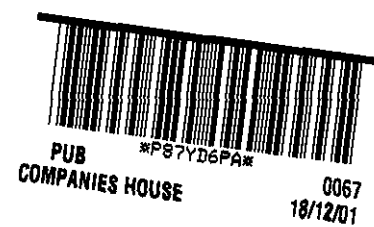


**SUMMERHILL PROPERTIES LIMITED**

**(Registered Number 3454201)**

**REPORT AND ACCOUNTS**

**31 MARCH 2001**



**SUMMERHILL PROPERTIES LIMITED**

**REPORT AND ACCOUNTS**

**31 MARCH 2001**

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**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 2001**

The directors present their report and the audited financial statements for the year ended 31 March 2001.

#### **PRINCIPAL ACTIVITY AND RESULTS FOR THE PERIOD**

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

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

The profit and loss account is set out on page 5.

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

#### **DIRECTORS**

The directors who held office throughout the year were:

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. The beneficial interest of the directors holding office at 31 March 2001 in the ordinary shares and options to subscribe for ordinary shares of the Company's ultimate parent company, TBI plc, at 31 March 2001 are set out in the financial report and accounts for TBI plc.

## SUMMERHILL PROPERTIES LIMITED

### DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2001 (CONTINUED)


#### 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 at the balance sheet date and of the profit or loss of the Company for the 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;
- 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. 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

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

We have audited the financial statements on pages 5 to 13 which have been prepared in accordance with the historical cost convention and the accounting policies set out on page 8.

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

The directors are responsible for preparing the Annual Report. As described on page 3 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.

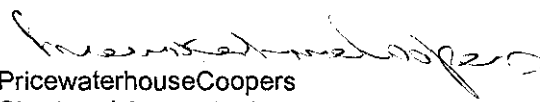
### **Basis of opinion**

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants  
and Registered Auditors

4 December 2001

# SUMMERHILL PROPERTIES LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2001

	<u>Note</u>	<u>2001</u> £'000	<u>Restated</u> <u>2000</u> £'000
<b>Turnover</b>	1	<b>5,849</b>	2,668
Cost of sales		(1,480)	(755)
		<hr/>	<hr/>
Gross profit		<b>4,369</b>	1,913
Operating costs		(4,331)	(2,279)
		<hr/>	<hr/>
<b>Operating profit/(loss)</b>		<b>38</b>	(366)
Interest payable and similar charges	4	(3,218)	(1,464)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>	5	<b>(3,180)</b>	(1,830)
Taxation on loss on ordinary activities	6	-	-
		<hr/>	<hr/>
<b>Loss for the financial period</b>	13	<b>(3,180)</b>	(1,830)
		<hr/>	<hr/>

All activities shown above are wholly derived from continuing operations.

The company made no recognised gains or losses other than as noted above.

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.

The notes on pages 8 to 13 form an integral part of these financial statements.

# SUMMERHILL PROPERTIES LIMITED

## BALANCE SHEET AS AT 31 MARCH 2001

	<u>Note</u>	<u>2001</u> £'000	<u>2001</u> £'000	<u>2000</u> £'000	Restated <u>2000</u> £'000
<b>FIXED ASSETS</b>					
Tangible assets	7		28,406		28,995
			28,406		28,995
<b>CURRENT ASSETS</b>					
Stock	8	50		75	
Debtors	9	404		449	
Cash at bank and in hand		40		1,014	
		494		1,538	
<b>CREDITORS - amounts falling due within one year</b>	10	(34,903)		(21,939)	
<b>NET CURRENT LIABILITIES</b>			(34,409)		(20,401)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(6,003)		8,594
<b>CREDITORS - amounts falling due after more than one year</b>	11		-		(11,417)
<b>NET LIABILITIES</b>			(6,003)		(2,823)
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		-		-
Profit and loss account	13		(6,003)		(2,823)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	14		(6,003)		(2,823)

Approved by the Board on 4<sup>th</sup> December 2001  
and signed on its behalf by

K M Brooks

*K M Brooks*

C F Price

*C F Price*

The notes on pages 8 to 13 form an integral part of these financial statements.



# SUMMERHILL PROPERTIES LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2001

	<u>2001</u> £'000	<u>Restated</u> <u>2000</u> £'000
Loss attributable to shareholders	(3,180)	(1,830)
Prior year adjustment	(894)	-
	<hr/>	<hr/>
<b>Total loss recognised in the year</b>	<b>(4,074)</b>	<b>(1,830)</b>
	<hr/>	<hr/>

The notes on pages 8 to 13 form an integral part of these financial statements.

# **SUMMERHILL PROPERTIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001**

### **1 ACCOUNTING POLICIES**

Due to the implementation of UITF 24, 'accounting for start up costs', the Company's results for the year ended 31 March 2000 have been restated to reflect the write off of start up costs previously capitalised (see Note 1(2)). Except for the implementation of UITF 24, the Company's principal accounting policies, which are set out below, have been applied consistently.

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

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

#### **(2) Change of accounting policy**

The Company reviewed its treatment of deferred start up costs following the issue of UITF 24, 'accounting for start up costs', which restricts the circumstances in which it is appropriate to capitalise such costs. As a result, capitalised start up costs included as intangible assets at 31 March 2000 have been reduced by £894,000 by means of a prior year adjustment. The impact of the adjustment has been to increase the current year profit by £198,000, being the amount which would have been amortised through the profit and loss account if the adjustment had not been made. The loss for the year to 31 March 2000 has been reduced by £99,000. The effect on net assets is shown in note 14.

#### **(3) 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

#### **(4) Deferred taxation**

Provision for deferred taxation is made using the liability method. Provision is only made to the extent that there is a reasonable probability that a liability will crystallise in the foreseeable future.

#### **(5) 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.

#### **(6) Cash flow statement**

The Company has taken advantage of the exemptions contained in Financial Reporting Standard 1 (Revised) not to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary and the consolidated financial statements of TBI plc, in which the Company is included, are publicly available and contain a consolidated cash flow statement.

#### **(7) Turnover**

Turnover comprises amounts invoiced excluding VAT.

## SUMMERHILL PROPERTIES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

#### 2 EMPLOYEE INFORMATION

The average weekly number of employees during the year was:

	<u>2001</u> Number	<u>2000</u> Number
Operations	88	69
Management and administration	20	20
	<hr/>	<hr/>
	108	89
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	<u>2001</u> £'000	<u>2000</u> £'000
Wages and salaries	2,146	1,563
Social security costs	193	159
	<hr/>	<hr/>
	2,339	1,722
	<hr/>	<hr/>

#### 3 DIRECTORS' EMOLUMENTS

None of the directors received any emoluments from the Company during the year.

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

# SUMMERHILL PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

### 4 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2001</u> £'000	<u>2000</u> £'000
Interest on bank loans and overdrafts	218	414
Interest payable to the parent undertaking	3,000	1,050
	<hr/>	<hr/>
	3,218	1,464
	<hr/>	<hr/>

### 5 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	<u>2001</u> £'000	<u>2000</u> £'000
Depreciation of tangible fixed assets	599	295
Auditor's remuneration	10	10
	<hr/>	<hr/>

No non audit fees were payable to the auditors during the year (2000: £Nil).

### 6 TAXATION

Due to the availability of capital allowances in the year, the company has a loss for taxation purposes and, therefore, no corporation tax charge arises.

The Company's potential deferred tax liability and amounts provided are set out below:

	2001		2000	
	Provided £'000	Not provided £'000	Provided £'000	Not provided £'000
Accelerated capital allowances	-	1,741	-	1,100
	<hr/>	<hr/>	<hr/>	<hr/>

# SUMMERHILL PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

### 7 TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Surface furnishings £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost</b>				
At 1 April 2000	21,937	4,668	2,685	29,290
Additions	-	6	4	10
<b>At 31 March 2001</b>	<b>21,937</b>	<b>4,674</b>	<b>2,689</b>	<b>29,300</b>
<b>Accumulated depreciation</b>				
At 1 April 2000	34	93	168	295
Charge for the year	67	187	345	599
<b>At 31 March 2001</b>	<b>101</b>	<b>280</b>	<b>513</b>	<b>894</b>
<b>Net book value</b>				
<b>At 31 March 2001</b>	<b>21,836</b>	<b>4,394</b>	<b>2,176</b>	<b>28,406</b>
<b>At 31 March 2000</b>	<b>21,903</b>	<b>4,575</b>	<b>2,517</b>	<b>28,995</b>

Included in freehold land and buildings are cumulative capitalised interest costs of £670,000 (2000: £670,000). No interest was capitalised during the year (2000: £339,000). The depreciation charge includes an amount of £2,000 (2000: £1,000) representing the depreciation of interest previously capitalised. In addition, freehold land and buildings includes £5,075,000 (2000: £5,075,000) of land which is not depreciated.

### 8 STOCK

	<u>2001</u> £'000	<u>2000</u> £'000
Consumables	50	75

### 9 DEBTORS

	<u>2001</u> £'000	<u>2000</u> £'000
Trade debtors	337	304
Other debtors and prepayments	67	145
	<b>404</b>	<b>449</b>

# SUMMERHILL PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

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

	<u>2001</u> £'000	<u>2000</u> £'000
Bank loan (secured)	-	150
Amounts owed to parent undertaking	33,095	19,435
Other creditors	1,310	1,957
Accruals and deferred income	498	397
	<u>34,903</u>	<u>21,939</u>

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

	<u>2001</u> £'000	<u>2000</u> £'000
Bank loan (secured)	-	11,417
The bank loan is repayable as follows:		
Between one and two years	-	600
Between two and five years	-	2,075
After five years	-	8,742
	<u>-</u>	<u>11,417</u>

The bank loan is subject to interest at bank base plus 0.7% and is repayable in equal quarterly instalments commencing 30 September 2000. The loan is secured by a legal charge on the hotel property.

### 12 SHARE CAPITAL

	<u>2001</u> £	<u>2000</u> £
Authorised:		
5,000,000 ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>
Allotted, called up and fully paid:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

# SUMMERHILL PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

### 13 PROFIT AND LOSS ACCOUNT

	£'000
At 31 March 2000 as previously stated	(1,929)
Prior year adjustment in respect of UITF 24	(894)
At 31 March 2000 as restated	(2,823)
Retained loss for the year	(3,180)
<b>At 31 March 2001</b>	<b>(6,003)</b>

### 14 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	<u>2001</u> £'000	<u>Restated</u> <u>2000</u> £'000
Loss attributable to shareholders as previously stated	(3,180)	(1,929)
Prior year adjustment in respect of UITF 24	-	99
Retained loss for the year as restated	(3,180)	(1,830)
Opening equity shareholders' funds as previously stated	(2,823)	-
Prior year adjustment in respect of UITF 24	-	(993)
Opening equity shareholders' funds as restated	-	(993)
Closing equity shareholders' funds	(6,003)	(2,823)

### 15 CAPITAL COMMITMENTS

At 31 March 2001 the Company had contracted capital commitments of some £Nil (2000: £Nil).

### 16 RELATED PARTY DISCLOSURES

In accordance with the exemption afforded by FRS 8, 'related party transactions', there is no disclosure in these financial statements of transactions with entities that are part of the TBI plc Group.

### 17 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.