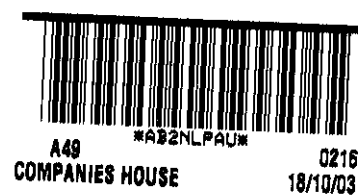


**SUMMERHILL PROPERTIES LIMITED**

**(Registered Number 3454201)**

**REPORT AND ACCOUNTS**

**31 MARCH 2003**



**SUMMERHILL PROPERTIES LIMITED**  
**REPORT AND ACCOUNTS**  
**31 MARCH 2003**

| <b>CONTENTS</b>                                       | <b>Page</b> |
|---|-------------|
| <i>Directors and registered office</i>                | 1           |
| <i>Directors' report</i>                              | 2 - 3       |
| <i>Auditors' report</i>                               | 4           |
| <i>Profit and loss account</i>                        | 5           |
| <i>Balance sheet</i>                                  | 6           |
| <i>Statement of total recognised gains and losses</i> | 7           |
| <i>Notes to the financial statements</i>              | 8 - 14      |

**Registered Number: 3454201**

**SUMMERHILL PROPERTIES LIMITED**

**DIRECTORS AND REGISTERED OFFICE**

**DIRECTORS**

K M Brooks

C F Price

**SECRETARY**

R C Clifton

**REGISTERED OFFICE**

159 New Bond Street  
London  
W1S 2UD

## **SUMMERHILL PROPERTIES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003**

The directors present their report and the audited financial statements for the year ended 31 March 2003

#### **PRINCIPAL ACTIVITY**

The principal activity of the Company is the operation of a hotel.

#### **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

The directors consider that the Company's performance has been satisfactory.

#### **RESULTS AND DIVIDENDS**

The Company's loss for the financial year is £1,958,000 (2002: £3,075,000).

The directors do not recommend the payment of a dividend (2002: £Nil).

#### **DIRECTORS AND THEIR INTERESTS**

The directors, who served during the year, were as follows:

K M Brooks  
C F Price

Neither of the directors held any interest, as defined by the Companies Act 1985, in the shares of the Company at any time during the year. Details of the share interest and share options of K M Brooks and C F Price held in the ultimate parent company, TBI plc, can be found in the Annual Report and Accounts for TBI plc.

#### **AUDITORS**

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 31 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the annual general meeting.

## SUMMERHILL PROPERTIES LIMITED

### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2003 (CONTINUED)

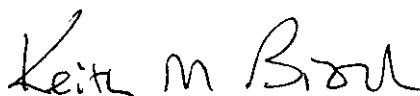
#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 8 under Note 1 'Accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 March 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and 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.

By order of the board



K M Brooks  
Director

30 September 2003

## SUMMERHILL PROPERTIES LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUMMERHILL PROPERTIES LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet, and the statement of recognised gains and losses and the related notes.

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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Companies Act 1985. 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. The other information comprises only the directors' report.

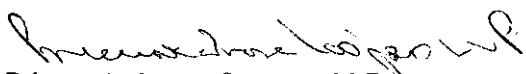
#### **Basis of opinion**

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 at 31 March 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

Cardiff

Date 30 September 2003

# SUMMERHILL PROPERTIES LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

|  | <u>Note</u> | <u>2003</u><br>£'000 | <u>2002</u><br>£'000 |
|--|-------------|----------------------|----------------------|
| <b>Turnover</b>                                    | 2           | <b>8,624</b>         | 7,291                |
| Cost of sales                                      |             | (1,764)              | (1,568)              |
|  |             | <hr/>                | <hr/>                |
| Gross profit                                       |             | <b>6,860</b>         | 5,723                |
| Operating costs                                    |             | (5,345)              | (4,934)              |
|  |             | <hr/>                | <hr/>                |
| <b>Operating profit</b>                            |             | <b>1,515</b>         | 789                  |
| Interest payable and similar charges               | 5           | (3,036)              | (3,276)              |
|  |             | <hr/>                | <hr/>                |
| <b>Loss on ordinary activities before taxation</b> | 6           | <b>(1,521)</b>       | (2,487)              |
| Taxation on loss on ordinary activities            | 7           | (437)                | (588)                |
|  |             | <hr/>                | <hr/>                |
| <b>Loss for the financial period</b>               | 15          | <b>(1,958)</b>       | (3,075)              |
|  |             | <hr/>                | <hr/>                |

All activities shown above are wholly derived from continuing operations.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

Operating costs comprise administration costs.

The notes on pages 8 to 14 form an integral part of these financial statements.

# SUMMERHILL PROPERTIES LIMITED

## BALANCE SHEET AS AT 31 MARCH 2003

|  | <u>Note</u> | <u>2003</u><br>£'000   | <u>2002</u><br>£'000   |
|--|-------------|------------------------|------------------------|
| <b>FIXED ASSETS</b>  |             |                        |                        |
| Tangible assets  | 8           | 27,908                 | 27,931                 |
| <b>CURRENT ASSETS</b>  |             |                        |                        |
| Stock  | 9           | 64                     | 57                     |
| Debtors  | 10          | 1,218                  | 473                    |
| Cash at bank and in hand                                       |             | 62                     | 79                     |
|  |             | <u>1,344</u>           | <u>609</u>             |
| <b>CREDITORS - amounts falling due within one year</b>         | 11          | <u>(38,751)</u>        | <u>(37,030)</u>        |
| <b>NET CURRENT LIABILITIES</b>                                 |             | <u>(37,407)</u>        | <u>(36,421)</u>        |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |             | <b>(9,499)</b>         | <b>(8,490)</b>         |
| <b>CREDITORS: amounts falling due after more than one year</b> | 12          | <b>(512)</b>           | <b>-</b>               |
| <b>Provisions for liabilities and charges</b>                  | 12          | <u>(2,766)</u>         | <u>(2,329)</u>         |
| <b>NET LIABILITIES</b>   |             | <u><b>(12,777)</b></u> | <u><b>(10,819)</b></u> |
| <b>CAPITAL AND RESERVES</b>                                    |             |                        |                        |
| Called up share capital  | 14          | -                      | -                      |
| Profit and loss account  | 15          | <u>(12,777)</u>        | <u>(10,819)</u>        |
| <b>EQUITY SHAREHOLDERS' DEFICIT</b>                            | 16          | <u><b>(12,777)</b></u> | <u><b>(10,819)</b></u> |

Approved by the Board on 30 September 2003  
and signed on its behalf by

*Keith M Brooks*

K M Brooks

*Colin Price*

C F Price

The notes on pages 8 to 14 form an integral part of these financial statements.



# SUMMERHILL PROPERTIES LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2003

|  | <u>2003</u><br>£'000 | <u>2002</u><br>£'000 |
|--|----------------------|----------------------|
| Loss attributable to shareholders        | (1,958)              | (2,487)              |
| Prior year adjustment                    | -                    | (1,741)              |
|  | <hr/>                | <hr/>                |
| <b>Total loss recognised in the year</b> | <b>(1,958)</b>       | <b>(4,228)</b>       |
|  | <hr/>                | <hr/>                |

The prior year adjustment in 2002 relates to the adoption of FRS 19 'deferred tax'.

The notes on pages 8 to 14 form an integral part of these financial statements.

## **SUMMERHILL PROPERTIES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003**

#### **1 ACCOUNTING POLICIES**

The Company's principal accounting policies, which are set out below, have been applied consistently.

##### **(1) Accounting convention**

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost convention.

##### **(2) Tangible fixed assets**

The tangible fixed assets of the Company are depreciated on a straight line basis calculated to write down the cost to estimated residual values over their estimated useful economic lives as follows:

|                                  |              |
|----------------------------------|--------------|
| Freehold property                | 50 years     |
| Fixtures, fittings and equipment | 3 – 30 years |

##### **(3) Deferred tax**

Deferred tax is provided in full on all material timing differences. Deferred tax assets are recognised where their recovery is considered more likely than not. Deferred tax assets and liabilities are not discounted.

##### **(4) Capitalisation of interest**

Interest is capitalised on major development projects and capital works in progress where appropriate. Capitalisation ceases when substantially all the activities necessary to get the asset ready for use are completed.

##### **(5) Turnover**

Turnover comprises amounts invoiced for goods and services rendered excluding VAT.

## SUMMERHILL PROPERTIES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003 (CONTINUED)

#### 2 TURNOVER

Turnover and operating profit relate entirely to the Company's principal activity and arise in the United Kingdom.

#### 3 EMPLOYEE INFORMATION

The average weekly number of employees during the year was:

|                               | <u>2003</u><br>Number | <u>2002</u><br>Number |
|-------------------------------|-----------------------|-----------------------|
| Operations                    | 151                   | 136                   |
| Management and administration | 20                    | 20                    |
|                               | <hr/>                 | <hr/>                 |
|                               | 171                   | 156                   |
|                               | <hr/>                 | <hr/>                 |

The aggregate payroll costs of these persons were as follows:

|                       | <u>2003</u><br>£'000 | <u>2002</u><br>£'000 |
|-----------------------|----------------------|----------------------|
| Wages and salaries    | 2,590                | 2,348                |
| Social security costs | 160                  | 234                  |
| Pension costs         | 30                   | 16                   |
|                       | <hr/>                | <hr/>                |
|                       | 2,780                | 2,598                |
|                       | <hr/>                | <hr/>                |

#### 4 DIRECTORS' EMOLUMENTS

K M Brooks and C F Price are directors of TBI plc. Their emoluments are disclosed in the financial statements of TBI plc. No management recharges are made by TBI plc in respect of their services to the Company.

#### 5 INTEREST PAYABLE AND SIMILAR CHARGES

|  | <u>2003</u><br>£'000 | <u>2002</u><br>£'000 |
|--|----------------------|----------------------|
| Interest on bank loans and overdrafts      | 36                   | 76                   |
| Interest payable to the parent undertaking | 3,000                | 3,200                |
|  | <hr/>                | <hr/>                |
|  | 3,036                | 3,276                |
|  | <hr/>                | <hr/>                |

# SUMMERHILL PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003 (CONTINUED)

### 6 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is arrived at after charging:

|                                       | <u>2003</u><br>£'000 | <u>2002</u><br>£'000 |
|---------------------------------------|----------------------|----------------------|
| Depreciation of tangible fixed assets | 630                  | 613                  |

Fees payable to the auditors, PricewaterhouseCoopers LLP, were as follows:

|                          | <u>2003</u><br>£'000 | <u>2002</u><br>£'000 |
|--------------------------|----------------------|----------------------|
| Statutory audit services | 10                   | 15                   |
| Tax advisory services    | 5                    | -                    |

### 7 TAXATION

#### (a) Analysis of charge in the year

|  | <u>2003</u> | <u>2002</u> |
|--|-------------|-------------|
| Current tax (Note 6(b))                        | -           | -           |
| Deferred tax                                   |             |             |
| Origination and reversal of timing differences | 437         | 588         |
| Total deferred tax (Note 13)                   | 437         | 588         |
| Tax on profit on ordinary activities           | 437         | 588         |

#### (b) Factors affecting the current tax charge for the year

The current tax charge for the year is lower than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

|   | <u>2003</u><br>£'000 | <u>2002</u><br>£'000 |
|---|----------------------|----------------------|
| Loss before tax   | (1,521)              | (2,487)              |
| Loss multiplied by standard rate of corporation tax in the UK of 30% (2002 : 30%) | (456)                | (746)                |
| Effects of temporary differences between taxable and accounting profit:           |                      |                      |
| Accelerated capital allowances  | (437)                | (602)                |
| Permanent timing differences  | 14                   | 14                   |
| Group relief surrendered for no payment   | 879                  | 1,334                |
| Current tax charge for the year (Note 6(a))                                       | -                    | -                    |

# SUMMERHILL PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003 (CONTINUED)

### 8 TANGIBLE FIXED ASSETS

|                                 | Freehold<br>land and<br>buildings<br>£'000 | Surface<br>furnishings<br>£'000 | Fixtures,<br>fittings and<br>equipment<br>£'000 | Total<br>£'000 |
|---------------------------------|--|---------------------------------|---|----------------|
| <b>Cost</b>                     |  |                                 |   |                |
| At 1 April 2002                 | 21,937                                     | 4,674                           | 2,827   | 29,438         |
| Additions                       | 12   | 258                             | 394   | 664            |
| Disposals                       | (13)                                       | (10)                            | (58)  | (81)           |
| <b>At 31 March 2003</b>         | <b>21,936</b>                              | <b>4,922</b>                    | <b>3,163</b>                                    | <b>30,021</b>  |
| <b>Accumulated depreciation</b> |  |                                 |   |                |
| At 1 April 2002                 | 168  | 467                             | 872   | 1,507          |
| Charge for the year             | 68   | 189                             | 373   | 630            |
| Disposals                       | -  | (3)                             | (21)  | (24)           |
| <b>At 31 March 2003</b>         | <b>236</b>                                 | <b>653</b>                      | <b>1,224</b>                                    | <b>2,113</b>   |
| <b>Net book value</b>           |  |                                 |   |                |
| <b>At 31 March 2003</b>         | <b>21,700</b>                              | <b>4,269</b>                    | <b>1,939</b>                                    | <b>27,908</b>  |
| At 31 March 2002                | 21,769                                     | 4,207                           | 1,955   | 27,931         |

Included in the cost of freehold land and buildings are cumulative capitalised interest costs of £670,000 (2002: £670,000). No interest was capitalised during the year (2002 : £Nil). The depreciation charge includes an amount of £2,700 (2002: £2,700) representing the depreciation of interest previously capitalised. In addition, freehold land and buildings includes £5,075,000 (2002: £5,075,000) of land that is not depreciated.

### 9 STOCK

|             | <u>2003</u><br>£'000 | <u>2002</u><br>£'000 |
|-------------|----------------------|----------------------|
| Consumables | 64                   | 57                   |

# SUMMERHILL PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003 (CONTINUED)

10

### DEBTORS

|                                    | <u>2003</u><br>£'000 | <u>2002</u><br>£'000 |
|------------------------------------|----------------------|----------------------|
| Trade debtors                      | 449                  | 434                  |
| Amounts owed by parent undertaking | 696                  | -                    |
| Other debtors and prepayments      | 73                   | 39                   |
|                                    | <hr/>                | <hr/>                |
|                                    | 1,218                | 473                  |
|                                    | <hr/>                | <hr/>                |

### 11 CREDITORS - amounts falling due within one year

|                                    | <u>2003</u><br>£'000 | <u>2002</u><br>£'000 |
|------------------------------------|----------------------|----------------------|
| Bank loans                         | 200                  | -                    |
| Amounts owed to parent undertaking | 37,242               | 35,077               |
| Other creditors                    | 1,128                | 1,688                |
| Accruals and deferred income       | 181                  | 265                  |
|                                    | <hr/>                | <hr/>                |
|                                    | 38,751               | 37,030               |
|                                    | <hr/>                | <hr/>                |

Amounts due to parent undertaking are unsecured, interest bearing at 9% and are repayable on demand.

The bank loan bears interest at LIBOR plus 1% and is secured by a fixed and floating charge over the assets of the Company.

### 12 CREDITORS - amounts falling due after more than one year

|            | <u>2003</u><br>£'000 | <u>2002</u><br>£'000 |
|------------|----------------------|----------------------|
| Bank loans | 512                  | -                    |
|            | <hr/>                | <hr/>                |

The bank loan bears interest at LIBOR plus 1% and is secured by a fixed and floating charge over the assets of the Company.

# SUMMERHILL PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003 (CONTINUED)

### 13 PROVISIONS FOR LIABILITIES AND CHARGES

|                         | <u>Deferred<br/>Tax<br/>£'000</u> |
|-------------------------|-----------------------------------|
| At start of year        | 2,329                             |
| Profit and loss account | 437                               |
| <b>At 31 March 2003</b> | <b><u>2,766</u></b>               |

#### Deferred tax

The movement on deferred tax is as follows:

|  | <u>2003<br/>£'000</u> | <u>2002<br/>£'000</u> |
|--|-----------------------|-----------------------|
| At start of year                             | 2,329                 | 1,741                 |
| Profit and loss account                      | 437                   | 588                   |
| <b>At 31 March 2003</b>                      | <b><u>2,766</u></b>   | <b><u>2,329</u></b>   |
| Deferred tax provided is made up as follows: |                       |                       |
| <b>Accelerated capital allowances</b>        | <b><u>2,766</u></b>   | <b><u>2,329</u></b>   |

### 14 SHARE CAPITAL

|  | <u>2003<br/>£</u> | <u>2002<br/>£</u> |
|--|-------------------|-------------------|
| <b>Authorised:</b>                         |                   |                   |
| 5,000,000 ordinary shares of £1 each       | <u>5,000,000</u>  | <u>5,000,000</u>  |
| <b>Allotted, called up and fully paid:</b> |                   |                   |
| 2 ordinary shares of £1 each               | <u>2</u>          | <u>2</u>          |

### 15 PROFIT AND LOSS ACCOUNT

|                            | <u>£'000</u>           |
|----------------------------|------------------------|
| At 31 March 2002           | (10,819)               |
| Retained loss for the year | (1,958)                |
| <b>At 31 March 2003</b>    | <b><u>(12,777)</u></b> |

## SUMMERHILL PROPERTIES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003 (CONTINUED)

#### 16 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' DEFICIT

|                                      | <u>2003</u><br><u>£'000</u> | <u>2002</u><br><u>£'000</u> |
|--------------------------------------|-----------------------------|-----------------------------|
| Retained loss for the year           | (1,958)                     | (3,075)                     |
| Opening equity shareholders' deficit | <u>(10,819)</u>             | <u>(7,744)</u>              |
| Closing equity shareholders' deficit | <u>(12,777)</u>             | <u>(10,819)</u>             |

#### 17 CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The Company is a wholly owned subsidiary of TBI plc and is included in the consolidated financial statements of TBI plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the TBI plc group.

#### 18 ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent undertaking is TBI plc which is registered in England and Wales. This is the only group of which the Company is a member and for which group financial statements are prepared. Copies of the TBI plc financial statements may be obtained from 159 New Bond Street, London W1S 2UD.