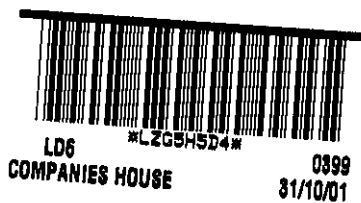


**Woolley Grange Limited**

Annual Report and Financial Statements

For the year ended

31 December 2000



**BDO** Stoy Hayward  
Chartered Accountants

# **WOOLLEY GRANGE LIMITED**

## **Annual report and financial statements for the year ended 31 December 2000**

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### **Directors**

N P Chapman  
Mrs H E L Chapman

### **Secretary and registered office**

N P Chapman  
8 Baker Street  
London  
W1U 3LL

### **Company number**

2503442

### **Auditors**

BDO Stoy Hayward,  
8 Baker Street,  
London, W1U 3LL.

### **Bankers**

Barclays Bank Plc  
Heathrow Airport Branch  
Hounslow  
Middlesex TW6 2RA

# **WOOLLEY GRANGE LIMITED**

## **Report of the directors for the year ended 31 December 2000**

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The directors present their report and financial statements for the company for the year ended 31 December 2000.

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

The principal activity of the company during the year was trading as a luxury hotel and restaurant. The directors consider the results to be satisfactory.

### **Results and Dividends**

The profit after taxation for the year ended 31 December 2000 amounted to £198,429 (period ended 2 January 2000 - £28,456). The directors do not recommend the payment of a dividend for the year. The profit for the year is transferred to reserves.

### **Fixed Assets**

Details of movements of fixed assets are given in notes 7 and 8 to the financial statements.

### **Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period 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.

**WOOLLEY GRANGE LIMITED**

**Report of the directors for the year ended 31 December 2000 (continued)**

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**Directors and their interests**

N P Chapman and Mrs H E L Chapman have an interest in the share capital of the ultimate parent company, LHM Plc, and their interests are shown in its financial statements. ✓

**Auditors**

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting. ✓

By order of the board

A large, stylized handwritten signature in black ink, appearing to read 'Nigel Chapman'.

Nigel Chapman  
Secretary

Date 29 OCTOBER 2001

## WOOLLEY GRANGE LIMITED

### Independent auditors' report to the shareholder of Woolley Grange Limited

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We have audited the financial statements of Woolley Grange Limited for the year ended 31 December 2000 on pages 4 to 12. These financial statements have been prepared under the accounting policies set out therein.

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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 within it.

#### *Basis of audit opinion*

We conducted our audit in accordance with United Kingdom 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's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**BDO Stoy Hayward**

Chartered Accountants  
Registered Auditors  
London

31 October 2001

# WOOLLEY GRANGE LIMITED

## Profit and loss account for the year ended 31 December 2000

	Notes	Year ended 31 Dec 00 £	Period ended 2 Jan 00 £
<b>Turnover</b>	2	1,448,813	911,969
Cost of sales		372,343	216,183
<b>Gross profit</b>		1,076,470	695,786
Administrative expenses		875,870	584,940
<b>Operating profit</b>	3	200,600	110,846
Share of operating profit/(loss) in joint venture		1,691	(2,790)
Interest receivable		-	146
Interest payable			
- Company	4	(2,079)	(79,081)
- Joint venture		(668)	(665)
<b>Profit on ordinary activities before taxation</b>		199,544	28,456
Taxation	5	(1,115)	-
<b>Profit for the year</b>	14	198,429	28,456

None of the company's activities were acquired or discontinued during the year.

The accounting policies and notes on pages 6 to 12 form part of these financial statements.

# WOOLLEY GRANGE LIMITED

## Balance sheet at 31 December 2000

	Notes	31 Dec 00		2 Jan 00	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		2,983,473		3,002,723
Interest in joint venture	8		(8,311)		(9,332)
			<u>2,975,162</u>		<u>2,993,391</u>
<b>Current assets</b>					
Stocks	9	35,770		33,143	
Debtors	10	125,577		185,397	
Cash at bank and in hand		80,246		66	
		<u>241,593</u>		<u>218,606</u>	
<b>Creditors: amounts falling due within one year</b>	11	(1,935,637)		(799,293)	
<b>Net current liabilities</b>			<u>(1,694,044)</u>		<u>(580,687)</u>
<b>Total assets less current liabilities</b>			1,281,118		2,412,704
<b>Creditors: amounts falling due after more than one year</b>	12		-		(1,330,015)
<b>Net assets</b>			<u>1,281,118</u>		<u>1,082,689</u>
<b>Capital and Reserves</b>					
Called up share capital	13		1,133,086		1,133,086
Share premium	14		360,606		360,606
Goodwill reserve	14		(184,260)		(184,260)
Profit and loss account	14		(28,314)		(226,743)
<b>Shareholders' funds</b>			<u>1,281,118</u>		<u>1,082,689</u>

Approved by the Board on 29 OCTOBER 2001

  
N P Chapman

The accounting policies and notes on pages 6 to 12 form part of these financial statements.

# WOOLLEY GRANGE LIMITED

## Notes to the financial statements for the year ended 31 December 2000

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The principal accounting policies are:

#### *Going concern*

The financial statements have been prepared on a going concern basis which assume that the Company will continue in operational existence for the foreseeable future. The Company meets its day to day working capital requirements through the continuing support of the ultimate parent undertaking, which has confirmed its continuing support for the foreseeable future.

#### *Turnover*

Turnover represents sales to external customers at invoiced amount less value added tax or local taxes on sales.

#### *Leased assets*

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

#### *Stocks*

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

#### *Depreciation*

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets, except freehold land, over their expected useful lives, which are as follows:

Freehold buildings	- core buildings	200 years
	- buildings services	30 years
Refurbishment, fixtures and equipment		3 to 20 years

It is the Company's practice to maintain freehold buildings and fixtures and fittings in a continual state of sound repair. In previous accounting periods, the Directors considered that the lives of these assets and their residual value were such that their depreciation would not be material. However, they have reassessed the useful lives of these assets and decided that they should be depreciated at the rates shown above. Any subsequent enhancement expenditure is capitalised and depreciated accordingly.

In accordance with FRS 11 and FRS 15, assets with a remaining useful economic life estimated to be greater than 50 years will be reviewed annually to ensure that the carrying amounts can be supported.

As a result of adopting FRS 15 and revising the useful economic lives of fixed assets the effect on the profit and loss account for the period has been an additional depreciation charge of £44,885 but has no effect on the results for the period ended 2 January 2000 as it is not a change in accounting policy.



# WOOLLEY GRANGE LIMITED

Notes forming part of the financial statements for the period ended 31 December 2000

## 1 Accounting policies (continued)

### *Deferred taxation*

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

### *Goodwill purchased*

Goodwill represents the difference between the fair value purchase price, including the trading potential of the hotel, and the value of the net assets acquired and has been written off directly to reserves in the year of expenditure, being 1991.

### *Joint Venture*

The joint venture has been accounted for using the gross equity method, under which the company's share of the venture's net assets or liabilities and its profit and loss for the year are reflected in the company's accounts.

## 2 Share of joint venture's turnover

	Year ended 31 Dec 00 £	Period ended 2 Jan 00 £
Turnover: company and share of joint venture	1,499,851	929,564
Less: share of joint venture's turnover	(51,038)	(17,595)
Company turnover	<u>1,448,813</u>	<u>911,969</u>

## 3 Operating profit

	Year ended 31 Dec 00 £	Period ended 2 Jan 00 £
Operating profit is stated after charging:		
Depreciation		
Owned	44,885	694
Held under hire purchase contracts	-	3,062
Auditors' remuneration	-	2,625

The auditors' remuneration is borne by the ultimate parent undertaking, LHM plc, and amounted to £3,000 for the year ended 31 December 2000.

# WOLLEY GRANGE LIMITED

## Notes to the financial statements for the year ended 31 December 2000 (continued)

### 4 Interest payable

	Year ended 31 Dec 00 £	Period ended 2 Jan 00 £
On bank loans, overdrafts and other loans	2,079	79,081

### 5 Taxation

There is no liability to corporation tax due to the availability of trading losses brought forward.

### 6 Staff costs

	Year ended 31 Dec 00	Period ended 2 Jan 00
Employee costs during the year amounted to:		
Wages and salaries	412,372	228,252
Social security costs	27,506	18,774
	439,876	247,026
	Number	Number
Average number of employees, excluding directors, during the year	45	45

### Remuneration of Directors

No remuneration was paid or made available in respect of any directors' services during the year.

# WOOLLEY GRANGE LIMITED

## Notes to the financial statements for the year ended 31 December 2000 (continued)

### 7 Tangible fixed assets

	Freehold Hotel £	Fixtures & Fittings £	Computer Equipment £	Total £
<i>Cost</i>				
1 June 1999	2,521,566	479,925	7,849	3,009,340
Additions	4,766	20,869	-	25,635
Disposals	-	-	-	-
31 December 2000	2,526,332	500,794	7,849	3,034,975
<i>Depreciation</i>				
1 June 1999	-	-	6,617	6,617
Charge for the year	17,135	27,750	-	44,885
Disposals	-	-	-	-
31 December 2000	17,135	27,750	6,617	51,502
<i>Net book value</i>				
31 December 2000	2,509,197	473,044	1,232	2,983,473
2 January 2000	2,521,566	479,925	1,232	3,002,723

### 8 Fixed Asset Investment

	31 Dec 00 £	2 Jan 00 £
At 1 June 1999	(9,332)	(5,877)
Share of retained profit/(loss) for the year	1,021	(3,455)
At 31 December 2000	(8,311)	(9,332)
Represented by:		
Share of gross assets	15,892	14,125
Share of gross liabilities	(24,203)	(23,457)
Share of net liabilities	(8,311)	(9,332)

The joint venture is the Old Shanghai Laundry, an unincorporated business located near to Woolley Grange Hotel. The joint venture operates as a laundry for the four hotels under the management of the parent undertaking, LHM PLC

# WOOLLEY GRANGE LIMITED

## Notes to the financial statements for the year ended 31 December 2000 (continued)

### 9 Stocks

	31 Dec 00 £	2 Jan 00 £
<i>Consumables</i>		
Kitchen consumables, housekeeping, food and beverage	35,770	33,143

### 10 Debtors

	31 Dec 00 £	2 Jan 00 £
Trade debtors	103,114	161,751
Amount owed by group undertakings	-	1,319
Prepayments and accrued income	22,463	22,327
	<u>125,577</u>	<u>185,397</u>

### 11 Creditors: amounts falling due within one year

	31 Dec 00 £	2 Jan 00 £
Bank overdraft	-	63,368
Current instalments on long term loans	-	54,780
Trade creditors	85,843	138,522
Amount owed to parent undertaking	1,677,910	290,733
Corporation tax	1,115	-
Other taxes and social security costs	65,803	58,418
Laundry and office facilities deposit	-	87,500
Other creditors	80,112	72,025
Accruals and deferred income	24,854	33,947
	<u>1,935,637</u>	<u>799,293</u>

### 12 Creditors: amounts falling due after more than one year:

Loans	-	1,330,015
Details of loans:		
Fixed 10.25% loan repayable by 240 equal monthly instalments of interest and principal commencing 31 October 2001	-	1,279,809
Non interest bearing loan, repayable by 54 equal months instalments commencing 31 May 1997	-	50,206
	<u>-</u>	<u>1,330,015</u>

# WOOLLEY GRANGE LIMITED

## Notes to the financial statements for the year ended 31 December 2000 (continued)

### 13 Share capital

	31 Dec 00 £	2 Jan 00 £
Authorised		
2,000,000 "A" ordinary shares of 50p each	1,000,000	1,000,000
1,000,000 "B" ordinary shares of 50p each	500,000	500,000
	<u>1,500,000</u>	<u>1,500,000</u>
Allotted, called up and fully paid		
1,646,022 "A" ordinary shares of 50p each	823,011	823,011
620,151 "B" ordinary shares of 50p each	310,075	310,075
	<u>1,133,086</u>	<u>1,133,086</u>

The "B" ordinary shares rank pari passu with the "A" ordinary shares, but "B" ordinary shareholders have differing powers of appointment of directors and additional rights on winding up. All shares are classified as equity shares.

### 13 Reserves

	Share Premium £	Goodwill £	Profit & Loss £
At 3 January 2000	360,606	(184,260)	(226,743)
Profit for the year	-	-	198,429
At 31 December 2000	<u>360,606</u>	<u>(184,260)</u>	<u>(28,314)</u>

### 15 Reconciliation of movement in shareholders' funds

	Year ended 31 Dec 00	Period ended 2 Jan 00
Profit for the year	198,429	28,456
Opening shareholders' funds	1,082,689	1,054,133
Closing shareholders' funds	<u>1,281,118</u>	<u>1,082,689</u>

## **WOOLLEY GRANGE LIMITED**

### **Notes to the financial statements for the year ended 31 December 2000 (continued)**

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#### **16 Related parties**

Browning Associates, a professional consultancy, held a contract to supervise the management of the hotel. Mr and Mrs Chapman had a material interest in Browning Associates and the value of consultancy relating to the company amounted to £nil (period ended 2 January 2000 £39,814) in the year.