

Registered number
3785381

RHINEFIELD HOUSE HOTEL LIMITED

Report and Accounts

27 November 2003



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RHINEFIELD HOUSE HOTEL LIMITED
Report and accounts
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RHINEFIELD HOUSE HOTEL LIMITED
Company Information

Directors

R C Felton
J Hands

Secretary

Jordans Company Secretaries Limited

Auditors

PKF
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

Registered office

The Old Library
The Drive
Sevenoaks
Kent
TN13 3AB

Registered number

3785381

RHINEFIELD HOUSE HOTEL LIMITED

Directors' Report

The directors present their report and accounts for the 52 weeks ended 27 November 2003.

Principal activities

The company's principal activity during the period continued to be that of the ownership and operation of the Rhinefield House Hotel.

Review of business

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

Dividends

No dividends will be distributed for the period ended 27 November 2003.

Directors

The directors who served during the period under review were:

R.C. Felton

J. Hands

The directors holding office at 27 November 2003 did not hold any beneficial interest in the issued share capital of the company or any other company within the group at 28 November 2002 or 27 November 2003, except J Hands, who holds two shares.

Statement of Directors' responsibilities

Company law requires the directors to prepare accounts 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 for that period. In preparing those accounts, the directors are required to:

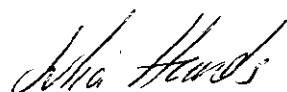
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the directors' report and other information included in the financial statements is prepared in accordance with company law in the United Kingdom.

The directors are responsible for maintaining 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 accounts 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.

Auditors

A resolution to reappoint PKF as auditors will be put to the forthcoming Annual General Meeting.



J Hands
Director

RHINEFIELD HOUSE HOTEL LIMITED

Independent auditors' report to the members of RHINEFIELD HOUSE HOTEL LIMITED

We have audited the accounts of Rhinefield House Hotel Limited for the period ended 27 November 2003 which comprise the Profit and Loss account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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.

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 with the company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 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 27 November 2003 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PKF

PKF
Registered auditors

London

April 2004

12 May 2004

RHINEFIELD HOUSE HOTEL LIMITED**Profit and Loss Account****for the period from 29 November 2002 to 27 November 2003**

		52 weeks ended 27 November 2003 £	52 weeks ended 28 November 2002 £
	Notes		
Turnover		2,225,747	2,233,758
Cost of sales		(580,086)	(593,564)
Gross profit		1,645,661	1,640,194
Administrative expenses		(1,504,454)	(1,529,200)
Operating profit	2	141,207	110,994
Interest receivable	4	217	2,887
Interest payable	4	(6,058)	-
Profit on ordinary activities before taxation		135,366	113,881
Tax on profit on ordinary activities	5	(17,500)	(21,000)
Retained profit for the period	12	117,866	92,881

Continuing operations

None of the company's activities were acquired or discontinued during the above two periods.

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above two periods.

RHINEFIELD HOUSE HOTEL LIMITED**Balance Sheet****as at 27 November 2003**

	Notes	27 November 2003 £	28 November 2002 £
Fixed assets			
Tangible assets	6	4,942,238	4,729,676
Investments	7	<u>2</u>	<u>2</u>
		4,942,240	4,729,678
Current assets			
Stocks	8	13,354	16,416
Debtors	9	501,870	503,424
Cash at bank and in hand		<u>2,500</u>	<u>37,627</u>
		517,724	557,467
Creditors: amounts falling due within one year	10	(449,739)	(412,286)
Net current assets		<u>67,985</u>	<u>145,181</u>
Total assets less current liabilities		<u>5,010,225</u>	<u>4,874,859</u>
Provisions for liabilities and charges			
Deferred taxation	5	(173,500)	(156,000)
		<u>4,836,725</u>	<u>4,718,859</u>
Capital and reserves			
Called up share capital	11	4,450,002	4,450,002
Profit and loss account	12	386,723	268,857
Shareholders' funds	13	<u>4,836,725</u>	<u>4,718,859</u>



J Hands

Director

Approved by the board on 28 April 2004

RHINEFIELD HOUSE HOTEL LIMITED

Notes to the Accounts

for the period from 29 November 2002 to 27 November 2003

1 Accounting policies

Accounting convention

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

Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax, all of which is generated through the operation of the hotel.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land and assets in the course of construction, at rates calculated to write off the cost less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings core	50 years
Freehold buildings surface finishes and services	20 years
Plant and machinery	4 to 25 years

Stocks

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

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.

Deferred taxation

Deferred tax is provided on material timing differences between the incidence of income and expenditure for taxation and accounts purposes using the full provision basis set out in Financial Reporting Standard 19.

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.

Leasing

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Consolidated accounts

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. The accounts therefore present information about the company as an individual undertaking and not about its group.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

RHINEFIELD HOUSE HOTEL LIMITED**Notes to the Accounts****for the period from 29 November 2002 to 27 November 2003**

2 Operating profit	2003	2002
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	99,572	92,880
Loss on disposal of tangible asset	1,251	-
Other operating leases	77	3,442
Auditors' remuneration - audit fees	<u>2,600</u>	<u>5,000</u>

3 Staff costs	2003	2002
	£	£
Wages and salaries	767,757	745,394
Social security costs	50,425	56,160
Other pension costs	<u>6,469</u>	<u>4,964</u>
	<u>824,651</u>	<u>806,518</u>

None of the directors received any remuneration for the period (2002: £nil)

Average number of employees during the year	Number	Number
Hotel operations	33	36
Administration	<u>7</u>	<u>7</u>
	<u>40</u>	<u>43</u>

4 Interest payable/(receivable)	2003	2002
	£	£
Bank loans and overdrafts	6,058	-
Bank interest (receivable)	<u>(217)</u>	<u>-</u>

5 Taxation	2003	2002
Current year charge	£	£
Corporation tax	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred taxation	17,500	21,000
Total tax	<u>17,500</u>	<u>21,000</u>

RHINEFIELD HOUSE HOTEL LIMITED

Notes to the Accounts

for the period from 29 November 2002 to 27 November 2003

5 Taxation (continued)

	2003 £	2002 £
Factors affecting tax charge for the period		
Profit on ordinary activities before tax	135,366	113,881
Profit on ordinary activities multiplied by standard rate of corporation tax (30%)	40,610	34,164
<i>Explained by:</i>		
Expenses not deductible for tax purposes	1,776	1,306
Capital allowances for period in excess of depreciation	(14,864)	(14,548)
Group relief claimed	(27,522)	(20,922)
Total current tax	-	-
Deferred tax	£	
At 29 November 2002	(156,000)	
Charged to profit and loss	(17,500)	
At 27 November 2003	(173,500)	
Deferred tax is analysed as follows:		
Accelerated capital allowances	(173,500)	
	(173,500)	

6 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Assets in course of construction £	Total £
Cost				
At 29 November 2002	4,030,841	988,285	8,140	5,027,266
Additions	-	316,285	-	316,285
Reclassification	-	8,140	(8,140)	-
Disposals	-	(20,198)	-	(20,198)
At 27 November 2003	4,030,841	1,292,512	-	5,323,353
Depreciation				
At 29 November 2002	60,596	236,994	-	297,590
Charge for the 52 weeks	18,499	81,073	-	99,572
On disposals	-	(16,047)	-	(16,047)
At 27 November 2003	79,095	302,020	-	381,115
Net book value				
At 27 November 2003	3,951,746	990,492	-	4,942,238
At 28 November 2002	3,970,245	751,291	8,140	4,729,676

Included in freehold land and buildings is freehold land of £1,094,500 (2002: £1,094,500) which is not depreciated.

RHINEFIELD HOUSE HOTEL LIMITED**Notes to the Accounts****for the period from 29 November 2002 to 27 November 2003****7 Investments**

	Other investments £
Cost	
At 29 November 2002	2
At 27 November 2003	<u>2</u>

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Company	Country of registration or incorporation	Shares held Class	%
Rhinefield Timeshare Limited	England and Wales	Ordinary	100

	2003 £	2002 £
Aggregate capital and reserves	75,350	61,364
Profit for the period	<u>13,986</u>	<u>34,694</u>

Company	Country of registration or incorporation	Shares held Class	%
Rhinefield Timeshare Management Limited	England and Wales	Ordinary	100

	2003 £	2002 £
Aggregate capital and reserves	173,363	174,909
Loss for the period	<u>(1,546)</u>	<u>(2,938)</u>

8 Stocks	2003 £	2002 £
Goods for resale	<u>13,354</u>	<u>16,416</u>

RHINEFIELD HOUSE HOTEL LIMITED

Notes to the Accounts

for the period from 29 November 2002 to 27 November 2003

9 Debtors	2003	2002
	£	£
Trade debtors	72,752	85,943
Amounts due from immediate parent undertaking	328,077	381,187
Amounts due from fellow subsidiary undertakings	8,913	-
Other debtors	86,502	2,651
Prepayments and accrued income	5,626	33,643
	<u>501,870</u>	<u>503,424</u>

10 Creditors: amounts falling due within one year	2003	2002
	£	£
Bank loans and overdrafts	110,810	-
Payments in advance	161,071	159,411
Trade creditors	102,315	115,637
Amounts due to fellow subsidiary undertaking	8,614	-
Amounts due to subsidiary undertaking	-	7,788
Other taxes and social security costs	27,686	63,536
Other creditors	8,110	5,242
Accruals and deferred income	31,133	60,672
	<u>449,739</u>	<u>412,286</u>

11 Share capital	2003	2002	2003	2002
	No	No	£	£
Authorised:				
Ordinary shares of £1 each	5,000,000	5,000,000	5,000,000	5,000,000
Allotted, issued and fully paid:				
Ordinary shares of £1 each	4,450,002	4,450,002	<u>4,450,002</u>	<u>4,450,002</u>

12 Profit and loss account	2003	2002
	£	£
At 29 November 2002	268,857	175,976
Retained profit	117,866	92,881
At 27 November 2003	<u>386,723</u>	<u>268,857</u>

RHINEFIELD HOUSE HOTEL LIMITED

Notes to the Accounts

for the period from 29 November 2002 to 27 November 2003

13 Reconciliation of movement in shareholders' funds	2003	2002
	£	£
At 29 November 2002	4,718,859	4,625,978
Profit for the financial 52 weeks	117,866	92,881
At 27 November 2003	<u>4,836,725</u>	<u>4,718,859</u>

14 Contingent liability

At 27 November 2003, the company, along with certain other fellow subsidiary undertakings, has granted a fixed and floating charge over its assets, to a maximum of £5,245,000 (2002: £5,245,000), in respect of certain liabilities of Hand Picked Hotels Limited.

15 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 a company registered in England and Wales. The largest and smallest group, in whose financial statements the results of the company will be consolidated is Hand Picked Hotels Limited. 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.

The controlling party is Mr G Hands.