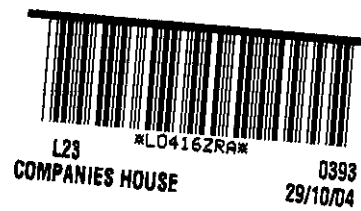


Company registration no: 2022782



**ETROP GRANGE LIMITED**

**Financial statements  
31 December 2003**

# **ETROP GRANGE LIMITED**

## **Financial statements for the year ended 31 December 2003**

<b>Contents</b>	<b>Page</b>
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4-5
Profit and loss account	6
Statement of total recognised gains and losses	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9-16

# **ETROP GRANGE LIMITED**

## **Officers and professional advisers**

### **Directors**

Y-K Loy

P Kirschner

P V Pillay (appointed 13 June 2004)

M Tan (appointed 13 June 2004)

### **Secretary**

P V Pillay

### **Registered office**

Blakelands House

Yeomans Drive

Blakelands

Milton Keynes

MK14 5HG

### **Bankers**

Bank of Scotland plc

38 Threadneedle Street

London

EC2P 2EH

### **Solicitors**

Fennemores

200 Silbury Boulevard

Central Milton Keynes

MK9 1LL

### **Auditors**

Chantrey Vellacott DFK

Chartered Accountants

Russell Square House

10-12 Russell Square

London

WC1B 5LF

# **ETROP GRANGE LIMITED**

## **Directors' report for the year ended 31 December 2003**

The directors present their report and the audited financial statements for the year ended 31 December 2003.

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

The principal activity of the company is the operation of a hotel and related leisure facilities.

The results for the year ended 31 December 2003 are set out on page 6. The directors consider the results to be satisfactory and prospects for 2004 are encouraging.

### **Dividends**

The directors do not recommend the payment of a dividend (2002 : £nil).

### **Directors and their interests**

The directors who served the company during the year were as follows:

Y-K Loy  
P Kirschner

None of the directors of the company at 31 December 2003 had any interests in the shares of the company during the financial year.

The interests of the directors in the parent company are given in the directors' report of that company.

### **Auditors**

A resolution for the re-appointment of Chantrey Vellacott DFK as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

  
P Kirschner

Director

27 October 2004

# **ETROP GRANGE 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 as at the end of the financial year 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;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a 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.

# **ETROP GRANGE LIMITED**

## **Independent auditors' report to the shareholders of Etrop Grange Limited**

We have audited the financial statements of Etrop Grange Limited for the year ended 31 December 2003, which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow statement and related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 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.

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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board of the Financial Reporting Council. 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.

# ETROP GRANGE LIMITED

## Independent auditors' report to the shareholders of Etrop Grange Limited

### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Chantrey Vellacott DFK*

CHANTREY VELLACOTT DFK

Chartered Accountants  
Registered Auditors

LONDON

*29 October 2004*

# ETROP GRANGE LIMITED

## Profit and loss account for the year ended 31 December 2003

	Notes	2003 £	2002 £
Turnover	2	2,748,308	2,724,832
Cost of sales		(1,033,696)	(956,916)
<b>Gross profit</b>		<b>1,714,612</b>	<b>1,767,916</b>
Administrative expenses		(907,104)	(1,027,585)
<b>Operating profit</b>	4	<b>807,508</b>	<b>740,331</b>
Interest receivable	5	4,010	16,921
Interest payable and similar charges	6	(5,251)	(77,500)
<b>Profit on ordinary activities before taxation</b>		<b>806,267</b>	<b>679,752</b>
Tax on profit on ordinary activities	7	(4,108)	(187,055)
<b>Retained profit for the financial year</b>	16	<b>802,159</b>	<b>492,697</b>

All activities derive from continuing operations.

There is no material difference between the results reported above and those which would be reported on an unmodified historical cost basis.

## Statement of total recognised gains and losses

	2003 £	2002 £
Profit for the year	802,159	492,697
Prior year adjustment on the adoption of FRS19	-	159,807
<b>Total recognised gains since previous year end</b>	<b>802,159</b>	<b>652,504</b>

The notes on pages 9 to 16 form part of these financial statements.



# ETROP GRANGE LIMITED

## Balance sheet as at 31 December 2003

	Notes	2003 £	2002 £
<b>Fixed assets</b>			
Tangible assets	8	<u>7,838,182</u>	<u>8,007,433</u>
<b>Current assets</b>			
Stocks	9	13,002	21,199
Debtors	10	170,615	133,568
Cash at bank and in hand		<u>93,294</u>	<u>500,340</u>
		<b>276,911</b>	<b>655,107</b>
<b>Creditors: amounts falling due within one year</b>	11	<b>(935,514)</b>	<b>(2,081,143)</b>
<b>Net current liabilities</b>		<b>(658,603)</b>	<b>(1,426,036)</b>
<b>Total assets less current liabilities</b>		<b>7,179,579</b>	<b>6,581,397</b>
<b>Creditors: amounts falling due after more than one year</b>	12	-	<b>(220,000)</b>
Provision for liabilities and charges	13	<u>(46,657)</u>	<u>(30,634)</u>
		<b>7,132,922</b>	<b>6,330,763</b>
<b>Capital and reserves</b>			
Called up share capital	14	1,800,000	1,800,000
Share premium account	15	35,345	35,345
Revaluation reserve	15	2,870,882	2,873,612
Profit and loss account	15	2,426,695	1,621,806
<b>Equity shareholders' funds</b>	16	<b>7,132,922</b>	<b>6,330,763</b>

These financial statements were approved by the Board of Directors on 27 October 2004

Signed on behalf of the Board of Directors

  
P Kirschner  
Director

The notes on pages 9 to 16 form part of these financial statements.

# ETROP GRANGE LIMITED

## Cash flow statement For the year ended 31 December 2003

	Note	2003 £	2002 £
<b>Net cash (outflow) / inflow from operating activities</b>	17	<b>(289,267)</b>	2,361,190
<b>Returns on investments and servicing of finance</b>			
Interest received		4,010	16,921
Interest paid		(5,251)	(77,500)
		<b>(1,241)</b>	(60,579)
Taxation		<b>(103,855)</b>	(176,186)
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		<b>(12,683)</b>	(48,416)
Equity dividends paid		-	(39,694)
		<b>(12,683)</b>	(88,110)
<b>Financing</b>			
Repayment of bank loan		-	(2,046,011)
		-	(2,046,011)
<b>Decrease in cash</b>	18	<b>(407,046)</b>	(9,696)

The notes on pages 9 to 16 form part of these financial statements.

# ETROP GRANGE LIMITED

## Notes to the financial statements For the year ended 31 December 2003

### 1. Accounting policies

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

#### Accounting convention

The accounts have been prepared under the historical cost convention as modified by the revaluation of freehold properties.

Corus Hotels plc has confirmed to the directors that it intends to ensure that the company has sufficient funds to enable it to meet its liabilities as they fall due, and accordingly the directors have adopted the going concern basis in preparing the financial statements.

#### Tangible fixed assets and depreciation

The freehold land and building is stated at cost or valuation, less depreciation. All other fixed assets are stated at cost less depreciation. When implementing FRS 15 'Tangible fixed Assets' in the year to 31 December 2000, the transitional rules of FRS15 were applied so that the carrying value of the property included an element resulting from previous valuations. The hotel has also been reviewed for impairment and none have been found. In accordance with FRS 15, where an impairment is recognised against a prior revaluation surplus, such impairments are taken to the revaluation reserve. Excess of impairment over prior revaluation surpluses are taken to the profit and loss account.

No depreciation has been provided on land.

The cost or valuation of fixed assets is written off on a straight line basis as below:

Freehold buildings	Between 50-150 years
Plant and machinery	Between 3-25 years
Fixtures and fittings	Between 3 and 15 years
Motor vehicle	4 years

#### Deferred taxation

FRS 19 'Deferred tax' requires full provision, subject to certain exceptions, for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and for tax purposes.

In applying FRS19, deferred tax provisions have been calculated on a discounted basis. FRS 19 has no impact on cash flows.

#### Stocks

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

#### Pensions costs

Certain employees are members of the Corus Hotels plc defined contribution pension scheme which provides pensions on retirement of staff. Contributions are charged to the profit and loss account as incurred.

# ETROP GRANGE LIMITED

## Notes to the financial statements For the year ended 31 December 2003

### 2. Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities, after deduction of value added tax. The turnover, all of which arises in the United Kingdom, and profit before taxation and net assets attributable to one activity, the operation of hotels and restaurants and the provision of conference and leisure related facilities.

### 3. Information regarding directors and employees

#### Directors

None of the directors received any remuneration in respect of their services as directors of the company in the current or preceding financial years.

	2003 No.	2002 No.
<b>Employees</b>		
Average number of persons employed:		
Hotel, administration and sales	62	58

	2003 £	2002 £
<b>Staff costs</b>		
Wages and salaries	730,432	694,131
Employer's social security costs	50,880	47,691
Other pension costs	1,576	3,195
	<b>782,888</b>	<b>745,017</b>

4. <b>Operating profit</b>	2003 £	2002 £
----------------------------	-----------	-----------

#### Operating profit is stated after charging:

Hire of plant and machinery	4,400	545
Depreciation - owned assets	181,934	192,468
Auditors' remuneration - audit services	7,500	7,617

5. <b>Interest receivable</b>	2003 £	2002 £
Bank interest	4,010	16,921

# ETROP GRANGE LIMITED

## Notes to the financial statements For the year ended 31 December 2003

<b>6. Interest payable and similar charges</b>	<b>2003</b>	<b>2002</b>
	£	£
Bank loans	5,251	-
Loans from parent undertaking	-	77,500
	<u>5,251</u>	<u>77,500</u>
<b>7. Tax on profit on ordinary activities</b>		
<b>(a) Analysis of charge in period</b>	<b>2003</b>	<b>2002</b>
	£	£
<b>Current tax:</b>		
UK corporation tax on profits of the period	-	171,064
Adjustments in respect of previous periods	(11,915)	(19,604)
Total current tax (note 7(b))	<u>(11,915)</u>	<u>151,460</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	24,524	45,220
Increase in discount	(16,228)	(9,625)
Adjustment in respect of previous periods	7,727	-
Total deferred tax	<u>16,023</u>	<u>35,595</u>
Tax on profits on ordinary activities	<u>4,108</u>	<u>187,055</u>
<b>(b) Factors affecting tax charge for period</b>		
The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30% The differences are explained below:		
	<b>2003</b>	<b>2002</b>
	£	£
Profit on ordinary activities before tax	<u>806,267</u>	<u>679,752</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002 : 30%)	241,880	203,926
Effects of:		
Expenses not deductible for tax purposes	28,128	46,759
Capital allowances for period in (excess) of qualifying depreciation	(24,524)	(45,409)
Group relief (claimed)/surrendered	(245,484)	(34,212)
Adjustments to tax charge in respect of previous periods	(11,915)	(19,604)
Current tax for period (note 7(a))	<u>(11,915)</u>	<u>151,460</u>

# ETROP GRANGE LIMITED

## Notes to the financial statements For the year ended 31 December 2003

### 8. Tangible fixed assets

	Freehold hotel property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 January 2003	7,444,552	285,394	1,384,976	8,500	9,123,422
Additions	-	-	12,683	-	12,683
Disposals	-	-	-	(8,500)	(8,500)
<b>At 31 December 2003</b>	<b>7,444,552</b>	<b>285,394</b>	<b>1,397,659</b>	<b>-</b>	<b>9,127,605</b>
<b>Depreciation</b>					
At 1 January 2003	32,622	185,135	889,732	8,500	1,115,989
Charge for the year	7,053	20,108	154,773	-	181,934
Disposals	-	-	-	(8,500)	(8,500)
<b>At 31 December 2003</b>	<b>39,675</b>	<b>205,243</b>	<b>1,044,505</b>	<b>-</b>	<b>1,289,423</b>
<b>Net book value</b>					
<b>At 31 December 2003</b>	<b>7,404,877</b>	<b>80,151</b>	<b>353,154</b>	<b>-</b>	<b>7,838,182</b>
At 31 December 2002	7,411,930	100,259	495,244	-	8,007,433

The hotel property was revalued on 20 January 2000 on a market value for existing use basis by the surveyors Hartnell Taylor Cook.

The cost of the freehold property is £ 4,537,150 (2002 : £4,537,150).

The cost of the freehold property includes interest capitalised amounting to £186,096 (2002: £186,096)

### 9. Stocks

	2003 £	2002 £
Food and beverage stocks	<u>13,002</u>	<u>21,199</u>

# ETROP GRANGE LIMITED

## Notes to the financial statements For the year ended 31 December 2003

<b>10. Debtors</b>	<b>2003</b>	<b>2002</b>
	£	£
Trade debtors	<b>136,961</b>	83,201
Corporation tax recoverable	<b>852</b>	-
Prepayments and accrued income	<b>32,802</b>	50,367
	<b>170,615</b>	<b>133,568</b>
<b>11. Creditors: amounts falling due within one year</b>	<b>2003</b>	<b>2002</b>
	£	£
Trade creditors	<b>107,295</b>	119,810
Amounts owed to group undertaking	<b>634,237</b>	1,730,222
Corporation tax	-	114,918
Other taxation and social security	<b>72,009</b>	44,734
Other creditors	<b>52,514</b>	42,211
Accruals and deferred income	<b>69,459</b>	29,248
	<b>935,514</b>	<b>2,081,143</b>
<b>12. Creditors: amounts falling due after more than one year</b>	<b>2003</b>	<b>2002</b>
	£	£
Amounts owed to group undertakings	-	220,000

The loan from the parent company was subject to interest charged at 7.5% and was fully repaid in the year.

# ETROP GRANGE LIMITED

## Notes to the financial statements For the year ended 31 December 2003

13. Provision for liabilities and charges	2003 £	2002 £
<b>Provision for deferred tax</b>		
Accelerated capital allowances	302,702	277,897
General provisions	-	-
Undiscounted provision for deferred tax	302,702	277,897
Discount	(256,045)	(247,263)
Discounted provision for deferred tax	46,657	30,634
Provision at start of year	30,634	(4,961)
Adjustment in respect of previous periods	7,727	-
Deferred tax charge in profit and loss account for period	8,296	35,595
Provision at end of year	46,657	30,634

No provision has been made for deferred tax on gains recognised on revaluing property and other assets to their market value or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if properties were sold without it being possible to claim rollover relief or utilise capital losses or trading losses within the Corus group. It is not envisaged that any tax will become payable in the foreseeable future.

At the balance sheet date the potential tax liability on revaluation surpluses and previous relief was £862,000 (2002 : £862,000) and the tax value of available capital losses in the Corus group was £4,638,000 (2002 : £4,501,000).

14. Called up share capital	2003 £	2002 £
<b>Authorised share capital:</b>		
1,800,000 ordinary shares of £1.00 each	1,800,000	1,800,000
600,000 'A' ordinary shares of £1.00	600,000	600,000
	2,400,000	2,400,000
<b>Called up, allotted, and fully paid:</b>		
1,200,000 Ordinary shares of £1.00 each	1,200,000	1,200,000
600,000 'A' ordinary shares of £1.00 each	600,000	600,000
	1,800,000	1,800,000

The 'A' ordinary shares carry voting rights equal to two Ordinary shares of £1 each.



# ETROP GRANGE LIMITED

## Notes to the financial statements For the year ended 31 December 2003

### 15. Statement of movements on reserves

	Share premium account £	Revaluation reserve £	Profit and loss reserve £
At 1 January 2003	35,345	2,873,612	1,621,806
Retained profit for the year	-	-	802,159
Difference between a historical depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	-	(2,730)	2,730
<b>At 31 December 2003</b>	<b>35,345</b>	<b>2,870,882</b>	<b>2,426,695</b>

### 16. Reconciliation of movement in shareholders' funds

	2003 £	2002 £
Opening shareholders' funds	6,330,763	5,838,066
Retained profit for the year	802,159	492,697
<b>Closing shareholders' funds</b>	<b>7,132,922</b>	<b>6,330,763</b>

### 17. Reconciliation of operating profit to net cash inflow from operating activities

	2003 £	2002 £
Operating profit	807,508	740,331
Depreciation	181,934	192,468
Decrease in stocks	8,197	1,501
(Increase) / Decrease in debtors	(36,195)	187,820
(Decrease) / Increase in creditors	(1,250,711)	1,239,070
	<b>(289,267)</b>	<b>2,361,190</b>

# ETROP GRANGE LIMITED

## Notes to the financial statements For the year ended 31 December 2003

18. Reconciliation of net cash flow to movement in net funds	2003 £	2002 £
Decrease in cash in the year	(407,046)	(9,696)
Net cash outflow in repayment of bank loans	-	2,046,011
Change in net funds	(407,046)	2,036,315
Net funds at 1 January 2003	500,340	(1,535,975)
<b>Net funds at 31 December 2003</b>	<b>93,294</b>	<b>500,340</b>

19. Analysis of changes in net debt	At 1 January 2003 £	Cash flows £	At 31 December 2003 £
Net cash:			
Cash in hand and at bank	500,340	(407,046)	93,294

### 20. Related party transactions

The company is taking advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8, Related Party Disclosures, not to disclose transactions with group companies which are related parties.

### 21. Ultimate parent company

The immediate parent company is Patrolmake Limited, a company incorporated in England and Wales.

The immediate parent company is London Vista Hotels Limited, a company incorporated in England and Wales.

The ultimate company is Malayan United Industries Berhad, a company incorporated in Malaysia.