

4541995

Tulip Inn Glasgow Limited

Report and Accounts

26 December 2004

ERNST & YOUNG



Tulip Inn Glasgow Limited

Registered No. 4541995

Directors

P W D Roberts

B W Scurrah

Secretary

N J Metcalf

Bankers

Barclays Bank PLC

27th Floor

1 Churchill Place

London

E14 5HP

Auditors

Ernst & Young LLP

100 Barbirolli Square

Manchester

M2 3EY

Solicitors

bpe

St James's House

St James Square

Cheltenham

Gloucestershire

GL50 3PR

Registered Office

The Hutts

Grewelthorpe

Ripon

HG4 3DA

Directors' Report

The company was incorporated as Partentry Limited on 23 September 2002 and changed its name to Tulip Inn Glasgow Limited on 8 November 2002. The directors present their report and consolidated accounts for the year ended 26 December 2004.

Results and dividends

The loss for the year, after taxation, amounted to £71,722 (2003: £481,410). The directors do not recommend the payment of any dividends (period ended 28 December 2003: £nil).

Principal activities

The Company's principal activity is operating an hotel under the Tulip Inn brand.

Review of the business

Directors and their interests

The directors during the period and changes in directors since the period end were as follows:

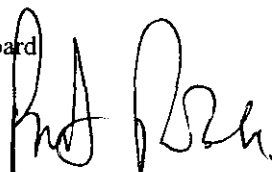
P W D Roberts
B W Scurrah

None of the directors had any interest, or options to subscribe, in the share capital of the company as at the period end. The interests of PWD Roberts and BW Scurrah in the share capital of the company's parent undertaking, Pilot Hotels Limited, are disclosed in the accounts of that company.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



P W D Roberts
Director

26/10/05

Statement of Directors' Responsibilities in Respect of the Financial Statements

Company law requires the directors to prepare accounts for each financial period 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 accounts, 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 accounts; 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 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 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.

Independent Auditors' Report

to the members of Tulip Inn Glasgow Limited

We have audited the Company's accounts for the year ended 26 December 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, and the related notes 1 to 18. These accounts have been prepared on the basis of 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 auditors' 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

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

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

We report to you our opinion as to whether the accounts 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 accounts, 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

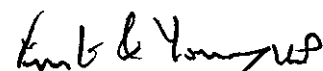
Basis of audit opinion

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 accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 26 December 2004 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Manchester

22/10/05

Profit and Loss Account

for the year ended 26 December 2004

		<i>Year ended</i> <i>26 December</i> <i>2004</i> <i>£</i>	<i>Period to</i> <i>28 December</i> <i>2003</i> <i>£</i>
	<i>Notes</i>		
Turnover	2	1,700,677	1,351,617
Cost of sales		(138,128)	(158,156)
Gross profit		1,562,549	1,193,461
Administrative expenses		(1,547,747)	(1,614,955)
Operating profit/(loss)	3	14,802	(421,494)
Interest payable and similar charges less interest received	4	(86,524)	(59,916)
Loss on ordinary activities before taxation		(71,722)	(481,410)
Taxation	6	-	-
Loss for the financial period	15	(71,722)	(481,410)

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Statement of Total Recognised Gains and Losses

for the year ended 26 December 2004

There are no recognised gains or losses other than as disclosed in the profit and loss account above.

Balance Sheet

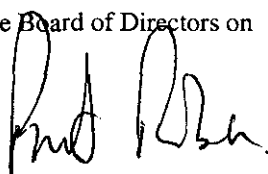
at 26 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	7	336,812	369,811
Current assets			
Stocks	8	18,479	27,175
Debtors:			
- amounts falling due after more than one year	9	333,750	333,750
- amounts falling due within one year	9	240,293	220,402
		592,522	581,327
Cash at bank and in hand		23,301	4,177
		615,823	585,504
Creditors: amounts falling due within one year	10	(1,268,792)	(1,171,915)
Net current liabilities		(652,969)	(586,411)
Total assets less current liabilities		(316,157)	(216,600)
Creditors: amounts falling due after more than one year	11	(236,974)	(264,809)
		(553,131)	(481,409)
Capital and reserves			
Called up share capital	14	1	1
Profit and loss account	15	(553,132)	(481,410)
Equity shareholders' funds	15	(553,131)	(481,409)

Approved by the Board of Directors on

26/10/05

and signed on its behalf by:


P W D Roberts
Director

Notes to the Accounts

at 26 December 2004

1. Accounting policies

Basis of preparation

The accounts are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Going concern

The accounts have been prepared on the going concern basis on the grounds that the parent undertaking has undertaken to providing continuing financial support for the foreseeable future.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the accounts on the grounds that the company is wholly owned and its parent publishes consolidated accounts including a cash flow statement.

Tangible fixed assets and depreciation

Tangible fixed assets are recorded in the balance sheet at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, on a straight line basis as follows:-

Leasehold land & buildings	-	30 years
Fixtures and fittings	-	5 years
Office equipment	-	3 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that a provision for impairment is required.

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the Accounts

at 26 December 2004

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

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

Pre-opening costs

In accordance with the requirements of UITF 24 "Accounting for start-up costs", costs incurred before an hotel opens for business are accounted for in the same manner as similar costs incurred as part of an hotel's on-going activities.

Related party transactions

As a wholly owned subsidiary of Pilot Hotels Limited, the company has taken advantage of the exemptions available under FRS8 and has not disclosed details of transactions with other group companies.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties in respect of the company's continuing activity as stated in the directors' report. All of the turnover relates to activity in the United Kingdom.

3. Operating profit/(loss)

This is stated after charging:

	<i>Year ended 26 December 2004 £</i>	<i>Period to 28 December 2003 £</i>
Auditors' remuneration - audit services	8,500	8,245
Auditors' remuneration - non-audit services	-	1,500
Depreciation of owned fixed assets	45,872	42,331
Depreciation of leased assets	22,377	22,376
Operating lease rentals - land and buildings	357,830	378,845

Notes to the Accounts

at 26 December 2004

4. Interest payable and similar charges

	<i>Year ended 26 December 2004</i>	<i>Period to 28 December 2003</i>
	£	£
On bank overdraft	-	2,198
On finance leases	7,973	4,351
On amounts due to Group undertakings	86,566	53,367
Interest received on bank and rent deposits	(8,015)	-
	<u>86,524</u>	<u>59,916</u>

5. Staff costs and directors' emoluments

	<i>Year ended 26 December 2004</i>	<i>Period to 28 December 2003</i>
	£	£
Wages and salaries	468,626	451,844
Social security costs	34,453	31,910
	<u>503,079</u>	<u>483,754</u>

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

	<i>Year ended 26 December 2004</i>	<i>Period to 28 December 2003</i>
	No.	No.
Hotel operation	<u>42</u>	<u>38</u>

None of the directors received any emoluments for their services to the company.

Notes to the Accounts

at 26 December 2004

6. Taxation

a) Tax on loss on ordinary activities

There is no current or deferred tax credit or charge for the period.

b) Factors affecting the current tax credit:

	<i>Year ended 26 December 2004</i>	<i>Period to 28 December 2003</i>
	<i>£</i>	<i>£</i>
Loss on ordinary activities before tax	(71,722)	(481,410)
Loss on ordinary activities multiplied by standard rate of corporation tax in UK of 30%	(21,517)	(144,423)
Disallowed expenses	151	3,168
Depreciation in excess of capital allowances	12,523	11,255
Other timing differences	-	3,900
Tax losses	3,089	126,100
Group relief surrendered	5,754	-
Total current tax	-	-

7. Tangible fixed assets

	<i>Leasehold land and buildings</i>	<i>Fixtures and fittings</i>	<i>Office equipment</i>	<i>Leased assets</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Cost:					
As at 28 December 2003	123,536	191,103	12,045	107,834	434,518
Additions	-	30,184	5,066	-	35,250
At 26 December 2004	123,536	221,287	17,111	107,834	469,768
Depreciation:					
As at 28 December 2003	4,058	36,731	1,542	22,376	64,707
Provided during the period	3,808	39,945	2,930	21,566	68,249
At 26 December 2004	7,866	76,676	4,472	43,942	132,956
Net book value:					
As at 26 December 2004	115,670	144,611	12,639	63,892	336,812
At 28 December 2003	119,478	154,372	10,503	85,458	369,811

Notes to the Accounts

at 26 December 2004

8. Stocks

	2004 £	2003 £
Food and beverage stocks	6,647	10,946
Other stocks	11,832	16,229
	<u>18,479</u>	<u>27,175</u>

9. Debtors

Amounts falling due after more than one year

	2004 £	2003 £
Prepayments and accrued income	333,750	333,750

Amounts falling due within one year

	2004 £	2003 £
Trade debtors	88,864	84,504
Amounts receivable from group undertakings	477	-
Amounts receivable from related party undertaking	117	-
Prepayments and accrued income	150,835	135,898
	<u>240,293</u>	<u>220,402</u>

10. Creditors: amounts falling due within one year

	2004 £	2003 £
Bank overdraft	-	162,201
Trade creditors	145,306	146,985
Amounts due to group undertakings	985,332	731,572
Amounts due to related undertaking	20,406	35,171
Obligations under finance leases (note 12)	21,105	19,718
Other taxes and social security costs	34,816	16,921
Other creditors	-	4,522
Accruals and deferred income	61,827	54,825
	<u>1,268,792</u>	<u>1,171,915</u>

Notes to the Accounts

at 26 December 2004

11. Creditors: amounts falling due after one year

	2004 £	2003 £
Obligations under finance leases (note 12)	54,635	75,740
Accruals and deferred income	182,339	189,069
	<u>236,974</u>	<u>264,809</u>

Obligations under finance leases are secured on relevant plant and equipment.

12. Obligations under finance leases

The maturity of these amounts is as follows:

	2004 £	2003 £
Amounts payable:		
Within one year	25,090	25,092
In two to five years	56,453	83,632
	<u>81,543</u>	<u>108,724</u>
Less: finance charges allocated to future periods	(5,803)	(13,266)
	<u>75,740</u>	<u>95,458</u>
Analysed as:		
Current obligations	21,105	19,718
Non-current obligations	54,635	75,740
	<u>75,740</u>	<u>95,458</u>

13. Deferred taxation

Deferred tax provided in the accounts and the amounts not provided are as follows:

	Provided 2004 £	Not provided 2004 £	Provided 2003 £	Not provided 2003 £
Decelerated capital allowances	-	(25,096)	-	(11,255)
Other timing differences	-	(3,900)	-	(3,900)
Tax losses	-	(130,888)	-	(126,100)
	<u>-</u>	<u>(159,884)</u>	<u>-</u>	<u>(141,255)</u>

The deferred tax asset may be realisable against future taxable profits.

Notes to the Accounts

at 26 December 2004

14. Share capital

The company was incorporated with an ordinary share capital of £1,000 comprising 1,000 ordinary shares of £1 each. One share was allotted at par value for cash consideration on incorporation.

At the year end the share capital was as follows:

			2004	2003
			£	£
<i>Authorised</i>				
1,000 Ordinary shares of £1 each			1,000	1,000
			<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>				
	2004	2004	2003	2003
	No.	£	No.	£
Ordinary shares of £1 each	1	1	1	1
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

15. Reconciliation of shareholders' funds and movements on reserves

	Share capital	Profit and loss account	Total
	£	£	£
At date of incorporation	1	-	1
Loss for the period	-	(481,410)	(481,410)
At 28 December 2003	<u>1</u>	<u>(481,410)</u>	<u>(481,409)</u>
Loss for the year	-	(71,722)	(71,722)
At 26 December 2004	<u>1</u>	<u>(553,132)</u>	<u>(553,131)</u>

16. Other financial commitments

At 26 December 2004 the company had annual commitments under non-cancellable operating leases as set out below:

	Land & buildings	Land & buildings
	2004	2003
	£	£
Operating leases amounts payable:		
Expiring in over 5 years	355,910	350,000
	<u> </u>	<u> </u>

Notes to the Accounts

at 26 December 2004

17. Related party transactions

During the period, the Company has entered into transactions with the following related party which is owned by the same shareholders as the Company's ultimate parent undertaking:

Golden Tulip (UK) Limited: master franchise holder for the Golden Tulip brand in the UK, and hotel management services

Transactions entered into, and trading balances outstanding at 26 December 2004 are as follows:

	<i>Purchases from related party</i>	<i>Amounts owed to related party</i>
	£	£
Golden Tulip (UK) Limited		
- transactions related to hotel management services	87,452	20,406

18. Ultimate parent undertaking and controlling party

The immediate parent undertaking of the company is Pilot Hotels Limited. The directors regard Pilot Hotels Limited to be the ultimate parent undertaking and controlling party.

The smallest and largest group of which this company is a member and for which group accounts are prepared is that headed by Pilot Hotels Limited. Copies of the group accounts may be obtained from the registered office at The Hutts, Grewelthorpe, Ripon, North Yorkshire HG4 3DA.