

Citrus Hotels Limited

ABBREVIATED ACCOUNTS

for the year ended

31 December 2003



AUDITORS' REPORT TO CITRUS HOTELS LIMITED PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 6, together with the financial statements of the company for the year ended 31 Dec 03 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company's members, as a body, in accordance with section 247B 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 the directors and the auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 2 to 6 are properly prepared in accordance with those provisions.



BAKER TILLY

Registered Auditor
Chartered Accountants
Breckenridge House
274 Sauchiehall Street
Glasgow
G2 3EH

27.4.2004

Citrus Hotels Limited
ABBREVIATED BALANCE SHEET
31 December 2003

| | Notes | 2003 £ | 2002 £ |
|---|----------|--------------------|------------------|
| FIXED ASSETS | 1 | | |
| Tangible assets | | 2,966,213 | 2,342,454 |
| Investments | | 521,100 | 523,761 |
| | | <u>3,487,313</u> | <u>2,866,215</u> |
| CURRENT ASSETS | | | |
| Stocks | | 33,629 | 73,419 |
| Debtors | | 300,765 | 368,955 |
| Cash at bank and in hand | | 748 | 230 |
| | | <u>335,142</u> | <u>442,604</u> |
| CREDITORS Amounts falling due within one year | 2 | <u>1,475,318</u> | <u>999,785</u> |
| NET CURRENT LIABILITIES | | <u>(1,140,176)</u> | <u>(557,181)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>2,347,137</u> | <u>2,309,034</u> |
| CREDITORS Amounts falling due after more than one year | | <u>2,192,850</u> | <u>2,192,850</u> |
| | | <u>154,287</u> | <u>116,184</u> |
| CAPITAL AND RESERVES | | | |
| Called-up equity share capital | 3 | 243,650 | 210,002 |
| Profit and loss account | | (89,363) | (93,818) |
| SHAREHOLDERS' FUNDS | | <u>154,287</u> | <u>116,184</u> |

These abbreviated financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on 22/4/04 and are signed on their behalf by:

R I Harrington
 Director

R. Harrington

Citrus Hotels Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

CONSOLIDATION

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

TURNOVER

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

INTANGIBLE ASSETS

Intangible assets represents amounts paid for the name and goodwill of One Devonshire Gardens. These amounts are written off in the year in which they are incurred.

AMORTISATION

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

FIXED ASSETS

All fixed assets are initially recorded at cost.

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

| | | |
|---------------------|---|----------------------------|
| Freehold Property | - | 2% and 12.5% straight line |
| Plant & Machinery | - | 20% straight line |
| Fixtures & Fittings | - | 20% and 25% straight line |
| Equipment | - | 25% straight line |

INVESTMENTS

The investments in subsidiary companies are included within the financial statements at cost.

STOCKS

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

OPERATING LEASE AGREEMENTS

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Citrus Hotels Limited

ACCOUNTING POLICIES

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. 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.

PENSIONS

It is the policy of the company to provide pension benefits for certain of the directors and employees by way of payments to individual contracts with the pension company.

GOING CONCERN

The company is dependent upon the continuing support of its directors, shareholders, bankers and fellow group companies.

Citrus Hotels Limited

NOTES TO THE ABBREVIATED ACCOUNTS

for the year ended 31 December 2003

1 FIXED ASSETS

| | Tangible Assets £ | Investments £ | Total £ |
|--------------------------------------|-------------------------|------------------|------------------|
| Cost | | | |
| At 1 January 2003 | 2,363,001 | 523,761 | 2,886,762 |
| Additions | 687,257 | 1,300 | 688,557 |
| At 31 December 2003 | <u>3,050,258</u> | <u>525,061</u> | <u>3,575,319</u> |
| Depreciation and amounts written off | | | |
| At 1 January 2003 | 20,547 | – | 20,547 |
| Charge for year | 63,498 | 3,961 | 67,459 |
| At 31 December 2003 | <u>84,045</u> | <u>3,961</u> | <u>88,006</u> |
| Net book value | | | |
| At 31 December 2003 | <u>2,966,213</u> | <u>521,100</u> | <u>3,487,313</u> |
| At 31 December 2002 | <u>2,342,454</u> | <u>523,761</u> | <u>2,866,215</u> |

At 31 December 2003 the company held the following investments in subsidiary companies:

| Company Name | Type of Business | Type of Share | %age held | Profit/ (Loss) for the year £ | Capital and Reserves £ |
|--|---------------------------------------|------------------|--------------|--|---------------------------------|
| Devonshire Hotel Management Limited | Holding Company | Ordinary | 100% | (5,348) | 84,078 |
| Kinkell Limited | Acquisition of land & buildings | Ordinary | 100% | (60,905) | 161 |
| Citrus Hotels Management Limited | Property Management | Ordinary | 100% | 6,148 | 141 |

Devonshire Hotel Management Limited also owns 98.14% and 78.45% of the 2p and 50p issued ordinary shares of The Devonshire Hotel of Glasgow Limited, which trades as hoteliers. Citrus Hotels Limited acquired the remaining 2p issued ordinary shares in November 2002. All of the above companies are incorporated in Scotland except for Kinkell Limited, which is incorporated in Guernsey.

2 CREDITORS Amounts falling due within one year

The following liabilities disclosed under creditors falling due within one year are secured by the company:

| | 2003 £ | 2002 £ |
|---------------------------|----------------|----------------|
| Bank loans and overdrafts | <u>943,108</u> | <u>478,174</u> |

Citrus Hotels Limited

NOTES TO THE ABBREVIATED ACCOUNTS

for the year ended 31 December 2003

3 SHARE CAPITAL

| | 2003 £ | 2002 £ |
|---|----------------|----------------|
| Authorised: | | |
| 500,000 Ordinary shares of £1 each | <u>500,000</u> | <u>500,000</u> |
| | 2003 £ | 2002 £ |
| Allotted, called up and fully paid: | | |
| 243,650 (2002 - 210,002) Ordinary shares of £1 each | <u>243,650</u> | <u>210,002</u> |

During the year the company issued 33,648 (2002 210,002) ordinary shares of £1 each at par value.

The principal shareholders, I Ganney and R Harrington, also directors of the company, are considered to be the principal controlling parties of the company. They each hold 90,001 ordinary shares of £1 each representing 37% of the issued share capital.