

## **Stoke Park Limited**

### **Directors' report and financial statements**

31 December 1998

Registered number 2732069



## **Directors' report and financial statements**

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## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 1998.

### **Principal activities**

The company holds the leasehold on Stoke Poges golf course which it operates together with the associated bar and catering facilities. During the year the company commenced a hotel operation.

### **Business review**

The results for the year are set out in the profit and loss account on page 5.

### **Proposed dividend**

The directors do not recommend the payment of a dividend (1997: £nil).

### **Directors and directors' interests**

The directors who held office during the year were as follows:

RM King            (Chairman)  
HM King  
WM King  
CM King

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company. Their interests in the ordinary shares of the parent company, International Hotels Limited, are disclosed in the directors' report and financial statements of that company.

### **Creditor payment policy**

Supplier credit is an extremely important factor in the success of the business. Whilst we do not follow any specified code or standard on payment practice, we endeavour to ensure that all payments are made within mutually agreed credit terms, subject to the terms and conditions being met by the supplier.

## Directors' report (continued)

### Year 2000

The directors recognise that there are significant risks and uncertainties associated with the Year 2000 problem relating to internal control systems, products and third party relationships. They have implemented a programme to address such problems which is intended to minimise disruption to the business which might be caused by the failure of such systems.

With regard to third party relationships, the directors believe that the company is not overly reliant on any of its customers or suppliers.

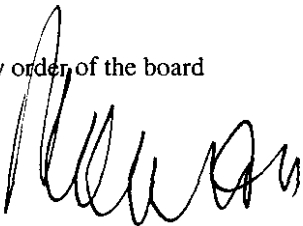
The directors do not consider that the programme will cause the business to incur any significant additional costs beyond planned replacement expenditure and existing personnel resources.

The general expectation by those who have studied best practice in managing the Year 2000 problem is that even the best run projects will face some Year 2000 compliance failures. There can be no assurance that Year 2000 projects will be successful or that the date change from 1999 to 2000 will not adversely affect the company.

### Auditors

In accordance with Section 385 of the Companies Act 1985 a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**RG Menon**  
*Secretary*

Hertford Place  
Denham Way  
Rickmansworth  
Hertfordshire  
WD3 2XB

3rd Sept 1999

## **Statement of directors' responsibilities in respect of the preparation of financial statements**

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;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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8 Salisbury Square  
London  
EC4Y 8BB

## **Auditors' report to the members of Stoke Park Limited**

We have audited the financial statements on pages 5 to 13.

### *Respective responsibilities of directors and auditors*

As described on page 3 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's affairs as at 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**  
Chartered Accountants  
Registered Auditors

7 September 1999

## Profit and loss account

for the year ended 31 December 1998

	Note	1998 £	1997 £
<b>Turnover</b>	2	<b>3,820,500</b>	2,419,904
Cost of sales		(828,219)	(659,082)
<b>Gross profit</b>		<b>2,992,281</b>	1,760,822
Administrative expenses		(3,671,436)	(3,139,200)
Other operating income		10,002	16,218
<b>Operating loss</b>		<b>(669,153)</b>	(1,362,160)
Interest payable and similar charges	5	(212,620)	(35,464)
Interest receivable and similar income	6	1,768	2,123
<b>Loss on ordinary activities before tax</b>		<b>(880,005)</b>	(1,395,501)
Tax	7	-	-
<b>Loss for the financial year</b>		<b>(880,005)</b>	(1,395,501)

The above results were derived solely from continuing operations.

There were no recognised gains other than those included in the profit and loss account.

## Note of historical cost profits and losses

for the year ended 31 December 1998

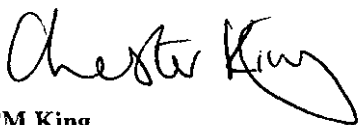
	1998 £	1997 £
Reported loss on ordinary activities before taxation	(880,005)	(1,395,501)
Depreciation difference between historical cost and the revalued amount	20,036	20,036
Historical cost loss on ordinary activities before taxation	(859,969)	(1,375,465)
Historical cost retained loss for the year	(859,969)	(1,375,465)

## Balance sheet

at 31 December 1998

	Note	1998	1997
		£	£
<b>Fixed assets</b>			
Tangible assets	8	12,316,762	11,472,152
<b>Current assets</b>			
Stocks	9	198,619	187,528
Debtors	10	318,463	645,066
Cash in hand		116,395	2,300
		<u>633,477</u>	<u>834,894</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(9,379,387)</u>	<u>(7,319,755)</u>
<b>Net current liabilities</b>		<u>(8,745,910)</u>	<u>(6,484,861)</u>
<b>Total assets less current liabilities</b>		<u>3,570,852</u>	<u>4,987,291</u>
<b>Creditors: amounts falling due after more than one year</b>	12	<u>(5,619,068)</u>	<u>(6,155,502)</u>
<b>Net liabilities</b>		<u>(2,048,216)</u>	<u>(1,168,211)</u>
<b>Capital and reserves</b>			
Called up share capital	13	1,000	1,000
Revaluation reserve	14	2,414,018	2,414,018
Profit and loss account	14	(4,463,234)	(3,583,229)
<b>Deficit on equity shareholders' funds</b>	14	<u>(2,048,216)</u>	<u>(1,168,211)</u>

These financial statements were approved by the board of directors on its behalf by:



**CM King**  
Director

3<sup>rd</sup> Sep 1999 and were signed



## Notes

*(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of leasehold property.

The financial statements have been prepared on a going concern basis as the parent company has confirmed that it will continue to support the company and that no claims will be made on the company to repay amounts owing, totalling £11,372,287 until all amounts owing to the other creditors have been satisfied and it will give the company sufficient time to dispose of its property.

If the company were unable to continue to trade, adjustments would have to be made to reduce the value of the assets to their recoverable amounts and to provide for any further liabilities that may arise.

#### ***Cash flow statement***

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a parent company which has produced a group cash flow in accordance with the standard.

#### ***Fixed assets and depreciation***

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives, as follows:

Leasehold improvements	-	1%-10%
Plant and machinery	-	20%
Fixtures and fittings	-	20%

No depreciation is provided on fine art works included within fixtures and fittings as it is considered that the residual value of these items will be greater than cost.

#### ***Stocks***

Stocks are stated at the lower of cost and net realisable value. In determining the cost of consumables and goods purchased for resale, the weighted average purchase price is used.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Deferred tax*

Deferred tax is provided in respect of tax effects arising from all timing differences to the extent that it is probable that a liability will crystallise in the foreseeable future.

#### *Turnover*

Turnover represents the amounts (excluding value added tax) derived from membership fees and the provision of services to the golf club members, sale of hotel rooms and associated activities during the period. Annual membership fees are recognised evenly over the membership year.

### 2 Turnover and loss on ordinary activities

In the opinion of the directors, the turnover and loss on ordinary activities before tax arose in both the same geographical market and class of business.

### 3 Loss on ordinary activities before and after tax

	1998 £	1997 £
<i>Loss on ordinary activities before tax is stated after charging</i>		
Directors' remuneration	-	-
Auditors' remuneration - audit services	10,000	10,000
Depreciation	505,625	378,861
	<u>          </u>	<u>          </u>

### 4 Staff numbers and costs

The average number of persons employed by the company (excluding directors) during the year, analysed by category, was as follows:

	Number of employees	
	1998	1997
Administration	8	8
Operational	68	52
	<u>          </u>	<u>          </u>
	76	60
	<u>          </u>	<u>          </u>

## Notes (continued)

### 4 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	1998 £	1997 £
Wages and salaries	1,097,948	894,819
Social security costs	91,623	67,592
Other pension costs	1,483	5,172
	<u>1,191,054</u>	<u>967,583</u>

### 5 Interest payable and similar charges

	1998 £	1997 £
Interest on bank loans and overdrafts	212,620	35,464
	<u>212,620</u>	<u>35,464</u>

### 6 Interest receivable and similar income

	1998 £	1997 £
Bank interest receivable	1,768	2,123
	<u>1,768</u>	<u>2,123</u>

### 7 Tax

No tax has been provided due to the availability of past and current year tax losses (1997: £nil).

The potential deferred tax liability following revaluation of the company's long leasehold property amounts to £711,396. The directors have not provided for this potential liability as they have no intention of disposing of the property. There are no other potential deferred tax liabilities and no assets which the directors expect to crystallise in the foreseeable future.

## Notes (continued)

### 8 Tangible fixed assets

	Freehold property £	Long leasehold property and leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>						
At beginning of year	54,250	8,985,913	695,779	2,647,169	52,000	12,435,111
Additions	59,661	798,456	23,391	487,629	20,695	1,389,832
Transfers from parent company	-	-	-	60,449	-	60,449
Disposals	-	-	-	(100,046)	-	(100,046)
At end of year	113,911	9,784,369	719,170	3,095,201	72,695	13,785,346
<b>Depreciation</b>						
At beginning of year	-	228,807	277,939	404,213	52,000	962,959
Charge for year	-	155,022	118,276	229,222	3,105	505,625
At end of year	-	383,829	396,215	633,435	55,105	1,468,584
<b>Net book value</b>						
At 31 December 1998	113,911	9,400,540	322,955	2,461,766	17,590	12,316,762
At 31 December 1997	54,250	8,757,106	417,840	2,242,956	-	11,472,152

The cost of fixtures and fittings includes £1,393,223 (1997: £1,360,131) of fine art works which, in accordance with the company's accounting policy for such assets, are not subject to depreciation.

Included above are assets held under finance leases with a cost of £38,695 (1997: £18,000), accumulated depreciation of £12,405 (1997: £5,700) and a net book value of £26,290 (1997: £12,300).

On 11 October 1996, Strutt and Parker, Chartered Surveyors, revalued the long leasehold property on the basis of open market value for existing use. The historical cost of the long leasehold property and leasehold improvements is £7,370,286.

## Notes (continued)

### 9 Stocks

	1998 £	1997 £
Finished goods and goods for resale	198,619	187,528

### 10 Debtors

	1998 £	1997 £
Trade debtors	183,500	121,758
Other debtors	46,468	471,308
Prepayments and accrued income	88,495	52,000
	<u>318,463</u>	<u>645,066</u>

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

	1998 £	1997 £
Bank loans and overdrafts (see note 12)	645,500	506,570
Deferred income	794,920	556,281
Trade creditors	420,210	914,940
Amounts owed to parent undertaking	7,372,287	5,086,104
Other creditors including taxation and social security		
Other taxes and social security	58,565	50,771
Other creditors and accruals	77,981	202,165
	<u>136,546</u>	<u>252,936</u>
Amounts owing under hire purchase agreements	9,924	2,924
	<u>9,379,387</u>	<u>7,319,755</u>

Amounts owing to the company's parent undertaking of £11,372,287 including a long term loan of £4,000,000 (1997: £4,000,000) has been subordinated to the claims of other creditors such that these loans may be repaid, in full or in part, only to the extent that the company remains solvent after such repayment and will be able to meet its debts as they fall due over the following twelve months.

## Notes (continued)

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

	1998 £	1997 £
Bank loan	1,606,452	2,147,172
Amounts owed to parent undertaking	4,000,000	4,000,000
Amounts owing under hire purchase agreements	12,616	8,330
	<u>5,619,068</u>	<u>6,155,502</u>

The bank loan is secured on the company's leasehold property. In addition, the company's parent undertaking, International Hotels Limited, and two related parties have each guaranteed the company's bank borrowings up to £2.5 million. International Hotels Limited has also agreed to postpone repayment of £4.0 million of its intercompany loan. The bank loan is wholly repayable within five years.

### 13 Called up share capital

	1998 £	1997 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

### 14 Reconciliation of deficit on equity shareholder's funds

	Share capital £	Revaluation reserve £	Profit and loss £	1998 Total shareholder's funds £	1997 Total shareholder's funds £
At beginning of year	1,000	2,414,018	(3,583,229)	(1,168,211)	227,290
Loss for the year	-	-	(880,005)	(880,005)	(1,395,501)
	<u>1,000</u>	<u>2,414,018</u>	<u>(4,463,234)</u>	<u>(2,048,216)</u>	<u>(1,168,211)</u>

**Notes** *(continued)*

**15 Parent undertaking and related party transactions**

The company's controlling party and parent undertaking is International Hotels Limited (IHL), a company incorporated in Great Britain and registered in England and Wales. As the company is a wholly owned subsidiary of IHL, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group headed by IHL. The consolidated financial statements of IHL, within which this company is included can be obtained from Hertford Place, Denham Way, Rickmansworth, Hertfordshire, WD3 2XB.

During the year the company had the following related party transactions with entities outside the group headed by IHL:

- a) The company incurred £48,941 in advertising and printing costs payable to International Advertising Limited.
- b) The company paid £108,125 (1997: £170,625) for the services of the directors to Beeson Holdings Limited.
- c) The company incurred £61,600 (1997: £145,650) in respect of management fees payable to Beeson and Sons Limited.
- d) The company incurred £81,950 (1997: £101,450) in respect of financial and legal support payable to International Hospitals Group Limited.

All the above companies are related parties by virtue of the fact that the board of directors of the companies include RM King, HM King, WM King and CM King.