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# REGISTRAR OF COMPANIES

GROVECASTLE LIMITED  
ANNUAL REPORT AND ACCOUNTS  
31ST MARCH 1995



CHARTERED ACCOUNTANTS

BUZZACOTT & CO.  
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GROVECASTLE LIMITED

DIRECTORS

J.H.J. Lewis  
J.C.S. Tham  
L.A.W. Evans  
G.M. Pope

SECRETARY

J.H.J. Lewis

REGISTERED OFFICE

4, Wood Street,  
London, EC2V 7JB

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REPORT AND ACCOUNTS 31ST MARCH 1995

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3	Report of the auditors
4	Profit and loss account
5	Balance Sheet
6-11	Notes to the accounts

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The following pages do not form part of the  
statutory accounts:

12-13 Detailed profit and loss account

GROVECASTLE LIMITED  
REPORT OF THE DIRECTORS

The directors present their report with the accounts of the company for the year ended 31st March 1995.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of hoteliers.

**REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS**

A summary of the results of the year's trading is given on page 4 of these accounts. The company has arranged new finance through a bank loan and the issue of new share capital. This has allowed for major refurbishment work to be carried out at the hotel. The company intends to continue to operate as a hotelier.

**DIVIDENDS**

The directors do not recommend any dividend (1994 - fnil).

**DIRECTORS**

The directors in office in the year and their beneficial interests in the issued share capital were as follows :

	<u>31st March 1995</u>			<u>31st March 1994</u>	
	Preferred ordinary shares of £1 each	'A' ordinary shares of 25p each	'B' ordinary shares of 50p each	Preferred ordinary shares of £1 each	'A' ordinary shares of 25p each
J.H.J. Lewis	2,700	3,036,132	15,000	2,700	18,781
J.H.J. Lewis (as trustee and beneficiary)	-	-	20,000	-	-
J.C.S. Tham	2,200	-	-	2,200	-
J.C.S. Tham (as trustee)	-	-	100,000	-	-
L.A.W. Evans	-	-	-	-	224,174
G.M. Pope	-	406,896	-	-	406,896

**FIXED ASSETS**

Acquisitions and disposals of fixed assets during the year are recorded in the notes to the accounts.

**CLOSE COMPANY**

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

**DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare accounts 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 the period. In preparing these accounts, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will remain in business.

GROVECASTLE LIMITED  
REPORT OF THE DIRECTORS  
(Continued)


DIRECTORS' RESPONSIBILITIES (continued)

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 accounts 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

The auditors, Buzzacott & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

By order of the board

.....  


Secretary

Approved by the board:.....19<sup>16</sup> JULY 1995

REPORT OF THE AUDITORS TO THE MEMBERS OF  
GROVECASTLE LIMITED

We have audited the accounts on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on pages 1 and 2, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st March 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Buzzacott & Co*

BUZZACOTT & CO.

Chartered Accountants and Registered Auditors,  
4, Wood Street,  
London,  
EC2V 7JB.

Date: *19<sup>th</sup> JULY* 1995

GROVECASTLE LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH 1995

	<u>Notes</u>	<u>1995</u> £	<u>1994</u> £
TURNOVER	2	394,684	401,269
Cost of sales		<u>124,008</u>	<u>111,424</u>
GROSS PROFIT		270,676	289,845
Administrative and marketing expenses		<u>220,976</u>	<u>258,530</u>
OPERATING PROFIT	3	49,700	31,315
Interest receivable		-	50
		<u>49,700</u>	<u>31,365</u>
Interest payable		<u>(58,668)</u>	<u>(65,037)</u>
LOSS on ordinary activities before taxation		(8,968)	(33,672)
TAXATION	6	-	-
LOSS on ordinary activities after taxation		(8,968)	(33,672)
TRANSFER from revaluation reserve	13	<u>176,788</u>	<u>-</u>
PROFIT (LOSS) after transfers		167,820	(33,672)
ACCUMULATED LOSSES at 1st April 1994		<u>(1,232,740)</u>	<u>(1,199,068)</u>
ACCUMULATED LOSSES at 31st March 1995		<u>£(1,064,920)</u>	<u>£(1,232,740)</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Other than the losses for the above two financial years there were no other recognised gains or losses.

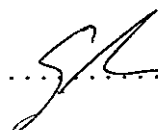
CONTINUING OPERATIONS

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

GROVECASTLE LIMITED  
BALANCE SHEET - 31ST MARCH 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	7	1,000,000	781,283
<b>CURRENT ASSETS</b>			
Stocks	8	14,841	14,410
Debtors	9	90,186	28,831
Cash at bank and in hand		2,621	2,873
		<u>107,648</u>	<u>46,114</u>
<b>CREDITORS : amounts falling due within one year</b>	10	<u>(175,669)</u>	<u>(913,238)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(68,021)</u>	<u>(867,124)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		931,979	85,841
<b>CREDITORS : amounts falling due after more than one year</b>		<u>(600,000)</u>	<u>-</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>£ 331,979</u>	<u>£ (85,841)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	1,210,282	1,085,282
Share premium account		186,617	61,617
Profit and loss account		(1,064,920)	(1,232,740)
<b>SHAREHOLDERS' FUNDS</b>	14	<u>£ 331,979</u>	<u>£ (85,841)</u>

Signed on behalf of the  
board of directors

 .....

Director

Approved by the board: 19<sup>th</sup> July 1995

GROVECASTLE LIMITED

NOTES TO THE ACCOUNTS - 31ST MARCH 1995

1. ACCOUNTING POLICIES

(a) Basis of accounting

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain assets and on the basis of a going concern which assumes that the bank facilities set out in note 10 will be renewed on or before the dates that they are subject to review and that the directors will not demand repayment of the amounts due to them (note 10) unless the company is in a position to meet its other liabilities as they fall due.

(b) Turnover

Turnover represents charges to guests for hotel accommodation, food and telephone, excluding value added tax.

(c) Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life :

Furniture and fittings	-	10% on cost
Leased assets	-	over the period of the lease
Computer	-	over 3 years

Depreciation is not provided on leasehold properties or on antique furniture and fittings.

(d) Leased assets

Leased equipment, financed by leasing agreements that give rights approximating to ownership are treated as if they had been purchased outright and the corresponding obligations treated as liabilities.

The charge to the profit and loss account is represented by depreciation, calculated in accordance with the company's policy, and interest.

The total interest, being the difference between the total instalments payable and the invoiced cost, is charged to the profit and loss account, so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

(e) Stocks

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

Stocks of glass, linen and china etc. are valued at cost. All replacements are written off to the profit and loss account.

(f) Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences only to the extent that, in the opinion of the directors, there is reasonable probability that a liability or asset will crystallise in the foreseeable future.

(g) Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity is exempt from the requirement to prepare such a statement under Financial Reporting Standard No.1 'Cash Flow Statements'.

GROVECASTLE LIMITED

NOTES TO THE ACCOUNTS - 31ST MARCH 1995

2. TURNOVER

The turnover and loss before taxation is attributable to the one principal activity of the company.

3. OPERATING PROFIT

This is stated after charging :

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Staff costs (note 4)	143,884	130,352
Depreciation of tangible fixed assets	27,701	36,123
Auditors' remuneration	6,500	6,728
	<u>          </u>	<u>          </u>

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Wages and salaries	119,986	122,349
Social security costs	10,366	10,805
	<u>          </u>	<u>          </u>
	£143,884	£ 130,352
	<u>          </u>	<u>          </u>

The average weekly number of employees during the year was as follows:

Hotel staff	<u>14</u>	<u>13</u>
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5. DIRECTORS' REMUNERATION

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Emoluments for services as directors	5,000	5,000
	<u>          </u>	<u>          </u>

6. TAXATION

No taxation charge arises for the year in view of tax losses available.

GROVECASTLE LIMITED

NOTES TO THE ACCOUNTS - 31ST MARCH 1995

7. TANGIBLE FIXED ASSETS

	<u>Long Leasehold property</u> £	<u>Furniture and fittings</u> £	<u>Total</u> £
Cost or valuation			
At 1st April 1994	573,079	395,680	968,759
Additions	62,524	67,476	130,000
Disposals	-	(60,370)	(60,370)
Surplus on revaluation	176,788	-	176,788
	<u>812,391</u>	<u>402,786</u>	<u>1,215,177</u>
At 31st March 1995			
Depreciation			
At 1st April 1994	-	187,476	187,476
Charge for year	-	27,701	27,701
On disposals	-	-	-
	<u>-</u>	<u>215,177</u>	<u>215,177</u>
At 31st March 1995			
Written down values			
At 31st March 1995	£ 812,391	£ 187,609	£1,000,000
At 31st March 1994	£ 573,079	£ 208,204	£ 781,283

Depreciation is not provided on antique furniture and fittings valued at £136,187. The directors believe that the high residual value of these items leaves a negligible rate of depreciation.

The leasehold property consists of the Fenja Hotel, 69 Cadogan Gardens, London, SW1. The directors revalued the property and its contents on the basis of its existing open market value and consider that a reasonable valuation of the property and its contents at 31st March 1995 is not less than the written down values at that date.

As stated in the accounting policy note 1(c), no depreciation has been provided on the leasehold property as required by Statement of Standard Accounting Practice No.12. Buildings are maintained to a high standard and therefore the directors consider that the lives of the buildings are so long and their residual values so great that their depreciation is not necessary.

GROVECASTLE LIMITED

NOTES TO THE ACCOUNTS - 31ST MARCH 1995

8. STOCKS

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Food and drink	1,789	1,754
Linen, glass and china	13,052	12,656
	<u>£ 14,841</u>	<u>£ 14,410</u>

Replacement cost of stock is not considered to be significantly different from the cost shown above.

9. DEBTORS

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Trade debtors	78,983	13,095
Other debtors	343	391
Prepayments	10,860	15,345
	<u>£ 90,186</u>	<u>£ 28,831</u>

10. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Trade creditors	17,898	8,769
Amounts due to directors	53	22,597
Accruals	84,772	67,584
Social security and other taxes	29,041	10,874
	<u>131,764</u>	<u>109,824</u>
Bank overdrafts (secured)	43,905	803,414
	<u>£175,669</u>	<u>£913,238</u>

During April 1994, the company repaid one of the bank overdrafts financing this through a new loan facility of £700,000 and the issue of £125,000 of share capital at a premium. The loan is secured by a first legal charge on the company's leasehold property. The loan is repayable within the period to 30th June 1997 and is subject to a fixed rate of interest.

The other overdraft facility of £25,000 expires on 13th December 1995. This overdraft is secured on a guarantee given by directors of the company.

GROVECASTLE LIMITED

NOTES TO THE ACCOUNTS - 31ST MARCH 1995

11. CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1995</u>	<u>1994</u>
Bank loan	£600,000	£ -

12. CALLED UP SHARE CAPITAL

	<u>1995</u>	<u>1994</u>
	£	£
Authorised		
4,900 preferred ordinary shares of £1 each	4,900	4,900
4,321,526 'A' ordinary shares of 25p each	1,080,382	1,080,382
829,437 'B' ordinary shares of 50p each	414,718	414,718
	<u>£1,500,000</u>	<u>£1,500,000</u>
Allotted, issued and fully paid		
4,900 preferred ordinary shares of £1 each	4,900	4,900
4,321,526 'A' ordinary shares of 25p each	1,080,382	1,080,382
250,000 'B' ordinary shares of 50p each	125,000	-
	<u>£1,210,282</u>	<u>£1,085,282</u>

13. REVALUATION RESERVE

	<u>1995</u>	<u>1994</u>
	£	£
Balance at 1st April 1994	-	-
Increase on revaluation in year	176,788	-
Transferred to profit and loss account	(176,788)	-
	<u>£ -</u>	<u>£ -</u>
Balance at 31st March 1995	£ -	£ -

14. SHAREHOLDERS' FUNDS

The movement on shareholders' funds during the year was as follows:

	Share capital	Share premium account	Profit and loss account	Total
	£	£	£	£
Balance at 1st April 1993	1,210,282	61,617	(1,232,740)	39,159
Profit for the year	-	-	167,820	167,820
Premium on share issue	-	125,000	-	125,000
	<u>£1,210,282</u>	<u>£186,617</u>	<u>£(1,064,920)</u>	<u>£331,979</u>
Balance at 31st March 1994	£1,210,282	£186,617	£(1,064,920)	£331,979

GROVECASTLE LIMITED

NOTES TO THE ACCOUNTS - 31ST MARCH 1995

15. DEFERRED TAXATION

No provision has been made for deferred tax. The amounts not provided for are as follows:

	<u>1995</u>	<u>1994</u>
	Amount not	Amount not
	<u>provided</u>	<u>provided</u>
	£	£
Accelerated capital allowances	15,900	105,000
Losses available for future relief	(242,168)	(275,000)
	<u>£(226,268)</u>	<u>£(170,000)</u>

16. TRANSACTIONS WITH DIRECTORS

During the year certain items of furniture, surplus to the company's requirements, were sold at market value, independently assessed, to a director of the company, Mr. JHJ Lewis, and to Blakeney Holdings plc, company of which Mr. Lewis is a director.