

GREAT FOSTERS (1931) LIMITED

COMPANY NUMBER 254708

**ANNUAL REPORT
AND
ACCOUNTS**

for the year ended 31st March 2003



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
 Mrs H.C. Williams
 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
 J.J.R. Raison

The Directors present their report and the accounts for the year ended 31st March 2003.

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, Review of the Business, Results, Dividend and Future Prospects

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 primarily due to the costs of the development project started two years ago, which was completed during the year.

The directors are pleased to advise the development has been a success and well received by clients. As shown in note 5(a) to the accounts, expenditure on stage 1 of the development was approximately £4 million. Whilst much of this has been capitalised, costs of £164,549, relating to maintenance and repairs that had to be undertaken alongside the development work, have this year been written off to the Profit and Loss Account. This capitalisation has meant an increase in the depreciation charge for the year which exceeds that of the previous year by over £110,000 and distorts comparison to this extent. The company's internal management accounts, produced on a comparable basis with the previous year before the review and re-allocation of the project expenditure, indicated a loss of £160,000. This compared with the actual loss for the previous year of £392,000 which itself was after including the benefit of £130,000 "one off" gravel sales. These points demonstrate the effect of the development project costs on this year's Profit and Loss Account. Accordingly, the directors propose no dividend be paid.

As the directors have planned no further development for the following year, the exceptional costs associated with development will not recur. Furthermore, current trading patterns indicate the company should return to showing a profit for the year to 31 March 2004.

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. J.H.V.Sutcliffe, J.J.R.Raison, Mrs H.C.Williams and Mrs J.M.Gardner 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:-

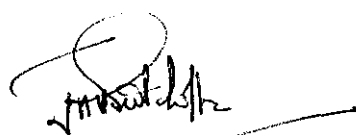
	£1 Ordinary Shares	
	<u>31.3.2003</u>	<u>31.3.2002</u>
Mrs. J.E. Barrett	1656	1656
Mrs. P.M. Nicolai	1656	1656
Mrs. F.A. Plummer	1656	1656
R.H.M. Raison	1656	1656
A.H.W. Sutcliffe	1242	1242
J.R.B. Sutcliffe	1242	1242
M.D.C. Sutcliffe	1242	1242
Ms. V.M. Raison	1656	1656
Mrs. H.C. Williams	1242	1242
Mrs. 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.

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 15 September 2003

Egham
Surrey

AUDITORS' REPORT TO THE MEMBERS OF**GREAT FOSTERS (1931) LIMITED**

We have audited the financial statements for the year ended 31 March 2003 on pages 4 to 12. These have been prepared under the historical cost convention and the accounting policies set out in note one on page eight.

This report is made solely to the company's members, as a body, in accordance with Section 235 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 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

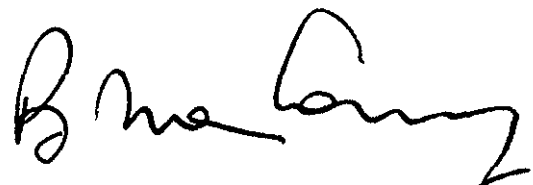
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Audit Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements 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 31 March 2003 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
15 September 2003



BOLTON COLBY
Registered Auditors
Chartered Accountants

GREAT FOSTERS (1931) LIMITED

Profit and Loss Account

for the year ended 31st March 2003

	<i>Note</i>	<u>2003</u>	<u>2002</u>
Turnover (wholly arising in the United Kingdom)	(1e)	3523465	3330049
Cost of Sales		<u>593208</u>	<u>591477</u>
Gross Profit		2930257	2738572
Operating Expenses - Administrative Expenses		3204134	3110082
Less : Other Operating Income		<u>(120068)</u>	<u>(198952)</u>
Net Operating Expenses		<u>3084066</u>	<u>2911130</u>
Operating (Loss)	(2)	<u>(153809)</u>	<u>(172558)</u>
(Loss)/Profit on Ordinary Activities before Interest		<u>(153809)</u>	(172558)
Interest Receivable and Similar Income	(10)	354	414
Interest Payable		<u>(319023)</u>	<u>(219712)</u>
(Loss)/Profit on Ordinary Activities before Taxation		<u>(472478)</u>	(391856)
Tax Credit/(Charge) for the Year	(4a)	<u>11700</u>	<u>71900</u>
(Loss)/Profit for the financial year after Taxation		<u>(460778)</u>	(319956)
Retained Profit at 1st April 2002 brought forward		<u>1364300</u>	<u>1684256</u>
Retained Profit at 31st March 2003 carried forward		<u>£903522</u>	<u>£1364300</u>

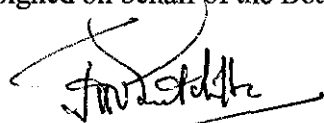
The operating loss is derived wholly from continuing activities.

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 2003*

	<i>Note</i>	<u>2003</u>	<u>2002</u>
Fixed Assets			
Tangible Assets	(5)	8191635	7496424
Current Assets			
Stocks at Cost	(1c & 6)	149421	116926
Debtors	(7)	243882	272562
Cash at Bank and in Hand		<u>10321</u>	<u>3500</u>
		403624	392988
Creditors			
Amounts falling due within one year	(8a)	<u>2081002</u>	<u>1804523</u>
Net Current Liabilities		<u>(1677378)</u>	<u>(1411535)</u>
Total Assets less Current Liabilities		6514257	6084889
Creditors			
Amounts falling due after more than one year	(8b)	<u>5590863</u>	<u>4689017</u>
		923394	1395872
Provision for Liabilities and Charges			
Deferred Taxation	(1d & 4b)	-	<u>11700</u>
Total Net Assets		<u>£923394</u>	<u>£1384172</u>
Financed by:-			
Capital and Reserves			
Called up Share Capital	(9)	19872	19872
Profit and Loss Account			
Retained Profit (Page 4)		<u>903522</u>	<u>1364300</u>
Shareholders' Funds	(11)	<u>£923394</u>	<u>£1384172</u>

Signed on behalf of the Board


J.H.V. Sutcliffe

Approved by the Directors on 15 September 2003

GREAT FOSTERS (1931) LIMITED**Cash Flow Statement***for the year ended 31st March 2003*

		<u>2003</u>	<u>2002</u>
	<i>Note</i>		
Cash Flow Statement			
Net Cash Inflow from Operating Activities	(13)	407755	581637
Returns on Investments and Servicing of Finance	(12)	(318669)	(219298)
Taxation		-	-
Capital Expenditure	(5a & 12)	(971322)	(3687490)
Bank Loan Received	(12)	<u>889057</u>	<u>3325151</u>
Increase in Cash		<u>6821</u>	<u>Nil</u>

Reconciliation of Net Cash Flow to Movement in Net Debt

Change in Net Debt	(14)	-	-
Net Debt at 31st March 2002		<u>(495614)</u>	<u>(495614)</u>
Net Debt at 31st March 2003		<u>(495614)</u>	<u>(£495614)</u>

GREAT FOSTERS (1931) LIMITED

Notes to the Accounts

for the year ended 31st March 2003

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 £1677378 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 will be 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. No credit is taken for a deferred tax asset unless it can be reasonably anticipated it will 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 2003

	<u>2003</u>	<u>2002</u>
2. Operating Profit		
Operating Profit is stated after charging:-		
a) Auditors' Remuneration	£7000	£5000
Hire of Equipment	£18341	£30831
Provision for Depreciation	£276109	£165058
b) Directors' Emoluments		
Salaries	54000	58165
Other Emoluments/Benefits etc.	3281	4105
Pension paid to former director's widow	5000	5000
	<u>£62281</u>	<u>£67270</u>
3. Staff Costs		
Wages and Salaries	1460216	1335390
Social Security Costs	97584	99174
Other Pension Contributions	26773	28549
	<u>£1584573</u>	<u>£1463113</u>
The average number of employees during the year was		
Full-time	84	72
Part-time	18	25
4. Taxation		
a) Current Year	-	-
Transfer from Deferred Taxation Account (Note 4b)	<u>(11700)</u>	<u>(71900)</u>
(Credit) for the year	<u>(£11700)</u>	<u>(£71900)</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 2003

4. Taxation (Continued)

b) Deferred Taxation

	<u>2003</u>	<u>2002</u>
This comprises:-		
Accelerated Capital Allowances	97098	100482
Less Future Loss Relief	<u>(97098)</u>	<u>(88782)</u>
	<u>-</u>	<u>£11700</u>

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

Provision at 1st April 2002	11700	83600
Provision written back during the year (Note 4a)	<u>(11700)</u>	<u>(71900)</u>
Provision at 31st March 2003	<u>-</u>	<u>£11700</u>

In the previous financial year full provision was made for deferred taxation at the rate of 19%. At 31 March 2003 the company had a potential deferred tax asset of £128,038 (also calculated @ 19%). No credit has been taken for this in these accounts, as present trading conditions do not indicate with reasonable certainty that it will materialise within the foreseeable future.

5. Fixed Assets

a) Tangible Assets	Freehold Land and Development <u>Buildings</u>	<u>Costs</u>	Alterations and Additions to Premises	Motor Vehicles	Furniture and Equipment	<u>Total</u>
Cost						
1st April 2002	738162	3383909	3056496	11525	2315974	9506066
Additions	-	1094165	-	-	41805	1135970
Transfers	-	(4037809)	3396088	-	641721	-
Disposals	-	(164549)	-	-	-	(164549)
31st March 2003	<u>£738162</u>	<u>£275616</u>	<u>£6452584</u>	<u>£11525</u>	<u>£2999500</u>	<u>£10477387</u>
Depreciation						
1st April 2002	14762	-	627259	8643	1358979	2009643
Charge for the year	14763	-	75085	2881	183380	276109
Disposals	-	-	-	-	-	-
31st March 2003	<u>£29525</u>	<u>-</u>	<u>£702344</u>	<u>£11524</u>	<u>£1542359</u>	<u>£2285752</u>
Net Book Value						
31st March 2003	<u>£708637</u>	<u>£275616</u>	<u>£5750240</u>	<u>£1</u>	<u>£1457141</u>	<u>£8191635</u>
31st March 2002	<u>£723400</u>	<u>£3383909</u>	<u>£2429238</u>	<u>£2882</u>	<u>£956995</u>	<u>£7496424</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 2003***5. Fixed Assets (Continued)****b) Directors' Interests in Transactions during the year relating to Fixed Assets**

The company incurred expenditure of £371876 (2002 - £486,050) 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 (2002 - £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 first phase of the company's development project is now complete. 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. They plan a period of consolidation before embarking on the next phase.

6. Stocks	<u>2003</u>	<u>2002</u>
Wines, Liquors and Tobacco	61859	62375
Dry Food and Kitchen Stores	6498	4792
Sundry Stocks	81064	49759
	<u>£149421</u>	<u>£116926</u>
7. Debtors		
Trade Debtors	163732	160180
Other Debtors	48813	70934
Prepayments	30953	37830
Taxation	384	3618
	<u>£243882</u>	<u>£272562</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>£18500</u>	<u>£28955</u>
Number of officers	<u>2</u>	<u>3</u>

GREAT FOSTERS (1931) LIMITED**Notes to the Accounts (Continued)***for the year ended 31st March 2003*

	<u>2003</u>	<u>2002</u>
8. Creditors		
a) Amounts falling due within one year		
Bank Overdraft	775495	729518
Trade Creditors	366258	325105
Social Security and Other Taxes	101241	43885
Other Creditors	296742	162241
Accruals	444016	433734
Bank Loan	<u>97250</u>	<u>110040</u>
	<u>£2081002</u>	<u>£1804523</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: Due within 2-5 years	2255146	1555094
Due after more than 5 years	<u>3156179</u>	<u>3133923</u>
	5411325	4689017
Other Creditor: Due within 2-5 years	<u>179538</u>	-
	<u>5590863</u>	<u>4689017</u>

Repayments of the bank loan are scheduled to be made over 10 years, to be completed by December 2012. The loan bears interest at "current rates plus 1.25%" and will be subject to annual review. All the above repayments falling due after one year will be made by monthly instalments.

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	<u>£354</u>	<u>£414</u>
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11. Reconciliation of movements in shareholders' funds

Opening shareholders' funds	1356657	1704128
(Loss)/Profit for the financial year	<u>(472478)</u>	<u>(347471)</u>
Closing shareholders' funds	<u>£884179</u>	<u>£1356657</u>

GREAT FOSTERS (1931) LIMITED**Notes to the Cash Flow Statement***for the year ended 31st March 2003*

	<u>2003</u>	<u>2002</u>
12. Gross Cash Flows		
Returns on Investments and Servicing of Finance		
Interest Payable	(319023)	(219712)
Interest Received (Note 10)	<u>354</u>	<u>414</u>
	<u>(318669)</u>	<u>(219298)</u>
Capital Expenditure		
Payments to Acquire Tangible Fixed Assets	(971322)	(3687490)
Receipts from Sales of Tangible Fixed Assets	<u>-</u>	<u>-</u>
	<u>(971322)</u>	<u>(3687490)</u>
Financing		
Bank Loan Received	<u>889057</u>	<u>3325151</u>
13. Reconciliation of Operating Profit/(Loss) to Net Cash Inflow from Operating Activities		
Operating (Loss) (Page 4)	(153809)	(172558)
Depreciation Charges (Note 5a)	276109	165058
Decrease/(Increase) in Stocks	(32495)	(6406)
Decrease in Debtors	28680	49149
Increase in Creditors	<u>289270</u>	<u>546394</u>
Net Cash Inflow from Operating Activities	<u>£407755</u>	<u>£581637</u>
14. Analysis of the Changes in Net Debt		
	At 1st <u>April 2002</u>	Cash <u>Flows</u> At 31st <u>March 2002</u>
Cash at Bank and in Hand	<u>£3500</u>	<u>£6821</u> <u>£10321</u>