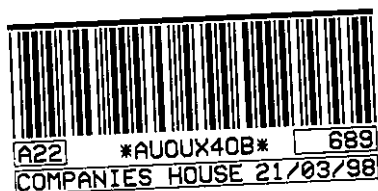


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Report of the Directors and  
Financial Statements for the Year Ended 31 March 1997  
for  
THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED



THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED

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For the Year Ended 31 March 1997

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**THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED**

**Company Information**

**for the Year Ended 31 March 1997**

**DIRECTORS:**

M Murphy  
G Pecorelli  
D R Aubrey  
Mrs P Pecorelli  
G P Pecorelli  
N Pecorelli  
D Pecorelli  
Miss M L Pecorelli

**SECRETARY:**

N. Tambayah

**REGISTERED OFFICE:**

71-73 High Street  
Aldershot  
Hampshire  
GU11 1BY

**REGISTERED NUMBER:**

02256084 (England and Wales)

**AUDITORS:**

Radford & Sergeant  
Chartered Accountants and  
Registered Auditors  
71-73 High Street  
Aldershot  
Hampshire  
GU11 1BY

**BANKERS:**

Allied Irish Bank Plc  
West End Branch  
Berkley Square  
London  
W1X 8HQ

**SOLICITORS:**

Alexanders Easter Kinch  
203 Temple Chambers  
Temple Avenue  
London  
EC4 OBD

# THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED

## Report of the Directors for the Year Ended 31 March 1997

The directors present their report with the financial statements of the company for the year ended 31 March 1997.

### **PRINCIPAL ACTIVITY**

The principal activities of the company in the year under review was that of Hoteliers with subsidiary companies with principal activities of Hoteliers and Golf Club operators.

### **REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

The directors consider the results achieved on ordinary activities before taxation to be satisfactory. Adequate finance has been obtained to take advantage of business opportunities , and the directors consider the state of affairs to be satisfactory. On the 26th.March 1997, the company purchased a controlling interest in Laura Hotels Limited, a group of companies consisting of three country hotels, and a non trading holding company.

### **DIVIDENDS**

No dividends will be distributed for the year ended 31 March 1997.

### **FIXED ASSETS**

In the opinion of the directors the market value of the company's freehold properties are not materially different from the book value included in the financial statements.

### **DIRECTORS**

The directors during the year under review were:

M Murphy  
G Pecorelli  
D R Aubrey  
Mrs P Pecorelli  
G P Pecorelli - appointed 12.04.97  
N Pecorelli - " 12.04.97  
D Pecorelli - " 12.04.97  
Miss M L Pecorelli - " 12.04.97

The beneficial interests of the directors holding office on 31 March 1997 in the issued share capital of the company were as follows:

	31.3.97	1.4.96
<b>Ordinary £1 shares</b>		
M Murphy	-	-
G Pecorelli	299,998	89,998
D R Aubrey	-	-
Mrs P Pecorelli	2	2
G P Pecorelli	-	-
N Pecorelli	-	-
D Pecorelli	-	-
M L Pecorelli	-	-

THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED

Report of the Directors  
for the Year Ended 31 March 1997

**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 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, subject to any material departures disclosed and explained in the financial statements;
- 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 as amended. 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, Radford & Sergeant, will be proposed for re-appointment in accordance with Section 385A of the Companies Act 1985.

**ON BEHALF OF THE BOARD:**



G. Pecorelli DIRECTOR

Dated..... 19<sup>th</sup> February 1998

**THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED**

**Report of the Auditors to the Shareholders of**  
**The Manor House Hotel (Castle Combe) Limited**

We have audited the financial statements on pages five to twenty one which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on page twelve.

**Respective Responsibilities of Directors and Auditors**

As described on page three the company's directors are 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.

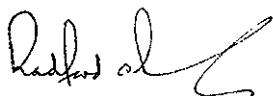
**Basis of Opinion**

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 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.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company and the group at 31 March 1997 and of the profit of the company and the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985 as amended.



Radford & Sergeant  
Chartered Accountants and  
Registered Auditors  
71-73 High Street  
ALDERSHOT  
Hants  
GU11 1BY

Dated.....<sup>20</sup> February 1998

**THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED**

**Consolidated Profit and Loss Account**  
**for the Year Ended 31 March 1997**

		<u>31.3.97</u>	<u>31.3.96</u>
	Notes	£	£
<b>TURNOVER</b>	2	5,052,461	4,442,597
Cost of sales		<u>891,193</u>	<u>759,114</u>
<b>GROSS PROFIT</b>		4,161,268	3,683,483
Administrative expenses		<u>3,130,394</u>	<u>3,280,231</u>
<b>OPERATING PROFIT</b>	4	1,030,874	403,252
Interest payable and similar charges	5	<u>354,920</u>	<u>277,354</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		675,954	125,898
Tax on profit on ordinary activities	6	<u>147,997</u>	<u>246,866</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		527,957	(120,968)
Minority Interest		<u>12,117</u>	<u>8,422</u>
<b>RETAINED PROFIT/LOSS FOR THE FINANCIAL YEAR</b>		<u>£ 540,074</u>	<u>£ (112,546)</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current and previous years.

**THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED**

**Consolidated Statement of Total Recognised Gains and Losses**  
**for the Year Ended 31 March 1997**

	<u>31.3.97</u>	<u>31.3.96</u>
	£	£
<b>PROFIT /LOSS FOR THE FINANCIAL YEAR</b>	540,074	(112,546)
Revaluation surplus fixed assets	<u>6,773,874</u>	<u>-</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES</b>		
<b>RELATING TO THE YEAR</b>	£ <u>7,313,948</u>	£ <u>(112,546)</u>



**THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED**

Balance Sheet  
31 March 1997

		<u>31.3.97</u>		<u>31.3.96</u>	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Tangible assets	7		8,076,371		3,551,494
Investments	8		<u>13,391,718</u>		<u>3,482,018</u>
			21,468,089		7,033,512
<b>CURRENT ASSETS:</b>					
Stocks	9	42,860		44,490	
Debtors	10	82,159		109,630	
Cash in hand		<u>1,369</u>		<u>887</u>	
			126,388		155,007
<b>CREDITORS:</b> Amounts falling due within one year	11	<u>6,506,276</u>		<u>4,524,396</u>	
<b>NET CURRENT LIABILITIES:</b>			<u>(6,379,888)</u>		<u>(4,369,389)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			15,088,201		2,664,123
<b>CREDITORS:</b> Amounts falling due after more than one year	12		<u>8,646,730</u>		<u>1,279,230</u>
			<u>£6,441,471</u>		<u>£1,384,893</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	15		500,000		150,000
Revaluation reserve	16		3,894,864		-
Profit and loss account	16		<u>2,046,607</u>		<u>1,234,893</u>
Shareholders' funds	20		<u>£6,441,471</u>		<u>£1,384,893</u>

**ON BEHALF OF THE BOARD:**



G Pecorelli DIRECTOR

Approved by the Board on 12<sup>th</sup> February January 1998

**THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**31<sup>ST</sup> MARCH 1997**

	Notes	£	31.3.97 £	£	31.3.96 £
<b>FIXED ASSETS</b>					
Tangible Assets	7		48,259,612		10,476,991
<b>CURRENT ASSETS</b>					
Stocks	9	262,898		193,002	
Debtors	10	907,836		202,637	
Cash in Hand		<u>63,313</u>		<u>9,106</u>	
		1,234,047		404,745	
<b>CREDITORS: Amounts falling due within one year</b>	11	<u>26,100,864</u>		<u>10,578,537</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(24,866,817)</u>		<u>(10,173,792)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			23,392,795		303,199
<b>CREDITORS: Amounts falling due after more than one year</b>	12		<u>8,646,730</u>		<u>1,279,230</u>
			£ <u>14,746,065</u>		£ <u>(976,031)</u>
<b>CAPITAL AND RESERVES:</b>					
Called up Share Capital	15		500,000		150,000
Revaluation Reserve	16		6,773,874		-
Profit and Loss Account	16		<u>3,209,767</u>		<u>(1,029,736)</u>
Shareholders' Funds	20		10,483,641		(879,736)
Minority Interest			<u>4,262,424</u>		<u>(96,295)</u>
			£ <u>14,746,065</u>		£ <u>(976,031)</u>

On behalf of the Board:



G. Pecorelli - Director

Approved by the Board on 21<sup>st</sup> January 1998

**THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED**

**Consolidated Cash Flow Statement**  
**for the Year Ended 31 March 1997**

		<u>31.3.97</u>		<u>31.3.96</u>	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		1,140,133		1,097,530
Returns on investments and servicing of finance	2		(354,920)		(277,354)
Taxation			(247,300)		(140,866)
Capital expenditure and financial investment	2		(19,194,316)		(1,833,378)
			(18,656,403)		(1,154,068)
Financing	2		<u>9,869,700</u>		<u>515,000</u>
Decrease in cash in the period			£ <u>(8,786,703)</u>		£ <u>(639,068)</u>
Reconciliation of net cash flow to movement in net debt	3				
Decrease in cash in the period			<u>(8,786,703)</u>		<u>(639,068)</u>
Change in net debt resulting from cash flows			<u>(8,786,703)</u>		<u>(639,068)</u>
Movement in net debt in the period			(8,786,703)		(639,068)
Net debt at 1 April 1996			<u>(5,489,283)</u>		<u>(4,850,215)</u>
Net debt at 31 March 1997			£ <u>(14,275,986)</u>		£ <u>(5,489,283)</u>

**THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED**

**Notes to the Consolidated Cash Flow Statement**  
**for the Year Ended 31 March 1997**

**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	31.3.97 £	31.3.96 £
Operating profit	1,030,874	403,252
Depreciation charges	269,844	241,576
Profit on sale of fixed assets	(63,234)	(35,985)
Decrease in stocks	14,064	(49,526)
Decrease/(Increase) in debtors	57,463	5,041
Increase/(Decrease) in creditors	<u>(168,878)</u>	<u>533,172</u>
<b>Net cash inflow from operating activities</b>	<b><u>1,140,133</u></b>	<b><u>1,097,530</u></b>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	31.3.97 £	31.3.96 £
<b>Returns on investments and servicing of finance</b>		
Interest paid	<u>(354,920)</u>	<u>(277,354)</u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b><u>(354,920)</u></b>	<b><u>(277,354)</u></b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(1,437,632)	(2,262,525)
Sale of tangible fixed assets	205,754	310,985
Acquisitions and disposals	<u>(17,962,438)</u>	<u>(1,760,411)</u>
<b>Net cash outflow for capital expenditure</b>	<b><u>(19,194,316)</u></b>	<b><u>(3,711,951)</u></b>
<b>Financing</b>		
Deferred purchase agreement in year	10,499,700	465,000
Deferred purchase payments in year	(980,000)	-
Cash receipt re share issue	<u>350,000</u>	<u>50,000</u>
<b>Net cash inflow from financing</b>	<b><u>9,869,700</u></b>	<b><u>515,000</u></b>

**THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED**

**Notes to the Consolidated Cash Flow Statement**  
**for the Year Ended 31 March 1997**

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.4.96 £	Cash flow £	At 31.3.97 £
Net cash:			
Cash in hand	9,106	54,207	63,313
Bank overdrafts	<u>(5,498,389)</u>	<u>(8,840,910)</u>	<u>(14,339,299)</u>
	<u>(5,489,283)</u>	<u>(8,786,703)</u>	<u>(14,275,986)</u>
 Total	 <u>(5,489,283)</u>	 <u>(8,786,703)</u>	 <u>(14,275,986)</u>
 <b>Analysed in Balance Sheet</b>			
Cash in hand	9,106		63,313
Bank overdrafts	<u>(5,498,389)</u>		<u>(14,339,299)</u>
	<u>(5,489,283)</u>		<u>(14,275,986)</u>

**4. PURCHASE OF SUBSIDIARY UNDERTAKINGS**

Net assets acquired	
Tangible fixed assets	32,862,489
Stock	83,960
Debtors	4,319,074
Cash at Bank and in Hand	24,924
Bank loan and overdraft	( 8,077,662)
Creditors	(18,572,971)
Minority interest	<u>(4,370,836)</u>
	6,268,978
Negative goodwill	<u>6,578,439</u>
Cost of capital acquired net of loan account	<u>(309,461)</u>
 Loan account purchased	 <u>10,109,461</u>
 Consideration payable	 <u>£ 9,800,000</u>

# THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED

## Notes to the Financial Statements for the Year Ended 31 March 1997

### 1. ACCOUNTING POLICIES

#### **Accounting convention**

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

#### **Basis of Consolidation**

The consolidated financial statements comprise the accounts of The Manor House Hotel (Castle Combe) Limited and its subsidiaries made up to 31 March 1997.

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

The excess of the cost of acquisitions over the fair value of the underlying net assets is written off to reserves in the year when it arises.

#### **Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

#### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Fixtures and fittings	- 12.5% on reducing balance
Motor vehicles	- 25% on reducing balance

Land is not depreciated. Freehold properties are maintained to ensure that their value does not diminish over time. The maintenance costs are charged to Profit & Loss in the year incurred. In the directors opinion depreciation would be immaterial and has not been charged.

#### **Stocks**

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### **Deferred taxation**

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

#### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

### 2. TURNOVER

The turnover and profit before taxation are attributable to the principal activities group.

**THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED**

**Notes to the Financial Statements**  
**For the Year Ended 31 March 1997**

**3. STAFF COSTS**

	Company		Group	
	31.3.97	31.3.96	31.3.96	31.3.96
	£	£	£	£
Wages and salaries	819,947	739,588	1,629,221	1,484,915
Social security costs	<u>50,569</u>	<u>46,384</u>	<u>99,994</u>	<u>90,348</u>
	<u>870,516</u>	<u>785,972</u>	<u>1,729,215</u>	<u>1,575,263</u>

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

	31.3.97	31.3.96	31.3.97	31.3.96
Management & administration	5	5	13	13
Direct labour & operatives	<u>59</u>	<u>55</u>	<u>141</u>	<u>131</u>
	<u>64</u>	<u>60</u>	<u>154</u>	<u>144</u>

**4. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	Company		Group	
	31.3.97	31.3.96	31.3.97	31.3.96
	£	£	£	£
Depreciation - owned assets	67,608	40,680	269,844	241,576
Profit on disposal of fixed assets	(63,234)	-	(63,234)	(35,985)
Auditors' remuneration	<u>4,905</u>	<u>3,900</u>	<u>17,520</u>	<u>17,600</u>
Directors' emoluments	<u>94,801</u>	<u>89,677</u>	<u>94,801</u>	<u>89,677</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	Company		Group	
	31.3.97	31.3.96	31.3.97	31.3.96
	£	£	£	£
Bank interest	105,597	26,328	192,974	132,941
Bank loan interest	<u>161,946</u>	<u>144,413</u>	<u>161,946</u>	<u>144,413</u>
	<u>267,543</u>	<u>170,741</u>	<u>354,920</u>	<u>277,354</u>

# THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED

## Notes to the Financial Statements For the Year Ended 31 March 1997

### 6. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	Company		Group	
	31.3.97	31.3.96	31.3.97	31.3.96
	£	£	£	£
UK Taxation - current year	138,216	247,000	138,216	247,000
UK Taxation - previous years	<u>9,781</u>	<u>(257)</u>	<u>9,781</u>	<u>(134)</u>
	<u>147,997</u>	<u>246,743</u>	<u>147,997</u>	<u>246,866</u>

#### Company

UK Corporation Tax has been charged at 31%(1996 33%).

If provision were made for deferred taxation on the basis of the full potential liability, the tax charge would have increased by £243,332 (1996 £ nil) due to accelerated capital allowances and other timing differences. Provision is not made for any liability to tax that may arise on the sale of land and buildings at their valuation.

#### Group

There are losses available in subsidiary companies to carry forward against future taxable trading income of £1,972,836 (1996: £1,892,935) subject to the tax authorities agreement.

### 7. TANGIBLE FIXED ASSETS

#### Company

	Freehold property	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£
<b>COST OR VALUATION:</b>				
At 1 April 1996	3,266,727	626,528	-	3,893,255
Additions	566,526	206,095	25,000	797,621
Disposals	(100,000)	-	-	(100,000)
Surplus on revaluation	<u>3,033,273</u>	<u>861,591</u>	<u>-</u>	<u>3,894,864</u>
At 31 March 1997	<u>6,766,526</u>	<u>1,694,214</u>	<u>25,000</u>	<u>8,485,740</u>
<b>DEPRECIATION:</b>				
At 1 April 1996	-	341,761	-	341,761
Charge for year	<u>-</u>	<u>61,358</u>	<u>6,250</u>	<u>67,608</u>
At 31 March 1997	<u>-</u>	<u>403,119</u>	<u>6,250</u>	<u>409,369</u>
<b>NET BOOK VALUE:</b>				
At 31 March 1997	<u>6,766,526</u>	<u>1,291,095</u>	<u>18,750</u>	<u>8,076,371</u>
At 31 March 1996	<u>3,266,727</u>	<u>284,767</u>	<u>-</u>	<u>3,551,494</u>

Included in land and buildings is freehold land valued at £250,000 (1996 - £100,000) which is not depreciated.



**THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED**

**Notes to the Financial Statements**  
**For the Year Ended 31 March 1997**

**7 TANGIBLE FIXED ASSETS - CONTD**

Cost or valuation at 31 March 1997 is represented by:

	<u>Freehold property</u>	<u>Fixtures and fittings</u>	<u>Motor vehicles</u>	<u>Totals</u>
	£	£	£	£
Valuation in 1997	3,073,273	861,591	-	3,934,864
Cost	<u>3,693,253</u>	<u>832,623</u>	<u>25,000</u>	<u>4,550,876</u>
	<u>6,766,526</u>	<u>1,694,214</u>	<u>25,000</u>	<u>8,485,740</u>

If freehold property had not been revalued it would have been included at the following historical cost:

	31.3.97	31.3.96
	£	£
Cost	<u>3,693,253</u>	<u>3,266,727</u>
Value of land in freehold land and buildings	<u>250,000</u>	<u>100,000</u>

Freehold land & buildings were valued on a reinstatement basis on 23 September 1996 by King Sturge & Co.

**TANGIBLE FIXED ASSETS**

Group

	<u>Freehold property</u>	<u>Fixtures and fittings</u>	<u>Motor vehicles</u>	<u>Totals</u>
	£	£	£	£
<b>COST OR VALUATION:</b>				
At 1 April 1996	8,953,304	2,339,706	-	11,293,010
Additions	971,168	441,464	25,000	1,437,632
Acquisitions of subsidiary undertakings	29,264,116	7,048,963	-	36,313,079
Disposals	(100,000)	(55,500)	-	(155,500)
Surplus on revaluation	<u>3,033,273</u>	<u>861,591</u>	<u>-</u>	<u>3,894,864</u>
At 31 March 1997	<u>42,121,861</u>	<u>10,636,224</u>	<u>25,000</u>	<u>52,783,085</u>
<b>DEPRECIATION:</b>				
At 1 April 1996	6,416	809,603	-	816,019
Charge for year	-	263,594	6,250	269,844
Acquisitions of subsidiary undertakings	-	3,450,590	-	3,450,590
Disposals	<u>-</u>	<u>(12,980)</u>	<u>-</u>	<u>(12,980)</u>
At 31 March 1997	<u>6,416</u>	<u>4,510,807</u>	<u>6,250</u>	<u>4,523,473</u>
<b>NET BOOK VALUE:</b>				
At 31 March 1997	<u>42,115,445</u>	<u>6,125,417</u>	<u>18,750</u>	<u>48,259,612</u>
At 31 March 1996	<u>8,946,888</u>	<u>1,530,103</u>	<u>-</u>	<u>10,476,991</u>

# THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED

## Notes to the Financial Statements For the Year Ended 31 March 1997

### 7 TANGIBLE FIXED ASSETS - CONTD

Included in land and buildings is freehold land valued at £2,000,000 (1996 - £800,000) which is not depreciated.

Cost or valuation at 31 March 1997 is represented by:

	<u>Freehold property</u>	<u>Fixtures and fittings</u>	<u>Motor vehicles</u>	<u>Totals</u>
	£	£	£	£
Valuation in 1997	11,890,974	3,331,542	-	15,222,516
Cost	<u>30,230,887</u>	<u>7,304,682</u>	<u>25,000</u>	<u>37,560,569</u>
	<u>42,121,861</u>	<u>10,636,224</u>	<u>25,000</u>	<u>52,783,085</u>

If freehold property had not been revalued it would have been included at the following historical cost:

	31.3.97	31.3.96
	£	£
Cost	<u>30,230,887</u>	<u>8,953,304</u>
Value of land in freehold land and buildings	<u>2,000,000</u>	<u>800,000</u>

Certain freehold land & buildings were valued on a reinstatement basis on 23 September 1996 by King Sturge & Co.

### 8. FIXED ASSET INVESTMENTS

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

#### **Laura Hotels Limited**

Nature of business: Hoteliers

	%		
Class of shares:	holding		
Ordinary	58.92		
		31.3.97	31.3.96
		£	£
Aggregate capital and reserves		11,862,364	10,855,451
Profit for the year		<u>1,006,913</u>	<u>355,539</u>

#### **Mannings Heath Golf Club Limited**

Nature of business: Golf club operators

	%		
Class of shares:	holding		
Ordinary	50.00		
		31.3.97	31.3.96
		£	£
Aggregate capital and reserves		(253,851)	(105,360)
Loss for the year		<u>(148,491)</u>	<u>(107,707)</u>

# THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED

## Notes to the Financial Statements for the Year Ended 31 March 1997

### 8. FIXED ASSET INVESTMENTS - continued

#### The Manor House & Castle Combe Golf Club Limited

Nature of business: Golf club operators

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.3.97	31.3.96
		£	£
Aggregate capital and reserves		(1,400,296)	(1,140,774)
Loss for the year		<u>(259,222)</u>	<u>(701,272)</u>

#### Exclusive Hotels Limited

Nature of business: Dormant

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.3.97	31.3.96
		£	£
Aggregate capital and reserves		<u>2</u>	<u>2</u>

Investments (neither listed nor unlisted) were as follows:

Shares in, and loans to subsidiary undertakings

	31.3.97	31.3.96
	£	£
Mannings Heath Golf Club Limited	2,397,016	2,397,016
The Manor House & Castle Combe Golf Club Limited	1,194,700	1,085,000
Laura Hotels Limited	9,800,000	-
Exclusive Hotels Limited	<u>2</u>	<u>2</u>
	<u>13,391,718</u>	<u>3,482,018</u>

Acquisition of Laura Hotels Limited

At 26th March 1997 the book values and fair value of the net assets of Laura Hotels Limited were:

	£	
Tangible Fixed Assets		
Net assets acquired	27,741,181	
Fair value adjustment	<u>5,121,308</u>	
	<u>32,862,489</u>	

### 9. STOCKS

	31.3.97	Company 31.3.96	31.3.97	Group 31.3.96
	£	£	£	£
Stock - goods for resale	<u>42,860</u>	<u>44,490</u>	<u>262,898</u>	<u>193,002</u>
	<u>42,860</u>	<u>44,490</u>	<u>262,898</u>	<u>193,002</u>

The notes form part of these financial statements

**THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED**

**Notes to the Financial Statements**  
**for the Year Ended 31 March 1997**

**10. DEBTORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	31.3.97	Company 31.3.96	31.3.97	Group 31.3.96
	£	£	£	£
Stock - goods for resale	73,859	104,260	758,783	112,863
Other debtors	-	-	98,517	79,455
Prepayments	<u>8,300</u>	<u>5,370</u>	<u>50,536</u>	<u>10,319</u>
	<u>82,159</u>	<u>109,630</u>	<u>907,836</u>	<u>202,637</u>

**11. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	31.3.97	Company 31.3.96	31.3.97	Group 31.3.96
	£	£	£	£
Bank loans and overdrafts (see note 13)	5,002,290	4,092,640	14,339,299	5,498,389
Deferred payment re Investment Purchase (see note 13)	1,102,500	-	1,102,500	-
Minority shareholders loan	-	-	8,418,028	4,225,227
Trade creditors	137,644	104,952	1,139,113	231,740
Other creditors	854	11,326	127,836	53,244
Social security & other taxes	9,782	29,588	196,321	64,052
Taxation	147,697	247,000	286,592	247,000
Accrued expenses	<u>105,509</u>	<u>38,890</u>	<u>491,175</u>	<u>258,885</u>
	<u>6,506,276</u>	<u>4,524,396</u>	<u>26,100,864</u>	<u>10,578,537</u>

**THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED**

Notes to the Financial Statements  
for the Year Ended 31 March 1997

**12. CREDITORS: AMOUNTS FALLING  
DUE AFTER MORE THAN ONE YEAR**

	Company		Group	
	31.3.97	31.3.96	31.3.97	31.3.96
	£	£	£	£
Shareholders loans (see note 13 & 19)	929,230	1,279,230	929,230	1,279,230
Deferred payments re Investment Purchase (see note 13 )	<u>7,717,500</u>	<u>-</u>	<u>7,717,500</u>	<u>-</u>
	<u>8,646,730</u>	<u>1,279,230</u>	<u>8,646,730</u>	<u>1,279,230</u>

**13. LOANS AND OVERDRAFTS**

An analysis of the maturity of loans and overdrafts is given below:

	Company		Group	
	31.3.97	31.3.96	31.3.97	31.3.96
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans & overdrafts	5,002,290	4,092,640	14,339,299	5,498,389
Deferred payments re Investment Purchase	1,102,500	-	1,102,500	-
Minority shareholders loans	<u>-</u>	<u>-</u>	<u>8,418,028</u>	<u>4,225,227</u>
	<u>6,104,790</u>	<u>4,092,640</u>	<u>23,859,827</u>	<u>9,723,616</u>

Amounts falling due between one and two years:

Shareholders loans	1,279,230	1,279,230	1,279,230	1,279,230
Deferred payment re Investment Purchase	<u>1,102,500</u>	<u>-</u>	<u>1,102,500</u>	<u>-</u>
	<u>2,381,730</u>	<u>1,279,230</u>	<u>2,381,730</u>	<u>1,279,230</u>

Amounts falling due between two and five years:

Deferred payments re Investment Purchase	<u>3,307,500</u>	<u>-</u>	<u>3,307,500</u>	<u>-</u>
	<u>3,307,500</u>	<u>-</u>	<u>3,307,500</u>	<u>-</u>

Amounts falling due in more than five years:

Repayable by instalments

Deferred payments re Investment Purchase	<u>3,307,500</u>	<u>-</u>	<u>3,307,500</u>	<u>-</u>
	<u>3,307,500</u>	<u>-</u>	<u>3,307,500</u>	<u>-</u>

**THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED**

Notes to the Financial Statements  
for the Year Ended 31 March 1997

**14. SECURED DEBTS**

The following secured debts are included within creditors:

	Company		Group	
	31.3.97	31.3.96	31.3.97	31.3.96
	£	£	£	£
Bank overdrafts	<u>5,002,290</u>	<u>4,092,640</u>	<u>14,339,299</u>	<u>5,498,389</u>

The bank loans and overdraft are secured by a mortgage debenture incorporating a first legal mortgage over the company's and groups freehold property.

**15. CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal	31.3.97	31.3.96
		value:	£	£
500,000	Ordinary	£1	<u>500,000</u>	<u>500,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal	31.3.97	31.3.96
		value:	£	£
500,000	Ordinary	£1	<u>500,000</u>	<u>150,000</u>

During the year a further 350,000 ordinary shares were issued at par.

**16. RESERVE**

	Profit and loss account £	Revaluation reserves £
Balance at 1 <sup>st</sup> April 1996	(1,029,736)	-
Negative goodwill on acquisition of subsidiary undertaking, written off.	3,699,429	-
Retained profit for the financial year	540,074	-
Revaluation during year	-	<u>6,773,874</u>
Balance at 31 <sup>st</sup> March 1997	<u>3,209,767</u>	<u>6,773,874</u>

The profit for the financial year, dealt with in the profit and loss account of the company was £811,714 (1996 £563,459). As permitted by section 230 of the Companies Act 1985, no profit and loss account of the company is presented.

**17. CONTINGENT LIABILITIES**

**Company**

The company has cross guaranteed the bank borrowings of one of its subsidiary companies, The Manor House & Castle Combe Golf Club Limited. The indebtedness at 31st March 1997 was £ nil (1996 £145,377).

**THE MANOR HOUSE HOTEL (CASTLE COMBE) LIMITED**

Notes to the Financial Statements  
for the Year Ended 31 March 1997

**18. CAPITAL COMMITMENTS**

	31.3.97	31.3.96
	£	£
Contracted but not provided for in the financial statements	705,971	-
	<u>                    </u>	<u>                    </u>

**19. TRANSACTIONS WITH DIRECTORS**

Included within creditors due within one year are shareholders loans from Mr.G.Pecorelli and a Pecorelli family Trust of £929,230 (1996 £1,279,230). The loan is interest free and no formal repayment terms have been agreed. The maximum balance during the year was £1,279,230.

**20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	Company		Group	
	31.3.97	31.3.96	31.3.97	31.3.96
	£	£	£	£
Profit for the financial year	811,714	563,459	540,074	(112,546)
Other recognised gains and losses relating to the year (net)	3,894,864	-	6,773,874	-
New share capital subscribed	350,000	50,000	350,000	-
Goodwill arising on consolidation	<u>                    </u>	<u>                    </u>	<u>3,699,429</u>	<u>                    </u>
<b>NET ADDITION TO SHAREHOLDERS FUNDS</b>	5,056,578	613,459	11,633,377	(112,546)
Opening shareholders' funds	<u>1,384,893</u>	<u>771,434</u>	<u>(879,736)</u>	<u>(767,190)</u>
<b>CLOSING SHAREHOLDERS' FUNDS</b>	<u>6,441,471</u>	<u>1,384,893</u>	<u>10,483,641</u>	<u>(879,736)</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Equity interest	<u>6,441,471</u>	<u>1,384,893</u>	<u>10,483,641</u>	<u>(879,736)</u>