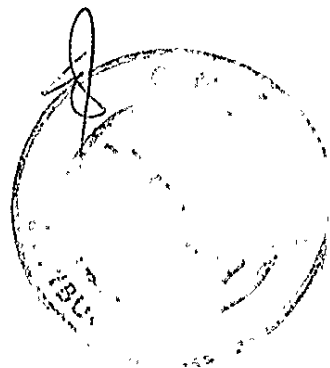


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**GLENEAGLES HOTELS PUBLIC LIMITED COMPANY**  
**DIRECTORS REPORT AND ACCOUNTS**  
**31 DECEMBER 1990**



**GLENEAGLES HOTELS PUBLIC LIMITED COMPANY**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1990**

**DIRECTORS**

S C DOWLING  
J S SMALE      Resigned 28.01.91  
P J LEDERER  
B F BALDOCK  
S P DUFFY

**SECRETARY**

G W KING

**REGISTERED OFFICE**

THE GLENEAGLES HOTEL  
AUCHTERARDER  
PERTHSHIRE  
PH3 1NF

**CO REFERENCE NO**

97000

The directors present their report and audited financial statements of the company for the year ended 31 December 1990.

**REVIEW OF THE BUSINESS**

The Company was principally engaged during the year in operating The Gleneagles Hotel, Auchterarder, Perthshire.

**RESULTS AND TRANSFERS TO RESERVES**

After taxation the profit attributed to shareholders amounted to £1,765,000. This amount was added to reserves brought forward of £90,000 and a dividend of £1,530,000 was declared and paid, leaving reserves of £325,000 at the end of the financial year.

**FIXED ASSETS**

The movements in fixed assets are set out in note 8 to the financial statements.

**FUTURE DEVELOPMENTS**

The directors are confident about the company's future profitability.



GLENEAGLES HOTELS PUBLIC LIMITED COMPANY

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1990

DIRECTORS AND THEIR INTERESTS

The persons who are directors of the company at the date of this report are noted above.

Directors interests in the shares of the holding company are as shown below.

		At 31 December 1990	At 31 December 1989
		Guinness PLC	Guinness PLC
		Ordinary	Ordinary
		Stock Units of 25p	Stock Units of 25p
		each.	each.
B F Baldock	Shares	4714	3780
S C Dowling	Shares	7005	6071
S P Duffy	Shares	3647	2713
P J Lederer	Shares	344	-
J S Smale	Shares	2086	1282

**GLENEAGLES HOTELS PUBLIC LIMITED COMPANY**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1990**

**EMPLOYEES**

The directors recognise that training and development are fundamental to the company's continuing effective and efficient operation. There is, therefore, a commitment to a systematic approach to the training and development of the company's employees which includes a review and assessment of the individual's requirements taking account of those categories of employees who may have special needs.

The company's managers are instructed to give sympathetic consideration when recruiting, to applications from disabled persons and to bear in mind the special needs of disabled employees (including those who become disabled whilst in the company's employment) in regard to training, structure of the company's premises and facilities, etc., and to seek to ensure that the handicaps suffered by disabled employees do not adversely affect their promotion prospects.

Responsibility for ensuring that the company's employees are informed of and where appropriate, consulted on matters of concern to them affecting their immediate jobs rests with the company's managers. On a wider basis the company provides more general information to and for its employees concerning the Guinness group, its performance and economic and other matters affecting them.

**AUDITORS**

The auditors, Price Waterhouse, have expressed their willingness to continue in office and a resolution concerning their re-appointment will be submitted at the Annual General Meeting.

By Order of the Board

  
Secretary

5 March 1991

**AUDITORS' REPORT TO THE MEMBERS OF  
GLENEAGLES HOTELS PUBLIC LIMITED COMPANY**

We have audited the financial statements on pages 5 - 16 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31st December 1990 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

The financial statements do not include a statement of source and applications of funds as required by Statement of Standard Accounting Practice No 10.

*Price Waterhouse .*

Price Waterhouse  
Chartered Accountants  
Albany House  
58 Albany Street  
EDINBURGH EH1 3QR

5 March 1991

**GLENEAGLES HOTELS PUBLIC LIMITED COMPANY**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1990**

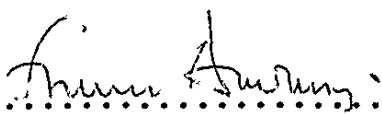
		1990 £000's	1989 £000's
	Notes		
Turnover	2	16,402	15,487
Net Operating Costs	3	13,800	13,072
		<hr/>	<hr/>
OPERATING PROFIT		2,602	2,415
Net Finance Charges	4	-	16
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,602	2,399
Taxation of profit on ordinary activities	5	837	277
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,765	2,122
RETAINED EARNINGS AT THE BEGINNING OF THE YEAR		90	118
		<hr/>	<hr/>
DISTRIBUTABLE RESERVES		1,855	2,240
Dividend Paid		1,530	-
Dividend Proposed		-	2,150
		<hr/>	<hr/>
RETAINED EARNINGS AT THE END OF THE YEAR		325	90
		===	==

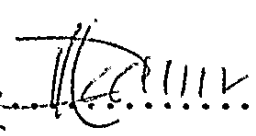
**GLENEAGLES HOTELS PUBLIC LIMITED COMPANY**

**BALANCE SHEET AT 31 DECEMBER 1990**

	Notes	1990 £000's	1989 £000's
<b>FIXED ASSETS</b>			
Tangible Assets	8	59,955	54,957
<b>CURRENT ASSETS</b>			
Stocks	10	638	526
Debtors	11	1,607	7,195
Cash in hand and at bank		517	17
		<u>2,762</u>	<u>7,738</u>
<b>CREDITORS (Amounts falling due within one year)</b>	12	< 4,921 >	< 5,134 >
<b>NET CURRENT ASSETS</b>		< 2,159 >	< 2,604 >
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		57,796 =====	57,561 =====
<b>CREDITORS (Amounts falling due after more than one year)</b>	13	29,000	29,000
<b>DEFERRED TAXATION</b>	14	-	-
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	13	13
Profit and Loss account		325	90
Revaluation Reserve		28,458	28,458
		<u>57,796</u> =====	<u>57,561</u> =====

Approved by the Board of Directors on 5th March 1991 and signed on its behalf by:

 .....  
 Director

 .....  
 Director

**GLENEAGLES HOTELS PUBLIC LIMITED COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 1990**

**1. ACCOUNTING POLICIES**

**1.1 The Basis of Accounting**

The financial statements have been prepared under the historical cost convention modified to include the revaluation of Land and Buildings and in accordance with applicable accounting standards, except that they do not include a statement of source and application of funds as required by statement of standard accounting practice No 10.

**1.2 Depreciation**

Tangible assets (other than freehold land and buildings) are depreciated principally on a straight line basis at annual rates estimated to write off their book value over the term of their useful lives. Details of depreciation are given in note 8.

The directors are of the opinion that it is not appropriate to provide depreciation on freehold buildings other than the Equestrian Centre, given their substantial physical construction, the commitment to maintain their fabric, an estimated useful life of at least 100 years and that the residual value is expected to be maintained.

**1.3 Pre-Opening Expenses**

Pre-Opening expenses in respect of the marketing and publicity costs of the Hotel's developments are capitalised as part of fixed assets and depreciated over three years after the year of opening.

**1.4 Stocks**

Stocks are stated at the lower cost and net realisable value. Cost represents the invoiced cost of goods purchased for resale.

**1.5 Deferred Taxation**

Deferred taxation is provided only to the extent that a liability is expected to become payable within the foreseeable future.



# GLENEAGLES HOTELS PUBLIC LIMITED COMPANY

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 1990

### 1.6 Pension

The Company is a member of a Group Pension Scheme which is operated by its ultimate holding company, Guinness PLC. Contributions to the scheme are assessed by a qualified actuary based on the cost of providing pensions across all participating companies. Costs are not determined for each individual company and accordingly contributions are charged to the Profit & Loss Account when they become payable.

### 2 TURNOVER

Turnover represents the invoice value of goods sold and services provided, excluding value added tax. All turnover arises in the United Kingdom.

### 3 NET OPERATING COSTS

	Notes	1990 £000's	1989 £000's
Raw materials and consumables		2,303	2,203
Staff costs	6	5,131	5,041
Depreciation		1,168	982
Other operating charges		5,198	4,846
		<hr/>	<hr/>
		13,800	13,072
		=====	=====

Net Operating Costs are stated after taking account of:

Directors' emoluments	7	-	70
Auditors' remuneration		10	9
Hire of plant and machinery		31	29
		<hr/>	<hr/>

**GLENEAGLES HOTELS PUBLIC LIMITED COMPANY**  
**NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 1990**

**4 NET FINANCE CHARGES**

	1990 £000's	1989 £000's
Bank Interest	-	16
	===	==

**5 TAXATION**

UK Corporation tax on the taxable profit for the year at 35%	931	811
Over provision in previous years	< 94 >	< 124 >
Deferred taxation	-	< 410 >
	—	—
Tax charge for the year	837	277
	===	===

GLENEAGLES HOTEL PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 1990

6 STAFF COSTS AND EMPLOYEES

	1990 £000's	1989 £000's
a) Staff Costs:		
Wages and salaries	4,842	4,759
Social security costs	289	282
Pension costs	-	-
	<hr/>	<hr/>
	5,131	5,041
	=====	=====

The Company has participated in a pension contributions holiday since 1 April 1988.

	1990 Number	1989 Number
b) Average number of Employees		
Full time	568	541
Part time	24	48
	<hr/>	<hr/>
	592	589
	===	===

Part time employees are included in the above analysis on the basis of their full time equivalents.

**GLENEAGLES HOTELS PUBLIC LIMITED COMPANY**

**NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 1990**

**7 DIRECTORS' EMOLUMENTS**

No emoluments were paid to the Directors during the year. (In 1989 one director was paid £69,811.) Directors are remunerated by other group companies and no specific re-charge made to the company in respect of their services.

**8 TANGIBLE ASSETS**

	Assets Under Const- ruction £000's	F/hold Land & Bldgs £000's	Plant £000's	Fixtures and Fittings £000's	Pre Opng Exps £000's	Total £000's
<u>Cost</u>						
At 1.1.90	995	48,836	2,679	5,857	90	58,457
Additions	1,905	2,949	11	1,311	-	6,176
Disposals	-	-	-	< 36 >	-	< 36 >
	-----	-----	-----	-----	-----	-----
At 31.12.90	2,900	51,785	2,690	7,132	90	64,597
<u>Depreciation</u>						
At 1.1.90	-	58	652	2,760	30	3,500
Charge for year	-	57	206	875	30	1,168
Disposals	-	-	-	< 26 >	-	< 26 >
	-----	-----	-----	-----	-----	-----
At 31.12.90	-	115	858	3,609	60	4,642
	-----	-----	-----	-----	-----	-----
<u>Net Book Amount</u>						
At 31.12.90	2,900	51,670	1,832	3,523	30	59,955
At 31.12.89	995	48,778	2,027	3,097	60	54,957
	=====	=====	=====	=====	==	=====

# GLENEAGLES HOTELS PUBLIC LIMITED COMPANY

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 1990

### 8 TANGIBLE ASSETS (cont)

The Gleneagles Hotel was revalued as at 31st December 1988 on the basis of an open market valuation for existing use, performed by Richard Ellis, Chartered Surveyors.

The following table shows the principal rates of depreciation used in the year:

Equestrian Centre	2.5%
Plant	8% - 25%
Fixtures and Fittings	14% - 25%
Pre-Opening Expenses	33%

Assets under construction are not depreciated until they are completed and brought into use.

- 9 The Company holds investments of £14 which represents the costs of the shares in subsidiary companies, details of which are set out in note 20. Group accounts are not submitted as the company is a wholly owned subsidiary of another UK body corporate.

### 10 STOCKS

	1990 £000's	1989 £000's
Raw materials and consumables	486	392
Goods purchased for resale	152	134
	638	526
	===	===

### 11 DEBTORS

Amount owed by holding company	-	5,522
Trade debtors	1,127	1,085
Other debtors	82	290
Prepayments and accrued income	398	292
	1,607	7,195
	=====	=====

GLENEAGLES HOTELS PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 1990

12 CREDITORS (Amounts falling due within one year)

	1990 £000's	1989 £000's
Amounts due to holding company	1,813	-
Bank overdraft	-	531
Payments received on account	351	270
Trade creditors	408	390
Other creditors	-	14
Social security and other taxes	253	194
Accruals and deferred income	1,355	774
Proposed dividend	-	2,150
Corporation tax	741	811
	<hr/>	<hr/>
	4,921	5,134
	=====	=====

13 CREDITORS (Amounts falling due after more than one year)

	1990 £000's	1989 £000's
Due to holding company	29,000	29,000
	=====	=====

The loan from Guinness PLC is interest free and has no fixed repayment terms. Guinness PLC has confirmed that it will not require repayment of the loan within the next 12 months.

GLENEAGLES HOTELS PUBLIC LIMITED COMPANY

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 1990

14 DEFERRED TAXATION

The total potential liability in respect of deferred taxation at a corporation rate of 35% is as follows:

	1990 Full Potential Liability £000's	198 Full Potential Liability £000's
Excess of accelerated capital allowances over accumulated depreciation	1,895	2,163
Short term timing differences	5	< 7 >
Chargeable gains on property	11,968	11,968
	<hr/>	<hr/>
	13,868 =====	14,124 =====

The potential gain is in respect of the company's hotel which was acquired from a fellow subsidiary following a revaluation.

Deferred taxation has not been provided in these accounts as no liability is expected to become payable within the foreseeable future.

15 CALLED UP SHARE CAPITAL

	1990 £000's	1989 £000's
Authorised: 30,000,000 of ordinary shares of £1 each	30,000 =====	30,000 =====
Allocated and partly paid: 50,000 ordinary shares of £1 each, 25p paid	13 ==	13 ==

**GLENEAGLES HOTELS PUBLIC LIMITED COMPANY**

**NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 1990**

16 COMMITMENTS	1990 £000's	1989 £000's
<u>Future Capital Expenditure</u>		
Contracted but not provided for in the financial statements	3,180	6,426
Authorised but not contracted for	855	910
	<hr/>	<hr/>
	4,035	7,336
	=====	=====

**17 CONTINGENT LIABILITIES**

Guarantees to third parties and other contingent liabilities amounted to £100,000 (1989 - £250,000)

**18 PENSION FUND**

The Company is a member of a group pension scheme which is operated by its ultimate holding company, Guinness PLC. The scheme is of the defined type, is administered by trustees and is maintained independently of the finances of Guinness PLC and its subsidiaries.

A valuation of the scheme was performed in 1989 by the actuary and particulars of the valuation are contained in the accounts of Guinness PLC.

In accordance with the advice of the actuary, the charge to profit and loss for pensions is Nil (1989 - Nil) and no contributions are payable. It is not expected that there will be a requirement to make contributions before the date of the next valuation of the scheme in 1992.



# GLENEAGLES HOTELS PUBLIC LIMITED COMPANY

## NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 1990

### 19 HOLDING COMPANY

The immediate holding company is Guinness Enterprises Limited and the ultimate holding company is Guinness PLC both of which companies are incorporated in Great Britain.

It is the ultimate holding company's policy to manage centrally the funds of the Guinness Group. Accordingly, the directors do not consider it informative to prepare a funds flow statement.

### 20 SUBSIDIARY COMPANIES

<u>Name</u>	<u>Type of Share</u>	<u>% Held</u>
Gleneagles Country Club Ltd	Ordinary	100
Gleneagles Golf Developments Ltd	"	"
Gleneagles Ltd	"	"
Gleneagles Leisure Ltd	"	"
Gleneagles Motel Ltd	"	"
Gleneagles Time Sharing Ltd	"	"
Gleneagles Collection Ltd	"	"

All subsidiaries are incorporated in Scotland and dormant apart from Gleneagles Collection Ltd, which was activated during the year in order to promote the Gleneagles Hotel name internationally.