

**Report of the Director and
Financial Statements for the Year Ended 30 November 2000
for
SEIONT MANOR HOTEL LIMITED**

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SEIONT MANOR HOTEL LIMITED

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for the Year Ended 30 November 2000**

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SEIONT MANOR HOTEL LIMITED

**Company Information
for the Year Ended 30 November 2000**

DIRECTOR: R C Felton

SECRETARY: Jordans Company Secretaries Limited

REGISTERED OFFICE: The Old Library
The Drive
Sevenoaks
Kent
TN13 3AB

REGISTERED NUMBER: 3779729

AUDITORS: Ernst & Young LLP
Becket House
1 Lambeth Palace Road
London
SE1 7EU

SEIONT MANOR HOTEL LIMITED

Report of the Director for the Year Ended 30 November 2000

The director presents his report with the financial statements of the company for the year ended 30 November 2000.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the ownership and operation of the Seoint Manor Hotel.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 30 November 2000.

DIRECTORS

The directors during the year under review were:

R.C. Felton

M.T. Fitzgerald, resigned 06.12.2001

The directors holding office at 30th November 2000 did not hold any beneficial interest in the issued share capital of the company or any other member of group at 1st December 1999 or 30th November 2000.

AUDITORS

Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000, was appointed as company auditor during the period ended 30th November 2000. A resolution to reappoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.


STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 period. In preparing those financial statements, the director is required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

ON BEHALF OF THE BOARD:



R C Felton - DIRECTOR

Dated: 18 December 2001

SEIONT MANOR HOTEL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEIONT MANOR HOTEL LIMITED

We have audited the company's financial statements for the year ended 30 November 2000 which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, and the related notes 1 to 14. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 misstatements, 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 as at 30 November 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP

Registered Auditor

London

18 December 2001

SEIONT MANOR HOTEL LIMITED

**Profit and Loss Account
for the Year Ended 30 November 2000**

		Year Ended 30.11.00		Restated Period 28.5.99 to 30.11.99	
	Notes	£	£	£	£
TURNOVER			760,304		333,377
Cost of sales			<u>481,714</u>		<u>194,649</u>
GROSS PROFIT			278,590		138,728
Administrative expenses			<u>328,402</u>		<u>135,366</u>
OPERATING (LOSS)/PROFIT	3		(49,812)		3,362
Interest payable and similar charges	4		<u>434</u>		<u>-</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			(50,246)		3,362
Tax on (loss)/profit on ordinary activities	5		<u>-</u>		<u>2,563</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			(50,246)		799
Retained profit brought forward:					
As previously reported		31,558		-	
Prior year adjustments	6	<u>(30,759)</u>		<u>-</u>	
As restated			<u>799</u>		<u>-</u>
(DEFICIT)/RETAINED PROFIT CARRIED FORWARD			<u>£(49,447)</u>		<u>£799</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous period.

SEIONT MANOR HOTEL LIMITED

**Statement of Total Recognised Gains and Losses
for the Year Ended 30 November 2000**

	<u>Year Ended 30.11.00</u>	<u>Restated Period 28.5.99 to 30.11.99</u>
	£	£
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(50,246)	799
	<hr/>	<hr/>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	(50,246)	<u>£799</u>
Prior year adjustment	<u>(30,759)</u>	
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT	<u>£(81,005)</u>	

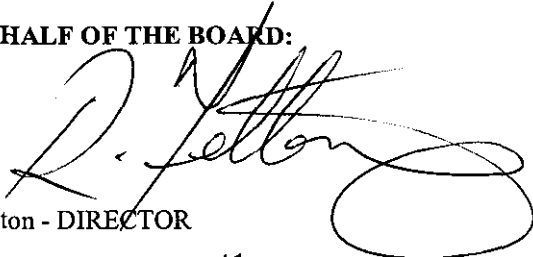
The notes form part of these financial statements

SEIONT MANOR HOTEL LIMITED

**Balance Sheet
30 November 2000**

		<u>30.11.00</u>		<u>Restated 30.11.99</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		1,322,525		1,311,413
CURRENT ASSETS:					
Stocks	8	14,701		15,630	
Debtors	9	50,538		49,482	
Cash at bank and in hand		<u>13,017</u>		<u>98,995</u>	
			78,256		164,107
CREDITORS: Amounts falling due within one year	10	<u>200,226</u>		<u>224,719</u>	
NET CURRENT LIABILITIES:			<u>(121,970)</u>		<u>(60,612)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>£1,200,555</u>		<u>£1,250,801</u>
CAPITAL AND RESERVES:					
Called up share capital	11		1,250,002		1,250,002
Profit and loss account			<u>(49,447)</u>		<u>799</u>
SHAREHOLDERS' FUNDS:	14		<u>£1,200,555</u>		<u>£1,250,801</u>

ON BEHALF OF THE BOARD:



R C Felton - DIRECTOR

Approved by the Board on ¹⁸ November 2001

SEIONT MANOR HOTEL LIMITED

Notes to the Financial Statements for the Year Ended 30 November 2000

1. ACCOUNTING POLICIES

Fundamental Accounting Concept

The accounts have been prepared on a going concern basis on the basis of continuing financial support from the immediate parent undertaking Hand Picked Hotels Limited.

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company is a wholly owned subsidiary undertaking.

Turnover

Turnover represents net invoiced goods and services, excluding value added tax, all of which is generated in the United Kingdom in respect of the operations of the hotel.

Tangible fixed assets

The company has adopted FRS 15 'Tangible Fixed Assets'. Adoption of this standard has resulted in the separation of assets into different components. These reclassifications are shown in the note to the accounts. The impact on the reported profits in both the current and previous year is immaterial.

Depreciation is provided at the following annual rates in order to write off each asset, other than freehold land, over its useful life.

Freehold Property	- 2% on cost
Fixed Plant	- 4% on cost
Plant and Machinery	- 15% on cost
Fixtures and Fittings	- 10% on cost
Computer Equipment	- 25% on cost

Stocks

Stock is valued at the lower of cost or net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the director, there is reasonable probability that the liability will not arise in the foreseeable future.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Related party transactions

The company has taken advantage of the exemptions in FRS 8 in connection with the disclosure of transactions with other group undertakings.

Change in accounting policy - stocks

In the previous period the company adopted a policy of holding the value of certain base stock items such as linen and crockery within the period end balance. The directors now consider that a policy of expensing the cost of these items as incurred would give a fairer presentation of the results and financial position of the company. Accordingly it has been necessary to restate the figures for 1999 on the basis of the new policy. This has involved the write off of the opening base stock in the previous year.

The resulting adjustment to the pre tax profit for the period ended 30th November 1999 is a charge of £30,759.

SEIONT MANOR HOTEL LIMITED

Notes to the Financial Statements for the Year Ended 30 November 2000

1. ACCOUNTING POLICIES - continued

Leasing

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

2. STAFF COSTS

	Year Ended 30.11.00 £	Period 28.5.99 to 30.11.99 £
Wages and salaries	307,315	109,236
Social security costs	21,029	7,476
Other pension costs	<u>(2,770)</u>	<u>944</u>
	<u>325,574</u>	<u>117,656</u>

The average monthly number of employees during the year was as follows:

	Year Ended 30.11.00	Period 28.5.99 to 30.11.99
Hotel Operations	<u>49</u>	<u>45</u>

3. OPERATING (LOSS)/PROFIT

The operating loss (1999 - operating profit) is stated after charging:

	Year Ended 30.11.00 £	Period 28.5.99 to 30.11.99 £
Other operating leases	1,052	-
Depreciation - owned assets	29,260	14,075
Auditors' remuneration	<u>1,253</u>	<u>1,631</u>
Directors' emoluments	<u>-</u>	<u>-</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 30.11.00 £	Period 28.5.99 to 30.11.99 £
Bank interest	<u>434</u>	<u>-</u>

SEIONT MANOR HOTEL LIMITED

Notes to the Financial Statements for the Year Ended 30 November 2000

5. TAXATION

The tax charge on the loss on ordinary activities for the year was as follows:

	Year Ended 30.11.00 £	Period 28.5.99 to 30.11.99 £
UK corporation tax, charged at 30% (1999 – 30%)	-	2,563

No liability to UK corporation tax arose on ordinary activities for the year ended 30 November 2000 due to the availability of losses within the group.

6. PRIOR YEAR ADJUSTMENTS

The prior year adjustment has arisen on the expensing of base stock.

7. TANGIBLE FIXED ASSETS

	Freehold property £	Fixed Plant £	Plant and machinery £
COST:			
At 1 December 1999	1,231,365	-	86,444
Additions	-	-	4,101
Reclassifications	(97,674)	97,674	-
At 30 November 2000	1,133,691	97,674	90,545
DEPRECIATION:			
At 1 December 1999	12,314	-	1,441
Charge for year	2,478	3,907	13,582
Reclassifications	(5,429)	5,429	-
At 30 November 2000	9,363	9,336	15,023
NET BOOK VALUE:			
At 30 November 2000	1,124,328	88,338	75,522
At 30 November 1999	1,219,051	-	85,003

SEIONT MANOR HOTEL LIMITED

Notes to the Financial Statements for the Year Ended 30 November 2000

7. TANGIBLE FIXED ASSETS - continued

	Fixtures and fittings	Computer equipment	Totals
	£	£	£
COST:			
At 1 December 1999	-	7,679	1,325,488
Additions	<u>11,296</u>	<u>24,975</u>	<u>40,372</u>
At 30 November 2000	<u>11,296</u>	<u>32,654</u>	<u>1,365,860</u>
DEPRECIATION:			
At 1 December 1999	-	320	14,075
Charge for year	<u>1,130</u>	<u>8,163</u>	<u>29,260</u>
At 30 November 2000	<u>1,130</u>	<u>8,483</u>	<u>43,335</u>
NET BOOK VALUE:			
At 30 November 2000	<u>10,166</u>	<u>24,171</u>	<u>1,322,525</u>
At 30 November 1999	<u>-</u>	<u>7,359</u>	<u>1,311,413</u>

Included in freehold property is freehold land valued at £307,841 (1999 - £307,841) which is not depreciated.

8. STOCKS

	30.11.00	Restated 30.11.99
	£	£
Goods for resale	<u>14,701</u>	<u>15,630</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.11.00	30.11.99
	£	£
Trade debtors	34,129	31,840
Other debtors	7	1,534
Prepayments	<u>16,402</u>	<u>16,108</u>
	<u>50,538</u>	<u>49,482</u>

SEIONT MANOR HOTEL LIMITED

Notes to the Financial Statements for the Year Ended 30 November 2000

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.11.00	30.11.99
	£	£
Trade creditors	14,858	70,960
Other creditors	12,902	902
Amount due to parent undertaking	110,149	78,662
V.A.T.	-	22,490
Social security & other taxes	12,512	6,343
Payments in advance	27,453	23,553
Taxation	-	2,563
Accruals	<u>22,352</u>	<u>19,246</u>
	<u>200,226</u>	<u>224,719</u>

Whilst the amounts due to parent undertaking are technically due within one year, the directors have been advised that the parent undertaking does not expect to seek repayment within the next twelve months.

11. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	30.11.00	30.11.99
			£	£
3,000,000	Ordinary	£1	<u>3,000,000</u>	<u>3,000,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	30.11.00	30.11.99
			£	£
1,250,002	Ordinary	£1	<u>1,250,002</u>	<u>1,250,002</u>

12. ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking is Benfica Limited, which is registered in the Isle of Man. The company's immediate parent is Hand Picked Hotels Limited, which is registered in England and Wales. Hand Picked Hotels Limited is the largest and smallest group, in whose financial statements the results of the company will be consolidated. The consolidated accounts of Hand Picked Hotels Limited will be available to the public and will be obtainable in due course from the Registrar of Companies, Companies House, Crown Way, Cardiff.

13. CONTINGENT LIABILITIES

At 30th November 2000, the company, along with certain other fellow subsidiary undertakings, has granted a fixed and floating charge over its assets, to a maximum amount of £7,945,000, in respect of certain liabilities of Hand Picked Hotels Limited.

SEIONT MANOR HOTEL LIMITED

**Notes to the Financial Statements
for the Year Ended 30 November 2000**

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30.11.00	30.11.99
	£	£
(Loss)/Profit for the financial year	(50,246)	799
Shares issued	<u>-</u>	<u>1,250,002</u>
Net (reduction)/addition to shareholders' funds	(50,246)	1,250,801
Opening shareholders' funds (originally £1,281,560 before prior year adjustment of £(30,759))	<u>1,250,801</u>	<u>-</u>
Closing shareholders' funds	<u><u>1,200,555</u></u>	<u><u>1,250,801</u></u>
Equity interests	<u><u>1,200,555</u></u>	<u><u>1,250,801</u></u>