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GREAT FOSTERS (1931) LIMITED

COMPANY NUMBER 254708

**ANNUAL REPORT
AND
ACCOUNTS**

for the year ended 31st March 2002

BOLTON COLBY
Chartered Accountants
Fairfield House
Fairfield Avenue
Staines Middlesex



GREAT FOSTERS (1931) LIMITED

Directors:

J.H.V. Sutcliffe CBE; DL (Chairman)
 J.E. Baumann
 Mrs. J.E. Barrett
 Mrs. P.M. Nicolai
 Mrs. F.A. Plummer
 J.P. Raison (Resigned 16.04.2001)
 Mrs. J.M. Gardner

R.H.M. Raison
 A.H.W. Sutcliffe QC.
 J.R.B. Sutcliffe
 M.D.C. Sutcliffe
 Ms V.M. Raison
 Mrs H.C. Williams
 J.J.R. Raison

The Directors present their report and the accounts for the year ended 31st March 2002.

Statement of Directors' Responsibilities

Company law requires the Directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the surplus/deficit of the company for that period. In preparing those accounts, the Directors are required to:-

- (i) select suitable accounting policies and apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent; and
- (iii) prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue to operate.

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.

Activities and Review of the Business

The business of the company is the operation of a hotel and catering establishment. The financial position at the end of the year is set out on the balance sheet and shows a reduction in the net asset position of the company compared with the previous year's balance sheet. This is due to interest on borrowings to fund major development and improvement works to separate the function and residential aspects of the business and the refurbishment and maintenance essential for a leading hotel in Surrey. The directors anticipate that some of the extraordinary costs will not recur and the company will at least break even in the year to 31 March 2003. The new rooms have started to become available for customers from May and an increase in turnover and business is anticipated.

Future Development

The Directors will continue to operate their existing management policies and continue the development to upgrade and refurbish all the facilities of the hotel.

Results and Dividend

The result of the year's trading and the financial position of the company at the year-end are shown in the annexed accounts.

The loss for the year before taxation amounts to £391,856: (2001 – Profit £6,762) and the Directors propose that no dividend should be paid.

GREAT FOSTERS (1931) LIMITED

Fixed Assets

A summary of the fixed assets, and of the changes thereto during the year, is given in note 5 to the accounts on page 9.

Directors

The names of the Directors at the date of the Report are shown above.

Messrs. A.H.W. Sutcliffe, M.D.C. Sutcliffe, Mrs P.M. Nicolai and Ms. V.M. Raison, retire by rotation in accordance with Section 80 of the company's articles, and being eligible offer themselves for re-election.

Directors' Interests in Shares

The Directors' interests (as defined by the Companies Act 1985) in the share capital of the company were as follows:-

	£1 Ordinary Shares	
	<u>31.3.2002</u>	<u>31.3.2001</u>
Mrs. J.E. Barrett	1656	1656
Mrs. P.M. Nicolai	1656	1656
Mrs. F.A. Plummer	1656	1656
R.H.M. Raison	1656	1656
A.H.W. Sutcliffe	1242	1242
J.R.B. Sutcliffe	1242	1242
M.D.C. Sutcliffe	1242	1242
Ms. V.M. Raison	1656	1656
Mrs. H.C. Williams	1242	1242
Mrs. J.M. Gardner	1656	1656
J.J.R. Raison	1656	1656

At both dates the interests of Mrs. J.E. Barrett, Mrs. P.M. Nicolai and Mrs. F.A. Plummer were in a non-beneficial capacity.

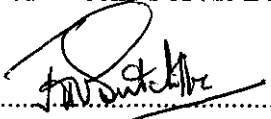
Donations

During the year the company made a donation of £200 to Surrey Crime Stoppers.

Auditors

The Auditors Bolton Colby, offer themselves for re-appointment in accordance with Section 385(2) of the Companies Act 1985.

Signed on behalf of the Board



J.H.V. Sutcliffe - Chairman

Approved by the Board 9 September 2002

Egham
Surrey

AUDITORS' REPORT TO THE MEMBERS OF

GREAT FOSTERS (1931) LIMITED

We have audited the accounts of Great Fosters (1931) Limited for the year ended 31 March 2002 which comprise the Statutory Profit and Loss Account, Balance Sheet and Cash Flow Statement and the related notes on pages 4 to 12. These have been prepared under the historical cost convention and the accounting policies set out in note 1 on page 7.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 1, the company's directors are responsible for the preparation of accounts in accordance with applicable law and United Kingdom 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 of 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 Audit 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 judgements 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 consider 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 the company's affairs at 31st March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Fairfield House
Fairfield Avenue
Staines Middlesex
9 September 2002


BOLTON COLBY
Registered Auditors
Chartered Accountants

GREAT FOSTERS (1931) LIMITED

Profit and Loss Account

for the year ended 31st March 2002

	<i>Note</i>	<u>2002</u>	<u>2001</u>
Turnover (wholly arising in the United Kingdom)	(1e)	3330049	3337611
Cost of Sales		<u>591477</u>	<u>596004</u>
Gross Profit		<u>2738572</u>	<u>2741607</u>
Operating Expenses - Administrative Expenses		3110082	2761586
Less : Other Operating Income		<u>(198952)</u>	<u>(59206)</u>
Net Operating Expenses		<u>2911130</u>	<u>2702380</u>
Operating (Loss)/Profit	(2)	(172558)	39227
Gain on Sale of Property		<u>-</u>	<u>65370</u>
(Loss)/Profit on Ordinary Activities before Interest		(172558)	104597
Interest Receivable and Similar Income	(10)	414	1139
Interest Payable		<u>(219712)</u>	<u>(98974)</u>
(Loss)/Profit on Ordinary Activities before Taxation		(391856)	6762
Tax Credit/(Charge) for the Year	(4a)	<u>71900</u>	<u>(900)</u>
(Loss)/Profit for the financial year after Taxation		(319956)	5862
Retained Profit at 1st April 2001 brought forward		<u>1684256</u>	<u>1678394</u>
Retained Profit at 31st March 2002 carried forward		<u>£1364300</u>	<u>£1684256</u>

The operating loss is derived wholly from continuing activities.

The company has no recognised gains or losses for the year other than those shown above and no adjustments are required to show the historical cost profit for the year.

GREAT FOSTERS (1931) LIMITED**Balance Sheet***at 31st March 2002*

	Note	<u>2002</u>	<u>2001</u>
Fixed Assets			
Tangible Assets	(5)	7496424	3973992
Current Assets			
Stocks at Cost	(1c & 6)	116926	110520
Debtors	(7)	272562	321711
Cash at Bank and in Hand		<u>3500</u>	<u>3500</u>
		392988	435731
Creditors			
Amounts falling due within one year	(8a)	<u>1804523</u>	<u>1148089</u>
Net Current Liabilities		<u>(1411535)</u>	<u>(712358)</u>
Total Assets less Current Liabilities		6084889	3261634
Creditors			
Amount falling due after one year	(8b)	<u>4689017</u>	<u>1473906</u>
		1395872	1787728
Provision for Liabilities and Charges			
Deferred Taxation	(1d & 4b)	<u>11700</u>	<u>83600</u>
Total Net Assets		<u>£1384172</u>	<u>£1704128</u>
Financed by:-			
Capital and Reserves			
Called up Share Capital	(9)	19872	19872
Profit and Loss Account			
Retained Profit (Page 4)		<u>1364300</u>	<u>1684256</u>
Shareholders' Funds	(11)	<u>£1384172</u>	<u>£1704128</u>

Signed on behalf of the Board


J.H.V. Sutcliffe

Approved by the Directors on 9 September 2002

GREAT FOSTERS (1931) LIMITED**Cash Flow Statement***for the year ended 31st March 2002*

		<u>2002</u>	<u>2001</u>
	<i>Note</i>		
Cash Flow Statement			
Net Cash Inflow from Operating Activities	(13)	581637	104079
Returns on Investments and Servicing of Finance	(12)	(219298)	(97835)
Taxation		-	-
Capital Expenditure	(5a & 12)	(3687490)	(1495027)
Bank Loan Received	(12)	<u>3325151</u>	<u>1473906</u>
(Decrease) in Cash		<u>Nil</u>	<u>(£14877)</u>

Reconciliation of Net Cash Flow to Movement in Net Debt

Change in Net Debt	(14)	-	(14877)
Net Debt at 31st March 2001		<u>(495614)</u>	<u>(480737)</u>
Net Debt at 31st March 2002		<u>(£495614)</u>	<u>(£495614)</u>

GREAT FOSTERS (1931) LIMITED

Notes to the Accounts

for the year ended 31st March 2002

1. Accounting Policies

The following principal accounting policies adopted in the preparation of these financial statements have been applied consistently in dealing with items considered material in relation to the company's financial statements.

a) Basis of Preparation

- i) The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.
- ii) The directors note the company had net current liabilities of £1,411,535 at the balance sheet date. This is because the company's development project, to which reference is made in note 5(d), is being funded by borrowings from the bank secured on the land and buildings occupied by the company. The project has been discussed with the bank and the directors have embarked upon it with their support. They are therefore confident sufficient funds will be available to ensure liabilities will be met as they fall due during the next twelve months and therefore hold the view it is correct for the accounts to be prepared on the going concern basis.

b) Depreciation

Expenditure on the acquisition of assets is being written off on a straight line basis as follows:-

	<u>Per Annum</u>
Alterations and Improvements to Premises	1% & 5%
Furniture and Equipment	8%
Motor Vehicles	25%
Kitchen Equipment	20%
Freehold Land and Buildings	2%

c) Stocks

Stock has been valued by a professional valuer, and the manager, at the lower of cost and net realisable value.

d) Deferred Taxation

Provision is made for deferred taxation arising on timing differences between tax allowances and related accounting treatment where these are expected to crystallise in the foreseeable future.

e) Turnover

Turnover represents the charges made for goods supplied and services rendered exclusive of value added tax.

f) Pension Plan

The company contributes to a group personal pension plan whereby it agrees to pay for eligible employees a defined contribution into the employee's own money purchase personal pension scheme. The pension charge represents contributions payable by the company for the year. The company's liability is limited to the amount of the contributions. The liability for meeting future pension payments rests solely with the employees' personal pension schemes.

GREAT FOSTERS (1931) LIMITED

Notes to the Accounts (Continued)

for the year ended 31st March 2002

	<u>2002</u>	<u>2001</u>
2. Operating Profit		
Operating Profit is stated after charging:-		
a) Auditors' Remuneration	£5000	£5000
Hire of Equipment	£30831	£18848
Provision for Depreciation	£165058	£97669
b) Directors' Emoluments		
Salaries	58165	58222
Other Emoluments/Benefits etc.	4105	4755
Pension paid to former director's widow	5000	5000
	<u>£67270</u>	<u>£67977</u>
3. Staff Costs		
Wages and Salaries	1335390	1179036
Social Security Costs	99174	76759
Other Pension Contributions	28549	33661
	<u>£1463113</u>	<u>£1289456</u>
The average number of employees during the year was		
Full-time	72	74
Part-time	25	19
4. Taxation		
a) Current Year	-	-
Transfer from Deferred Taxation Account (Note 4b)	<u>(71900)</u>	<u>900</u>
(Credit)/Charge for the year	<u>(£71900)</u>	<u>£900</u>

No corporation tax is payable because of the availability of loss relief.

GREAT FOSTERS (1931) LIMITED

Notes to the Accounts (Continued)

for the year ended 31st March 2002

4. Taxation (Continued)

b) Deferred Taxation

	<u>2002</u>	<u>2001</u>
This comprises:-		
Accelerated Capital Allowances	100482	113600
Less Future Loss Relief	<u>(88782)</u>	<u>(30000)</u>
	£11700	£83600

Movements on this account during the year were as follows:-

Provision at 1st April 2001	83600	82700
Provision written back during the year (Note 4a)	<u>(71900)</u>	<u>900</u>
Provision at 31st March 2002	£11700	£83600

Full provision has been made for deferred taxation at the rate of 19%.

5. Fixed Assets

a) Tangible Assets	<u>Freehold Land and Development Buildings</u>	<u>Costs</u>	<u>Alterations and Additions to Premises</u>	<u>Motor Vehicles</u>	<u>Furniture and Equipment</u>	<u>Total</u>
Cost						
1st April 2001	738162	1527838	1623027	11525	1918024	5818576
Additions	-	1856071	1433469	-	397950	3687490
31st March 2002	<u>£738162</u>	<u>£3383909</u>	<u>£3056496</u>	<u>£11525</u>	<u>£2315974</u>	<u>£9506066</u>
Depreciation						
1st April 2001	-	-	586132	5762	1252690	1844584
Charge for the year	14762	-	41126	2881	106289	165058
Disposals	-	-	-	-	-	-
31st March 2002	<u>£14762</u>	<u>-</u>	<u>£627258</u>	<u>£8643</u>	<u>£1358979</u>	<u>£2009642</u>
Net Book Value						
31st March 2002	<u>£723400</u>	<u>£3383909</u>	<u>£2429238</u>	<u>£2882</u>	<u>£956995</u>	<u>£7496424</u>
31st March 2001	<u>£738162</u>	<u>£1527838</u>	<u>£1036895</u>	<u>£5763</u>	<u>£665334</u>	<u>£3973992</u>

The freehold land and buildings shown above are subject to mortgages with the bank to secure the loan and overdraft facilities referred to in note 8. It is not possible to split the values between Land and Buildings.

GREAT FOSTERS (1931) LIMITED**Notes to the Accounts (Continued)***for the year ended 31st March 2002***5. Fixed Assets (Continued)****b) Directors' Interests in Transactions during the year relating to Fixed Assets**

The company incurred expenditure of £486,050 (2001 - £385,165) in the ordinary course of business on the maintenance of premises occupied by the company and held as a "bare trust" on behalf of persons who are also the holders of all the issued share capital of the company.

The company paid the individual shareholders rent of £108,000 (2001 - £108,000) for the use of these premises.

The bank holds a Third Party Legal Mortgage over these premises in addition to the security referred to in note 8.

Mr. R.H.M. Raison, Mr. J.R.B. Sutcliffe, Mr. A.H.W. Sutcliffe, Mr. M.D.C. Sutcliffe, Ms. V.M. Raison, Mrs. H.C. Williams, Mrs. J.M. Gardner and Mr. J.J.R. Raison are beneficially interested in the share capital of the company.

c) Asset Impairment Review

In compliance with the requirements of FRS 11, the directors have reviewed the carrying values of the company's fixed assets and hold the view no further adjustments are necessary to record the carrying value at the recoverable amount.

d) Capital Commitment

The company's development project is scheduled for a further year with estimated costs of £5.62 million. The directors discussed this project with the company's bankers before embarking upon it and are satisfied adequate funds will be available to meet these costs as they fall due.

6. Stocks	<u>2002</u>	<u>2001</u>
Wines, Liquors and Tobacco	62375	66158
Dry Food and Kitchen Stores	4792	5609
Sundry Stocks	<u>49759</u>	<u>38753</u>
	<u>£116926</u>	<u>£110520</u>

7. Debtors

Trade Debtors	160180	190535
Other Debtors	70934	93334
Prepayments	37830	34564
Taxation	<u>3618</u>	<u>3278</u>
	<u>£272562</u>	<u>£321711</u>

Included in the amount of "other debtors" above are loans and advances made to officers of the company who are not directors as follows:-

Amount outstanding	<u>£28955</u>	<u>£33299</u>
Number of officers	3	4

GREAT FOSTERS (1931) LIMITED**Notes to the Accounts (Continued)***for the year ended 31st March 2002*

	<u>2002</u>	<u>2001</u>
8. Creditors		
a) Amounts falling due within one year		
Bank Overdraft	729518	498612
Trade Creditors	325105	222457
Social Security and Other Taxes	43885	20621
Other Creditors	162241	172125
Accruals	433734	234274
Bank Loan	<u>110040</u>	<u>—</u>
	<u>£1804523</u>	<u>£1148089</u>

The bank facilities are secured by First Legal Mortgages on the company's land and property and a Mortgage Debenture over all the assets of the company.

b) Amount falling due after one year

Bank Loan	£4689017	£1473906
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Repayments are scheduled to be made over 10 years starting in December 2002. The loan bears interest at "current rates plus 1.25%" and will be subject to annual review.

9. Share Capital

Authorised		
20000 Shares of £1 each	<u>£20000</u>	<u>£20000</u>
Allotted, Called Up and Fully Paid		
19872 Shares of £1 each	<u>£19872</u>	<u>£19872</u>

No one has a majority or controlling interest in the shares of the company.

10. Interest Received

Bank Deposit Interest	414	1042
Loan Interest	<u>—</u>	<u>97</u>
	<u>£414</u>	<u>£1139</u>

11. Reconciliation of movements in shareholders' funds

Opening shareholders' funds	1704128	1698266
(Loss)/Profit for the financial year	<u>(347471)</u>	<u>5862</u>
Closing shareholders' funds	<u>£1356657</u>	<u>£1704128</u>

GREAT FOSTERS (1931) LIMITED**Notes to the Cash Flow Statement***for the year ended 31st March 2002*

	<u>2002</u>	<u>2001</u>	
12. Gross Cash Flows			
Returns on Investments and Servicing of Finance			
Interest Payable	(219712)	(98974)	
Interest Received (Note 10)	<u>414</u>	<u>1139</u>	
	<u>(219298)</u>	<u>(97835)</u>	
Capital Expenditure			
Payments to Acquire Tangible Fixed Assets	(3687490)	(1979157)	
Receipts from Sales of Tangible Fixed Assets	<u>-</u>	<u>484130</u>	
	(3687490)	(1495027)	
Financing			
Bank Loan Received	<u>3325151</u>	<u>1473906</u>	
13. Reconciliation of Operating Profit/(Loss) to Net Cash Inflow from Operating Activities			
Operating (Loss)/Profit (Page 4)	(172558)	104597	
Depreciation Charges (Note 5a)	165058	97669	
Decrease/(Increase) in Stocks	(6406)	(35897)	
Decrease/(Increase) in Debtors	49149	(102052)	
Increase in Creditors	<u>546394</u>	<u>39762</u>	
Net Cash Inflow from Operating Activities	<u>£581637</u>	<u>£104079</u>	
14. Analysis of the Changes in Net Debt			
	At 1st <u>April 2001</u>	Cash Flows	At 31st <u>March 2002</u>
Cash at Bank and in Hand	£3500	Nil	£3500