £	1995 £
Operating loss is stated after charging:		
Depreciation of tangible assets	165,465	158,738
Hire of plant and machinery	21,095	18,272
Auditors' remuneration	6,000	6,000
and after crediting:		
Exceptional item	<u>(98,061)</u>	<u>-</u>

The exceptional item represents a refund of overpaid rates in previous years and included within administrative expenses.

4. Other Interest Receivable and Similar Income	1996 £	1995 £
Bank interest received	299	5,303
Other interest received	17,229	-
	<u>17,528</u>	<u>5,303</u>

5. Interest Payable	1996 £	1995 £
On bank loans and overdrafts	12,326	535
On overdue tax	5	4,446
	<u>£ 12,331</u>	<u>£ 4,981</u>

6. Taxation	1996 £	1995 £
U.K. Current year taxation		
U.K. Corporation tax at 25% (1995 - 25%)	-	3,015
Prior years		
U.K. Corporation tax	(67,789)	-
	<u>£ (67,789)</u>	<u>£ 3,015</u>

Kings Chalets Limited

Notes to the Financial Statements for the year ended 31 January 1996

7. Tangible Assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 February 1995	1,169,260	443,539	308,110	21,072	1,941,981
Additions	168,949	198,319	18,205	66,680	452,153
Revaluation	4,993,791	-	-	-	4,993,791
At 31 January 1996	6,332,000	641,858	326,315	87,752	7,387,925
Depreciation					
At 1 February 1995	107,350	313,004	299,726	10,947	731,027
Revaluation	(130,807)	-	-	-	(130,807)
Charge for year	23,457	113,853	7,610	20,545	165,465
At 31 January 1996	-	426,857	307,336	31,492	765,685
Net book value					
At 31 January 1996	<u>£6,332,000</u>	<u>£ 215,001</u>	<u>£ 18,979</u>	<u>£ 56,260</u>	<u>£6,622,240</u>
At 31 January 1995	<u>£1,061,910</u>	<u>£ 130,535</u>	<u>£ 8,384</u>	<u>£ 10,125</u>	<u>£1,210,954</u>

Freehold investment properties were revalued at 26 September 1994 on the basis of an open market valuation for existing use by Fisk, Chartered Surveyors. These investment properties were valued at £132,000 (historical cost £113,000) In the opinion of the company's directors this valuation is applicable at 31 January 1996.

Land and buildings used by the company for its business activities were revalued at £6,200,000 (historical cost £1,205,709) on 28 June 1996 on the basis of an open market valuation for existing use by Countrywide Surveyors Limited. In the opinion of the company's directors this valuation is applicable at 31 January 1996

In accordance with SSAP 19, 'Accounting for investment properties', the company's investment properties are revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve. No depreciation is provided in respect of investment properties, which is not in accordance with the Companies Act 1985. However, the requirement to depreciate conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, as these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit before tax for the financial year would have reduced by £2,640 on a revalued basis (£2,260 on a historical cost basis), had a depreciation rate of 2% been applied. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Kings Chalets Limited

Notes to the Financial Statements for the year ended 31 January 1996

8.	Stocks	1996 £	1995 £
	Finished goods and goods for resale	<u>85,771</u>	<u>76,888</u>
9.	Debtors	1996 £	1995 £
	Trade debtors	97,581	62,355
	Corporation tax	60,575	-
	Amounts owed by related companies	287,897	194,272
	Other debtors	26,381	27,559
	Prepayments and accrued income	134,017	54,463
		<u>£ 606,451</u>	<u>£ 338,649</u>
	Amounts falling due after more than one year and included in the debtors above are:		
		1996 £	1995 £
	Amounts owed by related companies	-	72,150
		<u>£ -</u>	<u>£ 72,150</u>
10.	Creditors: amounts falling due within one year	1996 £	1995 £
	Bank loans and overdrafts	570,704	399,694
	Trade creditors	252,632	288,613
	Corporation tax	163,120	221,008
	Other taxes and social security costs	73,908	18,892
	Directors' current accounts	72,615	44,149
	Amounts owed to related companies	255,741	73,078
	Other creditors	158,959	-
	Accruals and deferred income	391,199	371,884
		<u>£1,938,878</u>	<u>£1,417,318</u>

Kings Chalets Limited

Notes to the Financial Statements for the year ended 31 January 1996

11.	Share Capital	1996 £	1995 £
	Authorised		
	200,000 Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>
	Allotted, called up and fully paid		
	200,000 Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>
12.	Revaluation Reserve	1996 £	1995 £
	Balance brought forward at 1 February 1995	19,500	19,500
	Revaluation during the year	4,993,791	-
	Depreciation written back	<u>130,807</u>	<u>-</u>
	Balance carried forward at 31 January 1996	<u>£5,144,098</u>	<u>£ 19,500</u>
13.	Profit and Loss Account	1996 £	1995 £
	Retained profits at 1 February 1995	171,768	492,449
	Retained loss for the year	<u>(101,404)</u>	<u>(320,681)</u>
	Retained profits at 31 January 1996	<u>£ 70,364</u>	<u>£ 171,768</u>
14.	Reconciliation of Movements in Shareholders' Funds	1996 £	1995 £
	Loss for the financial year	(101,404)	(320,681)
	Other recognised gains and losses	<u>5,124,598</u>	<u>-</u>
	Net addition to shareholders' funds	5,023,194	(320,681)
	Opening shareholders' funds	<u>391,268</u>	<u>711,949</u>
	Closing shareholders' funds	<u>£5,414,462</u>	<u>£ 391,268</u>

Kings Chalets Limited

Notes to the Financial Statements for the year ended 31 January 1996

15. Contingent Liabilities and Gains

Contingent liabilities

There were no contingent liabilities except for a cross guarantee dated 1 February 1996 in favour of Barclays Bank plc in respect of the related companies overdrafts amounting to £420,765.

Contingent gain

The company has lodged a protective claim for repayment of Value Added Tax over a six year period in respect of certain caravan site rents. The claim is being disputed by Customs and Excise on the grounds of unjust enrichment and the proposed three year limit for repayment in general. The company believes it will succeed with its claim but at this point in time it is difficult to quantify the amount of the potential repayment. On the grounds of prudence no credit has been taken in these accounts for this claim.

16. Capital Commitments

1996	1995
£	£

Details of capital commitments at the accounting date are as follows:

Authorised but not contracted for	<u>35,000</u>	<u>-</u>
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17. Directors' Emoluments

1996	1995
£	£

Remuneration	<u>195,373</u>	<u>123,848</u>
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Emoluments disclosed above (excluding pension contributions) include amounts paid to:

The highest-paid director	<u>£ 100,000</u>	<u>£ 31,885</u>
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Other directors' emoluments (excluding pension contributions) were in the following ranges:

	Number	Number
£Nil - £5,000	2	2
£20,001 - £25,000	-	1
£25,001 - £30,000	3	1
£30,001 - £35,000	-	1
	<u>5</u>	<u>5</u>

Kings Chalets Limited

Notes to the Financial Statements for the year ended 31 January 1996

18. Transactions with Directors

The financial statements include the following transactions with companies in which the directors have a beneficial interest:

- Other operating income of £108,000 (1995 - £55,000) is in respect of fees receivable from related companies in respect of services provided during the year.
- Caravans purchased from a related company amounting to £7,900 are included in purchases.
- Goods sold to a related company amounting to £110,786 (1995 - £79,246) are included in turnover.
- Site rent received from a business, in which two directors have a beneficial interest, amounting to £9,240 (1995 £9,240) is included in turnover.
- Administrative expenses includes £13,323 in respect of printing services from a related company.

19. Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1996 Number	1995 Number
Directors and employees	<u>91</u>	<u>105</u>

Employment costs

	£	£
Wages and salaries	780,039	612,579
Social security costs	58,963	46,729
Other pension costs	13,080	24,823
	<u>£ 852,082</u>	<u>£ 684,131</u>