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WOODHOUSE SECURITIES LIMITED
(FORMERLY WOODHOUSE SERVICES LIMITED)
DIRECTORS' REPORT AND ACCOUNTS

31ST JULY, 1988

PEAT MARWICK McLINTOCK
NORFOLK HOUSE
499 SILBURY BOULEVARD
CENTRAL MILTON KEYNES
MK9 2HA



WOODHOUSE SECURITIES LIMITED
(FORMERLY WOODHOUSE SERVICES LIMITED)

REPORT OF THE DIRECTORS

The Directors present their first report and the audited accounts of the Company for the period from the date of incorporation on 20th May, 1987 to 31st July, 1988.

DIRECTORS

The directors who served throughout the period were as follows:-

D.G. Benson
R.J. Wetherall
L.R. Biggs (resigned 15th May, 1988)
L.R. Angell (appointed 19th July, 1988)
R.K. Vickery

None of the directors had an interest in the shares of the company during the period.

PRINCIPAL ACTIVITY

The principal activity is that of a hotel proprietor.

FIXED ASSETS

Fixed assets are detailed in note 7 to the accounts. The significant additions relate to the purchase of a hotel during the year.

REVIEW OF THE BUSINESS

The results of the company are as stated on page 4 of the accounts. The directors expect the company to trade profitably in the near future.

DIVIDENDS

The directors do not recommend the payment of a dividend.

POST BALANCE SHEET EVENTS AND FUTURE DEVELOPMENTS

Since the end of the financial period the company has acquired two further hotels and further acquisitions are planned. A site for future hotel development near Canterbury has also been acquired and discussions have commenced regarding the possible acquisition of the company that manages the hotels currently owned.

TAX STATUS

The directors consider that the company is a 'close company' within the meaning of the Income and Corporation Taxes Act 1988.

WOODHOUSE SECURITIES LIMITED
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REPORT OF THE DIRECTORS

AUDITORS

In accordance with section 384 of the Companies Act 1985, a resolution for the reappointment of Peat Marwick McLintock as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

A handwritten signature in dark ink, appearing to read "Paul A. Clark". The signature is written in a cursive, flowing style.

Secretary

REPORT OF THE AUDITORS TO THE MEMBERS OF

WOODHOUSE SECURITIES LIMITED

We have audited the accounts on pages 4 to 10 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 31st July, 1988 and of the loss and source and application of funds of the company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Milton Keynes

Reat Arnold Ashmole

Chartered Accountants

Set 0 to 10 1989

WOODHOUSE SECURITIES LIMITED
(FORMERLY WOODHOUSE SERVICES LIMITED)

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31ST JULY, 1988

	<u>Note</u>	<u>1988</u> <u>£</u>
TURNOVER	1(b)	1,107,847
Cost of sales		(423,846)
		<hr/> 684,001
GROSS PROFIT		
Administrative expenses		(701,142)
		<hr/> (17,141)
OPERATING LOSS		
Other interest receivable and similar income	4	2,348
Interest payable and similar charges	3	(84,054)
		<hr/> (98,847)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	
Tax on loss on profit on ordinary activities	6	37,233
		<hr/>
LOSS FOR THE FINANCIAL PERIOD AND ACCUMULATED AT THE END OF THE FINANCIAL PERIOD		<u>(61,614)</u>

The notes on pages 7 to 10 form part of these accounts.

WOODHOUSE SECURITIES LIMITED
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BALANCE SHEET AT 31ST JULY, 1988

	<u>Note</u>	<u>1988</u> <u>£</u>
FIXED ASSETS		
Tangible assets	7	2,233,503
CURRENT ASSETS		
Stocks	8	37,546
Debtors	9	147,967
Cash at bank and in hand		78,993
		<hr/> 264,506
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	(1,559,623)
NET CURRENT LIABILITIES		(1,295,117)
		<hr/> (1,305,001)
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 938,386
CAPITAL AND RESERVES		
Called up share capital	12	1,000,000
Profit and loss account		(51,614)
		<hr/> 938,386

These accounts were approved by the board
of directors on 5th October 1989

David Spencer)
Shugell) Directors

The notes on pages 7 to 10 form part of these accounts.

WOODHOUSE SECURITIES LIMITED
(FORMERLY WOODHOUSE SERVICES LIMITED)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE PERIOD ENDED 31ST JULY, 1988

	<u>1988</u> <u>£</u>
SOURCE OF FUNDS	
Loss on ordinary activities before taxation	(98,847)
Adjustment for items not involving the movement of funds:	
Depreciation	16,892
	<u>(81,955)</u>
TOTAL ABSORBED BY OPERATIONS	
FUNDS FROM OTHER SOURCES	
Sale proceeds of fixed assets	280
Issue of share capital	1,000,000
	<u>1,000,280</u>
APPLICATION OF FUNDS	
Purchase of fixed assets	(2,250,675)
DECREASE IN WORKING CAPITAL	<u>(1,332,350)</u>
COMPONENTS OF INCREASE IN WORKING CAPITAL	
Increase in stocks	37,546
Increase in debtors	110,734
Increase in bank loans and overdraft	(62,848)
Increase in creditors	(1,496,775)
Movement in net liquid funds:	
Increase in cash at bank and in hand	78,993
	<u>(1,332,350)</u>

WOODHOUSE SECURITIES LIMITED
(FORMERLY WOODHOUSE SERVICES LIMITED)

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The following significant accounting policies have been consistently applied in dealing with items which are considered material in relation to the company's accounts:

(a) Basis of preparation of accounts

The accounts have been prepared under the historical cost convention and on the going concern basis.

(b) Turnover

Turnover, which excludes value added tax, represents the sales value of goods and services supplied in the United Kingdom.

(c) Depreciation

Depreciation of fixed assets is provided for on a straight line basis applied to original cost at rates estimated to write off each asset over its remaining useful life. For the purposes of calculating depreciation, the effective annual rates for the classes of assets currently held are as follows:

Fixtures and fittings	15% - 25%
Motor vehicles	25%
Plant and equipment	10% - 25%

No depreciation is provided on freehold land and buildings on the basis that the level of maintenance expenditure charged is sufficient to maintain the properties in good condition and at a value not lower than its current carrying value.

(d) Stocks

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

(e) Capitalisation of interest

Interest incurred in borrowings to finance specific capital projects is capitalised.

WOODHOUSE SECURITIES LIMITED
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NOTES TO THE ACCOUNTS

2. STAFF NUMBERS AND COSTS

The average number of persons employed by the company (including directors) during the period was 86.

The aggregate payroll costs of these persons were as follows;

	<u>1988</u>
	<u>£</u>
Wages and salaries	291,036
Social security costs	36,891
	<u>327,927</u>

None of the directors received any emoluments from the company.

3. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1988</u>
	<u>£</u>
On bank loans and overdrafts repayable within five years	64,500
Group interest	19,554
	<u>84,054</u>

4. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>1988</u>
	<u>£</u>
Bank Interest	2,348

5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss before taxation is arrived at after charging:

	<u>1988</u>
	<u>£</u>
Depreciation of tangible fixed assets	16,892
Auditors' remuneration and expenses	5,162

WOODHOUSE SECURITIES LIMITED
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NOTES TO THE ACCOUNTS

6. TAXATION

	<u>1988</u> £
Amounts receivable in respect of consortium relief at 35%	37,233

7. TANGIBLE FIXED ASSETS

	<u>Freehold land and buildings</u> £	<u>Fixtures and fittings</u> £	<u>Plant and equipment</u> £	<u>Total</u> £
Cost:				
Additions	2,133,645	81,181	35,849	2,250,675
Disposals	-	(280)	-	(280)
	<u>2,133,645</u>	<u>80,901</u>	<u>35,849</u>	<u>2,250,395</u>
Depreciation:				
Charge for the year	-	11,068	5,824	16,892
	<u>-</u>	<u>11,068</u>	<u>5,824</u>	<u>16,892</u>
At 31st July, 1988	2,133,645	69,833	30,025	2,233,503

Included in freehold land and buildings are assets in the course of construction valued at £70,862.

8. STOCKS

	<u>1988</u> £
Finished goods and goods for resale	37,546

9. DEBTORS

	<u>1988</u> £
Trade debtors	98,939
Prepayments and accrued income	11,795
Amounts owed by related companies	37,233
	<u>147,967</u>

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NOTES TO THE ACCOUNTS

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1988</u> <u>£</u>
Bank loans and overdrafts	52,848
Trade creditors	80,504
Amounts due to related companies	1,255,033
Other creditors including taxation and social security	161,233
	<u>1,559,623</u>

11. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax

The deferred tax provided and full potential liability are as follows:

	<u>Provided</u> <u>£</u>	<u>Full Potential</u> <u>Liabilities</u> <u>£</u>
Accelerated capital allowances	-	9,956

12. SHARE CAPITAL

	<u>1988</u> <u>£</u>
Authorised: 2,000,000 ordinary shares of £1 each	2,000,000
Issued, called up and fully paid: 1,000,000 ordinary shares of £1 each	1,000,000

13. CAPITAL COMMITMENTS

As at 31st July, 1988 there were capital commitments of £1,000,000.

14. JOINT VENTURE AGREEMENT

In accordance with a Joint Venture agreement dated 20th November 1987, the company is jointly owned by Voyager Group Limited and John Laing (Overseas) Limited, both companies being incorporated in England, the ultimate holding company of the latter being John Laing PLC, a company incorporated in England.