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GLYNHILL HOTEL LIMITED

FINANCIAL ACCOUNTS

FOR YEAR ENDED 4th APRIL 1988

GILLESPIE & ANDERSON
CHARTERED ACCOUNTANTS
GLASGOW



GLYNHILL HOTEL LIMITED

REPORT OF THE DIRECTORS

DIRECTORS: H. NICHOLAS
D.M.D. WHYTE

Principal Activities and Business Review

During the year there were no significant changes in the activities of the Company which has carried on business throughout the year as Hotel Proprietors. The Directors are of the view that the business has developed in the course of the year and that the position at the end of the year is satisfactory.

Profits and Dividends

The Profit for the year after Taxation amounted to £191,179. It is recommended that no Dividend be paid and that this amount be transferred to Reserves.

Research and Development

In view of the nature of the Company's trade, the Company is not active in the field of Research and Development.

Significant Changes in Fixed Assets

The following have been the changes in Fixed Assets in the year:		
	Purchased	Disposed
	£454,171	£ -
Land and Buildings	100,240	-
Plant and Fittings	4,056	-
Heating Installation	7,707	5,007
Motor Vehicles	21,977	-
Furnishings	360,302	-
Leisure Complex Plant and Equipment	£948,453	£5,007
	=====	=====

Market Value of Land and Buildings

The Directors are of the opinion that the Market Value of the Company's Land and Buildings is similar to the Book Value shown in the Balance Sheet.

Directors

The names of the persons who were Directors of the Company during the year, and their Shareholdings, were as follows:

	At 4th April 1988	At 4th April 1987
H. Nicholas	70,000	70,000
D.M.D. Whyte	0	0

Employment of Disabled Persons

The Company does not discriminate against the employment of disabled persons or those who became disabled during the course of their employment.

Auditors

In accordance with Section 384 of the Companies Act 1985, a Resolution proposing the re-appointment of Gillespie & Anderson, C.A., as Auditors to the Company, will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



SECRETARY

19th December, 1988

AUDITORS' REPORT TO THE MEMBERS OF

GLYNHILL HOTEL LIMITED

We have audited the attached Financial Statements and Company Notes. Our audit was conducted in accordance with approved Auditing Standards, having regard to the matters referred to in the following paragraph.

In common with many businesses of similar size and organisation, the Company's system of control is dependent upon the close involvement of the Directors who are major Shareholders. We have accepted assurances from the Directors that all the Company's transactions have been reflected in the records.

The Company has not depreciated its Premises in line with the requirements of Statement of Standard Accounting Practice No. 12.

Subject to the foregoing, the annexed Financial Statements, which have been prepared under the historical cost convention, give a true and fair view of the Company's affairs as at 4th April, 1988, and of its Profit and Source and Application of Funds for the year ended on that date and comply with the Companies Act 1985.


CHARTERED ACCOUNTANTS
AUDITORS

19th December, 1988

GLYNHILL HOTEL LIMITED

BALANCE SHEET AS AT 4th APRIL 1988

	<u>1988</u>	<u>1987</u>
<u>FIXED ASSETS</u>		
<u>Tangible Assets</u>		
Heritable Property	£1,259,899	£805,728
Leisure Complex Plant and Equipment	357,300	-
Heating Installation	42,210	42,844
Electrical Installation	38,088	42,320
Plant and Fittings	205,908	128,546
Furnishings	85,977	73,552
Motor Vehicles	31,897	33,477
Crockery, Glassware and Cutlery	4,109	4,109
Linen	2,736	2,736
	<u>£2,028,124</u>	<u>£1,133,312</u>
<u>QUOTED INVESTMENT</u>	<u>1,295</u>	<u>350</u>
	<u>2,029,419</u>	<u>1,133,662</u>
<u>CURRENT ASSETS</u>		
<u>Stocks</u>		
Stocks	<u>53,903</u>	<u>39,484</u>
<u>Debtors</u>		
Sundry Debtors: Trade	106,102	80,335
Prepaid Charges	<u>1,461</u>	<u>1,541</u>
	<u>107,563</u>	<u>81,876</u>
<u>Cash at Bank and on Hand</u>		
Cash on Hand	2,878	1,873
Bank Accounts	<u>-</u>	<u>268,212</u>
	<u>2,878</u>	<u>270,085</u>
<u>TOTAL CURRENT ASSETS</u>	<u>164,344</u>	<u>391,445</u>
<u>CREDITORS</u>		
<u>Amounts falling due within 1 year</u>		
Sundry Creditors	115,575	111,407
Accrued Charges	79,223	72,250
Leisure Complex Subscriptions Prepaid	42,535	-
PAYE and NIC	22,515	22,126
Corporation Tax	88,100	122,500
Bank overdraft	373,607	-
Income Tax Schedule 9	-	1,805
Value Added Tax	(6,231)	22,819
Deposits	5,260	8,216
Hire Purchase Agreement	2,751	2,751
	<u>723,335</u>	<u>363,874</u>
<u>LESS CURRENT LIABILITIES</u>	<u>(558,991)</u>	<u>27,571</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>	<u>c/fwd. £1,470,428</u>	<u>£1,161,233</u>

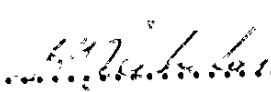
GLYNHILL HOTEL LIMITED

BALANCE SHEET AS AT 4th APRIL 1988 (Continued)

	<u>1988</u>	<u>1987</u>
b/fwd.	£1,470,428	£1,161,233
<u>CREDITORS</u>		
<u>Amounts falling due after more than 1 year</u>		
Hire Purchase Agreement	1,799 <u>1,468,629</u>	4,550 <u>1,156,683</u>
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>		
Deferred Taxation	189,770 <u>£1,278,859</u> =====	151,370 <u>£1,005,313</u> =====
<u>CAPITAL AND RESERVES</u>		
Called up Share Capital	£ 165,000	£ 165,000
Profit and Loss Account	1,113,859 <u>£1,278,859</u> =====	840,313 <u>£1,005,313</u> =====

The Directors have relied on the exemptions for individual Financial Statements contained in Sections 247 to 249 of the Companies Act 1985 because, under that Act, the Company is entitled to benefit from those exemptions as a medium sized company.

These Financial Statements were approved by the Board of Directors of the Company on 19th December, 1988 and were signed on its behalf by:

.......... DIRECTOR

.......... DIRECTOR

GLYNHILL HOTEL LIMITEDPROFIT AND LOSS ACCOUNTFOR YEAR ENDED 4th APRIL 1988

	<u>1988</u>	<u>1987</u>
Turnover	£1,803,698	£1,661,766
Cost of Sales	<u>480,788</u>	<u>510,394</u>
<u>GROSS PROFIT</u>	1,322,910	1,151,372
Distribution and Administration Costs	1,026,846	912,053
Including:		
Direct Wages Costs	£388,103	£375,462
Administration Wages Costs	134,553	123,527
Auditors' Remuneration	8,420	8,268
Legal Fees	491	2,533
Depreciation - Motor Vehicles	8,487	9,232
Plant, Fittings and		
Furnishings	44,349	31,958
Directors' Remuneration	35,000	37,000
	<u>£619,403</u>	<u>£587,980</u>
	=====	=====
	296,064	239,319
<u>Other Operating Income</u>		
Machine Income	£ 2,479	£ 3,832
Investment Income	14	7
Interest on Resources Account	<u>10,526</u>	<u>18,367</u>
	13,019	22,206
	<u>309,083</u>	<u>261,525</u>
<u>OPERATING PROFIT</u>		
<u>Interest Payable</u>		
Hire Purchase Interest	1,617	1,617
Credit Card Charges and Commission	18,570	13,780
Loan Interest	-	1,603
Bank Interest	4,254	1,246
Interest on Taxation	400	415
Bad Debts	<u>546</u>	-
	25,395	18,661
	<u>283,688</u>	<u>242,864</u>
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		
Tax on Profit on Ordinary Activities	54,109	33,500
Deferred Taxation	<u>38,400</u>	<u>25,017</u>
	92,509	58,483
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>	<u>191,179</u>	<u>184,381</u>
Grant - S.T.B.	82,367	-
Revenue Reserve Balance brought forward	<u>840,313</u>	<u>655,932</u>
<u>RETAINED PROFIT CARRIED FORWARD TO</u>		
<u>BALANCE SHEET</u>	<u>£1,113,859</u>	<u>£ 840,313</u>
	=====	=====

GLYNHILL HOTEL LIMITED

ACCOUNTING POLICIES

Accounting Convention

These Accounts which have been drawn up under the historical cost convention, are prepared in accordance with the requirements of the Companies Act 1985 and comply with the Statements of Standard Accounting Practice approved to date by the Councils of the principal accounting bodies of the United Kingdom. They do not necessarily comply with the Exposure Drafts still under discussion.

Stocks and Work in Progress

Stocks and Work in Progress are valued at the lower of cost and net realisable value.

Tangible Fixed Assets

Tangible Fixed Assets are stated at cost less depreciation. A Schedule of the movements is produced in the following Notes. The Tangible Fixed Assets are depreciated using suitable rates and methods calculated to write off the cost of the Assets concerned over their useful lives. The rates and methods currently in use are as follows:

Land and Buildings	Nil			
Plant and Fittings	10%	Reducing	Balance	Method
Leisure Complex Plant and Equipment	10%	"	"	"
Motor Vehicles	20%	"	"	"
Furnishings	10%	"	"	"
Electrical Installation	10%	"	"	"
Heating Installation	10%	"	"	"
Crockery, Glassware and Cutlery		Renewals	Basis	
Linen		Renewals	Basis	

Pension Fund

The amounts shown in the Accounts relative to Pension Funds represent payments made to the Fund in the course of the year less contributions from employees.

Deferred Taxation

Provision is made at current rates of taxation in respect of the full amount of taxation deferred by the application of first year allowances and other timing differences.

SHARE CAPITAL

	<u>1988</u>	<u>1987</u>
<u>Authorised</u>		
200,000 Ordinary Shares of £1 each	£200,000	£200,000
	=====	=====
<u>Allotted, Issued and Fully Paid</u>		
165,000 Ordinary Shares of £1 each	£165,000	£165,000
	=====	=====

GLYNHILL HOTEL LIMITED

NOTES TO THE ACCOUNTS

Turnover and Profit on Ordinary Activities before Taxation

	<u>1988</u>		<u>1987</u>	
	<u>Turnover</u>	<u>Profit before Taxation</u>	<u>Turnover</u>	<u>Profit before Taxation</u>
Business:				
Hotel Proprietors	£1,803,698	£283,688	£1,661,766	£242,864
	=====	=====	=====	=====
Geographical Market:				
Glasgow and West of Scotland				

Employees

The average number of employees employed by the Company was:

	<u>1988</u>	<u>1987</u>
Directors	2	2
Administration	17	16
Others	141	135
	<u>160</u>	<u>153</u>
	===	===

The Company's Social Security Costs amounted to £37,891. (1987 £34,689).

Directors' Salaries

The Directors' remuneration disclosed in the Financial Accounts included amounts paid to:

	<u>1988</u>	<u>1987</u>
The Chairman and highest paid Director	£35,000	£35,000
Others	-	2,000
	<u>£35,000</u>	<u>£37,000</u>
	=====	=====

Taxation

	<u>1988</u>	<u>1987</u>
U.K. Corporation Tax:		
Current - based on Profit for year	£54,600	£83,500
Overprovision in previous year	(491)	-
Deferred	38,400	(25,017)
	<u>£92,509</u>	<u>£58,483</u>
	=====	=====

Corporation Tax based on the Profit for the year has been calculated at a rate of 35% with Marginal Relief applicable to smaller companies.

Fixed Asset Investments

The movements in Fixed Asset Investments are as per attached Schedule.

Stocks

	<u>1988</u>	<u>1987</u>
Finished Goods	£53,903	£39,484
	=====	=====

GLYNHILL HOTEL LIMITED

FIXED ASSETS SCHEDULE

	<u>Heritable Property</u>	<u>Leisure Complex Plant & Equipment</u>	<u>Heating Installation</u>	<u>Electrical Installation</u>
Opening Cost or Valuation	£ 805,728	£ -	£88,974	£93,574
Additions	454,171	360,302	4,056	-
Disposals	-	-	-	-
	<u>1,259,899</u>	<u>360,302</u>	<u>93,030</u>	<u>93,574</u>
Opening Depreciation	-	-	46,130	51,254
Depreciation for year	-	3,002	4,690	4,232
	<u>-</u>	<u>3,002</u>	<u>50,820</u>	<u>55,486</u>
NET BOOK VALUE 1988	£1,259,899	£357,300	£42,210	£38,088
	=====	=====	=====	=====
NET BOOK VALUE 1987	£ 805,728	£ -	£42,844	£42,320
	=====	=====	=====	=====

	<u>Plant & Fittings</u>	<u>Furnishings</u>	<u>Motor Vehicles</u>	<u>Crockery Glassware & Cutlery</u>	<u>Linen</u>
Opening Cost or Valuation	£239,224	£164,918	£73,233	£4,109	£2,736
Additions	100,240	21,977	7,707	-	-
Disposals	-	-	(5,007)	-	-
	<u>339,464</u>	<u>186,895</u>	<u>75,933</u>	<u>4,109</u>	<u>2,736</u>
Opening Depreciation	110,678	91,366	39,756	-	-
Depreciation for year	22,878	9,552	7,974	-	-
Depreciation on Disposals	-	-	(3,694)	-	-
	<u>133,556</u>	<u>100,918</u>	<u>44,036</u>	<u>-</u>	<u>-</u>
NET BOOK VALUE 1988	£205,908	£85,977	£31,897	£4,109	£2,736
	=====	=====	=====	=====	=====
NET BOOK VALUE 1987	£128,546	£73,552	£33,477	£4,109	£2,736
	=====	=====	=====	=====	=====

GLYNHILL HOTEL LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR YEAR ENDED 4th APRIL 1988

	<u>1988</u>	<u>1987</u>
<u>SOURCES</u>		
Profit before Taxation	£ 283,688	£242,864
Adjust Depreciation	<u>52,836</u>	<u>41,190</u>
<u>Total generated from operations</u>	336,524	284,054
Policy Fund Repaid	-	14,979
Grants Received	82,367	-
Sale of Assets	<u>800</u>	<u>550</u>
	419,691	299,583
<u>APPLICATIONS</u>		
Purchase of Assets	£948,453	£ 12,875
Corporation Tax Paid	88,508	66,983
Policy Fund - Premiums Paid	-	718
Loans Repaid	-	20,000
Investment Purchased	<u>945</u>	<u>350</u>
	1,037,906	100,926
	<u>£ (618,215)</u>	<u>£198,657</u>
	=====	=====
<u>INCREASE/(DECREASE) IN WORKING CAPITAL</u>		
Increase/(Decrease) in Stocks	£ 14,419	£ 1,099
" (") in Debtors	25,687	(15,265)
" (") in Net Liquid Funds	(640,816)	182,963
" (") in Creditors	<u>(17,505)</u>	<u>29,860</u>
	£ (618,215)	£198,657
	=====	=====