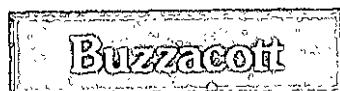


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REGISTRAR OF COMPANIES

GROVECASTLE LIMITED
ANNUAL REPORT AND ACCOUNTS
31ST MARCH 1994



CHARTERED ACCOUNTANTS

BUZZACOTT & CO.
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COMPANIES HOUSE 16/12/94

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

REPORT AND ACCOUNTS 31ST MARCH 1994

Pages	1-2	Report of the directors
	3	Report of the auditors
	4	Profit and loss account
	5	Balance Sheet
	6-11	Notes to the accounts

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 1994.

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 hoteliers.

DIVIDENDS

The directors do not recommend any dividend (1993 - fnil).

DIRECTORS

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

	<u>31st March 1994</u>		<u>31st March 1993</u>		
	Preferred ordinary shares of <u>£1 each</u>	'A' ordinary shares of <u>25p each</u>	Preferred ordinary shares of <u>£1 each</u>	'A' ordinary shares of <u>£1 each</u>	'B' ordinary shares of <u>25p each</u>
L.Lewis (died on 2nd February 1994)	-	-	-	-	-
J.H.J.Lewis	2,700	18,781	2,700	-	18,781
J.C.S.Tham	2,200	-	2,200	-	-
L.A.W.Evans	-	224,174	-	52,747	13,186
G.M.Pope	-	406,896	-	101,724	-

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


.....
J.H.J. LEWIS
Secretary

Approved by the board: *December 5th*.....1994

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 1994 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: 6th December 1994

GROVECASTLE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 1994

	<u>Notes</u>	<u>1994</u> <u>£</u>	<u>1993</u> <u>£</u>
TURNOVER	2	401,269	351,783
Cost of sales		<u>111,424</u>	<u>102,824</u>
GROSS PROFIT		289,845	248,959
Administrative and marketing expenses		258,530	240,531
Deficit on revaluation of leasehold property		<u>-</u>	<u>422,973</u>
OPERATING PROFIT/(LOSS)	3	31,315	(414,545)
Interest receivable		<u>50</u>	<u>113</u>
		31,365	(414,432)
Interest payable		<u>(65,037)</u>	<u>(83,902)</u>
LOSS on ordinary activities before taxation		(33,672)	(498,334)
TAXATION	6	<u>-</u>	<u>-</u>
LOSS on ordinary activities after taxation		(33,672)	(498,334)
ACCUMULATED LOSSES at 1st April 1993		<u>(1,199,068)</u>	<u>(700,734)</u>
ACCUMULATED LOSSES at 31st March 1994		<u>£(1,232,740)</u>	<u>£(1,199,068)</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.

The notes on pages 6 to 11 form part of these accounts.

GROVECASTLE LIMITED
BALANCE SHEET - 31ST MARCH 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
FIXED ASSETS			
Tangible assets	7	781,283	800,000
CURRENT ASSETS			
Stocks	8	14,410	15,382
Debtors	9	28,831	16,260
Cash at bank and in hand		2,873	2,823
		<u>46,114</u>	<u>34,465</u>
CREDITORS : amounts falling due within one year	10	<u>(913,238)</u>	<u>(886,634)</u>
NET CURRENT LIABILITIES		(867,124)	(852,169)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£ (85,841)</u>	<u>£ (52,169)</u>
CAPITAL AND RESERVES			
Called up share capital	12	1,085,282	1,085,282
Share premium account		61,617	61,617
Profit and loss account		<u>(1,232,740)</u>	<u>(1,199,068)</u>
	14	<u>£ (85,841)</u>	<u>£ (52,169)</u>

Signed on behalf of the
board of directors



 J.H.J. LEWIS
 Director

Approved by the board: *December 5th*1994

The notes on pages 6 to 11 form part of these accounts.

GROVECASTLE LIMITED

NOTES TO THE ACCOUNTS - 31ST MARCH 1994

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 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
Motor vehicles	-	25% 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.

GROVECASTLE LIMITED

NOTES TO THE ACCOUNTS - 31ST MARCH 1994

1. ACCOUNTING POLICIES (continued)

(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'.

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>1994</u> £	<u>1993</u> £
Staff costs (note 4)	130,352	133,154
Depreciation of tangible fixed assets	36,123	28,322
Auditors' remuneration	<u>6,728</u>	<u>7,500</u>

4. STAFF COSTS

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

	<u>1994</u> £	<u>1993</u> £
Wages and salaries	119,986	122,349
Social security costs	<u>10,366</u>	<u>10,805</u>
	<u>£130,352</u>	<u>£ 133,154</u>

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

Hotel staff	<u>13</u>	<u>14</u>
-------------	-----------	-----------

5. DIRECTORS' REMUNERATION

	<u>1994</u> £	<u>1993</u> £
Emoluments for services as directors	<u>5,000</u>	<u>7,500</u>

GROVECASTLE LIMITED

NOTES TO THE ACCOUNTS - 31ST MARCH 1994

6. TAXATION

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

7. TANGIBLE FIXED ASSETS

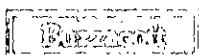
	Long Leasehold property £	Furniture and fittings £	Total £
Cost or valuation			
At 1st April 1993	573,079	404,274	977,353
Additions	-	20,006	20,006
Disposals	-	(28,600)	(28,600)
At 31st March 1994	573,079	395,680	968,759
Depreciation			
At 1st April 1993	-	177,353	177,353
Charge for year	-	36,123	36,123
On disposals	-	(26,000)	(26,000)
At 31st March 1994	-	187,476	187,476
Written down values			
At 31st March 1994	£ 573,079	£ 208,204	£ 781,283
At 31st March 1993	£ 573,079	£ 226,921	£ 800,000

Depreciation is not provided on antique furniture and fittings valued at £139,102. 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. Having taken professional advice the directors revalued the property and its contents on the basis of its existing use open market value. They consider that the written down values as at 31st March 1994 are a reasonable valuation of the property and its contents on 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.

At 31st March 1994 there were no capital commitments (1993 - fnil).



GROVECASTLE LIMITED

NOTES TO THE ACCOUNTS - 31ST MARCH 1994

8. STOCKS

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Food and drink	1,754	2,726
Linen, glass and china	12,656	12,656
	<u>£ 14,410</u>	<u>£ 15,382</u>

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

9. DEBTORS

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Trade debtors	13,095	10,615
Other debtors	391	-
Prepayments	15,345	5,645
	<u>£ 28,831</u>	<u>£ 16,260</u>

10. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Trade creditors	8,769	10,085
Amounts due to directors	22,597	35,274
Accruals	67,584	50,381
Amounts payable under finance leases (note 11)	-	3,734
Social security and other taxes	10,874	10,923
	<u>109,824</u>	<u>110,397</u>
Bank overdrafts (secured)	803,414	776,237
	<u>£913,238</u>	<u>£886,634</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 £250,000 of share capital. 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 expired on 22nd October 1994. This overdraft was secured on a guarantee given by the directors of the company and is being renegotiated.

GROVECASTLE LIMITED

NOTES TO THE ACCOUNTS - 31ST MARCH 1994

11. LEASING COMMITMENTS

Finance leases:

The company leased certain assets under leases classified as finance leases. These leases expired during the year.

Future commitments under the leases are as follows:

	<u>1994</u> £	<u>1993</u> £
Payable within:		
One year	-	3,992
Two to five years	-	-
Thereafter	-	-
Minimum payments	-	3,992
Amounts representing interest	-	(258)
	<u>£ -</u>	<u>£ 3,734</u>

12. CALLED UP SHARE CAPITAL

	<u>1994</u> £	<u>1993</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	-
829,437 'B' ordinary shares of 50p each	414,718	-
1,016,873 'A' ordinary shares of £1 each	-	1,016,873
1,912,908 'B' ordinary shares of 25p each	-	478,227
	<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	-
1,016,873 'A' ordinary shares of £1 each	-	1,016,873
254,034 'B' ordinary shares of 25p each	-	63,509
	<u>£1,085,282</u>	<u>£1,085,282</u>

13. REVALUATION RESERVE

	<u>1994</u> £	<u>1993</u> £
Balance at 1st April 1993	-	330,586
Reduction on revaluation in year	-	330,586
Balance at 31st March 1994	<u>£ -</u>	<u>£ -</u>

GROVECASTLE LIMITED

NOTES TO THE ACCOUNTS - 31ST MARCH 1994

14. SHAREHOLDERS' FUNDS

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

	<u>Share capital £</u>	<u>Share premium account £</u>	<u>Profit and loss account £</u>	<u>Total £</u>
Balance at 1st April 1993	1,085,282	61,617	(1,199,068)	(52,169)
Loss for the year	-	-	(33,672)	(33,672)
Balance at 31st March 1994	<u>£1,085,282</u>	<u>£61,617</u>	<u>£(1,232,740)</u>	<u>£(85,841)</u>

15. DEFERRED TAXATION

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

	<u>1994 Amount not provided £</u>	<u>1993 Amount not provided £</u>
Accelerated capital allowances	105,000	90,000
Losses available for future relief	(275,000)	(223,000)
	<u>£(170,000)</u>	<u>£(133,000)</u>