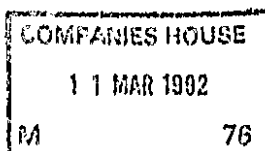


2048708

CORALTREND LIMITED

Year ended

31st December 1990



CORALTREND LIMITED

Annual report and financial statements for the year ended 31st December 1990

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Directors

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Directors

Chris Josife
Costas Josife

Secretary and registered office

George Josife, 66-68 Margaret Street, London, W1N 7FL.

Company number

2048708

Auditors

Stoy Hayward, 8 Baker Street, London, W1M 1DA.

CORALTREND LIMITED

Report of the directors for the year ended 31st December 1990

The directors present their report together with the audited financial statements for the year ended 31st December 1990.

Results and dividends

The profit and loss account is set out on page 2 and shows the loss for the year.

The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments

The principal activity of the company is that of hoteliers.

Only one of the company's two hotels has been open during the whole year. The trading performance of this hotel has been affected by the difficult economic conditions and the result for the year has been disappointing. The other hotel opened after extensive refurbishment in August 1990.

Significant changes in fixed assets

Significant changes in fixed assets are shown in note 9 to the financial statements.

Market value of freehold properties

In the opinion of the directors the current market value of the group's freehold properties are lower than the book value at which the property is stated. However, the directors do not consider that this diminution in value is permanent and no adjustment has been made to the value of the property in these financial statements.

Directors

The directors of the company during the year were:

Chris Josife
Costas Josife

The directors are also directors of the ultimate parent company, Desilu Dresses Limited, and their shareholdings in that company are shown in its directors report.

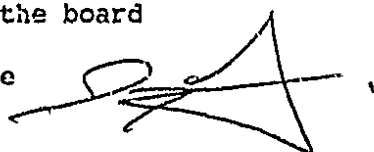
Auditors

Stoy Hayward have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

By order of the board

George Josife

Secretary



Date 27th January 1992

CORALTREND LIMITED

Profit and loss account for the year ended 31st December 1990

	<u>Note</u>	<u>1990</u> £	<u>1989</u> £
Turnover	2	943,471	256,059
Cost of sales		495,104	135,920
Gross profit		448,367	120,139
Administrative costs		(303,517)	(161,327)
		144,850	(41,188)
Share of profit of associated undertaking		-	10,745
Other income	4	3,374	153,547
		148,224	123,104
Interest payable	5	(298,295)	(85,118)
(Loss)/profit on ordinary activities before taxation	6	(150,071)	37,986
Taxation on profits from ordinary activities	7	-	(1,625)
(Loss)/profit on ordinary activities after taxation		(150,071)	36,361
Retained profit brought forward		1,472,166	1,435,805
Retained profit carried forward		1,322,095	1,472,166

The notes on pages 4 to 8 form part of these financial statements

CORALTREND LIMITED

Balance sheet at 31st December 1990

	<u>Note</u>	<u>1990</u> £	<u>1989</u> £
Fixed assets			
Tangible assets	8	5,077,123	3,852,830
Investments	9	309,120	309,120
		<u>5,386,243</u>	<u>4,161,950</u>
Current assets			
Stocks	10	21,685	16,539
Debtors	11	55,956	40,208
Cash at bank and in hand		<u>4,198</u>	<u>6,148</u>
		81,840	62,895
Creditors			
Amounts falling due within one year	12	<u>840,715</u>	<u>585,318</u>
Net current liabilities		(758,875)	(523,423)
Total assets less current liabilities		<u>4,627,368</u>	<u>3,639,527</u>
Amounts falling due after one year	13	<u>3,305,271</u>	<u>2,167,359</u>
		<u>1,322,097</u>	<u>1,472,168</u>
Capital and reserves			
Called up share capital	15	2	2
Profit and loss account		<u>1,322,095</u>	<u>1,472,166</u>
		<u>1,322,097</u>	<u>1,472,168</u>

These financial statements were approved by the Board on 27th January 1992

Costas Josife)

) Directors

Christopher Josife)

The notes on pages 4 to 8 form part of these financial statements

CORALTREND LIMITED

Notes forming part of the financial statements for the year ended 31st December 1990

1. Accounting policies

There have been no changes in accounting policies during the year.

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, except freehold land, over their expected useful lives. It is calculated at the following rates:

Improvements to premises	- 20% per annum
Fixtures, fittings, and equipment	- 20% per annum
Plant and machinery	- 20% per annum
Motor vehicles	- 25% per annum

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is calculated as follows:

Raw materials - cost of purchase on first in, first out basis.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, except that no provision is made where it can be reasonably foreseen that such deferred taxation will not be payable in the future.

Investment properties

Investment properties are included at open market value. No depreciation is provided on freehold investment property and the directors consider that this accounting policy results in the financial statements giving a true and fair view.

Goodwill

Purchased goodwill is written off directly to reserves in the year of acquisition.

2. Turnover

All of the turnover and profits for the year are due solely from the company's principal activity as hoteliers.

CORALTREND LIMITED

Notes forming part of the financial statements for the year ended 31st December 1990
(Continued)

3. Employees

	<u>1990</u> £	<u>1989</u> £
Staff costs consist of:		
Wages and salaries	289,602	80,092
Social security costs	<u>26,497</u>	<u>6,551</u>
	<u>316,099</u>	<u>86,643</u>

None of the directors in the year received any remuneration.

The average weekly number of employees during the year was as follows:

	Number	Number
Part time	-	4
Full time	<u>43</u>	<u>16</u>
	<u>43</u>	<u>20</u>

4. Other operating income

	£	£
Interest receivable	2,549	153,253
Rent receivable	<u>825</u>	<u>294</u>
	<u>3,374</u>	<u>153,547</u>

5. Interest payable

Bank loans and overdrafts	<u>298,295</u>	<u>85,118</u>
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6. Loss on ordinary activities before taxation

This is arrived at after charging:

Depreciation	30,650	5,937
Auditors' remuneration	6,856	2,740
Hire of equipment	14,246	7,391
Loss on sale of fixed assets	-	13,234
Directors remuneration	-	-
	<u> </u>	<u> </u>

CORALTREND LIMITED

Notes forming part of the financial statements for the year ended 31st December 1990
(Continued)

7. Taxation on profits from ordinary activities

	<u>1990</u> £	<u>1989</u> £
Share of related company's tax charge		1,625

8. Tangible assets

	Freehold properties and improvements £	Assets under course of construction £	Plant, fixtures and fittings £	Motor vehicles £	Total £
Cost					
At beginning of year	3,406,579	286,376	160,000	7,750	3,860,705
Additions	<u>189,724</u>	<u>995,592</u>	<u>69,627</u>	<u>-</u>	<u>1,254,943</u>
At end of year	<u>3,596,303</u>	<u>1,281,968</u>	<u>229,627</u>	<u>7,750</u>	<u>5,115,648</u>
Depreciation					
At beginning of year	-	-	4,000	3,875	7,875
Provided for the year	<u>-</u>	<u>-</u>	<u>28,713</u>	<u>1,937</u>	<u>30,650</u>
At end of year	<u>-</u>	<u>-</u>	<u>32,713</u>	<u>5,812</u>	<u>38,525</u>
Net book value					
At 31st December 1990	<u>3,596,303</u>	<u>1,281,968</u>	<u>196,914</u>	<u>1,938</u>	<u>5,077,123</u>
At 31st December 1989	<u>3,406,579</u>	<u>286,376</u>	<u>156,000</u>	<u>3,875</u>	<u>3,852,830</u>

9. Investments

	<u>1990</u> £	<u>1989</u> £
Investment in associated undertaking at cost	25,000	25,000
Loan to associated undertaking	<u>275,000</u>	<u>275,000</u>
	300,000	300,000
Share of profits of associated undertaking	<u>9,120</u>	<u>9,120</u>
	<u>309,120</u>	<u>309,120</u>

The company owns 50% in The Foley Arms Hotel (Great Malvern) Limited a company incorporated in the United Kingdom.

CORALTREND LIMITED

Notes forming part of the financial statements for the year ended 31st December 1990
(Continued)

10. Stocks

	<u>1990</u> £	<u>1989</u> £
Raw materials and consumables	21,686	16,539

11. Debtors

Trade debtors	47,908	32,975
Other debtors	673	993
Prepayments and accrued income	<u>7,375</u>	<u>6,240</u>
	55,956	40,208

All amounts shown under debtors fall due for payment within one year.

12. Creditors falling due within one year

	<u>1990</u> £	<u>1989</u> £
Bank overdraft	37,776	11,243
Trade creditors	116,340	68,602
Amount due to parent company	612,509	450,422
Other creditors	-	2,067
Creditors for taxation and social security	58,778	39,466
Accruals	<u>15,312</u>	<u>13,518</u>
	840,715	585,318

The bank overdraft is covered by cross guarantees from the parent company and certain other subsidiaries.

13. Creditors falling due after one year

	<u>1990</u> £	<u>1989</u> £
Bank and other loans	3,305,271	2,167,359

The bank loan is secured by way of a legal charge over the company's freehold investment property.

One of the loans is wholly repayable within 12 years with interest being charged at 2.5% above base rate.

The other loan is repayable within 10 years with interest charged at 1% above the Building Society rate.

CORALTREND LIMITED

Notes forming part of the financial statements for the year ended 31st December 1990
(Continued)

14. Deferred taxation

	1990		1989	
	Unprovided	Provided	Unprovided	Provided
	£	£	£	£
Accelerated capital allowances	-	-	8,023	-
Capital gain rolled over	<u>1,314,414</u>	<u>-</u>	<u>1,314,414</u>	<u>-</u>
	<u>1,314,414</u>	<u>-</u>	<u>1,322,437</u>	<u>-</u>

15. Share capital

	Authorised		Issued	
	1990	1989	1990	1989
	£	£	£	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>2</u>	<u>2</u>

16. Ultimate parent company

The ultimate parent company is Desilu Dresses Limited, a company incorporated in the United Kingdom.

17. Post balance sheet events

Subsequent to the year end an exercise to restructure the companies within the group has been started which it is anticipated will be completed by 31st December 1992.

CORALTREND LIMITED

Statement of source and application of funds for the year ended 31st December 1990

	<u>1990</u>		<u>1989</u>	
	£		£	
Source of funds				
(Loss)/profit before taxation and extraordinary item	(150,071)		37,986	
Adjustment for items not involving the movement of funds:				
Depreciation	30,650		5,937	
Loss on sale of fixed assets	-		13,234	
Share of profit of related company	-		10,745	
	<u>30,650</u>		<u>29,916</u>	
Total (absorbed by)/generated from operations	(119,421)		67,902	
Funds from other sources				
Bank loan	1,137,912		2,167,359	
Sale of fixed assets	-		207	
	<u>1,137,912</u>		<u>2,167,566</u>	
	1,018,491		2,235,468	
Application of funds				
Purchase of fixed assets	1,254,943		3,654,292	
	<u>(236,452)</u>		<u>(1,418,824)</u>	
Increase/(decrease) in working capital				
Stock	5,147		11,539	
Debtors and prepayments	17,748		8,008	
Creditors and accruals	<u>(228,864)</u>		<u>254,896</u>	
	(205,969)		274,443	
Decrease in bank and cash balances	(30,483)		(1,693,267)	

The notes on pages 4 to 8 form part of these financial statements

CORALTREND LIMITED

Report of the auditors

To the members of Coraltrend Limited

We have audited the financial statements on pages 2 to 9 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31st December 1990 and of the result and source and application of funds of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Stoy Hayward', with a long horizontal line extending from the end of the signature to the right.

Stoy Hayward,
Chartered Accountants
and Registered Auditor,
8 Baker Street,
London, W1M 1DA.

31st January 1992