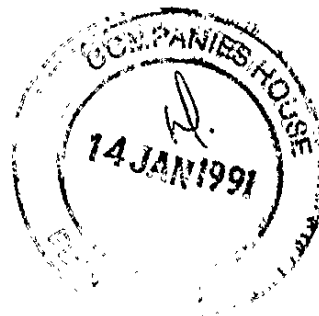


GLYNHILL HOTEL LIMITED

FINANCIAL ACCOUNTS

FOR YEAR ENDED 4th APRIL 1990

GILLESPIE & ANDERSON
CHARTERED ACCOUNTANTS
GLASGOW

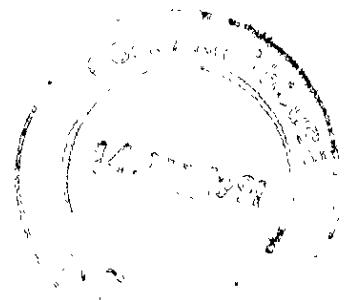


GLYNHILL HOTEL LIMITED

In our opinion the annexed Financial Statements give a true and fair view of the state of the Company's affairs as at 4th April, 1990 and of its Profit and Source and Application of Funds for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.

George Anderson.

19th December, 1990



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 £103,509. 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:

	<u>Purchased</u>	<u>Disposed</u>
Land and Buildings	£ 880,517	£
Plant and Fittings	164,702	
Heating Installation	115,751	
Electrical Installation	90,246	
Motor Vehicles	7,862	
Furnishings	201,042	
Linen	5,328	
Leisure Complex Plant and Equipment	217	
	<u>£1,465,665</u>	<u>£ -</u>
	=====	=====

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:

	<u>At 4th April 1990</u>	<u>At 4th April 1989</u>
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

Marion Nicholas BA.

19th December, 1990

GLYNHILL HOTEL LIMITED

BALANCE SHEET AS AT 4th APRIL 1990

	<u>1990</u>	<u>1989</u>
<u>FIXED ASSETS</u>		
Tangible Assets	£3,527,640	£2,259,643
	700	1,295
<u>QUOTED INVESTMENT</u>	<u>3,528,340</u>	<u>2,260,938</u>
<u>CURRENT ASSETS</u>		
Stocks	£ 72,667	£ 36,256
Debtors	236,889	146,609
Cash at Bank and on Hand	<u>1,666</u>	<u>2,981</u>
<u>TOTAL CURRENT ASSETS</u>	<u>311,222</u>	<u>185,846</u>
<u>CREDITORS</u>		
Amounts falling due within 1 year	<u>1,999,158</u>	<u>748,132</u>
<u>NET CURRENT ASSETS</u>	<u>(1,687,936)</u>	<u>(562,286)</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>	<u>1,840,404</u>	<u>1,698,652</u>
<u>CREDITORS</u>		
Amounts falling due after more than 1 year	<u>9,104</u>	<u>0</u>
	<u>1,831,300</u>	<u>1,698,652</u>
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>	<u>259,077</u>	<u>229,938</u>
	<u>£1,572,223</u>	<u>£1,468,714</u>
	=====	=====
<u>CAPITAL AND RESERVES</u>		
Called up Share Capital	£ 165,000	£ 165,000
Profit and Loss Account	<u>1,407,223</u>	<u>1,303,714</u>
	<u>£1,572,223</u>	<u>£1,468,714</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 size company.

These Financial Statements were approved by the Board of Directors of the Company on 19th December, 1990 and were signed on its behalf by:

.....*P. J. Nicholas*..... DIRECTOR

[Signature]
..... DIRECTOR

GLYNHILL HOTEL LIMITEDPROFIT AND LOSS ACCOUNTFOR YEAR ENDED 4th APRIL 1990

	<u>1990</u>	<u>1989</u>
Turnover	£2,821,836	£2,457,560
Cost of Sales	<u>636,530</u>	<u>666,936</u>
<u>GROSS PROFIT</u>	2,185,306	1,790,624
Distribution and Administration Costs	1,903,108	1,425,389
Including:		
Direct Wages Costs	£ 623,163	£541,325
Administration Wages Costs	192,265	159,223
Auditors' Remuneration	9,800	9,025
Legal Fees	842	2,314
Depreciation - Motor Vehicles	6,676	6,379
Buildings, Plant,		
Fittings and		
Furnishings	157,523	88,876
Leisure Complex	33,469	37,165
Directors' Remuneration	60,000	52,000
	<u>£1,083,738</u>	<u>£896,307</u>
	=====	=====
	282,198	365,235
<u>Other Operating Income</u>		
Machine Income	£ 999	£ 1,880
Investment Income	53	54
Gain on Realisation of Investment	<u>41</u>	<u>0</u>
	1,093	1,934
	<u>283,291</u>	<u>367,169</u>
<u>OPERATING PROFIT</u>		
<u>Interest Payable</u>		
Hire Purchase Interest	1,927	1,617
Credit Card Charges and Commission	26,326	23,756
Bank Interest	105,986	51,925
Interest on Taxation	646	2,063
Bad Debts	<u>758</u>	<u>0</u>
	135,643	79,361
	<u>147,648</u>	<u>287,808</u>
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		
Tax on Profit on Ordinary Activities	15,000	75,418
Deferred Taxation	<u>29,139</u>	<u>40,168</u>
	44,139	115,586
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>	<u>103,509</u>	<u>172,222</u>
Grant - S.T.B.	0	17,633
Revenue Reserve Balance brought forward	<u>1,303,714</u>	<u>1,113,859</u>
<u>RETAINED PROFIT CARRIED FORWARD TO</u>		
<u>BALANCE SHEET</u>	<u>£1,407,223</u>	<u>£1,303,714</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	2% Straight Line Basis
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 - Defined Benefit Scheme

The Company operates a Pension Scheme providing benefits based on final pensionable pay. The assets of the Scheme are held separately from those of the Company, being invested with Insurance Companies etc. Contributions to the Scheme are charged to the Profit and Loss Account, so as to spread the cost of the pensions over employees working lives with the company. The contributions are determined by a qualified Actuary, on the basis of triennial valuations, using the aggregate method. The most recent valuation was as at 1st December, 1989. The assumptions which have the most effect on the results of the valuation are as follows:

- The projected period for salaries and benefits is 20 years.
- Members pensionable earnings will increase at a rate of 8.5% per annum compound over the projected period.
- The future pattern of interest rates will be equivalent to an average level rate of interest of 9% per annum compound.

The pension charge for the year was £19,519 (1989 - £29,407). The most recent Actuarial valuation showed that the Actuarial value of the Scheme's assets represented 103% of the benefits that had accrued to members, after allowing for the projected future increases in earnings. The contributions of the company and employees will be 14.1% and 5% of earnings respectively.

GLYNHILL HOTEL LIMITED

ACCOUNTING POLICIES (Continued)

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>1990</u>	<u>1989</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 LIMITEDNOTES TO THE ACCOUNTSTurnover and Profit on Ordinary Activities before Taxation

	<u>1990</u>		<u>1989</u>	
	<u>Profit before</u>		<u>Profit before</u>	
	<u>Turnover</u>	<u>Taxation</u>	<u>Turnover</u>	<u>Taxation</u>
<u>Business:</u>				
Hotel Proprietors	£2,821,836	£147,648	£2,457,560	£287,808
	=====	=====	=====	=====
<u>Geographical Market:</u>				
Glasgow and West of Scotland				

Employees

The average number of employees employed by the Company was:

	<u>1990</u>	<u>1989</u>
Directors	2	2
Administration	19	19
Others	185	167
	<u>206</u>	<u>188</u>
	===	===

The Company's Social Security Costs amounted to £60,909. (1989 - £39,353).

Directors' Salaries

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

	<u>1990</u>	<u>1989</u>
The Chairman and highest paid		
Director	£60,000	£52,000
Others	0	0
	<u>£60,000</u>	<u>£52,000</u>
	=====	=====

Taxation

	<u>1990</u>	<u>1989</u>
U.K. Corporation Tax:		
Current - based on Profit for year	£20,000	£ 73,683
Under/overprovision in previous year	(5,000)	1,735
Deferred	29,139	40,168
	<u>£44,139</u>	<u>£115,586</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>1990</u>	<u>1989</u>
Finished Goods	£72,667	£36,256
	=====	=====

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	£1,367,887	£374,648	£107,515	£137,103
Additions	880,517	217	115,751	90,246
Disposals	0	0	0	0
	<u>2,248,404</u>	<u>374,865</u>	<u>223,266</u>	<u>227,349</u>
Opening Depreciation	27,498	40,167	56,489	63,648
Depreciation for year	45,108	33,469	16,678	16,370
	<u>72,606</u>	<u>73,636</u>	<u>73,167</u>	<u>80,018</u>
NET BOOK VALUE 1990	<u>£2,175,798</u>	<u>£301,229</u>	<u>£150,099</u>	<u>£147,331</u>
NET BOOK VALUE 1989	<u>£1,340,389</u>	<u>£334,481</u>	<u>£ 51,026</u>	<u>£ 73,455</u>

	<u>Plant & Fittings</u>	<u>Furnishings</u>	<u>Motor Vehicles</u>	<u>Crockery Glassware & Cutlery</u>	<u>Linen</u>
Opening Cost or Valuation	£482,232	£227,718	£75,933	£4,109	£2,736
Additions	164,702	201,042	7,862	0	5,328
Disposals	0	0	0	0	0
	<u>646,934</u>	<u>428,760</u>	<u>83,795</u>	<u>4,109</u>	<u>8,064</u>
Opening Depreciation	168,423	113,598	50,415	0	0
Depreciation for year	47,851	31,516	6,676	0	0
Depreciation on Disposals	0	0	0	0	0
	<u>216,274</u>	<u>145,114</u>	<u>57,091</u>	<u>0</u>	<u>0</u>
NET BOOK VALUE 1990	<u>£430,660</u>	<u>£283,646</u>	<u>£26,704</u>	<u>£4,109</u>	<u>£8,064</u>
NET BOOK VALUE 1989	<u>£313,809</u>	<u>£114,120</u>	<u>£25,518</u>	<u>£4,109</u>	<u>£2,736</u>

GLYNHILL HOTEL LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR YEAR ENDED 4th APRIL 1990

	<u>1990</u>	<u>1989</u>
<u>SOURCES</u>		
Profit before Taxation	£ 147,648	£ 287,808
Adjust Depreciation	197,668	132,420
Gain on Sale of Investment	(41)	0
<u>Total generated from operations</u>	345,275	420,228
Grants Received	0	17,633
Sale of Assets	636	0
	<u>345,911</u>	<u>437,861</u>
<u>APPLICATIONS</u>		
Purchase of Assets	£1,465,665	£363,939
Corporation Tax Paid	<u>70,000</u>	<u>59,148</u>
	1,535,665	423,087
	<u>£(1,189,754)</u>	<u>£ 14,774</u>
<u>INCREASE/(DECREASE) IN WORKING CAPITAL</u>		
Increase/(Decrease) in Stocks	£ 36,411	£ (17,647)
" (") in Debtors	88,305	39,046
" (") in Net Liquid Funds	(1,238,978)	87,367
(") " in Creditors	(75,492)	(93,992)
	<u>£(1,189,754)</u>	<u>£ 14,774</u>