

167-9025

YORKCLOUD LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 1ST FEBRUARY 1997

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YORKCLOUD LIMITED

GENERAL INFORMATION

Directors

A.N.H. Birkett  
C. J. Malpas  
D.M.B. Snowdon  
N. R. Talbot  
C. Wilson

Secretary

A. G. Bailes

Registered Office

Rocky Bank,  
Lakeside Village,  
NEWBY BRIDGE,  
Cumbria.

Company Registration Number

1679025 : England

Auditors

E. J. Williams and Co.  
Chartered Accountants  
4 Brunswick Street  
CARLISLE  
CA1 1PP

YORKCLOUD LIMITED

DIRECTORS' REPORT

The Directors present their report and the accounts for the company for the year ended 1st February, 1997.

Results and Dividends

The company's profit for the financial year was £130,949 compared to £19,892 in the previous financial year. No interim dividend was paid during the year. A final dividend of £22,500 is recommended leaving an amount of £108,449 to be transferred to reserves.

Principal Activity and Review of the Business

The company's principal activity during the year was that of an hotel.

The Directors consider that the company's state of affairs is satisfactory.

Directors and their Interests

The Directors during the year and their interests in the ordinary shares of the company were as follows:-

	<u>1/2/97</u> <u>Ordinary Shares</u>	<u>3/2/96</u> <u>Ordinary Shares</u>
A.N.H. Birkett	Nil	Nil
C. J. Malpas	Nil	Nil
D.M.B. Snowden	15,000	15,000
N. R. Talbot	35,000	35,000
C. Wilson	Nil	Nil

Fixed Assets

The movements in fixed assets are set out in Note 7 to the accounts.

Political and Charitable Contributions

There were no political contributions or charitable donations during the year.

Auditors

A resolution to re-appoint Messrs. E. J. Williams and Co., Chartered Accountants, as Auditors will be put to the members at the Annual General Meeting.

By Order of the Board

*A. G. Bailes*

A. G. BAILES  
SECRETARY

15TH JANUARY, 1998.

## YORKCLOUD LIMITED

### 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 of the company for that period. In preparing those financial statements, the Directors are required to

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) 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.

## AUDITORS' REPORT TO THE MEMBERS OF YORKCLOUD LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

### 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.

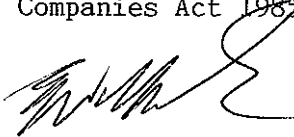
### Basis of opinion

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 as at 1st February 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1987.



E. J. WILLIAMS AND CO.  
CHARTERED ACCOUNTANTS  
REGISTERED AUDITORS  
CARLISLE

15TH JANUARY, 1998.

YORKCLOUD LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 1ST FEBRUARY 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		£	£
Turnover	1	2,112,561	1,891,560
Cost of Sales		1,092,468	977,993
Gross Profit		1,020,093	913,567
Administrative Expenses		761,407	772,726
Operating Profit	2	258,686	140,841
Interest Payable and similar charges	5	117,429	124,008
Profit on Ordinary Activities before Taxation		141,257	16,833
Tax on Profit on Ordinary Activities	6	10,308	3,059
Profit on Ordinary Activities After Taxation		130,949	19,892
Dividends Proposed		22,500	18,000
Retained Profits brought forward		108,449	1,892
		114,551	112,659
Retained Profits carried forward		223,000	114,551
		=====	=====

There were no acquisitions or discontinued operations during the year.  
(1996 : none).

The company had no recognised gains or losses other than the profit for the year.

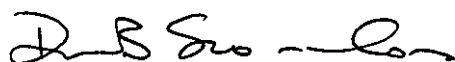
The notes on pages 8 to 14 form part of these accounts.

YORKCLOUD LIMITED

BALANCE SHEET AS AT 1ST FEBRUARY 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		£	£
<u>Fixed Assets</u>			
Tangible Assets	7	1,943,871	1,950,934
<u>Current Assets</u>			
Stocks	8	34,389	36,397
Debtors	9	119,024	136,819
Cash at Bank and in Hand		<u>2,637</u>	<u>2,373</u>
		156,050	175,589
<u>Creditors:</u> Amounts falling due within one year	10	<u>879,606</u>	<u>913,209</u>
Net Current Liabilities		(723,556)	(737,620)
Total Assets Less Current Liabilities		1,220,315	1,213,314
<u>Creditors:</u> Amounts falling due after more than 1 year	10	928,147	1,032,501
		292,168	180,813
Deferred Asset: A.C.T. Recoverable		20,832	23,738
		<u>313,000</u>	<u>204,551</u>
		=====	=====
<u>Capital and Reserves</u>			
Called Up Share Capital	12	90,000	90,000
Profit and Loss Account		<u>223,000</u>	<u>114,551</u>
Shareholders' Funds	13	<u>313,000</u>	<u>204,551</u>
		=====	=====

Approved by the Board on 15th January, 1998.



D.M.B. SNOWDON  
DIRECTOR

The notes on pages 8 to 14 form part of these accounts.

**YORKCLOUD LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 1ST FEBRUARY 1997**

	<u>1997</u>	<u>1997</u>	<u>1996</u>	<u>1996</u>
	£	£	£	£
Cash flow from operating activities		373,895		116,671
Returns on investments and servicing of finance				
Interest paid		(117,429)		(124,008)
Taxation				
Advance corporation tax paid		-		(4,500)
Capital Expenditure				
Purchase of tangible fixed assets	(25,132)		(43,111)	
Sale proceeds of tangible fixed assets	-		5,411	
Net cash outflow for capital expenditure		<u>(25,132)</u>		<u>(37,700)</u>
		231,334		(49,537)
Equity dividends paid		<u>(8,000)</u>		<u>(18,000)</u>
Cash inflow (1996 outflow) before financing		223,334		(67,537)
Financing				
Repayment of J. R. Birkett and Sons Ltd. loan	(31,000)		-	
Repayment of bank loans	(72,697)		(69,469)	
Capital element of hire purchase repayments	-		(2,722)	
Net cash outflow from financing		<u>(103,697)</u>		<u>(72,191)</u>
Increase (1996 decrease) in cash		<u>119,637</u>		<u>(139,728)</u>

Notes to the cash flow statement are included in note 15 on page 13.



## YORKCLOUD LIMITED

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 1ST FEBRUARY 1997

#### 1. ACCOUNTING POLICIES

##### (a) Accounting Conventions

The Accounts are prepared in compliance with the Companies Act, 1985, and under the historical cost convention and in accordance with applicable Accounting Standards.

##### (b) Turnover

Turnover is the net amount from sales excluding value added taxes.

##### (c) Depreciation

Freehold property is not depreciated. The Directors are of the opinion that, as the buildings are maintained to a good state of repair, the residual value of the property would exceed its balance sheet value.

Other assets are depreciated on a reducing balance basis over their estimated lives at appropriate rates as follows:-

Fixtures and Fittings	20%
Motor Vehicles	25%

##### (d) Stocks

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

##### (e) Deferred Taxation

Deferred Taxation is provided on the liability method, to the extent that it is probable that a liability or asset will crystallise in the future. It is provided on items of income and expenditure included in the Profit and Loss Account in different years from those in which they are assessed for taxation purposes.

##### (f) Leases and Hire Purchase Contracts

Rental costs under operating leases are charged to the Profit and Loss Account in equal annual amounts over the periods of the leases.

The cost of assets held under finance leases and hire purchase contracts is included under Tangible Fixed Assets and depreciated in accordance with the company's depreciation policy. Future liabilities under the contracts are included in Creditors.

##### (g) Pension Costs

Contributions payable by the company are charged to the Profit and Loss Account when they become due.

YORKCLOUD LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 1ST FEBRUARY 1997 (CONTINUED)

2.	<u>OPERATING PROFIT</u>	<u>1997</u>	<u>1996</u>
		£	£
	This is stated after charging		
	Depreciation	32,195	34,475
	Loss on sale of fixed assets	-	250
	Directors' Remuneration (Note 4)	189,095	142,163
	Auditors' Remuneration (as auditors)	3,500	3,150
	Hire of equipment (including operating leases)	2,192	3,400

3.	<u>STAFF COSTS</u>	<u>1997</u>	<u>1996</u>
		£	£
	Wages and Salaries	673,658	589,737
	Social Security Costs	43,246	38,900
	Pension Contributions (Note 14)	59,951	41,000
		<u>776,855</u>	<u>669,637</u>
		=====	=====

The average monthly number of employees during the year was:

	<u>1997</u>	<u>1996</u>
Management	2	2
Staff	84	93
	<u>86</u>	<u>95</u>
	==	==

4.	<u>DIRECTORS' REMUNERATION</u>	<u>1997</u>	<u>1996</u>
		£	£
	Fees	27,500	26,000
	Other Emoluments (including pension contributions)	161,595	116,163
		<u>189,095</u>	<u>142,163</u>
		=====	=====
	Emoluments (excluding pension contributions)		
	of; Chairman	15,000	12,000
	Highest paid director	71,166	50,811
		=====	=====

Number of directors whose emoluments (excluding pension contributions) fall within each bracket of £5,000:

	<u>1997</u>	<u>1996</u>
£ 0 - £ 5,000	2	2
£10,001 - £15,000	1	1
£40,001 - £45,000	1	1
£50,001 - £55,000	-	1
£70,001 - £75,000	1	-

YORKCLOUD LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 1ST FEBRUARY 1997 (CONTINUED)

5.	<u>INTEREST PAYABLE AND SIMILAR CHARGES</u>	<u>1997</u>	<u>1996</u>
		£	£
	Bank loans and overdrafts	117,429	123,924
	Other loans	-	84
		<u>117,429</u>	<u>124,008</u>
		=====	=====

6.	<u>TAXATION</u>	<u>1997</u>	<u>1996</u>
		£	£
	U.K. Corporation Tax at 25%/24% on profits for year	10,308	-
	Transfer from deferred taxation	-	3,059
		<u>10,308</u>	<u>3,059</u>
		=====	=====

7. TANGIBLE FIXED ASSETS

	<u>Freehold Land &amp; Buildings</u>	<u>Fixtures &amp; Fittings</u>	<u>Owned Motor Vehicles</u>	<u>Motor Vehicles On Hire Purchase</u>	<u>Total</u>
	£	£	£	£	£
<u>Cost or Valuation</u>					
At 4/2/96	1,821,264	506,924	15,861	30,318	2,374,367
Additions	-	25,132	-	-	25,132
Transferred to ownership	-	-	30,318	(30,318)	-
At 1/2/97	<u>1,821,264</u>	<u>532,056</u>	<u>46,179</u>	<u>-</u>	<u>2,399,499</u>
	=====	=====	=====	=====	=====
<u>Depreciation</u>					
At 4/2/96	-	401,941	3,965	17,527	423,433
Provided During Year	-	26,023	2,974	3,198	32,195
Transferred to ownership	-	-	20,725	(20,725)	-
At 1/2/97	<u>-</u>	<u>427,964</u>	<u>27,664</u>	<u>-</u>	<u>455,628</u>
	=====	=====	=====	=====	=====
<u>Net Book Value</u>					
At 1/2/97	<u>1,821,264</u>	<u>104,092</u>	<u>18,515</u>	<u>-</u>	<u>1,943,871</u>
	=====	=====	=====	=====	=====
At 4/2/96	<u>1,821,264</u>	<u>104,983</u>	<u>11,896</u>	<u>12,791</u>	<u>1,950,934</u>
	=====	=====	=====	=====	=====

YORKCLOUD LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 1ST FEBRUARY 1997 (CONTINUED)

8.	<u>STOCKS</u>	<u>1997</u>	<u>1996</u>
		£	£
	Consumables and goods for resale	34,389	36,397
		=====	=====

9.	<u>DEBTORS</u>	<u>1997</u>	<u>1996</u>
		£	£
	Trade Debtors	118,118	135,913
	Other Debtors	906	906
		=====	=====
		119,024	136,819
		=====	=====

10.	<u>CREDITORS</u>		
	Amounts falling due within one year:	<u>1997</u>	<u>1996</u>
		£	£
	Current instalments due on bank loans	72,696	72,039
	Brewery Loan	-	407
	Bank overdraft	463,965	583,338
	Payments received on account	58,840	34,914
	Trade Creditors	70,001	61,094
	Corporation Tax	1,777	-
	Taxation and Social Security Costs	72,784	75,594
	Other Creditors	24,117	21,530
	Proposed Dividends	22,500	18,000
	Accruals	92,926	46,293
		=====	=====
		879,606	913,209
		=====	=====

The bank overdraft and loans are secured by a charge on the company's freehold properties.

Amounts falling due after more than one year:

	<u>Note</u>	<u>1997</u>	<u>1996</u>
		£	£
Bank Loans	a	869,147	942,501
J. R. Birkett and Sons Ltd. Loan	b	-	31,000
Directors' Loans	c	50,000	50,000
Shareholder's Loan	d	9,000	9,000
		=====	=====
		928,147	1,032,501
		=====	=====

YORKCLOUD LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 1ST FEBRUARY 1997 (CONTINUED)

10. CREDITORS (Continued)

- (a) Bank loans are repayable by instalments as follows:

	<u>1997</u>	<u>1996</u>
	£	£
Due within one year	72,696	72,039
Due after more than one year	869,147	942,501
	<u>941,843</u>	<u>1,014,540</u>
	=====	=====

The interest rate on 3 loans included above, totalling £496,143 is fixed at 10% per annum and the monthly repayments total £7,069.92 including interest. The interest rate on the remaining loan of £445,700 is 1.75% over base rate and the monthly capital repayment is £3,100 with quarterly interest being charged to the current account. The loans are secured by legal mortgages over the company's freehold properties.

- (b) The loan from J. R. Birkett and Sons Ltd. was interest free and was repaid on 28th December 1996.
- (c) The directors' loans are interest free and there is no fixed repayment date.
- (d) The shareholder's loan is interest free and there is no fixed repayment date.

11. DEFERRED TAXATION

	<u>Amounts Provided</u>		<u>Amounts not Provided</u>	
	<u>1997</u>	<u>1996</u>	<u>1997</u>	<u>1996</u>
	£	£	£	£
Excess capital allowances over depreciation	-	-	-	-
	===	===	===	===

12. CALLED UP SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
	£	£
<u>Authorised</u>		
100,000 Ordinary Shares of £1 each	100,000	100,000
<u>Allotted, Called Up and Fully Paid</u>		
90,000 Ordinary Shares of £1 each	90,000	90,000

# YORKCLOUD LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 1ST FEBRUARY 1997 (CONTINUED)

### 13. RECONCILIATION OF MOVEMENT ON SHAREHOLDERS' FUNDS

	<u>1997</u>	<u>1996</u>
	£	£
Profit for the financial year	130,949	19,892
Dividend	22,500	18,000
	<hr/>	<hr/>
Net addition to shareholders' funds	108,449	1,892
Shareholders' funds at 3rd February 1996	204,551	202,659
	<hr/>	<hr/>
Shareholders' funds at 1st February 1997	313,000	204,551
	<hr/> <hr/>	<hr/> <hr/>

### 14. PENSIONS

The company operates a defined contribution pension scheme for certain directors and managers. Contributions paid during the year amounted to £59,951.

### 15. CASH FLOW STATEMENT

#### (a) Reconciliation of operating profit to net cash inflow from operating activities.

	<u>1997</u>	<u>1996</u>
	£	£
Operating Profit	258,686	140,841
Depreciation Charges	32,195	34,475
Loss on sale of Fixed Assets	-	250
Decrease (1996 Increase) in stocks	2,008	(2,465)
Decrease in Debtors	17,795	1,299
Increase (1996 Decrease) in Creditors	63,618	(57,229)
Loan Written Off	(407)	(500)
	<hr/>	<hr/>
Net cash inflow from operating activities	373,895	116,671
	<hr/> <hr/>	<hr/> <hr/>

#### (c) Reconciliation of net cash flow to movement in net debt

	<u>1997</u>
	£
Increase in cash	119,637
Repayment of loans	103,697
	<hr/>
Change in net debt	223,334
Net debt at 4th February 1996	(1,685,505)
	<hr/>
Net debt at 1st February 1997	(1,462,171)
	<hr/> <hr/>

YORKCLOUD LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 1ST FEBRUARY 1997 (CONTINUED)

15. CASH FLOW STATEMENT (Continued)

(c) Analysis of changes in net debt

	<u>At 4th Feb</u>	<u>Cash</u>	<u>At 1st Feb</u>
	<u>1996</u>	<u>Flows</u>	<u>1997</u>
	£	£	£
Cash at bank and in hand	2,373	264	2,637
Bank overdraft	(583,338)	119,373	(463,965)
	(580,965)	119,637	(461,328)
Debt due within 1 year	(72,039)	(657)	(72,696)
Debt due within 1 year	(1,032,501)	104,354	(928,147)
	(1,685,505)	223,334	(1,462,171)
	=====	=====	=====

16. RELATED PARTY TRANSACTIONS

(a) J. R. Birkett and Sons Ltd.

J. R. Birkett and Sons Ltd. was a related party during the period up to 2nd October 1996 by reason of being an associated undertaking holding 34.4% of the company's capital. From 2nd October 1996 the relationship continued as the two companies were under common control and it ceased on 28th December 1996.

During the period 4th February 1996 to 28th December 1996 the company's transactions with J. R. Birkett and Sons Ltd. were:

	£
Aggregate sales	17,019
Aggregate purchase	25,484
Management charges payable	17,500

An interest free unsecured loan of £31,000 to the company by J. R. Birkett and Sons Ltd. received in an earlier year was repaid on 28th December 1996.

(b) Directors / Shareholders

Interest free unsecured loans to the company by individual directors/shareholders were:

At 1st February 1997	£59,000
	=====
At 3rd February 1996	£59,000
	=====

There were no movements during the year. These are included in creditors falling due after more than one year (see note 10).

Company accommodation is provided for the Managing Director, Mr. N. R. Talbot, as he is required, as a condition of his employment, to live on site.