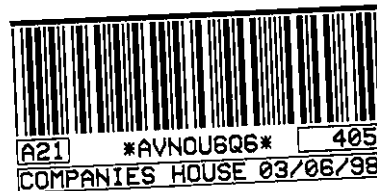


**The Four Seasons Hotel Limited**  
(Formerly Hillmart Limited)

**Directors' report and consolidated financial  
statements**

**30 September 1997**

Registered number 3305786



# The Four Seasons Hotel Limited

(Formerly Hillmart Limited)

## Directors' report and consolidated financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1 - 2
Statement of directors' responsibilities	3
Auditors' report	4
Consolidated profit and loss account	5
Consolidated balance sheet	6
Parent company balance sheet	7
Consolidated cash flow statement	8
Reconciliation of movements in shareholders' funds	9
Notes	10-23

# The Four Seasons Hotel Limited

(Formerly Hillmart Limited)

## Directors' report

The directors present their first annual report and audited financial statements for the period from incorporation on 22 January 1997 to 30 September 1997.

### Principal activities

The principal activity of the group is the management of a luxury hotel.

### Business review

The Four Seasons Hotel Limited was incorporated as Hillmart Limited on 22 January 1997. The company changed its name to The Four Seasons Hotel Limited on 22 April 1997 upon acquisition of the entire share capital of The Four Seasons Hotel Investments Limited. On this date, the assets and trade of The Four Seasons Hotel Investments Limited were transferred to The Four Seasons Hotel Limited at a consideration of £6,952,046 which was satisfied by £1,831,641 cash and the issue of 5,120,405 £1 ordinary shares. The details relating to this acquisition and the fair values acquired are dealt with in note 8 to these financial statements.

The company commenced trading on 22 April 1997 and the trading period reported in the accounts is for 162 days following the acquisition of the business and assets of the Four Seasons Hotel Investments Ltd.

In line with the hotel trade in general, business volume has improved in accommodation and the related conference business. Night club volumes are however lower which has reduced operating profit levels against last year. During April 1998, 56 additional bedrooms and seven conference rooms will be opened.

Located next to the expanding Manchester Airport the prospects for the following years are considered to be good.

### Proposed dividends and transfer to reserves

The directors do not recommend the payment of a dividend.

The profit for the period retained in the group is £143,683.

### Directors and directors' interests

The directors who held office during the year and their interests in the shares of the company at the end of the year were as follows:

	Class of share	interest at Incorporation	Interest at end of year
P Lockett (appointed 21 February 1997, resigned 11 April 1997)	£1	1	-
M J Blood (appointed 21 February 1997, resigned 11 April 1997)	£1	1	-
T Kilroe (appointed 11 April 1997)	£1	-	1,722,099
AM Kilroe (appointed 11 April 1997)	£1	-	267,438
		<hr/>	<hr/>

### Political and charitable donations

The group made no political or charitable donations during the period.

# The Four Seasons Hotel Limited

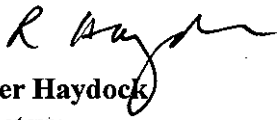
(Formerly Hillmart Limited)

Directors' report (continued)

## Auditors

KPMG were appointed the group's first auditors and in accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG as auditors is to be proposed at the forthcoming Annual General Meeting.

By order of the board.



**Roger Haydock**  
*Secretary*

The Four Seasons Hotel  
Hale Road  
Hale Barns  
Cheshire  
WA15 8XW

# The Four Seasons Hotel Limited

(Formerly Hillmart Limited)

## Statement of 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 group and of the profit or loss 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;
- 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 group will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the group 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 group and to prevent and detect fraud and other irregularities.



St James Square  
Manchester  
M2 6DS

## Auditors' report to the members of The Four Seasons Hotel Limited (formerly Hillmart Limited)

We have audited the financial statements on pages 5 to 23.

### *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 group'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 and the group as at 30 September 1997 and of the profit of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

15 April 1998

# The Four Seasons Hotel Limited

(Formerly Hillmart Limited)

## Consolidated profit and loss account for the period ended 30 September 1997

	Note	Period ended 30 September 1997 £
<b>Turnover</b>	1	2,398,828
Cost of sales		(1,654,911)
<b>Gross profit†</b>		743,917
Administrative expenses		(195,049)
<b>Operating profit</b>		548,868
Other interest receivable and similar income	4	973
Interest payable and similar charges	5	(349,340)
<b>Profit on ordinary activities before taxation</b>	2-5	200,501
Tax on profit on ordinary activities	6	(56,818)
<b>Retained profit carried forward</b>		143,683

The turnover and profit from trading activities for the period have been derived from acquisitions made during the period.

The group has no recognised gains and losses other than those reported above and therefore no separate statement of total recognised gains and losses has been presented.

**The Four Seasons Hotel Limited**  
(Formerly Hillmart Limited)

Consolidated balance sheet  
at 30 September 1997

	Note	£	1997 £
<b>Fixed assets</b>			
Tangible assets	7		14,556,348
<b>Current assets</b>			
Stocks	9	80,342	
Debtors	10	420,554	
Cash at bank and in hand		31,241	
		<hr/>	
<b>Creditors: amounts falling due within one year</b>	11	(2,585,185)	
		<hr/>	
<b>Net current liabilities</b>			(2,053,048)
<b>Total assets less current liabilities</b>			<hr/> 12,503,300
<b>Creditors: amounts falling due after more than one year</b>	12		(6,130,091)
<b>Provision for liabilities and charges</b>	14		(14,060)
			<hr/>
<b>Net assets</b>			6,359,149
			<hr/>
<b>Capital and reserves</b>			
Called up share capital	15		5,120,405
Capital reserve	16		1,095,061
Profit and loss account	16		143,683
			<hr/>
<b>Equity shareholders' funds</b>			6,359,149
			<hr/>

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

14 April 1998

and

**T Kilroe**  
Director





# The Four Seasons Hotel Limited

(Formerly Hillmart Limited)

## Parent company balance sheet at 30 September 1997

	Note	£	1997 £
<b>Fixed assets</b>			
Tangible assets	7		14,556,348
Investments	8		5,230,039
			<hr/>
			19,786,387
<b>Current assets</b>			
Stock	9	80,342	
Debtors	10	420,554	
Cash at bank and in hand		31,241	
		<hr/>	
		532,137	
<b>Creditors: amounts falling due within one year</b>	11	(2,585,185)	
		<hr/>	
<b>Net current liabilities</b>			(2,053,048)
			<hr/>
<b>Total assets less current liabilities</b>			17,733,339
<b>Creditors: amounts falling due after more than one year</b>	12		(11,360,130)
<b>Provisions for liabilities and charges</b>	14		(14,060)
			<hr/>
			6,359,149
<b>Capital and reserves</b>			<hr/>
Called up share capital	15		5,120,405
Capital reserve	16		1,095,061
Profit and loss account	16		143,683
			<hr/>
<b>Equity shareholders' funds</b>			6,359,149
			<hr/>

These financial statements were approved by the board of directors on 14 April 1998 and were signed on its behalf by:

T Kilroe  
Director



# The Four Seasons Hotel Limited

(Formerly Hillmart Limited)

## Consolidated cash flow statement for the period ended 30 September 1997

	Notes	1997 £
Cash flow from operating activities		563,829
Returns on investments and servicing of finance	17	(339,652)
Taxation		(159,173)
Capital expenditure	17	(139,585)
Acquisitions and disposals	17	(2,167,795)
		<hr/>
Cash outflow before management of liquid resources and financing		(2,242,376)
Management of liquid resources and financing	17	1,665,221
		<hr/>
Decrease in cash in the period		(577,155)
		<hr/>
Reconciliation of operating profit to operating cash flows for the period ended 30 September 1997		1997 £
Operating profit		548,868
Depreciation charges		33,090
Profit on sale of fixed assets		(170)
Increase in stock		(12,311)
Increase in debtors		(23,737)
Increase in creditors		18,089
		<hr/>
Net cash inflow from operating activities		563,829
		<hr/>
Reconciliation of net cash flow to movement in net debt for the period ended 30 September 1997		1997 £
Decrease in cash in the period		(577,155)
Cash outflow from repayment of finance leases	17	5,114
Cash inflow from new loans	17	(1,900,000)
Loans acquired with subsidiary		(5,127,469)
Finance leases acquired with subsidiary		(47,923)
Cash outflow from repayment of loan		230,000
		<hr/>
Movement in net debt for the period		(7,417,433)
Net debt at the start of the period		-
		<hr/>
Net debt at the end of the period	18	(7,417,433)
		<hr/>

# The Four Seasons Hotel Limited

(Formerly Hillmart Limited)

## Reconciliation of movements in shareholders' funds *for the period ended 30 September 1997*

	1997 £
<b>Group and company</b>	
<b>Profit for the financial period</b>	143,683
New share capital subscribed	5,120,405
Capital reserve arising on acquisition (see note 8)	1,095,061
<b>Net addition to shareholders' funds</b>	<u>6,359,149</u>
Shareholders' funds on incorporation	-
<b>Closing shareholders' funds</b>	<u><u>6,359,149</u></u>

# The Four Seasons Hotel Limited

(Formerly Hillmart Limited)

## 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.

#### ***Basis of consolidation***

The consolidated accounts reflect the accounts of the company and its subsidiary undertaking made up to 30 September 1997. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary and associated undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is written off against reserves on acquisition. Any excess of the fair value of the separable net assets acquired over the fair value of the consideration (negative goodwill) is credited directly to reserves.

In the company's accounts investments in subsidiary and associated undertakings are stated at cost less amounts written off.

Under Section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account. The results of the company are identical to those presented in the consolidated profit and loss account.

#### ***Related party transactions***

The directors have taken advantage of the exemption contained in paragraph 3(c) of Financial Reporting Standard Number 8 and have not disclosed transactions with subsidiary undertakings. Details of other related party transactions are set out in note 22.

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

Hotel assets, which comprise land and buildings, plant and machinery, fixtures and fittings, crockery, linens etc, are under a programme of continual replacement, maintenance and refurbishment and are therefore considered to retain their value and, accordingly, are not depreciated. The costs of replacements, maintenance and refurbishment are charged to the profit and loss account as incurred.

The directors have considered the application of Statement of Standard Accounting Practice No.12 which relates to depreciation, and are of the opinion that regular revaluations are more appropriate to the company's circumstances than the application of depreciation.

Depreciation is provided on other tangible fixed assets at rates calculated to write off the cost less the estimated residual value by instalments over their estimated useful lives as follows:

Plant and equipment	-	25%
Fixtures and fittings	-	15%

# The Four Seasons Hotel Limited

(Formerly Hillmart Limited)

## Notes (continued)

### 1 Accounting policies (continued)

#### *Leased assets*

Where the group enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

#### *Stocks*

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

#### *Taxation*

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise. No provision is made for deferred taxation in respect of freehold hotel assets.

#### *Pensions*

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

#### *Turnover*

Turnover represents amounts (excluding value added tax) derived from the provision of goods and services to third party customers. Turnover arises in the United Kingdom and relates to the group's principal activity.

### 2 Profit on ordinary activities before taxation

Period ended  
30 September 1997  
£

#### *Profit on ordinary activities before taxation is stated:*

##### *after charging:*

Depreciation of tangible fixed assets

- owned by the company

26,155

- held under finance leases and hire purchase contracts

6,935

Operating lease rentals

31,521

Auditors remuneration:

- Audit

3,400

- Other services

1,250

##### *after crediting:*

Profit on sale of fixed assets

170

The total amount charged to revenue for the hire of plant and machinery amounted to £41,217. This comprises rentals payable under operating leases and depreciation on leased assets, together with the related finance charges.

# The Four Seasons Hotel Limited

## (Formerly Hillmart Limited)

### Notes *(continued)*

#### 3 Directors and employees

The average number of employees, including directors, during the period was as follows:

	Number of employees Period ended 30 September 1997
Administration	17
Hotel staff	114
	<hr/> 131 <hr/>

The aggregate payroll costs of these persons were as follows:

	Period ended 30 September 1997 £
Wages and salaries	681,962
Social security costs	58,661
Other pension costs (see note 20)	7,557
	<hr/> 748,180 <hr/>

The emoluments of directors were as follows:

	Period ended 30 September 1997 £
Remuneration as executives	13,549
Pension contributions	5,300
	<hr/> 18,849 <hr/>

#### 4 Other interest receivable and similar income

	Period ended 30 September 1997 £
Bank interest receivable	973
	<hr/>

# The Four Seasons Hotel Limited

(Formerly Hillmart Limited)

## Notes *(continued)*

### 5 Interest payable and similar charges

Period  
ended 30 September  
1997  
£

On bank loans, overdrafts and other loans	346,579
On finance leases and similar hire purchase agreements	2,761
	<hr/>
	349,340
	<hr/>

### 6 Taxation

Period  
ended 30 September  
1997  
£

UK corporation tax at 33% on the profit for the period on ordinary activities	56,930
Deferred taxation	(112)
	<hr/>
	56,818
	<hr/>

# The Four Seasons Hotel Limited

(Formerly Hillmart Limited)

Notes (continued)

7

## Tangible fixed assets

### Group

	Freehold land and buildings	Fixtures and fittings	Plant and equipment	Total
<i>Cost</i>	£	£	£	£
On incorporation	-	-	-	-
Additions	14,285,406	128,140	195,992	14,609,538
Disposals	-	-	(27,895)	(27,895)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	14,285,406	128,140	168,097	14,581,643
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
On incorporation	-	-	-	-
Charge for period	-	11,044	22,046	33,090
Disposals	-	-	(7,795)	(7,795)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	-	11,044	14,251	25,295
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 September 1997	14,285,406	117,096	153,846	14,556,348
	<hr/>	<hr/>	<hr/>	<hr/>

### Company

	Freehold land and buildings	Fixtures and fittings	Plant and equipment	Total
<i>Cost</i>	£	£	£	£
On incorporation	-	-	-	-
Transfers from group undertakings	14,069,198	219,772	216,922	14,505,892
Additions	216,208	8,195	43,945	268,348
Disposals	-	-	(27,895)	(27,895)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	14,285,406	227,967	232,972	14,746,345
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
On incorporation	-	-	-	-
On transfers	-	99,827	64,875	164,702
Charge for period	-	11,044	22,046	33,090
Disposals	-	-	(7,795)	(7,795)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	-	110,871	79,126	189,997
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 September 1997	14,285,406	117,096	153,846	14,556,348
	<hr/>	<hr/>	<hr/>	<hr/>



# The Four Seasons Hotel Limited

(Formerly Hillmart Limited)

## Notes (continued)

### 7 Tangible fixed assets (Continued)

Fixed assets include assets with a net book value of £58,975 in respect of assets held under finance leases. Depreciation for the period on these assets was £6,935.

### 8 Investments

	Shares in subsidiary undertakings £
<i>Cost</i>	
On incorporation	-
Additions	6,952,046
At end of period	6,952,046
<i>Provisions for diminution in value</i>	
On incorporation	-
Amounts provided in the period	1,722,007
At end of period	1,722,007
<i>Net book value</i>	
At 30 September 1997	5,230,039

The principal companies in which the company's interest is more than 10% are as follows:

	Country of registration or incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Four Seasons Hotel Investments Limited	England and Wales	Dormant	100% Ordinary 100% Preferred Ordinary 100% 'A' 8% Cumulative redeemable preference shares 100% 'B' 8% Cumulative redeemable preference shares
Four Seasons Hotel Investments Management Limited	England and Wales	Dormant	100% Ordinary

# The Four Seasons Hotel Limited

(Formerly Hillmart Limited)

## Notes (continued)

### 8 Investments (continued)

#### Fair value on acquisition

On 22 April 1997, The Four Seasons Hotel Limited (formerly Hillmart Limited) acquired the entire share capital of The Four Seasons Hotel Investments Limited. The consideration paid in respect of this transaction was £6,952,046 and the fair values of the assets acquired were as follows:

	Net book value £	Adjustment £	Fair value £
Tangible fixed assets	11,252,971	3,088,219	14,341,190
Stocks	68,031	-	68,031
Debtors	396,817	-	396,817
Cash	22,686	-	22,686
Bank overdraft	(182,747)	-	(182,747)
Creditors and accruals	(1,139,039)	(271,151)	(1,410,190)
Bank loans	(4,590,000)	-	(4,590,000)
Other loans	(537,469)	-	(537,469)
Finance leases	(47,923)	-	(47,923)
Other provisions	(13,288)	-	(13,288)
Total net assets	5,230,039	2,817,068	8,047,107
Discharged by:			
Cash consideration			1,831,641
Issue of ordinary share capital			5,120,405
Capital reserve arising on acquisition(see note 16)			1,095,061
Total			8,047,107

The fair values of the fixed assets represent the latest valuation of the hotel land and buildings undertaken by an independent valuer.

	£
Adjustments to creditors and accruals represent the following:	
Refurbishment provision	200,000
Additional costs of refinancing	71,151
	271,151

# The Four Seasons Hotel Limited

(Formerly Hillmart Limited)

## 9 Stocks

Group and company	1997 £
Food and liquor	52,214
Room stocks and cleaning materials	4,285
Stationery	23,843
	<hr/>
	80,342
	<hr/>

## 10 Debtors

Group and company	1997 £
Trade debtors	268,555
Other debtors	19,888
Prepayments and accrued income	132,111
	<hr/>
	420,554
	<hr/>

All debtors fall due within one year.

# The Four Seasons Hotel Limited

(Formerly Hillmart Limited)

## Notes (continued)

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

Group and company	1997	
	£	£
Bank overdrafts		608,396
Brewery loan (secured)		74,256
Bank loan (secured)		615,000
Trade creditors		331,791
Obligations under finance leases and hire purchase contracts		20,931
Other creditors including taxation and social security		
Corporation tax	110,094	
Other taxes and social security	183,387	
Taxation and social security		293,481
Other creditors		55,132
Accruals and deferred income		586,198
		<u>2,585,185</u>

The bank and brewery loans are secured by debentures giving fixed and floating charges over all assets of the company.

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

	Group 1997 £	Company 1997 £
Bank loan (see note 11)	5,279,360	5,279,360
Brewery loan (see note 11)	828,518	828,518
Obligations under finance leases and hire purchase contracts	22,213	22,213
Amounts owed to subsidiary undertaking	-	5,230,039
	<u>6,130,091</u>	<u>11,360,130</u>
Creditors payable by instalments		
	Instalments payable within two to five years £	Instalments payable after five years £
Group and company	2,873,597	3,256,494
	<u>2,873,597</u>	<u>3,256,494</u>

# The Four Seasons Hotel Limited

(Formerly Hillmart Limited)

## Notes (continued)

### 13 Obligation under finance leases

<b>Group and company</b>	<b>1997</b>
	<b>£</b>
Amounts payable:	
Within one year	<b>24,438</b>
Between two and five years	<b>25,694</b>
	<hr/>
	<b>50,132</b>
Less: finance charges allocated to future periods	<b>(6,988)</b>
	<hr/>
	<b>43,144</b>
	<hr/>
Finance leases are analysed as follows:	
Current obligations	<b>20,931</b>
Non-current obligations	<b>22,213</b>
	<hr/>
	<b>43,144</b>
	<hr/>

### 14 Provision for liabilities and charges

<b>Group and company</b>	<b>1997</b>
	<b>£</b>
Deferred taxation	
Accelerated capital allowances	<b>14,060</b>
	<hr/>

In accordance with the accounting policy no provision for deferred taxation is made in respect of freehold hotel assets.

# The Four Seasons Hotel Limited

(Formerly Hillmart Limited)

## Notes (continued)

### 15 Called up share capital

	1997 £
<i>Authorised:</i>	
<i>Equity</i>	
10,000,000 Ordinary shares of £1 each	10,000,000
	<hr/>

	1997 £
<i>Issued and fully paid:</i>	
<i>Equity</i>	
5,120,405 Ordinary shares of £1 each	5,120,405
	<hr/>

### 16 Reserves

#### Group and Company

	Capital reserve £	Profit and loss account £
Arising on acquisition (see note 8)	1,095,061	
Retained profit for period	-	143,683
	<hr/>	<hr/>
At end of period	1,095,061	143,683
	<hr/>	<hr/>

# The Four Seasons Hotel Limited

## (Formerly Hillmart Limited)

### Notes *(continued)*

#### 17 Analysis of items netted in the cash flow statement

	1997 £
<b>Returns on investment and servicing of finance</b>	
Preference dividends paid	(60,667)
Interest received	973
Interest paid	(279,958)
<b>Net cash outflow from returns on investment and servicing of finance</b>	<b>(339,652)</b>
<b>Capital expenditure</b>	
Purchase of tangible fixed assets	(159,855)
Sale of tangible fixed assets	20,270
<b>Net cash outflow from capital expenditure</b>	<b>(139,585)</b>
<b>Acquisitions and disposals</b>	
Purchase of assets of acquired business (see note 19)	(1,831,641)
Net overdraft acquired with subsidiary (see note 19)	(160,061)
Reorganisation payments	(176,093)
<b>Net cash outflow from acquisitions and disposals</b>	<b>(2,167,795)</b>
<b>Financing</b>	
New loans	1,900,000
Repayment of loans	(230,000)
Capital repayment of finance leases	(4,779)
<b>Net cash inflow from financing</b>	<b>1,665,221</b>

# The Four Seasons Hotel Limited

## (Formerly Hillmart Limited)

### Notes (continued)

#### 18 Analysis of net debt

	1997 £
Cash at bank	31,241
Bank overdraft	(608,396)
Brewery loan	(902,774)
Bank loan	(5,894,360)
Finance leases	(43,144)
<b>Total</b>	<b>(7,417,433)</b>

#### 19 Purchase of subsidiary undertakings

Net assets acquired	£
Tangible fixed assets	14,341,190
Stocks	68,031
Debtors	396,817
Cash balances	22,686
Bank overdraft	(182,747)
Creditors and accruals	(1,410,190)
Bank loans	(4,590,000)
Other loans	(537,469)
Finance leases	(47,923)
Other provisions	(13,288)
<b>Total net assets</b>	<b>8,047,107</b>
Discharged by:	
Cash consideration	1,831,641
Issue of ordinary shares	5,120,405
Loans to subsidiary company	1,095,061
<b>Total consideration</b>	<b>8,047,107</b>

The subsidiary undertakings acquired during the period contributed £563,829 to the group's net operating cash flows paid £339,652 in respect of net returns on investments and servicing of finance, paid £159,173 in respect of taxation and utilised £139,585 for capital expenditure.

#### 20 Pension scheme

The company operates a defined contribution scheme covering its senior employees. The total charge for the period was £ 2,257. There were no contributions due to the fund at the year end.

The company also accrued a payment to the directors' defined contribution scheme of £5,300. The assets of the schemes are held separately from those of the company. The funds are under the control of trustees who have invested them with a UK insurance company. The pension cost charge represent the contributions to the funds payable by the company under the rules of the scheme



# The Four Seasons Hotel Limited

## (Formerly Hillmart Limited)

### Notes (continued)

#### 21 Commitments

Capital commitments at the end of the financial period for which no provision has been made are as follows:

	1997
Group and company	£
Contracted	1,765,021

There are no annual commitments under non-cancellable operating leases.

#### 22 Related party transactions

The results for the period include the following transactions with the following related parties.

Name of Company	Sales £	Contracts/ Purchases £	Period end debtor £	Period end creditor £
John Kilroe Building	4,053	184,078	3,587	1,944
KDC Contractors Limited	2,640	-	4,189	-
Bethell's Civil Engineering Limited	5,170	3,984	3,215	-

The companies are related due to family relationships with Mr T Kilroe.