

Company Registration No. 01940208 (England and Wales)

**HALLMARK HOTELS LIMITED**

**ABBREVIATED ACCOUNTS**

**FOR THE YEAR ENDED 25 FEBRUARY 2004**

***Saffery Champness***  
CHARTERED ACCOUNTANTS



A12  
COMPANIES HOUSE

\*AQ4P1YME\*

0233  
18/09/04

## HALLMARK HOTELS LIMITED

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# HALLMARK HOTELS LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 25 FEBRUARY 2004

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The directors present their report and financial statements for the year ended 25 February 2004.

### **Principal activities and review of the business**

The principal activity of the company continued to be that of hoteliers.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

### **Results and dividends**

The results for the year are set out on page 4.

An interim dividend of 10.994p per share (2003: 10.994p) amounting to £22,875 (2003: £22,875) was paid during the year. This leaves a retained loss of £29,134 which is deducted from the reserves brought forward giving a balance of £267,847 to be carried forward.

The directors do not recommend a final dividend.

### **Market value of land and buildings**

In the opinion of the directors the market value of land and buildings exceeds the current net book value.

### **Directors**

The following directors have held office since 26 February 2003:

M J Murray  
P E J Williams  
N J Murray

### **Directors' interests**

The directors' interests in the shares of the company were as stated below:

	Ordinary of £ 1 each	
	25 February 2004	26 February 2003
M J Murray	184,367	184,367
P E J Williams	2,000	2,000
N J Murray	8,373	8,373

### **Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Saffery Champness be reappointed as auditors of the company will be put to the Annual General Meeting.

## **HALLMARK HOTELS LIMITED**

### **DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 25 FEBRUARY 2004**

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#### **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:

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

By order of the ~~board~~



P E J Williams

**Director**

27 August 2004

## HALLMARK HOTELS LIMITED

### INDEPENDENT AUDITORS' REPORT TO HALLMARK HOTELS LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

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We have examined the abbreviated accounts set out on pages 4 to 18, together with the financial statements of the company for the year ended 25 February 2004 prepared under section 226 of the Companies Act 1985.

#### **Respective responsibilities of the directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

This report is made solely to the company's members, as a body, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Basis of audit opinion**

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

#### **Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 18 are properly prepared in accordance with that provision.

  
Saffery Champness

27 August 2004

Chartered Accountants  
Registered Auditor

1 St Stephens Court  
St Stephens Road  
Bournemouth  
Dorset  
BH2 6LA

**HALLMARK HOTELS LIMITED****ABBREVIATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 25 FEBRUARY 2004**

	Notes	2004 £	2003 £
Gross profit		871,169	946,807
Administrative expenses		(755,870)	(798,088)
Operating profit	2	115,299	148,719
Fundamental restructuring costs	2	-	(140,187)
Profit on ordinary activities before interest		115,299	8,532
Other interest receivable and similar income		4,190	4,492
Interest payable and similar charges	3	(125,748)	(141,745)
Loss on ordinary activities before taxation		(6,259)	(128,721)
Tax on loss on ordinary activities	4	-	(144)
Loss on ordinary activities after taxation		(6,259)	(128,865)
Dividends	5	(22,875)	(22,875)
Retained loss for the year	14	(29,134)	(151,740)

**HALLMARK HOTELS LIMITED**

**ABBREVIATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 25 FEBRUARY 2004**

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	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
<b>Loss for the financial year</b>	(6,259)	(128,865)
Unrealised deficit on revaluation of properties	-	(198,900)
<b>Total recognised gains and losses relating to the year</b>	<u>(6,259)</u>	<u>(327,765)</u>

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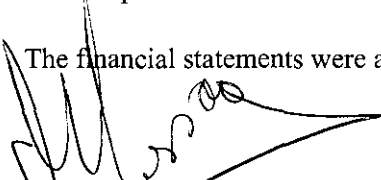
# HALLMARK HOTELS LIMITED

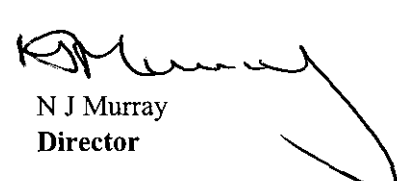
## ABBREVIATED BALANCE SHEET AS AT 25 FEBRUARY 2004

	Notes	2004 £	£	2003 £	£
<b>Fixed assets</b>					
Tangible assets	7	4,357,554		4,097,507	
<b>Current assets</b>					
Stocks	8	17,435		17,743	
Debtors	9	40,221		52,345	
Cash at bank and in hand		150,176		269,803	
		<u>207,832</u>		<u>339,891</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(290,963)</u>		<u>(423,054)</u>	
<b>Net current liabilities</b>			<u>(83,131)</u>		<u>(83,163)</u>
<b>Total assets less current liabilities</b>		4,274,423		4,014,344	
<b>Creditors: amounts falling due after more than one year</b>	11	<u>(2,271,771)</u>		<u>(1,982,558)</u>	
		<u>2,002,652</u>		<u>2,031,786</u>	
<b>Capital and reserves</b>					
Called up share capital	13	208,073		208,073	
Revaluation reserve	14	1,508,644		1,508,644	
Other reserves	14	18,088		18,088	
Profit and loss account	14	<u>267,847</u>		<u>296,981</u>	
<b>Shareholders' funds - equity interests</b>	15	<u>2,002,652</u>		<u>2,031,786</u>	

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board on 27 August 2004

  
M J Murray  
Director

  
N J Murray  
Director



**HALLMARK HOTELS LIMITED****CASH FLOW STATEMENT  
FOR THE YEAR ENDED 25 FEBRUARY 2004**

	Notes	£	2004 £	£	2003 £
<b>Net cash inflow from operating activities</b>	<b>18</b>		51,196		235,947
<b>Returns on investments and servicing of finance</b>					
Interest received		4,190		4,492	
Interest paid		(125,748)		(141,745)	
Costs of restructuring mortgage		-		(140,187)	
<b>Net cash outflow for returns on investments and servicing of finance</b>			(121,558)		(277,440)
<b>Taxation</b>			-		(144)
<b>Capital expenditure</b>					
Payments to acquire tangible assets		(313,752)		(268,037)	
Receipts from sales of tangible assets		200		350	
<b>Net cash outflow for capital expenditure</b>			(313,552)		(267,687)
<b>Equity dividends paid</b>			(22,875)		(22,875)
<b>Net cash outflow before management of liquid resources and financing</b>			(406,789)		(332,199)
<b>Financing</b>					
New long term bank loan		289,213		2,085,938	
Repayment of long term bank loan		-		(1,648,781)	
Capital element of hire purchase contracts		(2,051)		(1,609)	
<b>Net cash outflow from financing</b>			287,162		435,548
<b>(Decrease)/increase in cash in the year</b>	<b>19,20</b>		(119,627)		103,349

## **HALLMARK HOTELS LIMITED**

### **NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 25 FEBRUARY 2004**

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#### **1 Accounting policies**

##### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

##### **1.2 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

##### **1.3 Goodwill**

Goodwill, being the amount paid in connection with the acquisition of the business in 1985, was fully amortised in 1998.

##### **1.4 Tangible fixed assets and depreciation**

No depreciation is provided on freehold buildings as, in the opinion of the directors, the residual value of the buildings is in excess of the amount at which they are included in the accounts.

For all other fixed assets depreciation is calculated to write off their cost over their estimated useful lives on the following basis:

Land and buildings Freehold	
Motor yacht	10% per annum straight line
Fixtures, fittings & equipment	3-10 years straight line
Motor vehicles	20% per annum straight line

##### **1.5 Leasing and hire purchase commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### **1.6 Stock**

Stock is valued at the lower of cost and net realisable value.

##### **1.7 Pensions**

The company contributes to a defined contribution scheme and contributions are charged to the profit and loss account in the period in which they are due.

# HALLMARK HOTELS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (continued) FOR THE YEAR ENDED 25 FEBRUARY 2004

### 1 Accounting policies (continued)

#### 1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

No deferred tax asset has been recognised, in these financial statements as the conditions for recognition would not have been satisfied.

2 Operating profit	2004 £	2003 £
Operating profit is stated after charging:		
Depreciation of tangible assets	57,475	51,825
Loss on disposal of tangible assets	830	9,956
Auditors' remuneration	4,500	4,500

3 Interest payable	2004 £	2003 £
On bank loans and overdrafts	125,121	141,044
Hire purchase interest	627	701
	<u>125,748</u>	<u>141,745</u>

# **HALLMARK HOTELS LIMITED**

## **NOTES TO THE ABBREVIATED ACCOUNTS (continued)** **FOR THE YEAR ENDED 25 FEBRUARY 2004**

<b>4</b>	<b>Taxation</b>	<b>2004</b>	<b>2003</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	Adjustment for prior years	-	144
		<u>-</u>	<u>144</u>
	<b>Current tax charge</b>	<u>-</u>	<u>144</u>
	<b>Factors affecting the tax charge for the year</b>		
	Loss on ordinary activities before taxation	(6,259)	(128,721)
		<u>(6,259)</u>	<u>(128,721)</u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2003: 19.00%)	(1,189)	(24,457)
		<u>(1,189)</u>	<u>(24,457)</u>
	Effects of:		
	Depreciation add back	10,920	9,847
	Capital allowances	(14,929)	(13,501)
	Tax losses utilised	(796)	(177)
	Adjustments to previous periods	-	144
	Other tax adjustments	5,994	28,288
		<u>1,189</u>	<u>24,601</u>
	<b>Current tax charge</b>	<u>-</u>	<u>144</u>

The company has estimated losses of £ 1,222,634 (2003: £ 1,063,820) available for carry forward against future trading profits.

<b>5</b>	<b>Dividends</b>	<b>2004</b>	<b>2003</b>
		<b>£</b>	<b>£</b>
	Ordinary interim paid 21 August 2002	22,875	22,875
		<u>22,875</u>	<u>22,875</u>

**HALLMARK HOTELS LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS (continued)  
FOR THE YEAR ENDED 25 FEBRUARY 2004**

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**6 Intangible fixed assets**

	<b>Goodwill £</b>
<b>Cost</b>	
At 26 February 2003 & at 25 February 2004	200,000
	<hr/>
<b>Amortisation</b>	
At 26 February 2003 & at 25 February 2004	200,000
	<hr/>
<b>Net book value</b>	
At 26 February 2002 & at 25 February 2003	-
	<hr/> <hr/>

# HALLMARK HOTELS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (continued) FOR THE YEAR ENDED 25 FEBRUARY 2004

### 7 Tangible fixed assets

	Land and buildings Freehold £	Motor yacht £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 26 February 2003	3,985,968	45,000	809,338	-	4,840,306
Additions	236,766	-	76,986	4,800	318,552
Disposals	-	-	(1,030)	-	(1,030)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 25 February 2004	4,222,734	45,000	885,294	4,800	5,157,828
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Depreciation</b>					
At 26 February 2003	168,866	9,000	564,933	-	742,799
Charge for the year	-	4,500	52,015	960	57,475
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 25 February 2004	168,866	13,500	616,948	960	800,274
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net book value</b>					
At 25 February 2004	4,053,868	31,500	268,346	3,840	4,357,554
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 25 February 2003	3,817,102	36,000	244,405	-	4,097,507
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### Comparable historical cost for the land and buildings included at valuation:

	£
<b>Cost</b>	
At 26 February 2003	2,477,324
Additions	236,766
	<u>          </u>
At 25 February 2004	2,714,090
	<u>          </u>
<b>Depreciation based on cost</b>	
At 26 February 2003	154,778
Charge for the year	-
	<u>          </u>
At 25 February 2004	154,778
	<u>          </u>
<b>Net book value</b>	
At 25 February 2004	2,559,312
	<u>          </u>
At 25 February 2003	2,322,546
	<u>          </u>

**HALLMARK HOTELS LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS (continued)  
FOR THE YEAR ENDED 25 FEBRUARY 2004****7 Tangible fixed assets****(continued)***Included above are assets held under finance leases or hire purchase contracts as follows:*

	<b>Motor vehicles £</b>
<b>Net book values</b>	
At 25 February 2004	<u>3,840</u>
<b>Depreciation charge for the year</b>	
At 25 February 2004	<u>960</u>

**8 Stocks****2004  
£****2003  
£**

Finished goods and goods for resale

17,43517,743**9 Debtors****2004  
£****2003  
£**

Trade debtors

8,810

22,754

Other debtors

4,098

2,320

Prepayments and accrued income

27,313

27,271

40,22152,345

**HALLMARK HOTELS LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS (continued)  
FOR THE YEAR ENDED 25 FEBRUARY 2004**

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<b>10 Creditors: amounts falling due within one year</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	103,380	103,380
Net obligations under hire purchase contracts	2,749	-
Trade creditors	124,547	214,322
Taxes and social security costs	23,620	15,452
Directors' current accounts	-	34,012
Other creditors	13,271	33,851
Accruals and deferred income	23,396	22,037
	<hr/>	<hr/>
	290,963	423,054
	<hr/>	<hr/>
<b>Net obligations under finance leases and hire purchase contracts</b>		
Repayable within one year	3,122	-
Finance charges and interest allocated to future accounting periods	(373)	-
	<hr/>	<hr/>
	2,749	-
	<hr/>	<hr/>



**HALLMARK HOTELS LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS (continued)  
FOR THE YEAR ENDED 25 FEBRUARY 2004**

<b>11 Creditors: amounts falling due after more than one year</b>	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Bank loans	2,271,771	1,982,558
	<u>          </u>	<u>          </u>
<b>Analysis of loans</b>		
Not wholly repayable within five years by instalments:		
Mortgage	2,375,151	2,085,938
	<u>          </u>	<u>          </u>
	2,375,151	2,085,938
Included in current liabilities	(103,380)	(103,380)
	<u>          </u>	<u>          </u>
	2,271,771	1,982,558
	<u>          </u>	<u>          </u>
Instalments not due within five years	1,775,547	1,706,479
	<u>          </u>	<u>          </u>
<b>Loan maturity analysis</b>		
In more than one year but not more than two years	103,380	103,380
In more than two years but not more than five years	496,224	276,079
In more than five years	1,775,547	1,706,479
	<u>          </u>	<u>          </u>

The bank mortgage is for a period of 20 years, secured by a specific fixed and floating legal mortgage over the assets of the company, the legal assignment of a "keyman" policy over N J Murray Esq for £200,000 and M J Murray and N J Murray have provided a joint and severally liable guarantee for £280,000.

Interest is charged at a rate of 2% above the banks base rate.

**12 Pension costs****Defined contribution**

	<b>2004</b>	<b>2003</b>
	<b>£</b>	<b>£</b>
Contributions payable by the company for the year	24,198	24,431
	<u>          </u>	<u>          </u>

# **HALLMARK HOTELS LIMITED**

## **NOTES TO THE ABBREVIATED ACCOUNTS (continued)** **FOR THE YEAR ENDED 25 FEBRUARY 2004**

<b>13 Share capital</b>		<b>2004</b>	<b>2003</b>
		<b>£</b>	<b>£</b>
<b>Authorised</b>			
250,000 Ordinary of £1 each		250,000	250,000
		<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>			
208,073 Ordinary of £1 each		208,073	208,073
		<u>          </u>	<u>          </u>
<b>14 Statement of movements on reserves</b>			
	<b>Revaluation reserve</b>	<b>Other reserves (see below)</b>	<b>Profit and loss account</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance at 26 February 2003	1,508,644	18,088	296,981
Retained loss for the year	-	-	(29,134)
	<u>          </u>	<u>          </u>	<u>          </u>
Balance at 25 February 2004	1,508,644	18,088	267,847
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Other reserves</b>			
<b>Reserves provided for by the Articles of Association</b>			
Balance at 26 February 2003 & at 25 February 2004		18,088	
		<u>          </u>	
<b>15 Reconciliation of movements in shareholders' funds</b>		<b>2004</b>	<b>2003</b>
		<b>£</b>	<b>£</b>
Loss for the financial year		(6,259)	(128,865)
Dividends		(22,875)	(22,875)
		<u>          </u>	<u>          </u>
		(29,134)	(151,740)
Other recognised gains and losses		-	(198,900)
		<u>          </u>	<u>          </u>
Net depletion in shareholders' funds		(29,134)	(350,640)
Opening shareholders' funds		2,031,786	2,382,426
		<u>          </u>	<u>          </u>
Closing shareholders' funds		2,002,652	2,031,786

**HALLMARK HOTELS LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS (continued)  
FOR THE YEAR ENDED 25 FEBRUARY 2004**

<b>16 Directors' emoluments</b>	<b>2004 £</b>	<b>2003 £</b>
<i>Emoluments for qualifying services</i>	128,797	123,182
<i>Company pension contributions to money purchase schemes</i>	6,825	5,300
	<u>135,622</u>	<u>128,482</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2003- 2).

**17 Employees****Number of employees**

The average monthly number of employees (including directors) during the year was:

	<b>2004 Number</b>	<b>2003 Number</b>
Management	6	6
Service staff	90	89
	<u>96</u>	<u>95</u>

**Employment costs**

	<b>£</b>	<b>£</b>
Wages and salaries	986,695	993,252
Social security costs	89,563	70,689
Other pension costs	24,198	24,431
	<u>1,100,456</u>	<u>1,088,372</u>

# HALLMARK HOTELS LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS (continued) FOR THE YEAR ENDED 25 FEBRUARY 2004

18	Reconciliation of operating profit to net cash inflow from operating activities	2004	2003
		£	£
	Operating profit	115,299	148,719
	Depreciation of tangible assets	57,475	51,825
	Loss on disposal of tangible assets	830	9,956
	Decrease/(increase) in stocks	308	(4,832)
	Decrease in debtors	12,124	23,920
	(Decrease)/Increase in creditors within one year	(134,840)	6,359
	<b>Net cash inflow from operating activities</b>	<b>51,196</b>	<b>235,947</b>

19	Analysis of net (debt)/funds	26 February 2003	Cash flow	Other non-cash changes	25 February 2004
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	269,803	(119,627)	-	150,176
	Finance leases	-	2,051	(4,800)	(2,749)
	Debts falling due within one year	(103,380)	-	-	(103,380)
	Debts falling due after one year	(1,982,558)	(289,213)	-	(2,271,771)
		(2,085,938)	(287,162)	(4,800)	(2,377,900)
	Net debt	(1,816,135)	(406,789)	(4,800)	(2,227,724)

20	Reconciliation of net cash flow to movement in net debt	2004	2003
		£	£
	(Decrease)/increase in cash in the year	(119,627)	103,349
	Cash inflow from increase in debt and lease financing	(287,162)	(435,549)
	Change in net debt resulting from cash flows	(406,789)	(332,200)
	New finance lease	(4,800)	-
	<b>Movement in net debt in the year</b>	<b>(411,589)</b>	<b>(332,200)</b>
	Opening net debt	(1,816,135)	(1,483,935)
	<b>Closing net debt</b>	<b>(2,227,724)</b>	<b>(1,816,135)</b>