

GRAYSHOTT HALL LIMITED

00807616

ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2001

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DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 30 June 2001.

RESULTS AND DIVIDENDS

The trading profit for the year, before taxation amounted to £ 183,050 (2000 - £285,633)

The directors do not recommend the payment of a dividend on the ordinary share capital of the company, (2000 - £nil).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year was the operation of Grayshott Hall, a health fitness retreat.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows :

A. D. Stalbow, M.A. (Cantab.)
J. H. J. Lewis LLB
J. A. Stalbow BSc

Mr. A.D. Stalbow and Mr. J.A. Stalbow are also directors of the ultimate parent company, A Stanford and Company Limited. Their interests in that company are not required to be recorded in the register of directors' interests in this company.

The other director has no interest in the issued share capital of the ultimate parent company.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view affairs of the affairs of the company and of the profit or loss of the company for that period. In preparing the 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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT

CLOSE COMPANY

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

AUDITORS

A resolution to reappoint Messrs. Gerald Kreditor & Co., Chartered Accountants, as auditors will be put to the members at the annual general meeting.

BY ORDER OF THE BOARD



P. Georgiou
SECRETARY

22 October 2001

GRAYSHOTT HALL LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out in the notes to the financial statements.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the Directors' Report 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.

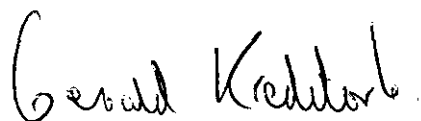
BASIS OF OPINION

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 misstatements, 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 at 30 June 2001 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GERALD KREDITOR & CO. ,
Chartered Accountants and Registered Auditors
Tudor House, Llanvanor Road, London NW2 2AQ

Date : 22 October 2001

Profit and Loss Account for the year ended 30 June 2001

	Notes	2001	2000
		£	£
Turnover		3,941,353	3,998,870
Cost of sales		(524,481)	(542,207)
Gross Profit		3,416,872	3,456,663
Administrative and other operating expenses		(3,228,882)	(3,167,763)
Operating profit	2	187,990	288,900
Interest receivable and similar income	4	364	92
Interest payable and similar charges	5	(5,304)	(3,359)
		(4,940)	(3,267)
Profit on ordinary activities before taxation		183,050	285,633
Taxation	6	(25,688)	(115,826)
Profit for the year after taxation	12	<u>157,362</u>	<u>169,807</u>

None of the company's activities were acquired or discontinued during the above two financial years.

The company has no recognised gains and losses other than those included above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the year above, and their historical cost equivalents.

The notes on pages 7 to 12 form part of these accounts.

GRAYSHOTT HALL LIMITED

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Balance Sheet as at 30 June 2001

		2001	2000
	Notes	£	£
Fixed assets			
Tangible assets	7	1,292,892	1,235,514
Current assets			
Stocks	8	107,430	117,007
Debtors	9	717,041	777,419
Cash at bank and in hand		214,836	48,013
		1,039,307	942,439
Creditors : amounts falling due within one year	10	434,304	477,946
Net current assets		605,003	464,493
Total assets less current liabilities		1,897,895	1,700,007
Creditors : amounts falling due after more than one year	11	62,487	21,961
		<u>1,835,408</u>	<u>1,678,046</u>
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account	13	1,834,408	1,677,046
		<u>1,835,408</u>	<u>1,678,046</u>

Signed  Director

Signed  Director

These financial statements were approved by the board of directors on 22 October 2001.

The notes on pages 7 to 12 form part of these accounts.

GRAYSHOTT HALL LIMITED**Cash flow statement for the year ended 30 June 2001****Reconciliation of operating profit to net cash inflows from operating activities**

	Notes	2001 £	2000 £
Operating profit		187,990	288,900
Depreciation charge		307,916	279,793
Profit on disposal of fixed assets		(13)	(553)
Decrease in stocks		9,577	10,359
Decrease / (increase) in debtors		60,378	(293,915)
Increase / (decrease) in creditors		44,230	(37,076)
Net cash flows from operating activities		<u>610,078</u>	<u>247,508</u>

Cash flow		£	£
Net cash flows from operating activities		610,078	247,508
Returns on investments and servicing of finance	16	(4,940)	(3,267)
Taxation		(33,829)	(143,810)
Capital expenditure	16	<u>(365,281)</u>	<u>(87,493)</u>
Net cash inflow before financing		206,028	12,938
Financing	16	<u>(39,205)</u>	<u>(10,140)</u>
Increase in cash		<u>166,823</u>	<u>2,798</u>

Reconciliation of net cash flow to movement in net funds		£	£
Increase in cash		166,823	2,798
Cash outflow from leasing		26,343	10,140
Cash inflow from new leases		<u>(87,800)</u>	<u>-</u>
		105,366	12,938
Net funds at 1 July 2000		11,492	(1,446)
Net funds at 30 June 2001	17	<u>116,858</u>	<u>11,492</u>

Notes to the financial statements for the year ended 30 June 2001**1. ACCOUNTING POLICIES**

The principal accounting policies adopted are unless otherwise stated consistent with those applied in the previous accounting period.

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and on the basis of a going concern. The accounts have been prepared in accordance with all applicable UK Accounting Standards

1.2 TURNOVER

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

1.3 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives :-

Freehold land and buildings	1%	Straight line
Alterations and improvements to freehold property	3%-20%	Straight line
Fixtures, fittings and office equipment	12.5% -20%	Straight line
Plant and equipment	20%	Straight line
Motor vehicles	25%	Straight line
Computer equipment	33.3%	Straight line

1.3 STOCKS

Stocks are valued at the lower of cost and net realisable value.

1.4. PENSION CONTRIBUTIONS

The company contributes to a defined contribution pension scheme in respect of certain employees. All contributions for the year are charged to the profit and loss account on a payable basis.

1.5 DEFERRED TAXATION

Deferred taxation is provided in respect of timing differences to the extent that it is possible that a liability will arise in the foreseeable future.

1.6 LEASES

Tangible fixed assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the lease. The excesses of the lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.

Rental costs under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Notes to the financial statements for the year ended 30 June 2001

2. OPERATING PROFIT

	2001	2000
	£	£
This is stated after charging or crediting :-		
Staff costs (see note 3)	1,739,725	1,714,772
Auditors' remuneration	9,500	9,000
Depreciation	307,916	279,793
Hire of plant and machinery	28,358	27,099
Profit on sale of fixed assets	(13)	(553)

3. STAFF COSTS

a) Staff costs comprise:	£	£
Wages and salaries	1,617,738	1,603,204
Social security costs	114,821	110,389
Other pension costs	7,166	1,179
	<u>1,739,725</u>	<u>1,714,772</u>

b) Employees

The average number of employees during the year was made up as follows:-

	No.	No.
Office and management	21	23
Operatives	128	131
	<u>149</u>	<u>154</u>

c) Directors remuneration

No remuneration was received by any director during the year.

4. INTEREST RECEIVABLE

	£	£
Tax repayment supplement	364	92
	<u>364</u>	<u>92</u>

5. INTEREST PAYABLE

	£	£
Bank interest	-	36
Finance leases	5,079	3,323
Other interest	225	-
	<u>5,304</u>	<u>3,359</u>

6. TAX ON ORDINARY ACTIVITIES

	£	£
Corporation tax based on current rates	6,348	45,716
Receipt in respect of group relief	15,335	73,844
	21,683	119,560
Adjustment in respect of prior year	4,005	(3,734)
	<u>25,688</u>	<u>115,826</u>

Notes to the financial statements for the year ended 30 June 2001

7. TANGIBLE FIXED ASSETS

	Land, Buildings & Improvements	Plant & Equipment	Motor Vehicles	Fixtures, Fittings & Equipment	Total
Cost :	£	£	£	£	£
At 1 July 2000	1,819,768	214,787	48,414	1,078,201	3,161,170
Additions	244,296	107,116	-	13,882	365,294
Disposals	-	-	(6,202)	(120)	(6,322)
At 30 June 2001	<u>2,064,064</u>	<u>321,903</u>	<u>42,212</u>	<u>1,091,963</u>	<u>3,520,142</u>
Depreciation :					
At 1 July 2000	732,349	166,438	48,414	978,455	1,925,656
Provided during the year	219,809	42,375	-	45,732	307,916
Disposals	-	-	(6,202)	(120)	(6,322)
At 30 June 2001	<u>952,158</u>	<u>208,813</u>	<u>42,212</u>	<u>1,024,067</u>	<u>2,227,250</u>
Net book value at 30 June 2001	<u>1,111,906</u>	<u>113,090</u>	<u>-</u>	<u>67,896</u>	<u>1,292,892</u>
Net book value at 30 June 2000	<u>1,087,419</u>	<u>48,349</u>	<u>-</u>	<u>99,746</u>	<u>1,235,514</u>

	2001 £	2000 £
Analysis of net book value of land, buildings and improvements:		
Freehold land and buildings	399,928	404,275
Alterations and improvements to freehold	711,978	683,144
	<u>1,111,906</u>	<u>1,087,419</u>

There is no separate available valuation of the land included within the figure as stated above for land, buildings and improvements.

Included within fixtures, fittings and equipment above, are assets held under finance lease as follows:

	2001 £	2000 £
Cost:		
At 1 July 2000	50,900	50,900
Additions	87,800	-
At 30 June 2001	<u>138,700</u>	<u>50,900</u>
Depreciation:		
At 1 July 2000	17,815	7,635
Provided during the year	27,740	10,180
At 30 June 2001	<u>45,555</u>	<u>17,815</u>
Net book value at 30 June 2001	<u>93,145</u>	<u>33,085</u>

Net obligations under finance lease are secured on the assets acquired.

Notes to the financial statements for the year ended 30 June 2001

8. STOCK

	2001 £	2000 £
Consumables	23,780	28,806
Finished goods and goods for resale	83,650	88,201
	<u>107,430</u>	<u>117,007</u>

9. DEBTORS

	£	£
Trade debtors	45,109	53,418
Other debtors	10,933	10,267
Amounts due from parent company	639,655	689,218
Prepayments	21,344	24,516
	<u>717,041</u>	<u>777,419</u>

10. CREDITORS - amounts falling due within one year

	£	£
Trade creditors	235,105	229,610
Other creditors	3,680	5,507
Obligations under finance leases	35,491	14,560
Other taxes and social security	106,836	145,048
Accruals	46,844	68,732
Corporation tax payable	6,348	14,489
	<u>434,304</u>	<u>477,946</u>

11. CREDITORS - amounts falling due after more than one year

	£	£
Obligations under finance leases		
Repayable in one to two years	35,491	14,560
Repayable in two to five years	26,996	7,401
	<u>62,487</u>	<u>21,961</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation	2001 Amount provided £	2001 Potential liability £	2000 Amount provided £	2000 Potential liability £
The provision for deferred taxation calculated on the liability method is as follows:				
Accelerated capital allowances	<u>-</u>	<u>79,660</u>	<u>-</u>	<u>-</u>

Notes to the financial statements for the year ended 30 June 2001

13. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2001	2000	2001	2000
	£	£	£	£
Equity interests :				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

14. PROFIT AND LOSS ACCOUNT

	2001	2000
	£	£
Accumulated profit at 1 July 2000	1,677,046	1,507,239
Profit for the financial year	<u>157,362</u>	<u>169,807</u>
Accumulated profit at 30 June 2001	<u>1,834,408</u>	<u>1,677,046</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£	£
Profit for the financial year	157,362	169,807
Shareholders' funds at 1 July 2000	<u>1,678,046</u>	<u>1,508,239</u>
Shareholders' funds at 30 June 2001	<u>1,835,408</u>	<u>1,678,046</u>
Represented by :-		
Equity interests	<u>1,835,408</u>	<u>1,678,046</u>

16. ANALYSIS OF CASH FLOW FOR THE HEADING NETTED IN THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2001

	£	£
Returns on investment and servicing of finance		
Interest received	364	92
Interest paid	(225)	(36)
Interest element of finance leases	<u>(5,079)</u>	<u>(3,323)</u>
	<u>(4,940)</u>	<u>(3,267)</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(365,294)	(88,046)
Receipts from sale of tangible fixed assets	<u>13</u>	<u>553</u>
	<u>(365,281)</u>	<u>(87,493)</u>
Financing		
Capital element of finance lease	<u>(39,205)</u>	<u>(10,140)</u>

Notes to the financial statements for the year ended 30 June 2001

17. ANALYSIS OF CHANGES IN NET FUNDS

	Balance at 1 July 2000	Cash flows	Other non cash changes	Balance at 30 June 2001
	£	£	£	£
Cash at bank and in hand	48,013	166,823	-	214,836
Debt due within one year	(14,560)			(35,491)
Debt due after more than one year	(21,961)			(62,487)
	(36,521)	26,343	(87,800)	(97,978)
	<u>11,492</u>	<u>193,166</u>	<u>(87,800)</u>	<u>116,858</u>

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard No.8, in that this company is a wholly owned subsidiary and that it is included in the consolidated financial statements that are publicly available.

19. ULTIMATE PARENT COMPANY AND CONTROL

The ultimate parent company is A. Stanford and Company Limited, a company incorporated in England. The directors regard the ultimate controlling parties as Mr A.D. Stalbow and Mr J.A. Stalbow by virtue of their interests in the ultimate parent company.

20. PENSION CONTRIBUTIONS

The company contributes to a defined contribution pension scheme in respect of certain employees. All contributions for the year are charged to the profit and loss account on a payable basis. All funds are maintained separately from those of the company and are administered by a major insurance company. All contributions due during the year, were paid in the year.

21. OBLIGATIONS UNDER OPERATING LEASES

At 30 June 2001, the company had annual commitments under operating leases as set out below:

	2001	Equipment 2000
	£	£
Operating leases which expire:		
Within one and five years	<u>14,556</u>	<u>14,556</u>

22. GROUP ACCOUNTS

The largest highest group for which consolidated accounts are prepared is headed by A. Stanford and Company Limited which is incorporated in England. Copies of the accounts of A. Stanford and Company Limited can be obtained from Companies House.

The smallest highest group for which consolidated accounts are prepared is headed by G.R. (Holdings) plc which is incorporated in England. Copies of the accounts of G.R. (Holdings) plc can be obtained from Companies House.