

2503442

Woolley Grange Limited

REPORT & FINANCIAL STATEMENTS

31 MAY 1991

10 MAR 1993
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DIRECTORS

F W Kearton-Gee (Chairman)
N P Chapman (Managing Director)
J S L Edwards
S E Bantoft
Mrs H E L Chapman

SECRETARY

N P Chapman

REGISTERED OFFICE

7 New Concordia Wharf
Mill Street
London
SE1 2BB

Company Registration Number:
No: 2503442

AUDITORS

Saffery Champness
Chartered Accountants
Fairfax House
Fulwood Place
Gray's Inn
London
WC1V 6UB

BANKERS

Barclays Bank PLC
93 Baker Street
London
W1A 4SD

MANAGING DIRECTOR'S STATEMENT

The accounts cover only a brief period of trading for the Company. This is due to the anomalies of new accounting reference dates and is not a reflection of the trading pattern of the business. The next accounts which run to 31st May 1992, are under audit at present and will be available in a few months, thus bringing our reporting up to date.

I do not propose to engage in a detailed review of trading for the very brief period covered by these accounts except to say that the Accounts (and the Balance Sheet in particular) represent the early days of this new Company following the successful completion of the first issue of shares under the Business Expansion Scheme and the acquisition of the hotel by the Company.

This is an exciting and enterprising start for any new business and on behalf of Heather and my fellow directors I would like to thank you for your support and confidence in backing what we all hope and expect will become a commercially and personally rewarding business.



Nigel Chapman
Managing Director

1st March 1993

DIRECTORS' REPORT

The Directors present their report and Financial Statements for the Company for the period from 18th May 1990 to 31st May 1991.

Incorporation

The Company was incorporated on 18th May 1990 as Woolley Grange Limited. However, trading did not commence until 1st February 1991 following the acquisition of the hotel and undertaking from Nigel and Heather Chapman.

Share Capital

Details of the movements in Share Capital are set out in Note 12 to the Financial Statements. Shares issued are subject to the Business Expansion Scheme rules.

Principal Activity and Review of the Business

The principal activity of the Company during the period was trading as a Luxury Hotel and Restaurant.

Both the level of business and the financial position at the end of the period were as expected. The directors do not anticipate any material changes in the present level of activity.

Results and Dividends

The loss for the period after taxation amounted to £76,481. The Directors do not recommend payment of a dividend for the period. The deficit for the period is transferred to reserves.

Fixed Assets

Details of movements of fixed assets are given in Note 6 to the Financial Statements.

Post Balance Sheet Event

Following an Extraordinary General Meeting of the Company held on 29 April 1992 it was resolved by Special Resolution to hold a Rights Issue of 744,446 new 'A' Ordinary Shares of 50p each at par, such shares to rank pari passu with existing 'A' Ordinary Shares. The Rights Issue was held in order to raise additional working capital for the Company. To date 421,000 new Ordinary 'A' Shares have been taken up raising £210,500. The Issue remains open. The new 'A' Ordinary Shares qualify for Business Expansion Scheme relief. Applications have also been received and will be shortly taken up for 1998 Debenture Stock amounting to £157,500.

Directors

The Directors who held office since incorporation and their beneficial interests in the issued Ordinary Share Capital were as follows:

	<u>Ordinary Shares</u> <u>of 50p each</u>		<u>Ordinary Shares of</u> <u>50p each</u>		<u>Ordinary Shares of</u> <u>50p each</u>	
	<u>Held at 18.5.90</u>	<u>Held at 18.5.90</u>	<u>Held at 31.5.91</u>	<u>Held at 31.5.91</u>	<u>Held at 1.3.93</u>	<u>Held at 1.3.93</u>
	<u>'A' Shares</u>	<u>'B' Shares</u>	<u>'A' Shares</u>	<u>'B' Shares</u>	<u>'A' Shares</u>	<u>'B' Shares</u>
N P Chapman	-	-	94,897	448,103	54,897	448,103
& H E L Chapman						
J S L Edwards	-	-	33,103	126,897	33,103	126,897
S E Bantoft	-	-	5,000	-	15,000	-
F W Kearton-Gee	-	-	-	-	80,000	-
F W Kearton-Gee			11,159	45,151	11,159	45,151
Non Beneficial Interests						

N P Chapman & H E L Chapman were appointed Directors on 18th May 1990, S Bantoft on 20th July 1990, J S L Edwards on 18th July 1990 and F W Kearton-Gee was appointed on 9th January 1991.

None of the Directors held shares on the date of their respective appointment.

R Cummings and D Watson were appointed and resigned on 18 May 1990.

AUDITORS

The auditors, Saffery Champness, Chartered Accountants, having initially been appointed by the Directors, will be proposed for re-appointment at the Annual General Meeting in accordance with Section 384 (1) of the Companies Act 1985.

BY ORDER OF THE BOARD

Nigel Chapman

Secretary

1st March 1993

Date

7 New Concordia Wharf
Mill Street
London
SE1 2BB

REPORT OF THE AUDITORS TO THE
MEMBERS OF WOOLLEY GRANGE LIMITED

We have audited the Financial Statements set out on pages 6 to 15 in accordance with Auditing Standards.

In our opinion the Financial Statements, give a true and fair view of the state of the Company's affairs at 31 May 1991 and of the loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Saffery Champness
Chartered Accountants

Registered Auditors



Date

Fairfax House
Fulwood Place
Gray's Inn
London
WC1V 6UB

PROFIT & LOSS ACCOUNT
FOR THE PERIOD
1 FEBRUARY 1991 TO 31 MAY 1991

	NOTES	£
Turnover	1	220,715
Cost of Sales		137,919
Gross Profit		82,796
Administrative Expenses		83,210
Operating Loss	2	(414)
Interest Payable	3	76,067
Loss on Ordinary Activities before Taxation		(76,481)
Taxation	4	nil
Deficit at 31 May 1991		£(76,481)

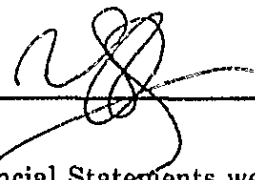
The notes on pages 8 to 15 form part of these Financial Statements.

BALANCE SHEET AT 31 MAY 1991

	NOTES	£	£
FIXED ASSETS			
Tangible Assets	6		2,530,478
CURRENT ASSETS			
Stocks	7	14,250	
Debtors	8	13,794	
Cash in Hand		<u>1,415</u>	
		<u>29,459</u>	
CREDITORS			
Amounts falling due within one year	9	<u>496,673</u>	
NET CURRENT LIABILITIES			<u>(467,214)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,063,264
CREDITORS			
Amounts falling due after more than one year	10	<u>(1,377,629)</u>	
		<u>£685,635</u>	
CAPITAL AND RESERVES			
Called up Share Capital	12		492,155
Share Premium	13		454,221
Goodwill Reserve	13		(184,260)
Profit and Loss Account	13		<u>(76,481)</u>
			<u>£685,635</u>



N P Chapman



F W Kearton-Gee

The Financial Statements were approved by the
Board of Directors on:

18 March 1993

Dated

The notes of pages 8 to 15 form part of these
Financial Statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD
18 MAY 1990 TO 31 MAY 1991

1 Accounting Policies

a Accounting Convention

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

b Basis for Accounting for Acquisition

The Hotel is shown at cost of acquisition from Mr & Mrs Chapman under the terms of an agreement dated 4th September 1990 which became unconditional on 28th January 1991. The Contract provided for the sale as a going concern of Woolley Grange Hotel together with the Fixtures and Fittings and the Chattels therein, but subject to any disclosed liabilities, in consideration of the allotment to Mr & Mrs Chapman of 'A' and 'B' Ordinary Shares of 50p each in the Company at £1 per share.

c Turnover

Turnover represents the invoiced amount of goods and services provided, excluding Value Added Tax.

d 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.

e Tangible Fixed Assets

No depreciation has been provided on the Hotel as it is the Company's intention to maintain it in a continual state of sound repair. Any depreciation charge would therefore be minimal.

Included in Fixtures and Fittings is all expenditure incurred in furnishing and equipping the hotel. Replacement furniture, room fittings and soft furnishings are charged against profits in the year in which the costs are incurred and any depreciation charge would therefore be minimal.

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

Freehold Hotel	0% on cost
Integral Fixtures & Fittings	0% on cost
Motor Vehicles	25% on cost

f Stocks

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

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

g Operating Leases

Rentals paid under operating leases are charged to profit and loss account.

h Deferred Taxation

Deferred taxation is provided on all timing differences using the liability method except where it can be demonstrated with reasonable probability that a tax liability is unlikely to arise in the foreseeable future.

NOTES TO THE ACCOUNTS FOR THE
PERIOD FROM
18 MAY 1990 TO 31 MAY 1991

£

2 Operating Loss

Operating Loss is stated after charging:

Depreciation of Tangible Fixed Assets - owned	500
Auditors Remuneration	2,000

3 Interest Payable

On Bank Loans, Overdrafts and other loans:

Repayable within five years, otherwise than by instalments	6,738
Repayable within five years by instalments	18,623
Repayable wholly or partly in more than five years	49,693
Hire Purchase Contracts	1,013
	<hr/> 76,067

4 Taxation

There is no liability to Corporation Tax due to losses
suffered in the period

5 Staff Costs

Particulars of Employees

Employee Costs during the period amounted to:

Wages and Salaries	69,586
Social Security Costs	5,787
Average Number of Employees during the period	<hr/> 32

Remuneration of Directors

No remuneration was paid or made available in
respect of any directors services as a director
during the period.

6 Tangible Fixed Assets

	Freehold Hotel	Motor Vehicles	Fixtures & Fittings	TOTAL
	£	£	£	£
COST				
On Acquisition	2,200,000	-	300,000	2,500,000
Subsequent Additions	1,190	12,000	17,068	30,978
At 31st May 1991	2,201,190	12,000	317,068	2,530,978
DEPRECIATION				
Charge for the period		500		500
At 31st May 1991		500		500
Net Book Value at 31st May 1991	2,201,910	11,500	317,068	2,530,478

The freehold hotel was professionally valued by Hirani Watson, Chartered Surveyors on 20th June 1990 on the basis of an open market value for existing use including its trading potential. This valuation has been used as the basis for the Cost of Acquisition as the Directors did not consider that there was any significant change in that value.

The Directors are aware that the market and therefore the value of hotels, is currently depressed. They consider at present no useful purpose would be served by a current valuation of the Hotel. Woolley Grange Hotel is still in the development phase and once the Hotel's growth has stabilised the Directors will decide as to whether any benefit will be derived from a professional valuation.

	£
7 Stocks	
Kitchen consumables	500
Housekeeping	750
Food & Beverage	13,000
	£14,250

8 Debtors

Due within one year:

Trade Debtors	12,419
Prepayments and Accrued Income	1,375
	<u>£13,794</u>

9 Creditors

Amounts Falling Due within One Year

Bank Overdraft	162,366
Other Loans	97,650
Current Instalments on long term loans	26,666
Trade Creditors	94,446
Directors Current Accounts	3,587
Other Taxes and Social Security Costs	56,631
Hire Purchase Contracts	7,003
Other Creditors	17,552
Accruals and Deferred Income	30,472
	<u>£496,673</u>

The bank overdraft is secured by a third legal charge over the freehold property.

Other Loans

A Loan from Westerly Hotels PLC repayable on 31st December 1991. Interest to be charged at 2% over Barclays Bank base rate. At the option of either party the Loan may be converted into 'A' Shares and/or 'B' Shares before 31st December 1991.

10 Creditors

Amounts Falling Due After More Than One Year

Loans (note 11)	1,363,623
Hire Purchase	14,006
	<u>£1377,629</u>

11 Loans

Loans repayable over more than five years	1,363,623
Fixed 12% Loan repayable by equal quarterly instalments of £16,670 commencing 23rd March 1994	1,000,000
Variable Rate Loan repayable over 180 equal monthly instalments. The loan commenced 16th February 1990 in the name of Nigel & Heather Chapman. The Debt was taken over by the Company following the acquisition of the hotel.	363,623
	<u>£1,363,623</u>

The aforementioned amounts are repayable in the following time periods:

More than one year and less than two years	26,666
More than two years and less than five years	230,028
Five years or more	<u>1,106,929</u>
	<u>£1,363,623</u>

The Fixed 12% Loan is secured by a first legal charge over the Freehold Property. The Variable Rate Loan is secured by a second legal charge over the Freehold Property and a debenture over the business and assets of the Company.

12 Share Capital

£

Authorised at 31st May 1991

1,000,000 'A' Ordinary Shares of 50p each	500,000
1,000,000 'B' Ordinary Shares of 50p each	500,000
	<u>£1,000,000</u>

Allotted Called up and Fully Paid at 31st May 1991

364,159 'A' Ordinary Shares of 50p each	182,080
620,151 'B' Ordinary Shares of 50p each	310,075
	<u>£492,155</u>

a Changes in Authorised Share Capital

Following a Special Resolution passed at the Company's Extraordinary General Meeting on 4th September 1990 the following changes were made to the Company's Share Capital:

i) Each of the 2 issued Ordinary Shares of £1 each registered in the name of N P Chapman & H E L Chapman and the 98 unissued Ordinary Shares of £1 each were converted into Ordinary Shares of 50p each.

ii) 100 unissued shares of 50p each in the Capital of the Company were redesignated as 'A' Ordinary Shares of 50p each and the aforesaid 4 issued shares of 50p each and 96 unissued Ordinary Shares were redesignated as 'B' Ordinary Shares of 50p each.

iii) The authorised Share Capital of the Company was increased from £100 divided into 100 'A' Ordinary Shares of 50p each and 100 'B' Ordinary Shares of 50p each to £1,000,000 by the creation of a further 999,900 'A' Ordinary Shares of 50 p each and a further 999,900 'B' Ordinary Shares of 50 p each.

b Changes in Issued Share Capital

The Following allotments were made during the period in order to provide additional working capital for the Company:

<u>Date of Allotment</u>	<u>Number of Shares Allotted</u>		<u>Gross Consideration Received</u>
	<u>'A' Shares</u>	<u>'B' Shares</u>	<u>£</u>
4th September 1990	-	4	4
28th January 1991	293,897	574,996	868,973
5th April 1991	47,000	-	47,000
7th May 1991	23,262	45,151	68,413
	364,159	620,151	984,310
Share Premium (Note 13)	£182,080	£310,075	492,155
Total allotted, called up and fully paid at 31 May 1991			£492,155

c. Options

As detailed in Note 9. Options were held to convert all or part of a loan into 'A' shares and/or 'B' shares, the amount of such loan at 31st May 1991 being £97,650.

13 Reserves

	<u>Share Premium</u>	<u>Goodwill</u>	<u>Profit & Loss</u>
	<u>£</u>	<u>£</u>	<u>£</u>
Premium on Share Issue (Note 12)	492,155		
Issue Costs	(37,934)		
Goodwill on Acquisition of Hotel		(184,260)	
Trading Loss for the Period			(76,481)
As at 31 May 1991	£454,221	£(184,260)	£(76,481)

14 Directors' Interests

As detailed in Note 1b, the Hotel was acquired from Mr & Mrs Chapman.

The Company trades in the ordinary course of business on an arms length basis with Browning Associates a professional consultancy in which Mr & Mrs Chapman have a material interest. The value of consultancy relating to the Company amounted to £8,800 in the period.