

# **Browns Hotel Limited**

**(Registered Number: 3197645)**

## **Directors' Report and Financial Statements**

**For the year ended 31 December 1999**



# **Browns Hotel Limited**

**For the year ended 31 December 1999**

## **Directors' Report**

The directors present their report and accounts for the year ended 31 December 1999.

### **Principal Activities and Trading Results**

The principal activities of the Company are that of hotel owner and operator. The profit on ordinary activities before taxation for the year was £1,851,000 (1998: £2,170,000).

### **Dividends**

An interim ordinary dividend of a total of £1,186,097 (1998: nil) was proposed as at 31 December 1999.

A dividend of £43,791 (1998:£43,316) has been accrued on the Cumulative Participating Redeemable Preference shares.

The aggregate dividends on the ordinary and preference shares amount to £1,230,000 (1998: £43,000).

### **Directors**

The Directors of the Company during the year were as follows:

Richard Charles Helfer  
Jennie Chua Kheng Yeng  
Anthony Yip Chee Keong

### **Directors' Interests**

During the year, the ultimate parent company changed to Raffles Holdings Limited, a company incorporated in Singapore. None of the directors held any interests in Raffles Holdings Limited as at 31 December 1998 but held the following interests as at 31 December 1999:

	<b>Raffles Holdings Limited Ordinary Shares</b>
Richard Charles Helfer	<b>250,000</b>
Jennie Chua Kheng Yeng	<b>336,000</b>
Anthony Yip Chee Keong	<b>116,000</b>

During the year, no share options were granted to the directors.

# **Browns Hotel Limited**

**For the year ended 31 December 1999**

## **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 year. 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; and
- 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.

## **Year 2000**

Brown's Hotel has an overall Year 2000 compliance programme developed and implemented over the course of 1997, 1998 and 1999. By 31 December 1999, having followed the strategy, Brown's Hotel had materially achieved internal Year 2000 compliance.

Activities undertaken as part of the Year 2000 project include a review of all information technology systems, identification of business critical systems and co-ordination with key suppliers. The Company has been in correspondence with its key suppliers in order to understand their state of Year 2000 preparedness.

The hotel continued to address the Year 2000 issue over the course of 1999 to ensure that, as far as possible compliance is maintained and to prepare and test contingency plans to deal with any potential business disruption. The hotel is continuing to monitor the situation during 2000.

As at 31 December 1999 the total cost of resolving the Year 2000 problem for Brown's Hotel was £30,000. These amounts include the cost of systems upgrades, hardware replacement and external resources.

## **Elective Resolutions**

The Company has passed Elective resolutions to dispense with the laying of the Annual Report and Accounts before the Company in General Meeting, the appointment of auditors annually and the holding of Annual General Meetings, pursuant to Sections 252, 386 and 366A respectively of the Companies Act 1985.

# **Browns Hotel Limited**

**For the year ended 31 December 1999**

## **Auditors**

Our auditors, PricewaterhouseCoopers, will be deemed to continue in office due to the elective resolution pursuant to Section 386 of the Companies Act 1985.

By order of the Board



Paula Carter  
**Secretary**

6 April 2000

# **Browns Hotel Limited**

**For the year ended 31 December 1999**

## **Report of the auditors to the members of Browns Hotel Limited**

We have audited the financial statements on pages 5 to 14.

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

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

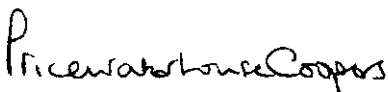
### **Basis of audit opinion**

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 affairs of the company at 31 December 1999 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London  
6 April 2000

# Browns Hotel Limited

## Profit And Loss Account For The Year Ended 31 December 1999

	Note	For Year ended 31 December 1999 £'000	For Year ended 31 December 1998 £'000
Turnover	1,2	9,688	9,315
Cost of sales		(7,711)	(7,025)
<b>Gross Profit</b>		<b>1,977</b>	<b>2,290</b>
Administrative expenses		(125)	(131)
<b>Operating Profit</b>	3	<b>1,852</b>	<b>2,159</b>
Interest payable and similar charges	6	(1)	0
Interest receivable and similar income	7	0	11
<b>Profit On Ordinary Activities Before Taxation</b>		<b>1,851</b>	<b>2,170</b>
Tax On Profit On Ordinary Activities	8	(770)	(953)
<b>Profit On Ordinary Activities After Taxation</b>		<b>1,081</b>	<b>1,217</b>
Non-Equity Dividends	9	(44)	(43)
Equity Dividends	9	(1,186)	-
<b>Retained (loss)/profit for the year</b>	16,17	<b>(149)</b>	<b>1,174</b>

All turnover relates to continuing operations.

The company had no recognised gains or losses during the year other than those reflected in the profit and loss account above.

There is no difference between the reported profit for the year and that which would be reported under the historical cost convention.

# Browns Hotel Limited

## Balance Sheet As At 31 December 1999

	Note	At 31 December 1999 £'000	At 31 December 1998 £'000
<b>Fixed Assets</b>			
Tangible assets	10	47,353	47,693
<b>Current Assets</b>			
Stocks	11	225	180
Debtors:			
- amounts falling due within one year	12	818	863
- amounts falling due after more than one year	13	4,015	2,767
Cash at bank and in hand		75	331
		5,133	4,141
Creditors: amounts falling due within one year	14	(2,875)	(2,074)
<b>Net Current Assets</b>		2,258	2,067
<b>Net Assets</b>		49,611	49,760
<b>Capital And Reserves</b>			
Called up share capital	15	3,036	3,036
Share premium	16	41,964	41,964
Revaluation Reserve	16	2,923	2,923
Profit and loss reserve	16	1,688	1,837
<b>Shareholder's Funds</b>		49,611	49,760
<b>Shareholders' Funds</b>			
Equity		48,822	48,971
Non-equity		789	789
		49,611	49,760

The notes on pages 7 to 14 form an integral part of these financial statements.

Approved by the Board on 6 April 2000



Director

# **Browns Hotel Limited**

## **Notes To The Accounts For The Year Ended 31 December 1999**

### **1 Accounting Policies**

#### **a) Accounting Convention**

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets and in accordance with applicable Accounting Standards.

#### **b) Turnover**

Turnover represents the amounts received for goods sold and services provided, excluding VAT.

#### **c) Depreciation**

**Properties:** In accordance with current practice in the UK hotel industry, no depreciation is provided on freehold properties or on integral fixed plant. It is the Company's practice to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time. Accordingly the Directors consider that the lives of these assets and residual values (based on prices prevailing at the time of acquisition or subsequent valuation) are such that their depreciation is insignificant.

**Other assets:** Depreciation is provided on all other tangible fixed assets on a straight line basis over five to fifteen years for plant and machinery, three to ten years for furniture and equipment and up to five years for information technology software and hardware.

**Deferred Expenditure:** Amortisation is provided on deferred expenditure on a straight line basis over 5 years upon commencement of operation of a new restaurant; these costs are included with prepayments.

#### **d) Operating Leases**

Operating lease rentals are charged to the profit and loss account as incurred.

#### **e) Stocks**

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

#### **f) Foreign Currency**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling pounds at the exchange rate prevailing at the balance sheet date. Transactions in foreign currencies are converted during the year at exchange rates ruling at the transaction date. All exchange differences are taken to the profit and loss account.

#### **g) Pensions**

The cost of providing pensions for employees is charged against the profit and loss account as incurred.



# **Browns Hotel Limited**

## **Notes To The Accounts For The Year Ended 31 December 1999**

### **1 Accounting Policies (continued)**

#### **h) Deferred Taxation**

Provision is made 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 the liability will be payable in the foreseeable future.

#### **i) Cash flow Statement and Related Party Disclosure**

The Company is a wholly owned subsidiary of Hotels & Resorts (UK) Ltd. The ultimate parent company is Raffles Holdings Limited, and the cashflows of the Company are included in the consolidated financial statements of Raffles Holdings Limited which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Raffles Holdings group or investees of the Raffles Holdings Group.

### **2 Segmental Information**

The turnover and trading results are attributable to the Company's sole business of operating Browns Hotel, London. All of the Company's turnover and operating profit relates to continuing operations.

### **3 Operating Profit**

Operating profit is shown after charging:

	<b>For Year Ended 31 December 1999 £'000</b>	<b>For Year ended 31 December 1998 £'000</b>
Auditors' remuneration	15	13
Non audit fees	4	-
Raw materials & consumables	871	792
Operating lease expense	49	36
Staff costs:		
Wages and salaries	2,483	2,306
Social security costs	192	203
Other pension costs	25	20
Depreciation	1,097	937
Amortisation of pre-opening expenses	24	16
Management fees	493	118

### **4 Director's Emoluments**

The Directors did not receive any remuneration in respect of their services to the Company during the year (1998: £ nil).

## Browns Hotel Limited

### Notes To The Accounts For The Year Ended 31 December 1999

#### 5 Employees

The average number of employees employed by the Company during the year was:

United Kingdom	- 140 full time	(1998: 145)
	- 50 part time	(1998: 40)

#### 6 Interest Payable

	For Year Ended 31 December 1999 £'000	For Year Ended 31 December 1998 £'000
Bank interest payable	1	-

#### 7 Interest Receivable

	For Year Ended 31 December 1999 £'000	For Year Ended 31 December 1998 £'000
Bank interest receivable	-	11

#### 8 Tax On Profit On Ordinary Activities

	For Year Ended 31 December 1999 £'000	For Year Ended 31 December 1998 £'000
Corporation tax charge at 30% (1998: 31%)	-	-
Group Relief	770	953
	770	953

# Browns Hotel Limited

## Notes To The Accounts For The Year Ended 31 December 1999

### 9 Equity & Non-Equity Dividends

	For Year Ended 31 December 1999 £'000	For Year Ended 31 December 1998 £'000
Payable on ordinary shares	1,186	-
Accrued on Cumulative Participating Redeemable Preference shares	44	43

### 10 Tangible Fixed Assets

	Freehold Property £'000	Plant & Machinery £'000	Furniture & Equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 1999	41,309	6,998	3,785	52,092
Additions	-	631	126	757
<b>At 31 December 1999</b>	<b>41,309</b>	<b>7,629</b>	<b>3,911</b>	<b>52,849</b>
<b>Depreciation</b>				
At 1 January 1999	-	2,993	1,406	4,399
Charge for the year	-	661	436	1,097
<b>At 31 December 1999</b>	<b>-</b>	<b>3,654</b>	<b>1,842</b>	<b>5,496</b>
<b>Net book value</b>				
<b>At 31 December 1999</b>	<b>41,309</b>	<b>3,975</b>	<b>2,069</b>	<b>47,353</b>
At 1 January 1999	41,309	4,005	2,379	47,693

The freehold property is the subject of a mortgage for a syndicated loan taken out by Hotels and Resorts (UK) Limited which is repayable on 14 October 2002. The freehold property including fixtures and fittings was valued by independent valuers, Jones Lang Wootton on an open market valuation basis in April 1997 at £47,000,000. The directors are of the opinion that the value is at least equal to the net book value at which it is carried in the financial statements.

## Browns Hotel Limited

### Notes To The Accounts For The Year Ended 31 December 1999

#### 11 Stocks

	At 31 December 1999 £'000	At 31 December 1998 £'000
Raw materials and consumables	225	180

#### 12 Debtors

	At 31 December 1999 £'000	At 31 December 1998 £'000
Trade debtors	513	633
Other debtors and prepayments	305	230
	818	863

#### 13 Debtors - Amounts Falling Due In More Than One Year

This amount which is due from the holding company is unsecured and interest free and has no fixed terms of repayment.

# Browns Hotel Limited

## Notes To The Accounts For The Year Ended 31 December 1999

### 14 Creditors - Amounts Falling Due Within One Year

	At 31 December 1999 £'000	At 31 December 1998 £'000
Trade creditors	902	572
Corporation tax	115	115
Other creditors and accruals (including social security)	616	838
Due to other group undertakings	1,242	549
	<b>2,875</b>	<b>2,074</b>

### 15 Called Up Share Capital

	At 31 December 1999 £'000	At 31 December 1998 £'000
<b>Authorised</b>		
16,000,000 Ordinary shares of 25p each	4,000	4,000
6,000,000 Cumulative Participating Redeemable Preference shares of 25p each	1,500	1,500
	<b>5,500</b>	<b>5,500</b>
<b>Allotted and fully paid</b>		
8,987,004 Ordinary shares of 25p each	2,247	2,247
3,157,596 Cumulative Participating Redeemable Preference shares of 25p each	789	789
	<b>3,036</b>	<b>3,036</b>

CPRP shares are redeemable at par in whole or in part by the holders or the Company at any time after 14 August 1999. Any shares left in issue will be redeemed by the Company on 15 August 2001. CPRP shares carry a fixed dividend of 5.4873% per annum and a participating dividend of 0.04% of the dividend paid on Ordinary shares. On a winding up the holders are entitled to receive arrears and accruals of dividends, the nominal value of the shares and a further 0.04% of the assets of the Company available for distribution, subject to a maximum of 30p per share. CPRP shares only carry voting rights in the event that dividends remain unpaid, on a winding up or in relation to a resolution to vary the special rights attaching to the CPRP shares.

# Browns Hotel Limited

## Notes To The Accounts For The Year Ended 31 December 1999

### 16 Reserves

	Share capital £'000	Share Premium £'000	Revaluation Reserve £'000	Profit and loss reserve £'000	Total £'000
At 31 December 1998	3,036	41,964	2,923	1,837	49,760
Retained loss for the year	-	-	-	(149)	(149)
At 31 December 1999	3,036	41,964	2,923	1,688	49,611

### 17 Reconciliation of Movements in Shareholders' Funds

	For Year ended 31 December 1999 £'000	For year ended 31 December 1998 £'000
Profit for the year	1,081	1,217
Dividends	(1,230)	(43)
	(149)	1,174
Other recognised gains and losses	-	-
Net (deductions)/additions to shareholders' funds	(149)	1,174
Opening shareholders' funds	49,760	48,586
Closing shareholders' funds	49,611	49,760

### 18 Pension Commitments

The Company has a non-current group defined contribution personal pension fund and contributes 5% of participating employees annual salaries to the fund. In addition, the company makes payments into certain employee's personal pension schemes.

The total pension cost for the Company during the year was £25,000 (1998: £20,000).

### 19 Capital Expenditure Commitments

	At 31 December 1999 £'000	At 31 December 1998 £'000
Authorised and committed	-	440

## **Browns Hotel Limited**

### **Notes To The Accounts For The Year Ended 31 December 1999**

#### **20 Operating leases**

At 31 December 1999, the Company had commitments under other operating leases that expire:

	<b>At 31 December 1999 £'000</b>	<b>At December 1998 £'000</b>
For leases expiring within one year	49	62
For leases expiring within 2 to five years	19	-
<b>Total</b>	<b>68</b>	<b>62</b>

#### **21 Ultimate Parent Undertaking**

The Company's immediate parent undertaking is Hotels and Resorts (UK) Limited, a company incorporated in England and Wales. The company's ultimate parent company changed during the year to Raffles Holdings Limited, a company incorporated in Singapore.

Copies of the group accounts of Raffles Holdings Limited can be obtained from the following address:

2 Stamford Road  
#06-01  
Raffles City Convention Centre  
Singapore 178882

