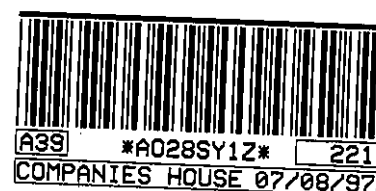


FOR  
APPROVAL AND  
SIGNATURE

1280133

DOYLE LONDON HOTELS LIMITED  
PERIOD ENDED 31 JANUARY 1996



## DOYLE LONDON HOTELS LIMITED

## TABLE OF CONTENTS

FOR  
APPROVAL AND  
SIGNATURE

	<u>Page</u>
Directors and Other Information	2
Report of the Directors	3
Report of the Auditors	5
Profit and Loss Account	6
Balance Sheet	7
Notes to the Financial Statements	8
Cash Flow Statement	15
Notes to the Cash Flow Statement	16
Supplementary Information	17

DOYLE LONDON HOTELS LIMITED  
DIRECTORS AND OTHER INFORMATION

FOR  
APPROVAL AND  
SIGNATURE

DIRECTORS	M.E. Doyle P.E. Steggles G.P. Carville
SECRETARY	C. Henniker
REGISTERED OFFICE	2 Bedford Row, London WC1R 4BU.
AUDITORS	Horwath Bastow Charleton, Chartered Accountants and Registered Auditors, Marine House, Clanwilliam Court, Dublin 2, Ireland.
PRINCIPAL BANKERS	Bank of Ireland, 20 Berkeley Square, London W1X 5HD.  Barclays Bank, 93 Baker Street, London W1A 4SD.
SOLICITORS	Steggles Palmer, 2 Bedford Row, London WC1R 4BU.
REGISTERED NUMBER	1280133

## REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the eighteen month period ended 31 January 1996.

## DIRECTORS RESPONSIBILITIES

The directors are required to prepare financial statements on a going concern basis 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 the period. In preparing those financial statements, the directors are required to select suitable accounting policies and then apply them consistently and to make judgements and estimates that are reasonable and prudent.

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.

## PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of accommodation and allied hotel services.

## RESULTS AND DIVIDENDS

The results for the financial period are set out in detail on Page 6. The directors do not recommend the declaration of a dividend. The profit for the period of £2,057,553 has been transferred to reserves.

## BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The directors do not envisage any change in the principal activity of the company, and expect that the present level of activity will be sustained for the foreseeable future.

## DIRECTORS

The present membership of the board is set out on Page 2.

In accordance with the Articles of Association Margaret Doyle retires by rotation and, being eligible, offers herself for re-election.

The directors' beneficial interests in the £1 Ordinary shares of the company, including those of their immediate families were as follows:-

William Corrigan resigned from the Board on 7 August 1996.

	<u>1996</u>	<u>1994</u>
M.E. Doyle	200,000	200,000
	<u>          </u>	<u>          </u>

DOYLE LONDON HOTELS LIMITED  
REPORT OF THE DIRECTORS CONTINUED

FOR  
APPROVAL AND  
SIGNATURE

AUDITORS

In accordance with Section 385 of the Companies Act 1985 Horwath Bastow Charleton, having expressed their willingness to do so, will continue in office.

A motion authorising the directors to fix their remuneration will be put to the annual general meeting.

TANGIBLE FIXED ASSETS

Movements in tangible fixed assets are disclosed in Note 6 to the financial statements.

Approved by the board and signed on its behalf by:

DATE: 11<sup>th</sup> Dec 1996

C.A.M. Hemmick  
~~SECRETARY~~

REPORT OF THE AUDITORS TO THE MEMBERS OF  
DOYLE LONDON HOTELS LIMITED

FOR  
APPROVAL AND  
SIGNATURE

We have audited the financial statements, on pages 6 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 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 at 31 January 1996 and of its result for the period ended on that date and have been properly prepared in accordance with the Companies Act, 1985.



Chartered Accountants  
and Registered Auditors,  
Marine House,  
Clanwilliam Court,  
Dublin 2.

DATE: 12 December 1996

## DOYLE LONDON HOTELS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 JANUARY

FOR  
APPROVAL AND  
SIGNATURE

	<u>NOTES</u>	1996 £	1994 £
TURNOVER		8,140,593	4,670,427
COST OF SALES		(4,962,319)	(3,128,141)
GROSS PROFIT		<u>3,178,274</u>	<u>1,542,286</u>
DISTRIBUTION COSTS		(515,043)	(292,599)
ADMINISTRATIVE EXPENSES		(662,612)	(467,814)
		<u>(1,177,655)</u>	<u>(760,413)</u>
OPERATING PROFIT	2	2,000,619	781,873
Exceptional item	4	319,664	-
Bank interest receivable		64,527	4,360
Bank interest payable		(12,939)	(72,038)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>2,371,871</u>	<u>714,195</u>
Taxation on profit on ordinary activities	5	(494,222)	659
PROFIT RETAINED FOR THE FINANCIAL PERIOD		<u>1,877,649</u>	<u>714,854</u>
Retained profit brought forward		4,642,857	3,928,003
RETAINED PROFIT CARRIED FORWARD		<u><u>6,520,506</u></u>	<u><u>4,642,857</u></u>

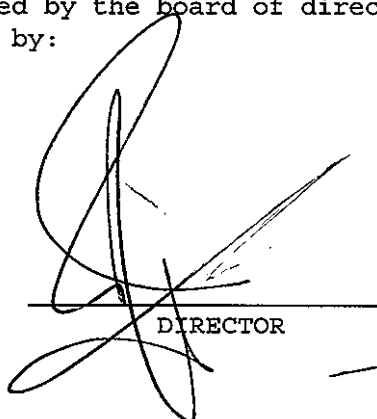
All of the turnover and profits arise from continuing operations. The company has no recognised gains or losses other than the profit for the period which has been calculated on the historical cost basis.

DOYLE LONDON HOTELS LIMITED  
BALANCE SHEET AS AT 31 JANUARY

FOR  
APPROVAL AND  
SIGNATURE

	NOTE	1996 £	1994 £
<b>FIXED ASSETS</b>			
Tangible assets	6	10,838,037	11,241,413
Financial assets	7	843,099	-
		<u>11,681,136</u>	<u>11,241,413</u>
<b>CURRENT ASSETS</b>			
Stocks	8	34,118	47,219
Debtors	9	677,632	926,073
Cash at bank and on hand		2,308,230	316,891
		<u>3,019,980</u>	<u>1,290,183</u>
CREDITORS (Amounts falling due within one year)	10	(7,549,041)	(7,011,739)
NET CURRENT LIABILITIES		<u>(4,529,061)</u>	<u>(5,721,556)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,152,075	5,519,857
PROVISIONS FOR LIABILITIES AND CHARGES	12	(331,569)	(577,000)
NET ASSETS		<u>6,820,506</u>	<u>4,942,857</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	13	300,000	300,000
Revenue Reserve		6,520,506	4,642,857
		<u>6,820,506</u>	<u>4,942,857</u>

Approved by the board of directors on 11<sup>th</sup> Dec 1996 and signed on its behalf by:

  
\_\_\_\_\_  
DIRECTOR

  
\_\_\_\_\_  
DIRECTOR



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 JANUARY 1996

1. ACCOUNTING POLICIES

The principal accounting policies adopted by the company in determining the amounts included in the balance sheet and in determining the results for the period are as follows:

1.1 Basis of Accounting:

The financial statements are prepared under the historical cost convention.

1.2 Turnover:

Turnover represents the invoiced amount of goods sold, net of trade discounts and value added tax.

1.3 Tangible Fixed Assets and Depreciation:

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation.

Provision is made for depreciation on all tangible assets, other than leasehold land and premises, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life by the reducing balance method at the following annual rates:

Fixtures, fittings and equipment 12.5%

It is company policy to maintain its properties in such a condition that their value to the company is not impaired by the passage of time. As a consequence, and notwithstanding revaluations, any element of depreciation would, in the opinion of the directors, not be material and no such provision has been made in the financial statements.

1.4 Stocks:

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

Cost includes all expenditure which has been incurred in the normal course of business in bringing the products to their present location and condition.

Net realisable value is the actual or estimated selling price net of trade discounts, less all further costs to completion and all costs to be incurred in realising the selling price.

1.5 Repairs:

Repairs and maintenance are charged against income as they are incurred.

## 1. ACCOUNTING POLICIES CONTINUED

## 1.6 Foreign Currency:

Monetary assets and liabilities denominated in a foreign currency are translated into Sterling pounds at the exchange rate ruling at the balance sheet date, unless specifically covered by forward exchange contracts, whereupon the contract rate is used.

Revenues, costs and non-monetary assets are translated at the exchange rates ruling at the dates of the transactions.

Profits and losses arising on settlement of amounts receivable and payable in a foreign currency are dealt with through profit and loss account.

The excess amount of unrealised translation surpluses over unrealised translation deficits is carried forward as an undistributable reserve to meet any future excess deficits.

Net excess deficits are written off to profit and loss account.

## 1.7 Deferred Taxation:

Deferred taxation is provided on timing differences between profits as computed for taxation purposes and profits as stated in the financial statements.

## 1.8 Pensions:

Pension benefits are funded over the employees' period of service by way of contributions from the company and employees. Contributions are based on actuarial advice and are charged to profit and loss account in the period in which they become payable.

## 2. OPERATING PROFIT

This is stated after charging:

	1996	1994
	£	£
Auditor's remuneration	8,000	8,000
Depreciation	540,403	392,160
	<u>          </u>	<u>          </u>

## 3. PARTICULARS OF STAFF

3.1 Excluding non-executive directors, the average number of persons employed in the financial period was 97 (1995 - 96).

3.2 The aggregate amounts paid to or on behalf of the above staff are as follows:

	1996	1994
	£	£
Wages and salaries	1,978,418	1,358,079
Social security costs	175,557	106,279
Corporate pension costs	71,612	33,520
	<u>2,198,602</u>	<u>1,497,878</u>

## 4. EXCEPTIONAL ITEM

	1996	1994
	£	£
Rates rebate	<u>319,664</u>	<u>-</u>

## 5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge on the profit on ordinary activities, as adjusted for tax purposes, for the period is as follows:

	1996	1994
	£	£
Corporation tax @ 33% (1994 - 25%)	738,563	-
Transfer from deferred tax account	(245,431)	-
Under/(over)provision in previous period	1,090	(659)
	<u>494,222</u>	<u>(659)</u>

## DOYLE LONDON HOTELS LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

FOR  
APPROVAL AND  
SIGNATURE

## 6. TANGIBLE ASSETS

	<u>Total</u>	<u>Long Leasehold land and premises</u>	<u>Fixtures, fittings and equipment</u>
	<u>£</u>	<u>£</u>	<u>£</u>
COST			
At 1 August 1994	13,690,765	8,496,293	5,194,472
Additions	137,027	-	137,027
At 31 January 1996	13,827,792	8,496,293	5,331,499
DEPRECIATION			
At 1 August 1994	2,449,352	-	2,449,352
Charge for the period	540,403	-	540,403
At 31 January 1996	2,989,755	-	2,989,755
NET BOOK VALUE			
At 31 January 1996	10,838,037	8,496,293	2,341,744
At 1 August 1994	11,241,413	8,496,293	2,745,120

## 7. FINANCIAL ASSETS

	1996	1994
	<u>£</u>	<u>£</u>
At cost:		
Investment in Wyoming Hotel Corporation	600,000	-
Investment in IH Investments Inc	243,099	-
	843,099	-

	<u>Nature of business</u>	<u>Description of holding</u>	<u>Percentage holding</u>	<u>Profit for year</u>	<u>Shareholders' funds</u>
Wyoming Hotel Corporation	Operation of hotels	1,000 Common stock US\$1	100%	US\$1,433,141	US\$1,648,779
IH Investments Inc	Investment company	10,000 Common stock US\$1	36%	US\$591,795	US\$946,150

The registered office of the above companies is Bingham, Dane and Gould LLP, 1200 19th Street NW, Washington DC 20036 - 2400.

It is impossible to be precise as to the valuation of the investments. However in the opinion of the directors they are worth in excess of cost.

## DOYLE LONDON HOTELS LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

FOR  
APPROVAL AND  
SIGNATURE

## 8. STOCKS

	1996	1994
	£	£
Stocks for resale	26,344	26,477
Consumable stores	7,774	20,742
	<u>34,118</u>	<u>47,219</u>

The replacement cost of stocks is not considered to be materially different from the balance sheet value.

## 9. DEBTORS

	1996	1994
	£	£
Amounts falling due within one year:		
Trade debtors	500,629	816,608
Prepayments	116,027	109,465
Amount owed by connected undertaking	60,976	-
	<u>677,632</u>	<u>926,073</u>

## 10. CREDITORS (Amounts falling due within one year)

	1996	1994
	£	£
10.1 Bank loans and overdrafts	53,941	757,948
Trade creditors	125,272	94,072
Amounts owed to group undertakings	6,282,387	5,824,526
Tax and social welfare	959,394	231,867
Accruals	128,047	103,326
	<u>7,549,041</u>	<u>7,011,739</u>

10.2 Some trade creditors had reserved title to goods supplied to the company. Since the extent to which such creditors are effectively secured depends on a number of factors and conditions, some of which are not readily determinable, it is not possible to indicate how much of the above amount is secured under reservation of title.

## 10.3 Tax and Social Welfare:

	1996	1994
	£	£
Corporation taxation	738,563	-
Value Added Tax	185,021	172,961
Payroll taxes	35,810	58,906
	<u>959,394</u>	<u>231,867</u>

## DOYLE LONDON HOTELS LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

FOR  
APPROVAL AND  
SIGNATURE

## 11. BANK LOANS AND OVERDRAFTS

The bank loans and overdrafts are repayable as follows:

	1996	1994
	£	£
Repayment in full within one year:		
Bank overdrafts	53,941	113,170
Bank loans	-	644,778
	<u>53,941</u>	<u>757,948</u>
Total bank borrowings	<u>53,941</u>	<u>757,948</u>

The bank borrowings are secured by a first legal charge dated 22 August 1983 over property at 46/47 Welbeck Street, 2 and 4 Bulstrode Street and 1,2,3 and 4 Bulstrode Place (known as Clifton Ford Hotel) to secure group facilities.

## 12. PROVISIONS FOR LIABILITIES AND CHARGES

## DEFERRED TAXATION

	1996	1994
	£	£
Balance at beginning of period	577,000	577,000
Transfer to profit and loss account	(245,431)	-
	<u>331,569</u>	<u>577,000</u>

## 13. CALLED-UP SHARE CAPITAL

	<u>Authorised</u>	<u>Allotted, called-up and fully paid</u>	
	£	1996	1994
	£	£	£
Ordinary shares of £1 each	<u>1,000,000</u>	<u>300,000</u>	<u>300,000</u>

## 14. CAPITAL COMMITMENTS

The company had neither contracted for, nor had the directors authorised, any capital expenditure at 31 January 1996.

## 15. CONTINGENT LIABILITIES

The directors were not aware of any material contingent liabilities at the balance sheet date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS CONTINUED

16. PENSIONS

The company operates a defined benefits pension scheme for employees and executive directors of the company. The contributions are charged to the profit and loss account so as to spread the cost of pensions as incurred over the employees' working lives. The assets of the scheme are held in separate trustee administered funds. Contributions are determined by qualified actuaries on the basis of periodic valuation of the scheme using the projected unit method. The most recent actuarial valuation of the scheme was carried out at 31 October 1994, and is not available for public inspection. The principal actuarial assumption adopted in the valuation was that the rate of investment returns would exceed general salary increases by more than 1.5%.

On the basis of the actuarial valuation, the value of the scheme's assets at 31 October 1994 was £675,000. The level of funding of the scheme on an ongoing basis, based on current salaries was 93%. The level of funding was 89% after allowing for expected future pay increases. The contribution rate of this scheme has been adjusted in order that the current deficit can be eliminated over the remaining service lives of the existing employees. The pension cost charged to the profit and loss account of the company was £42,437 (1994 £33,520).

17. GROUP ACCOUNTS

Group accounts have not been prepared as the company is exempt under Section 248 of the Companies Act 1985 as a medium sized company.

## DOYLE LONDON HOTELS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JANUARY

FOR  
APPROVAL AND  
SIGNATURE

	<u>NOTES</u>	1996 £	1994 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	1	<u>2,908,425</u>	<u>631,602</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:			
Interest received		64,527	4,360
Interest paid		<u>(12,939)</u>	<u>(72,038)</u>
		<u>51,588</u>	<u>(67,678)</u>
TAXATION:			
Corporation tax refund		<u>(1,090)</u>	<u>50,912</u>
INVESTING ACTIVITIES:			
Payments to acquire tangible assets		(137,027)	(156,345)
Payments to acquire financial assets		<u>(843,099)</u>	<u>-</u>
		<u>(980,126)</u>	<u>(156,345)</u>
NET CASH INFLOW BEFORE FINANCING		1,978,797	458,491
FINANCING:			
Loans received from connected company		457,861	753,726
Loans repaid		(644,778)	(1,053,023)
Rates rebate		319,664	-
Loan to connected company		<u>(60,976)</u>	<u>-</u>
		<u>71,771</u>	<u>(299,297)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	2	<u>2,050,568</u>	<u>159,194</u>



## DOYLE LONDON HOTELS LIMITED

NOTES TO AND FORMING PART OF THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 JANUARY 1996

FOR  
APPROVAL AND  
SIGNATURE

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM  
OPERATING ACTIVITIES

	1996 £	1994 £
Operating profit	2,000,619	781,873
Depreciation charges	540,403	392,160
Decrease in stocks	13,101	2,106
Increase in debtors	309,417	(578,227)
Increase in creditors	44,885	33,690
	<hr/>	<hr/>
Net cash inflow from operating activities	<u>2,908,425</u>	<u>631,602</u>

2. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN  
IN THE BALANCE SHEET

	1996 £	1994 £	Change in period £
Cash at bank and in hand	2,308,230	316,891	1,991,339
Bank loans and overdrafts	(53,941)	(113,170)	59,229
	<hr/>	<hr/>	<hr/>
	<u>2,254,289</u>	<u>203,721</u>	<u>2,050,568</u>

## DOYLE LONDON HOTELS LIMITED

SUPPLEMENTARY INFORMATION RELATING TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 JANUARYFOR  
APPROVAL AND  
SIGNATURE

	1996 £	1994 £
SALES		
Accommodation	5,382,611	2,958,536
Food and beverage	2,195,398	1,330,794
Sundry	562,584	381,097
	<u>8,140,593</u>	<u>4,670,427</u>
COST OF SALES		
Food and beverage	735,247	496,217
Sundry	172,724	106,665
	<u>907,971</u>	<u>602,882</u>
Direct wages	1,616,211	1,068,666
Indirect wage costs	318,214	241,354
Laundry and cleaning	225,625	160,199
Printing, postage and stationery	54,322	35,459
Light and heat	155,179	122,708
Repairs and maintenance	467,868	214,110
Miscellaneous expenses	676,526	290,603
Depreciation: plant and equipment	540,403	392,160
	<u>4,962,319</u>	<u>3,128,141</u>
DISTRIBUTION COSTS		
Indirect wage costs	158,570	118,456
Advertising and sales promotion	290,576	158,596
Miscellaneous expenses	65,897	15,547
	<u>515,043</u>	<u>292,599</u>
ADMINISTRATIVE EXPENSES		
Indirect wage costs	105,607	69,402
Printing, postage and stationery	27,010	16,647
Repairs and maintenance	11,397	4,001
Rent and rates	383,403	268,508
Bank charges	10,941	4,540
Insurance	84,402	63,475
Auditors remuneration	8,000	8,000
Bad debts	781	-
Miscellaneous expenses	31,071	33,241
	<u>662,612</u>	<u>467,814</u>
OTHER OPERATING INCOME		
Interest receivable	<u>64,527</u>	<u>4,360</u>