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**ST. JAMES BEACH HOTELS PLC**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2000**



## **ST. JAMES BEACH HOTELS PLC**

Corporate Information  
Year ended March 31, 2000

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### **Directors**

Tom Quinn (Non-executive Director)  
Ann Adenius (appointed October 12, 1999)  
Anthony Sloan (appointed October 12, 1999)  
Andrew Parker (resigned May 5, 1999)  
Mark Young (resigned October 12, 1999)

### **Secretary**

Anthony Sloan (appointed October 12, 1999)  
Mark Young (resigned October 12, 1999)

### **Principal Bankers**

Bank of Nova Scotia  
Barclays Bank Plc

### **Lawyers**

R.G. Mandeville & Co.  
Leroy Inniss Q.C.  
Dr. Richard Cheltenham Q.C.  
Maxwell Batley

### **Registered Office**

27 Chancery Lane  
London, WC2 1PA

### **Auditors**

Ernst & Young

## ST. JAMES BEACH HOTELS PLC

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Year ended March 31, 2000

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## ST. JAMES BEACH HOTELS PLC

Directors' Report for the year ending March 31, 2000

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### Results and Dividend:

No dividend is recommended to be paid.

### Principal Activity:

The principal activity of the company is the ownership and operation of the Crystal Cove, Coconut Creek, Tamarind Cove and Colony Club hotels in Barbados.

### Review of the Business:

Turnover for the year amounted to £15.16 million (up from 1999 £14.84 million), with a loss on ordinary activities before taxation and dividends being £1.74 million (down from a 1999 profit of £0.77 million).

At year-end, Elegant Hotels Limited ("EHL") was a Cayman Islands registered Company in which CS Structured Credit Fund Limited owns more than 90 percent of the issued share capital. On May 2, 2000, EHL was de-registered in the Cayman Islands and registered in Bahamas.

Elegant Hotels Limited is the ultimate parent company of St. James Beach Hotels Plc.

### Future Developments:

The luxury tropical lodging industry is highly competitive, and the demands and expectations of the guests in that market segment are constantly evolving. To maintain its competitive edge, the Company recruited experienced senior Hotel executives during the year as Chief Operating Office, Sales & Marketing Director, and Finance Director. This revitalized Senior Management Team has since developed and has begun to implement a comprehensive long-range strategy for improvements to the hotel product and to the sales and marketing effort. The preliminary feedback from the Tour Operators and the guests to the product and to its promotion has been very positive.

### Annual General Meeting:

The notice of the Annual General Meeting to be held is attached hereto.

### Directors:

At year end, Ann Adenius, Anthony Sloan, and Tom Quinn were Directors. Andrew Parker resigned as Director on May 5, 1999. Mark Young resigned as Director on October 12, 1999. No other changes have taken place with respect to the Board of Directors as of the date of this report.

There were no Directors' interests requiring disclosure under the Companies Act 1985.

## ST. JAMES BEACH HOTELS PLC

Directors' Report for the year ending March 31, 2000 (cont'd)

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### Year 2000

The Year 2000 Issue arose because many computerized systems used two digits rather than four to identify a year. Date sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change to the year 2000 has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved. The Company and Group have not at the date of this report encountered any significant problems as a result of the Year 2000 issue. Any costs incurred in ensuring the Group was Year 2000 compliant have been absorbed into the ordinary operating costs of the Group

### Auditors:

Ernst & Young were re-appointed during the financial year ended March 31, 1999 and continued as auditors of the company for the year ended March 31, 2000.

Ernst & Young have indicated their willingness to continue in office and in accordance with Section 384 of the Companies Act 1985, a resolution proposing their appointment will be put to the Annual General Meeting.

By Order of the Board



Anthony Sloan  
Secretary

January 19, 2001

## ST. JAMES BEACH HOTELS PLC

### Notice of Annual General Meeting

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Notice is hereby given that the Annual General Meeting of the Company will be held at 2500 Charlotte Plaza, Charlotte, North Carolina, USA at 12:30 p.m (New York time) on January 2001.

#### Ordinary Business:

1. To receive and adopt the Directors' Report and the accounts for the financial year ended March 31, 2000.
2. To re-appoint Ernst & Young as auditors to hold office until conclusion of the next Annual General Meeting.
3. To authorise the Directors to fix the remuneration of the auditors.
4. To re-elect any Director as so required under the provisions of Article 93.

#### Special Business:

1. Any other business.

By order of the Board

Anthony Sloan  
Secretary

January 19, 2001

## ST. JAMES BEACH HOTELS PLC

Statement of Directors' Responsibilities  
Year ended March 31, 2000

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The directors are required by Company Law to prepare financial statements which give a true and fair view of the state of affairs of the Company and Group as at the end of each financial year and of the profit or loss of the Group for that period. In preparing these accounts the directors are required to:-

- select suitable accounting policies and then apply them consistently.
- make judgments and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed; and
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the Company and the Group 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 Group and to enable them to ensure that the accounts comply with the Companies Act 1985. They have a general responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Company and Group and to prevent and detect fraud and other irregularities.

By order of the board



Anthony Sloan

Secretary

January 19, 2001

**AUDITORS' REPORT**

To the shareholder of St. James Beach Hotels PLC

We have audited the financial statements on pages 6 to 22 which have been prepared under the historical cost convention as modified by the revaluation of fixed assets and the accounting policies set out on pages 9 to 11.

**Respective responsibilities of directors and auditors**

As described on page 4, the company's directors are responsible for the preparation of the financial statements. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to the shareholder.

**Basis of opinion**

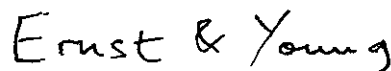
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company and group's circumstances.

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**

The group does not provide depreciation on its freehold buildings on the basis that any depreciation charged would be immaterial. However, it has failed to carry out the impairment review, required annually by FRS 15 - Tangible Fixed Assets, where no depreciation is charged. This is not in accordance with Financial Reporting Standard 15.

In our opinion, except for the effect of any impairment which may have been required had an impairment review been carried out, in our opinion the financial statements give a true and fair view of the state of affairs of the company and group as at March 31, 2000 and of the group's loss and cash flows for the year to that date and have been properly prepared in accordance with the Companies Act 1985 of the United Kingdom.



**CHARTERED ACCOUNTANTS**  
Registered Auditor  
Barbados



# ST. JAMES BEACH HOTELS PLC

Balance Sheet  
As of March 31, 2000

	Notes	Group 2000 (£ 000's)	Company 2000 (£ 000's)	Group 1999 (£ 000's)	Company 1999 (£ 000's)
<b>Fixed assets</b>					
Tangible assets	6	54,889	-	54,779	-
Investments	7	15	15,742	-	15,952
		54,904	15,742	54,779	15,952
<b>Current assets</b>					
Stocks	5	865	-	815	-
Debtors	3	27,396	-	11,186	-
Cash at bank and in hand		5,281	-	586	13
		33,542	-	12,587	13
<b>Creditors: amounts falling due within one year</b>					
Bank and other borrowings	9	(1,403)	-	(12,959)	-
Creditors	8	(36,431)	(1,181)	(8,222)	(1,349)
		(37,834)	(1,181)	(21,181)	(1,349)
<b>Net current liabilities</b>		(4,292)	(1,181)	(8,594)	(1,336)
<b>Total assets less current liabilities</b>		50,612	14,561	46,185	14,616
<b>Creditors: amounts falling due after more than one year</b>	10	(13,231)	-	(7,065)	-
<b>Provision for liabilities and charges</b>	11	(957)	-	(845)	-
<b>Net assets</b>		36,424	14,561	38,275	14,616
<b>Capital and reserves</b>					
Called up share capital	12	5,907	5,907	5,907	5,907
Share premium account		8,918	8,918	8,918	8,918
Merger reserve	13	(1,906)	-	(1,906)	-
Revaluation reserve	14	18,606	-	18,547	-
Capital redemption reserve	15	3,000	3,000	3,000	3,000
Profit and loss account	16	1,899	(3,264)	3,809	(3,209)
<b>Equity Shareholder's funds</b>	17	36,424	14,561	38,275	14,616

The accompanying notes are an integral part of this Company's and Group's balance sheets. The accounts were approved by the Board of directors on January 19, 2001 and signed on their behalf by:

.....Director

# ST. JAMES BEACH HOTELS PLC

Consolidated Profit and Loss Account  
Year ended March 31, 2000

	Notes	2000 (£ 000's)	1999 (£ 000's)
Turnover		15,162	14,841
Cost of sales		(7,085)	(5,645)
Gross Profit		8,077	9,196
Administration and other costs		(9,175)	(7,956)
Other operating income		613	656
<b>Operating (loss) profit</b>		(485)	1,896
Interest payable and similar charges	22	(1,254)	(1,127)
<b>(Loss) profit on ordinary activities before taxation</b>		(1,739)	769
Taxation	19	-	-
<b>(Loss) profit on ordinary activities after taxation</b>		(1,739)	769
Earnings per ordinary share	23	-	3.25p

All of the groups activities are continuing.

There are no material differences between the results disclosed above and the results given on an unmodified historical cost basis.

The accompanying notes are an integral part of this Groups Profit and Loss Account.

## Consolidated Statement of Total Recognised Gains and Losses Year ended March 31, 2000

	2000 (£ 000's)	1999 (£ 000's)
(Loss) profit on ordinary activities after taxation	(1,739)	769
Unrealised surplus on revaluation of properties	-	1,151
Exchange adjustments	(112)	1,865
Total recognised (losses) gains for the year	(1,851)	3,785
Prior year adjustment	-	210
Total recognised (losses) gains since last report	(1,851)	3,995

The accompanying notes are an integral part of this Groups Statement of Total Recognised Gains and Losses.

# ST. JAMES BEACH HOTELS PLC

Consolidated Statement of Cash Flows  
Year ended March 31, 2000

	2000 (£ 000's)	1999 (£ 000's)
<b>Net cash inflow from operating activities (Note 20)</b>	12,378	1,197
<b>Returns on investments and servicing of finance</b>		
Interest paid	(1,254)	(1,127)
<b>Net cash outflow from returns on investments and servicing of finance</b>	(1,254)	(1,127)
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(913)	(3,642)
Sale of tangible fixed assets	-	61
<b>Net cash outflow from capital expenditure</b>	(913)	(3,581)
<b>Net cash inflow (outflow) before financing and investing</b>	10,211	(3,511)
<b>Financing</b>		
Proceeds of external borrowings	7,396	-
Repayment of external borrowings	(8,910)	-
<b>Net cash outflow from financing</b>	(1,514)	-
<b>Investing</b>		
Purchase of investment	(15)	-
<b>Net cash outflow from investing</b>	(15)	-
<b>Increase (decrease) in cash (Note 20)</b>	8,682	(3,511)

The accompanying notes are an integral part of this Groups Cash Flow Statement.

## ST. JAMES BEACH HOTELS PLC

Notes to the Consolidated Financial Statements  
Year ended March 31, 2000

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### 1. Incorporation and Ownership

The company was incorporated in the United Kingdom. The company is a wholly-owned subsidiary of Elegant Hotels Limited, a company incorporated in the Cayman Islands. Elegant Hotels Limited is the immediate parent company and it has included the company in its group accounts. CS Structured Credit Fund Limited, which is incorporated in the Cayman Islands, is the controlling party.

### 2. Accounting Policies

The financial statements are presented in accordance with applicable UK accounting standards and under the historical cost convention as modified by the revaluation of freehold land and buildings and in accordance with the Companies Act 1985. The principal accounting policies which have been applied throughout the year are:

#### [a] Basis of accounting

The financial statements incorporate the results of operations, financial position and cash flow of St. James Beach Hotels PLC consolidated with its subsidiary undertakings. The assets and liabilities of subsidiary undertakings acquired are incorporated at their fair value at the date of acquisition. The Group profit after taxation includes only that portion of the results of subsidiary undertakings arising since the effective date of control, or in the case of undertakings disposed of, for the period of ownership. Balances and transactions between the Group's subsidiary undertakings, as well as intercompany profits and dividends, are eliminated upon consolidation.

#### [b] Goodwill

The Company has adopted the transitional provisions under FRS 10 not to reinstate goodwill arising on consolidation previously written off to reserves. Goodwill arising on acquisitions subsequent to March 31, 1999 will be capitalised and amortised over its useful economic life, up to a presumed maximum of 20 years. No such goodwill has arisen in the year.

#### [c] Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into pounds sterling using the closing rate method. Foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Assets and liabilities of foreign subsidiary undertakings are translated into pounds sterling at rates of exchange at the date of the balance sheet and the results of the foreign subsidiary undertakings are translated at the average rate of exchange for the year. Exchange differences arising on translation of the net investment in overseas subsidiaries are treated as movements on reserves.

## ST. JAMES BEACH HOTELS PLC

Notes to the Consolidated Financial Statements  
Year ended March 31, 2000

### 2. Accounting policies (cont'd)

#### [c] Foreign Currencies (cont'd)

The Barbados Dollar equivalents to £1 used in the translation were:

	Year ended Year ended 2000	Year ended 31 March 1999
Average rate	3.19	3.32
Closing rate	3.18	3.19

#### [d] Tangible fixed assets

The Group's properties are periodically revalued and the resultant value is included in the balance sheet. The difference between the valuation and historic cost is recorded in revaluation reserve on a property by property basis. Any impairment in the value of a property is charged to the profit and loss account after making the appropriate adjustment to revaluation reserve.

The Group has adopted the transitional provisions under FRS 15 to retain the book amounts of the properties. Accordingly the properties have not been revalued in the current financial year. The date and amount of the last valuation are shown in note 6 to the financial statements.

#### [e] Depreciation

No depreciation is provided on freehold properties or on integral fixed plant.

It is the Group's practice to maintain these assets in a continual state of sound repair and to expand or make improvements thereto from time to time and accordingly the Directors consider that the lives of these assets are so long, and residual values (based on prices prevailing at the time of acquisition or subsequent valuation) are so high that their depreciation is insignificant.

Fixtures and fittings, which are classified within freehold land and buildings, are depreciated on a straight line basis at rates varying between 5% and 20% per annum. Computer equipment is depreciated at 20% on a straight line basis.

Depreciation of other tangible assets is calculated to write off the cost of fixed assets over their estimated useful lives as follows:

Furniture and equipment	20% - reducing balance
Motor vehicles	20% - reducing balance
Improvements	10% - reducing balance

## ST. JAMES BEACH HOTELS PLC

Notes to the Consolidated Financial Statements  
Year ended March 31, 2000

### 2. Accounting policies (cont'd)

#### [f] Inventory

Stocks are stated at the lower of cost and net realisable value determined on a first-in, first-out basis. Net realisable value is based on estimated selling price. Provision is made for obsolete, slow moving or defective items where apparent.

#### [g] Operating leases

Rentals on such leases are charged to the profit and loss account as incurred.

#### [h] Deferred taxation

Provision is made under the liability method for deferred taxation arising from timing differences between profits as computed for taxation purposes and profits as stated in the accounts to the extent that a liability or asset is expected to be realised in the foreseeable future.

#### [i] Turnover

Turnover represents amounts receivable for goods sold and services provided, excluding intra group sales, sales taxes and service charge.

### 3. Debtors

	<b>Group 2000 (£ 000's)</b>	<b>Company 2000 (£ 000's)</b>	<b>Group 1999 (£ 000's)</b>	<b>Company 1999 (£ 000's)</b>
Trade debtors	560	-	1,894	-
Prepayments	79	-	68	-
Other debtors	-	-	80	-
Due from group undertakings (Note 4)	26,757	-	9,144	-
	<u>27,396</u>	<u>-</u>	<u>11,186</u>	<u>-</u>

## ST. JAMES BEACH HOTELS PLC

Notes to the Consolidated Financial Statements  
Year ended March 31, 2000

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### 4. Related Party Balances and Transactions

Amounts receivable from and payable to related companies are unsecured, interest-free and have no fixed terms of repayment. Certain companies in the Group provide management services on behalf of related parties. Related party transactions also arise from exchange dining services and transfers of guests between properties. The related party balances and transactions are with fellow subsidiaries of Elegant Hotels Limited. The company has taken advantage of the exemption in FRS 8 from disclosing transactions with other group undertakings.

### 5. Stocks

	2000 (£ 000's)	1999 (£ 000's)
Raw materials and consumables	116	123
Goods for resale	118	76
Linen, cutlery and glassware	631	616
	<hr/>	<hr/>
	865	815
	<hr/>	<hr/>

# ST. JAMES BEACH HOTELS PLC

Notes to the Consolidated Financial Statements  
Year ended March 31, 2000

## 6. Tangible Fixed Assets

	Freehold land and buildings at valuation (£000's)	Furniture and equipment at cost (£000's)	Motor vehicles at cost (£000's)	Total (£000's)
<b>Cost/Valuation</b>				
At April 1, 1999	51,135	6,792	123	58,050
Exchange adjustments	3	1	-	4
Additions	198	665	50	913
At March 31, 2000	51,336	7,458	173	58,967
<b>Accumulated depreciation</b>				
At April 1, 1999	-	3,207	64	3,271
Exchange adjustments	-	3	1	4
Provision for the year	-	789	14	803
At March 31, 2000	-	3,999	79	4,078
<b>Net book value</b>				
At April 1, 1999	51,135	3,585	59	54,779
At March 31, 2000	51,336	3,459	94	54,889
<b>Analysis of cost or valuation</b>				
Year of valuation				
1995	603	-	-	603
1997	43,525	-	-	43,525
1999	7,026	-	-	7,026
Assets held at valuation	51,154	-	-	51,154
Assets held at cost	182	7,458	173	7,813
	51,336	7,458	173	58,967



## ST. JAMES BEACH HOTELS PLC

Notes to the Consolidated Financial Statements  
Year ended March 31, 2000

### 6. Fixed Assets (cont'd)

Certain of the Group's properties were revalued at March 1995, March 1997 and March 1999 at professional independent valuations by Alleyne Aguilar & Altman Ltd., real estate agents, Barbados. The properties were valued as fully-equipped operational entities having regard to their trading potential.

The historical cost equivalent of fixed assets carried at revalued amounts was £31,424,000 (1999 - £31,424,000).

### 7. Investments

#### Company

Investments consist of investments in shares of Group undertakings of £3,439,000 (1999 - £3,439,000) and loans to Group undertakings of £12,302,731 (1999 - £12,513,000). The movement represents a £210,269 reduction in the amount receivable from the Group undertaking.

#### Group

A Group undertaking acquired 48,000 Class B Ordinary Shares in the Southern Golf & Country Club Limited. The shares are shown at cost.

### 8. Creditors: Amounts falling due within one year

	Group 2000 (£ 000's)	Company 2000 (£ 000's)	Group 1999 (£ 000's)	Company 1999 (£ 000's)
Trade creditors	962	-	1,215	1,029
Advance deposits	340	-	108	-
Advance corporation tax	159	159	159	159
Due to group undertakings	34,298	937	5,509	-
Accruals & deferred income	634	85	1,142	161
Taxation & social security	15	-	44	-
Other creditors	23	-	45	-
	36,431	1,181	8,222	1,349

# ST. JAMES BEACH HOTELS PLC

Notes to the Consolidated Financial Statements  
Year ended March 31, 2000

## 9. Bank And Other Borrowings

	2000 (£ 000's)	1999 (£ 000's)
Bank overdrafts	151	4,077
Current portion of long-term loans	1,252	8,882
	<u>1,403</u>	<u>12,959</u>

The bank overdrafts are secured by registered equitable mortgages and first legal mortgages over the properties of the respective Group companies and are repayable on demand. Details of the terms, status and conditions relating to long-term loans are set out in Note 10.

## 10. Creditors: Amounts falling due after more than one year

	2000 (£ 000's)	1999 (£ 000's)
<b>Secured bank loans</b>		
The Bank of Nova Scotia	14,483	12,761
Barclays Bank Plc	-	3,186
	<u>14,483</u>	<u>15,947</u>
Less current portion	(1,252)	(8,882)
	<u>13,231</u>	<u>7,065</u>
	2000 (£ 000's)	1999 (£ 000's)
<b>Repayment analysis</b>		
- In one year or less, or on demand	1,252	8,882
- In more than one year but not more than two	1,252	621
- In more than two years but not more than five	11,978	1,863
- In more than five years	-	4,581
	<u>14,482</u>	<u>15,947</u>

The loans from the Bank of Nova Scotia are secured by mortgages over the properties of the Group and debentures creating a first floating charge over the assets of certain subsidiaries. The loans are repayable in US dollars and interest is being charged at LIBOR plus 1.5 - 2 %.

# ST. JAMES BEACH HOTELS PLC

Notes to the Consolidated Financial Statements  
Year ended March 31, 2000

## 11. Provisions for liabilities and charges

	2000 (£ 000's)	1999 (£ 000's)
At beginning of the year	845	-
Foreign exchange adjustment	3	-
Provision for tax and social security (note 26)	109	845
At end of the year	957	845

## 12. Share Capital

Authorised

The company is authorised to issue 30,200,000 Ordinary shares of 25p each and 3,000,000 8.25% Preference shares of £1.00 each.

Issued and fully paid

	Group and Company		Group and Company	
	2000 Number of shares	1999 Number of shares	2000 (£ 000's)	1999 (£ 000's)
Ordinary shares of 25p	23,631,294	23,631,294	5,907	5,907
			5,907	5,907

## 13. Merger Reserve

	2000 (£ 000's)	1999 (£ 000's)
At beginning and end of the year	(1,906)	(1,906)

# ST. JAMES BEACH HOTELS PLC

Notes to the Consolidated Financial Statements  
Year ended March 31, 2000

## 14. Revaluation Reserve

	2000 (£ 000's)	1999 (£ 000's)
At beginning of the year	18,547	16,468
Revaluation of freehold land and buildings	-	1,151
Exchange adjustments	59	928
At end of the year	18,606	18,547

## 15. Capital Redemption Reserve

	Group and Company	
	2000 (£ 000's)	1999 (£ 000's)
Preference shares redeemed	3,000	3,000

## 16. Profit and Loss Account

	Group 2000 (£ 000's)	Company 2000 (£ 000's)	Group 1999 (£ 000's)	Company 1999 (£ 000's)
At beginning of the year-	3,809	(3,209)	2,103	(3,020)
Retained (loss) profit for the financial year	(1,739)	(55)	769	(189)
Exchange adjustments	(171)	-	937	-
At end of the year	1,899	(3,264)	3,809	(3,209)

Goodwill cumulatively written off to reserves up to March 31, 2000 was £656,122 (1999 - £656,122).

## ST. JAMES BEACH HOTELS PLC

Notes to the Consolidated Financial Statements  
Year ended March 31, 2000

### 17. Reconciliation of Movement in Equity Shareholder's Funds

	Group 2000 (£ 000's)	Company 2000 (£ 000's)	Group 1999 (£ 000's)	Company 1999 (£ 000's)
At beginning of the year	38,275	14,616	34,490	14,805
Total recognised gains and losses for the year	(1,851)	(55)	3,785	(189)
At end of the year	36,424	14,561	38,275	14,616

### 18. Profit and Loss Account of the Company

	2000 (£ 000's)	1999 (£ 000's)
Parent company	(55)	(189)
Subsidiaries	(1,684)	958
	(1,739)	769

As permitted by Section 230(4) of the Companies Act 1985, the profit and loss account of the Company has not been separately presented in these accounts

### 19. Taxation

The Hotel Aids Act, Chapter 72 of the Laws of Barbados, allows certain capital expenditure to be set off against profits in determining taxable income. Such expenditure may be carried forward for nine succeeding years. Trading losses can also be carried forward for nine years and are applied against income before set-off of qualifying Hotel Aids capital expenditure.

Taxation losses carried forward at the end of March 31, 2000 amounted to £4,184,611 (1999 - £3,193,017) and expire between 2000 and 2009 income years. Unrelieved Hotel Aids capital expenditure in total amounted to £10,828,418 (1999 - £11,370,582) and expires between the 2001 and 2009 income years of the companies in which the expenditure incurred.

# ST. JAMES BEACH HOTELS PLC

Notes to the Consolidated Financial Statements  
Year ended March 31, 2000

## 19. Taxation (cont'd)

There has been no taxation charge in respect of the reporting periods and no provision has been made for deferred taxation since the Directors are of the view that tax deferred by the effect of timing differences is unlikely to be realised in the foreseeable future. The deferred tax asset arising from tax losses, unrelieved Hotel Aids capital expenditure and from capital allowances not yet claimed amounted to £6,916,650 (1999 - £6,416,534).

## 20. Notes to the Consolidated Cash Flow Statement

### Reconciliation of operating profit to net cash flow from operating activities

	2000 (£ 000's)	1999 (£ 000's)
Operating profit	(485)	1,896
Depreciation charge	803	639
Increase in stock	(47)	(26)
Decrease in debtors	1,409	832
Increase in amounts due to (from) related companies	11,188	(3,433)
(Decrease) increase in creditors	(588)	425
Increase in provisions for liabilities and charges	109	845
Exchange adjustments	(11)	19
Net cash inflow from operating activities	12,378	1,197

### Analysis of changes in cash

	2000 (£ 000's)	1999 (£ 000's)
At beginning of the year	(3,491)	(59)
Net cash flow	8,682	(3,511)
Exchange adjustments	(61)	79
At end of the year	5,130	(3,491)
Analysed as follows:		
Cash at bank and in hand	5,281	586
Bank overdrafts	(151)	(4,077)
	5,130	(3,491)

# ST. JAMES BEACH HOTELS PLC

Notes to the Consolidated Financial Statements  
Year ended March 31, 2000

## 20. Notes to the Consolidated Cash Flow Statement (cont'd)

### External borrowings

	2000 (£ 000's)	1999 (£ 000's)
At beginning of the year	15,947	14,915
Increase in loans	7,396	-
Repayment of loans	(8,910)	-
Exchange adjustments	50	1,032
At end of the year	14,483	15,947

## 21. Operating (Loss) Profit

### Operating (loss) profit is stated after charging:

	2000 (£ 000's)	1999 (£ 000's)
Depreciation	803	639
Exceptional item (note 26)	109	845
Staff costs	5,949	4,587
Auditors' remuneration	81	50
<b>Staff costs comprise</b>		
Wages and salaries	5,420	4,187
Social security costs	529	400

5,949	4,587
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Number	Number
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Average number of staff during the year was	854	761
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	£ 000's	£ 000's
Highest paid director	100	139

The directors of the company are also directors of the holding company and fellow subsidiaries. The directors received remuneration of £319,037 (1999 - £209,053), of which £304,037 was paid by the ultimate parent company and £15,000 (1999 - £15,000) was paid by the company. Included within the total was £80,704 (1999 - £ nil) paid as compensation for loss of office. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors to the holding company and fellow subsidiaries.

# ST. JAMES BEACH HOTELS PLC

Notes to the Consolidated Financial Statements  
Year ended March 31, 2000

## 22. Interest payable and similar charges

	2000 (£ 000's)	1999 (£ 000's)
Bank overdrafts and loans	1,254	1,127
	<u>1,254</u>	<u>1,127</u>

## 23. Earnings Per Ordinary Share

	2000 (£ 000's)	Restated 1999 (£ 000's)
(Loss) profit on ordinary activities after taxation	(1,739)	769
Attributable (loss) profit	<u>(1,739)</u>	<u>769</u>
Weighted average number of shares in issue	23,631,294	23,631,294
(Loss) Earnings per ordinary share	<u>(7.36)p</u>	<u>3.25p</u>

## 24. Segmental Analysis

The turnover and loss on ordinary activities before taxation is wholly attributable to the principal activity of the Group, being the operation of hotels. Turnover arises and net assets are located wholly within the Caribbean. Turnover arises from continuing activities.