

LTH-GROUP OF HOTELS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 28 FEBRUARY 1998

COMPANY NUMBER: 02182560



**Blackstone
Franks**

LTH- GROUP OF HOTELS LIMITED

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AUDITORS' REPORT TO THE
SHAREHOLDERS OF LTH-GROUP OF HOTELS LIMITED
Under Section 247B of the Companies Act 1995

We have examined the abbreviated accounts on pages 3 to 6 together with accounts of the LTH-Group of Hotels Limited for the year ended 28 February 1998, prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 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 sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the accounts, 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 accounts.

Opinion

In our opinion, the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 3 to 6 have been properly prepared in accordance with those provisions.

Other information

On 13 July 1998 we reported, as auditors to the shareholders of the company on the full statutory accounts prepared under section 226 of the Companies Act 1985 and our audit report [under section 235 of the Companies Act 1985] was as follows:

"We have audited the financial statements on pages 3 to 11 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets on the basis of the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the director 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. However, the evidence available to us was limited in respect of valuation of £89,015 included in freehold properties and £126,993 included in leasehold properties. These were at the director's valuation. There were no other satisfactory audit procedures that we could adopt to confirm these values.

In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

AUDITORS' REPORT TO THE
SHAREHOLDERS OF LTH-GROUP OF HOTELS LIMITED
Under Section 247B of the Companies Act 1995

Qualified opinion arising from disagreement about accounting treatment

No provision has been made for amortisation of freehold buildings. This is not in accordance with the requirements of Statement of Standard Accounting Practice No.12 and Schedule 4 of the Companies Act 1985. It is not possible to quantify the effect on the accounts of such non-compliance.

Except for the above and for any adjustment that might have been found to be necessary had we been able to obtain sufficient evidence concerning the valuation of the freehold and leasehold properties, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 28 February 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



Blackstone Franks & Co.
Chartered Accountants and
Registered Auditors

Barbican House
26-34 Old Street
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Date: 13 July 1998

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LTH-GROUP OF HOTELS LIMITED

ABBREVIATED BALANCE SHEET

AS AT 28 FEBRUARY 1998

	Notes	£	1998 £	£	1997 £
Fixed Assets					
Tangible fixed assets	2		4,010,537		3,578,854
Current Assets					
Stocks		7,255		3,416	
Debtors		219,533		172,302	
Cash at bank and in hand		<u>92,393</u>		<u>35,942</u>	
		319,181		211,660	
Creditors: Amounts Falling Due Within One Year	3	<u>(512,711)</u>		<u>(463,366)</u>	
Net Current Liabilities			<u>(193,530)</u>		<u>(251,706)</u>
Total Assets Less Current Liabilities			3,817,007		3,327,148
Creditors: Amounts Falling Due After More Than One Year	3		<u>(1,569,375)</u>		<u>(1,244,284)</u>
			<u>2,247,632</u>		<u>2,082,864</u>
Capital and Reserves					
Share capital	4	501,000		501,000	
Revaluation reserve		1,227,804		1,328,196	
Profit and loss account		<u>518,828</u>		<u>253,668</u>	
Shareholders' Funds			<u>2,247,632</u>		<u>2,082,864</u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

These abbreviated accounts were approved by the board on 13 July 1998 and signed on its behalf.


 Mr. K.D. Shah
 Director

LTH-GROUP OF HOTELS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 28 FEBRUARY 1998

1. Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of the leasehold and freehold properties.

Depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land over their expected useful lives. The rates and periods applicable are:

Leasehold properties	Over the term of the lease
Plant and machinery	25% reducing balance
Motor vehicles	25% straight line

Stock

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

Deferred Taxation

Deferred tax is provided on the liability method on using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Profit and Loss Account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the Profit and Loss Account on a straight line basis over the lease term.

LTH-GROUP OF HOTELS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 28 FEBRUARY 1998

2. Tangible Fixed Assets

	Total £
Cost:	
As at 1 March 1997	344,257
Valuation as at 1 March 1997	3,558,144
Additions at cost	<u>619,856</u>
As at 28 February 1998	<u>4,522,257</u>
Depreciation:	
As at 1 March 1997	323,547
Charge for the year	<u>188,173</u>
As at 28 February 1998	<u>511,720</u>
Net Book Value:	
As at 28 February 1998	<u>£4,010,537</u>
As at 29 February 1997	<u>£3,578,853</u>

Land and buildings includes £3,667,500 valued at open market value by a firm of professional chartered surveyors who are members of RICS. The directors valued the land and buildings at an additional £460,077, and this has been incorporated as above.

Assets held under finance lease originally cost £75,137 (1997: £75,137) and have a net book value of £37,569 (1997: £56,353).

On the historical cost basis, freehold properties and short leasehold properties would have been stated as follows:

	Freehold Property £	Short Leasehold Property £
Cost		
As at 1 March 1997	2,215,117	14,831
Additions	<u>569,433</u>	<u>-</u>
As at 28 February 1998	<u>2,784,550</u>	<u>14,831</u>
Accumulated depreciation based on cost		
As at 1 March 1997	<u>101,532</u>	<u>2,966</u>
As at 28 February 1998	<u>101,532</u>	<u>4,449</u>

LTH-GROUP OF HOTELS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 28 FEBRUARY 1998

3. Creditors (includes the following)	1998	1997
	£	£
Bank loan not wholly repayable within five years:		
- repayable within five years	841,007	379,207
- repayable after five years	524,866	610,400
	1,365,873	989,607
Bank overdraft	152,213	98,826
	£1,518,086	£1,088,433

The bank loan and overdraft are secured.

4. Share Capital	1998	1997
	£	£
Authorised		
1,000,000 Ordinary shares of £1.00 each	1,000,000	1,000,000
	1,000,000	1,000,000
Allotted		
501,000 Allotted, called up and fully paid ordinary shares of £1 each	501,000	501,000

5. Related Parties

The company's immediate parent undertaking is Castle Hotels Limited a company incorporated in England.

The ultimate parent company is Auro Trading Investments Establishment, an Anstalt. The ultimate controlling party is Auro Trust, which is an offshore trust.