

Brookes Hotels Limited

Directors' report and financial statements

52 weeks ended 27 September 1998
Registered number 1494471



Director's report and financial statements

Contents

Director's report	1-2
Statement of directors' responsibilities	3
Report of the auditor to the members of Brookes Hotels Limited	4
Profit and loss account	5
Balance sheet	6
Notes	7-12

Director's report

The director presents the annual report and the audited financial statements for the 52 weeks ended 27 September 1998.

Principal activities

The Company operates as restaurateurs.

Trading results

The loss on ordinary activities before taxation for the year was (£15,000) (*period ended 28 September 1997 : profit £7,000*).

Dividend

The Directors do not recommend the payment of a dividend for the year (*year ended 28 September 1997 : £Nil*).

Directors and directors' interests

The Director of the Company as at 27 September 1998 and 28 September 1997 was Forte (UK) Limited.

Forte (UK) Limited owns 100% of the issued share capital of the Company.

On 30 March 1999 Forte (UK) Ltd ceased to be director of the Company and Granada Entertainments Ltd was appointed on the same date.

Year 2000

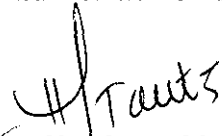
A group wide programme is underway to address the impact on the business of the Year 2000. This programme covers all computer and other technical systems. Many of these systems are already compliant and we expect all major elements of the programme to be completed before critical failure date. The costs of achieving Year 2000 compliance have not been separately identified but are not considered to be material.

Director's report (cont'd)

Elective resolutions

The Company has passed Elective Resolutions to dispense with the laying of the Annual Report and Accounts before the shareholders in General Meeting, the appointment of auditors annually and the holding of Annual General Meetings, pursuant to Sections 252, 386 and 386A respectively of the Companies Act 1985.

By order of the Board


Forte Nominees Limited
Secretary

Registered Office:
Stomoway House
13 Cleveland Row
London
SW1A 1GG

9 July 1999

Statement of 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 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 maintaining 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 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 to the members of Brookes Hotels Limited

We have audited the financial statements on pages 5 to 12.

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 affairs of the company as at 27 September 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Manchester

29 July 1999

Profit and loss account
 for the 52 weeks ended 27 September 1998

	Note	52 weeks ended 27 September 1998 £'000	52 weeks ended 28 September 1997 £'000
Turnover	1-2	376	396
Operating costs	3	(391)	(389)
Operating (loss)/profit		<u>(15)</u>	<u>7</u>
(Loss)/profit on ordinary activities before taxation		(15)	7
Tax on (loss)/profit on ordinary activities	6	3	(2)
Retained (loss)/profit		<u>(12)</u>	<u>5</u>

The company has no recognised gains or losses in either period other than those reflected in the above profit and loss account.

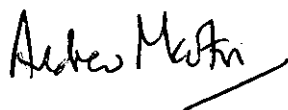
There is no difference between the reported (loss)/profits in either period and those that would be reported under the historical cost convention.

All the items in the profit and loss account arise from continuing operations.

Balance sheet
at 27 September 1998

	Note	27 September 1998		28 September 1997	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7		103		70
Current assets					
Stocks	8	6		8	
Debtors	9	17		2	
		<u>23</u>		<u>10</u>	
Creditors: amounts falling due within one year	10	(1,062)		(1,004)	
		<u></u>		<u></u>	
Net current liabilities			(1,039)		(994)
			<u></u>		<u></u>
Net liabilities			(936)		(924)
			<u>=====</u>		<u>=====</u>
Capital and reserves					
Called up share capital	11	1,000		1,000	
Profit and loss account	12	(1,936)		(1,924)	
Total shareholders' funds: equity			(936)		(924)
			<u>=====</u>		<u>=====</u>

These financial statements were approved by the board of directors on 9 July 1999 and were signed on its behalf by:



For and on behalf of Granada Entertainments Limited

Notes

(forming part of the financial statements)

1 Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, as modified by the revaluation of certain properties, and on the going concern basis on the grounds of the continued financial support of the ultimate holding company.

Cash flow statement

Under Financial Reporting Standard 1 (revised 1996), the company is exempt from the requirements to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking. A consolidated cash flow statement is included in the financial statements of the ultimate holding company.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

Fixed assets and depreciation

No depreciation is provided on properties on leases with twenty years or more to run at the balance sheet date or on integral fixed plant. It is the Company's practice to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time. Accordingly the Directors consider that the lives of these assets and residual values (based on prices prevailing at the time of acquisition or subsequent valuation) are such that their depreciation is insignificant. All leasehold properties held for less than twenty years are amortised over the unexpired term.

Depreciation is provided on all other assets on a straight line basis over ten to fifteen years for plant and machinery, four to ten years for furniture and equipment and up to five years for information technology software and hardware.

Stocks

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

Operating leases

Rentals under operating leases are charged to the profit and loss account as incurred.

Notes (continued)

Deferred taxation

Provision is made for deferred taxation arising from timing differences between profits as computed for taxation purposes and profits as stated in the financial statements to the extent that the liability will be payable in the foreseeable future.

Pension cost

The expected cost of pensions in respect of the Group's defined benefit pension schemes is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the schemes. Variations from the regular cost are spread over the remaining service lives of current employees in the schemes. The pension cost is assessed in accordance with the advice of qualified actuaries and accounted for in accordance with Statement of Standard Accounting Practice No.24.

2 Segment information

Turnover is attributable to the following geographical regions:

	52 weeks ended 27 September 1998 £'000	52 weeks ended 28 September 1997 £'000
United Kingdom	376	396
	=====	=====

3 (Loss)/profit on ordinary activities before taxation

	52 weeks ended 27 September 1998 £'000	52 weeks ended 28 September 1997 £'000
(Loss)/profit on ordinary activities before taxation is stated after charging:		
Raw materials and consumables	100	156
Operating lease hire	78	49
Other external charges	100	69
Staff costs:		
Wages and salaries	99	100
Social security costs	7	8
Other pension costs	1	1
Depreciation (note 7)	6	6
	391	389
	=====	=====

Notes (continued)

4 Remuneration of directors

None of the Directors received any remuneration in respect of their services to the Company (year ended 28 September 1997 : £Nil).

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was as follows:

	Number of employees	
	52 weeks ended 27 September 1998	52 weeks ended 28 September 1997
United Kingdom		
- full time	2	2
- part time	10	10
	<u>12</u>	<u>12</u>
	=====	=====

The aggregate payroll costs of these persons are included above in Note 3.

6 Taxation on (loss)/profit on ordinary activities

Tax on (loss)/profit on ordinary activities is made up as follows:

	52 weeks ended 27 September 1998 £'000	52 weeks ended 28 September 1997 £'000
Corporation tax at 31% (1997 : 32%)	3	(2)
	=====	=====

Notes (continued)

7 Tangible fixed assets

	Short leasehold (under 50 years) £'000	Fixtures and Fittings £'000	Total £'000
Cost or valuation			
At beginning of year	88	-	88
Additions	30	9	39
At end of year	<u>118</u>	<u>9</u>	<u>127</u>
Depreciation			
At beginning of year	18	-	18
Charge for year	4	2	6
At end of year	<u>22</u>	<u>2</u>	<u>24</u>
Net book value			
At 27 September 1998	<u>96</u>	<u>7</u>	<u>103</u>
At 28 September 1997	<u>70</u>	<u>-</u>	<u>70</u>

The historical cost of assets held at valuation is not readily available.

8 Stocks

	1998 £'000	1997 £'000
Goods for resale	<u>6</u>	<u>8</u>

9 Debtors

	1998 £'000	1997 £'000
Amounts falling due within one year:		
Other debtors and prepayments	<u>17</u>	<u>2</u>

10 Creditors: amounts falling due within one year

	1998 £'000	1997 £'000
Corporation tax	3	6
Accruals and deferred income	3	5
Amounts owed to fellow subsidiary undertakings	1,056	993
	<u>1,062</u>	<u>1,004</u>

Notes (continued)

11 Called up share capital

	1998 £'000	1997 £'000
<i>Authorised, allotted and fully paid</i>		
1,000,000 ordinary shares of £1 each	1,000	1,000
	=====	=====

12 Reserves

	Profit and loss reserve £'000
At beginning of year	(1,924)
Loss for the period	(12)
At end of year	(1,936)
	=====

13 Reconciliation of movement in shareholders funds

	52 weeks ended 27 September 1998 £'000	52 weeks ended 28 September 1997 £'000
(Loss)/profit for the year	(12)	5
Opening shareholders' funds	(924)	(929)
Closing shareholders' funds	(936)	(924)
	=====	=====

14 Commitments under operating leases

	Land and buildings 1998 £'000	1997 £'000
Operating leases which expire:		
Over five years	85	85
	=====	=====

15 Contingent liabilities and guarantees

The Company has an arrangement with Granada Group PLC whereby the bank account is operated as part of the Granada Group banking arrangements. Accordingly the Company and other associated companies are jointly and severally liable for all amounts outstanding on the aforementioned account to the value of £15,000,000 as at 27 September 1998.

Under a group registration the Company is jointly and severally liable for VAT due by the other companies within the group registration. At 27 September 1998 this contingent liability amounted to £32,000,000.

16 Pension schemes

The company participates in defined benefit pension schemes operated by Granada Group PLC that are externally funded under separate trusts. Valuations of the funds are carried out approximately triennially by independent actuaries, the last actuarial assessment being made in September 1996. That report disclosed that the funds were adequate to meet all the obligations of the schemes.

Particulars of the actuarial valuations of the Group schemes are disclosed in the financial statements of Granada Group PLC.

17 Related party transactions

The company is ultimately owned by Granada Group PLC and has taken advantage of the exemption under FRS8 from the requirement to disclose transactions with other group companies, and investees of the group qualifying as related parties.

18 Ultimate parent undertaking

The Company's ultimate parent undertaking is Granada Group Plc, incorporated in England. This is the only group in which the results of the company are consolidated. The consolidated accounts are available from the following address:

Stomoway House
13 Cleveland Row
London
SW1A 1GG