

**THE CROWN HOTEL (WETHERAL) LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> JANUARY, 2002**

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**COMPANY INFORMATION**

**COMPANY NUMBER**

4051321

**REGISTERED OFFICE**

5 Cecil Street,  
Carlisle  
CA1 1NL

**DIRECTORS**

D.J. Byers  
A.T. Barsby  
P.A. Hicks

**SECRETARY**

Mrs. S. Warnock

**BANKERS**

Bank of Scotland PLC  
5 Wavell Drive,  
Rosehill,  
Carlisle.

**AUDITORS**

N.B. Lancaster and Co.,  
Chartered Accountants,  
and Registered Auditor,  
5 Cecil Street,  
Carlisle.



**THE CROWN HOTEL (WETHERAL) LIMITED****DIRECTORS REPORT**

The Directors present their second Annual Report together with the attached Audited Accounts for the year ended 31<sup>st</sup> January, 2002.

| <b><u>TRADING RESULTS</u></b>                   | <b><u>YEAR ENDED</u><br/><u>31.1.2002</u></b> | <b><u>PERIOD ENDED</u><br/><u>31.1.2001</u></b> |
|-------------------------------------------------|-----------------------------------------------|-------------------------------------------------|
| Profit/(Loss) on Ordinary Activities Before Tax | 160,972                                       | (20,320)                                        |
| Taxation                                        | 51,061                                        | -                                               |
| Profit/(Loss) on Ordinary Activities After Tax  | <u>109,911</u>                                | <u>(20,320)</u>                                 |

The Directors do not recommend the payment of a Dividend.

**STATE OF AFFAIRS**

The Directors consider that the Company's state of affair is satisfactory and look forward to an increase in Turnover and Profitability during the current year.

**PRINCIPAL ACTIVITIES**

The Company's principal activity is the Operation and Management of Hotels.

**FIXED ASSETS**

The Company's movement in Fixed Assets is set out in Note 13 to the Accounts.

**DIRECTORS AND INTERESTS**

The Directors serving during the period and their interest in the Company's Issued Share Capital is as follows:-

|              | <b><u>ORD. SHARES</u><br/><u>AS AT 31.1.2002</u></b> | <b><u>ORD. SHARES</u><br/><u>AS AT 31.1.2001</u></b> |
|--------------|------------------------------------------------------|------------------------------------------------------|
| D. J. Byers, | NIL                                                  | NIL                                                  |
| A. T. Barsby | NIL                                                  | NIL                                                  |
| P.A.Hicks    | NIL                                                  | NIL                                                  |

The Company is a wholly owned subsidiary of Best Northern Hotels Limited, of which Company Mr. D.J. Byers is the Beneficial Owner of 90% of the Issued Share Capital.

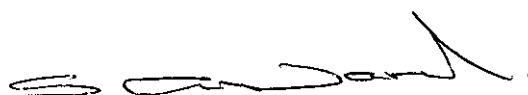
**THE CROWN HOTEL (WETHERAL) LIMITED****DIRECTORS REPORT (CONTD.)****CHARITABLE AND POLITICAL DONATIONS**

|              | <b><u>2002</u></b> | <b><u>2001</u></b> |
|--------------|--------------------|--------------------|
| - Charitable | 50<br>=====        | NIL<br>=====       |
| - Political  | NIL<br>=====       | NIL<br>=====       |

**AUDITORS**

Messrs. N.B. Lancaster and Co., Chartered Accountants of Carlisle have been appointed as Auditors and having expressed their willingness to continue in office a resolution reappointing them as Auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



Mrs. S. Warnock

**18<sup>th</sup> JUNE, 2002**

**SECRETARY**

**THE CROWN HOTEL (WETHERAL) LIMITED**

**STATEMENT OF DIRECTORS RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS**

Directors are required by the Companies Act 1985 to prepare financial statements which give a true and fair view of the state of the Company's affairs at the end of the financial year and of the profit and loss for that period.

It is also the Directors responsibility to maintain adequate accounting records, safeguard the assets of the company and prevent and detect fraud and other irregularities.

The Directors confirm that suitable Accounting Policies, consistently applied and supported by responsible and prudent judgement and estimates, have been used in the preparation of the Financial Statements and that applicable Accounting Standards have been followed.

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read 'D. J. Byers', with a large, sweeping flourish extending upwards and to the right.

D. J. Byers

**DIRECTOR**

**18<sup>TH</sup> JUNE, 2002**

**TO THE MEMBERS OF THE CROWN HOTEL (WETHERAL) LIMITED**

We have audited the financial statements of Crown Hotel (Wetheral) Limited for the year ended 31<sup>st</sup> January, 2002 which comprise Balance Sheet, Profit and Loss Account and the related notes. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards are set out in the Statement of Directors Responsibilities.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements 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 financial statements, 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' report. We consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of Opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors' in the preparation of the financial statements, 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 considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements 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 financial statements.

**Opinion**

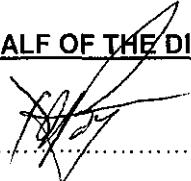
In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31<sup>st</sup> January, 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



N.B. Lancaster and Co.,  
Chartered Accountants,  
And Registered Auditor,  
5 Cecil Street,  
Carlisle

**18<sup>th</sup> JUNE, 2002**

THE CROWN HOTEL (WETHERAL) LIMITEDBALANCE SHEET AS AT 31ST JANUARY, 2002AS AT 31.1.2001

|        |         |                                                                                                               |        |         |
|--------|---------|---------------------------------------------------------------------------------------------------------------|--------|---------|
|        |         | <b><u>ASSETS EMPLOYED</u></b>                                                                                 |        |         |
|        |         | <b><u>FIXED ASSETS</u></b>                                                                                    |        |         |
|        | 2730650 | Tangible Assets (Note 13)                                                                                     |        | 2645315 |
|        |         | <b><u>CURRENT ASSETS</u></b>                                                                                  |        |         |
| 21745  |         | Stocks (Note 8)                                                                                               | 19576  |         |
| 87465  |         | Debtors (Note 9)                                                                                              | 29469  |         |
| 64159  |         | Cash at Bank and In Hand (Note 10)                                                                            | 147674 |         |
|        | 173369  |                                                                                                               | 196719 |         |
| =====  |         |                                                                                                               | =====  |         |
|        |         | <b><u>LESS CURRENT LIABILITIES</u></b>                                                                        |        |         |
| 172366 |         | Creditors Falling Due Within One Year (Note 11)                                                               | 223802 |         |
| =====  |         |                                                                                                               | =====  |         |
|        | 1003    | <b><u>NET CURRENT ASSETS</u></b>                                                                              |        | (27083) |
|        |         |                                                                                                               |        |         |
|        | 2731653 | <b><u>TOTAL ASSETS LESS CURRENT LIABILITIES</u></b>                                                           |        | 2618232 |
|        | 2751873 | <b><u>DEDUCT CREDITORS FALLING DUE AFTER ONE YEAR</u></b> (Note 12)                                           |        | 2528541 |
|        |         |                                                                                                               |        |         |
|        | (20220) | <b><u>NET ASSETS</u></b>                                                                                      |        | 89691   |
|        | =====   |                                                                                                               |        | =====   |
|        |         | <b><u>REPRESENTED BY:-</u></b>                                                                                |        |         |
|        |         | <b><u>CAPITAL AND RESERVES</u></b>                                                                            |        |         |
|        | 100     | Called Up Share Capital (Note 14)                                                                             |        | 100     |
|        |         | <b><u>RESERVES</u></b>                                                                                        |        |         |
|        | (20320) | Profit and Loss Account                                                                                       |        | 89591   |
|        |         |                                                                                                               |        |         |
|        | (20220) | <b><u>CAPITAL EMPLOYED</u></b>                                                                                |        | 89691   |
|        | =====   |                                                                                                               |        | =====   |
|        |         | <b><u>SIGNED ON BEHALF OF THE DIRECTORS</u></b>                                                               |        |         |
|        |         | D.J. Byers .....  Director |        |         |
|        |         | <b><u>APPROVED BY THE BOARD ON 18TH JUNE, 2002</u></b>                                                        |        |         |

**THE CROWN HOTEL (WETHERAL) CARLISLE****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED TO 31ST JANUARY, 2002**

Period 11.8.00 to 31.1.01

|                  |                                                               |                |
|------------------|---------------------------------------------------------------|----------------|
| 325987           | <b><u>TURNOVER</u></b> (Note 1(c))                            | 1652801        |
| 58911            | <u>Less</u> Cost of Sales (Note 2)                            | 300794         |
| 267076           | <b><u>GROSS PROFIT</u></b>                                    | 1352007        |
| 248367           | <u>Less</u> Administrative Expenses (Note 3)                  | 1068225        |
| 18709            | <b><u>OPERATING PROFIT</u></b>                                | 283782         |
| 344              | <u>Add</u> Interest Received (Note 5)                         | 4932           |
| 19053            |                                                               | 288714         |
| 39373            | <u>Less</u> Interest Payable (Note 6)                         | 127742         |
| (20320)          | <b><u>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</u></b> | 160972         |
| -                | <b><u>TAXATION</u></b> (Note 7)                               | 51061          |
| (20320)          | <b><u>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAX</u></b>  | 109911         |
| -                | <b><u>APPROPRIATIONS</u></b>                                  | -              |
| (20320)          | <b><u>RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR</u></b>   | 109911         |
| -                | <u>Add</u> Retained Earnings B/Fwd.                           | (20320)        |
| (20320)<br>===== | <b><u>RETAINED EARNINGS</u></b>                               | 89591<br>===== |

**NOTES:-****1. Continuing Operations**

The company's activities commenced on 30th October, 2000 during the previous Financial Period.

**2. Total Recognised Gains and Losses**

The Company has no recognised Gains or Losses other than the results for the above Financial Period.

**THE CROWN HOTEL (WETHERAL) LIMITED**

**NOTES TO THE ACCOUNTS**

**1. ACCOUNTING POLICIES**

**(a) Basis of Accounting**

The Accounts have been prepared under the Historical Cost Convention and are drawn up in accordance with applicable Statements of Standard Accounting Practice except where otherwise stated.

**(b) Cash Flow Statements**

The Accounts do not include a Cash Flow Statement because the Company is exempt from the requirements to produce such a statement under F.R.S.1.

**(c) Turnover**

Turnover comprises the value of all Sales (exclusive of Value Added Tax) and after provision for refunds, outbookings and doubtful debts.

**(d) Stocks**

Stocks are valued at the lower of cost and net realisable value.

**(e) Depreciation**

Depreciation is provided on Tangible Assets at the following rates computed by the Reducing Balance Method in the case of Fixtures, Equipment and Vehicles and by the Straight Line Method in the case of Freehold Property in order that the cost of those assets may be reduced to their estimated residual values over their probable useful lives:-

|                                  |                                      |
|----------------------------------|--------------------------------------|
| Freehold Property                | - 1% per annum Straight Line on Cost |
| Fixtures, Fittings and Equipment | - 20% per annum on Reducing Balance  |
| Computer Equipment               | - 50% per annum on Reducing Balance  |
| Motor Vehicles                   | - 25% per annum on Reducing Balance  |

**THE CROWN HOTEL (WETHERAL) LIMITED****NOTES TO THE ACCOUNTS**

|    |                                                               |                    |                    |
|----|---------------------------------------------------------------|--------------------|--------------------|
| 2. | <b><u>COST OF SALES</u></b>                                   | <b><u>2002</u></b> | <b><u>2001</u></b> |
|    | Purchases (after Stock Adjustment)                            | 300,794            | 58,911             |
|    |                                                               | =====              | =====              |
| 3. | <b><u>ADMINISTRATIVE EXPENSES</u></b>                         |                    |                    |
|    | Depreciation                                                  | 93,892             | 23,270             |
|    | Staff Costs                                                   | 502,445            | 113,022            |
|    | Directors Remuneration (See Note 4)                           | 38,643             | 9,684              |
|    | Auditors Remuneration                                         | 2,000              | 1,500              |
|    | Hire of Plant and Equipment                                   | 24,828             | 3,263              |
|    | Other Expenses                                                | 406,417            | 97,628             |
|    |                                                               | 1,068,225          | 248,367            |
|    |                                                               | =====              | =====              |
| 4. | <b><u>DIRECTORS REMUNERATION</u></b>                          |                    |                    |
|    | Salary                                                        | 35,000             | 8,750              |
|    | Social Security Costs                                         | 3,643              | 934                |
|    |                                                               | 38,643             | 9,684              |
|    |                                                               | =====              | =====              |
|    | Emoluments of the Directors were within the following Bands:- |                    |                    |
|    | 5,001 – 10,000                                                | -                  | 1                  |
|    | 30,001 – 35,000                                               | 1                  | -                  |
|    |                                                               | =====              | =====              |
| 5. | <b><u>INTEREST RECEIVED</u></b>                               |                    |                    |
|    | Bank Interest Received (Gross)                                | 4,932              | 344                |
|    |                                                               | =====              | =====              |
| 6. | <b><u>INTEREST PAYABLE</u></b>                                |                    |                    |
|    | Short Term Bank Overdraft Interest                            | 45                 | 104                |
|    | Bank Loan Interest (Over 5 Years)                             | 127,697            | 39,269             |
|    |                                                               | 127,742            | 39,373             |
|    |                                                               | =====              | =====              |
| 7. | <b><u>TAXATION</u></b>                                        |                    |                    |
|    | Provision for U.K. Corporation Tax                            | 51,061             | NIL                |
|    |                                                               | =====              | =====              |

**NOTES TO THE ACCOUNT**

|     |                                                          |                    |                    |
|-----|----------------------------------------------------------|--------------------|--------------------|
| 8.  | <b><u>STOCKS</u></b>                                     | <b><u>2002</u></b> | <b><u>2001</u></b> |
|     | Goods for Re-Sale                                        | 9,713              | 12,352             |
|     | Raw Materials and Consumable Stores                      | <u>9,863</u>       | <u>9,393</u>       |
|     |                                                          | <u>19,576</u>      | <u>21,745</u>      |
| 9.  | <b><u>DEBTORS</u></b>                                    |                    |                    |
|     | Trade Debtors                                            | <u>29,469</u>      | <u>87,465</u>      |
| 10. | <b><u>CASH AT BANK AND IN HAND</u></b>                   |                    |                    |
|     | Balances at Bank of Scotland                             | 84,610             | 25,142             |
|     | Balance at Halifax PLC                                   | 56,195             | 34,785             |
|     | Cash and Cheques on Hand                                 | <u>6,869</u>       | <u>4,232</u>       |
|     |                                                          | <u>147,674</u>     | <u>64,159</u>      |
| 11. | <b><u>CREDITORS FALLING DUE WITHIN ONE YEAR</u></b>      |                    |                    |
|     | Bank Overdraft – Bank of Scotland                        | 28,959             | 21,945             |
|     | Trade Creditors                                          | 47,924             | 37,847             |
|     | Other Creditors (Including Taxation and Social Security) | 69,764             | 53,650             |
|     | Accruals and Deferred Income                             | 26,094             | 58,924             |
|     | Corporation Tax Payable                                  | <u>51,061</u>      | <u>-</u>           |
|     |                                                          | <u>223,802</u>     | <u>172,366</u>     |

The Bank Overdraft Facility with Bank of Scotland is secured by a Fixed and Floating Debenture over the Assets of the Company including a Fixed Charge over the Freehold Premises comprising The Crown Hotel at Wetheral, Carlisle.

12. **CREDITORS FALLING DUE AFTER ONE YEAR**

**LOANS (OVER 5 YEARS)**

|                                                  |                  |                  |
|--------------------------------------------------|------------------|------------------|
| Loan – Bank of Scotland                          | 1,833,335        | 1,966,667        |
| - Holding Company (Best Northern Hotels Limited) | <u>695,206</u>   | <u>785,206</u>   |
|                                                  | <u>2,528,541</u> | <u>2,751,873</u> |

A Loan of £2,000,000 was advanced by Bank of Scotland in October, 2000 which is repayable over a maximum of 15 years by equal monthly instalments of £11,111. The Loan is secured on the Company's Freehold Property and Interest is charged on the amount outstanding at the rate of 1½% above Base Rate on the first £1 Million of Borrowings and 2% above Bank Base Rate on the excess above £1 Million.

In addition to the Fixed and Floating Charge over the company's assets the Bank of Scotland also has guarantees and security from the company's parent company, Best Northern Hotels Limited, as well as guarantees from Mr. D.J. Byers, the Principal Shareholder in Best Northern Hotels Limited.

**THE CROWN HOTEL (WETHERAL) LIMITED****NOTES TO THE ACCOUNTS****13. TANGIBLE ASSETS**

|                                                                | <b><u>FREEHOLD<br/>PROPERTY</u></b> | <b><u>FIXTURES<br/>FITTINGS<br/>AND<br/>EQUIPMENT</u></b> | <b><u>MOTOR<br/>VEHICLES</u></b> | <b><u>TOTAL</u></b>  |
|----------------------------------------------------------------|-------------------------------------|-----------------------------------------------------------|----------------------------------|----------------------|
| <u>Cost</u> As at 31 <sup>st</sup> January, 2001               | 2,410,420                           | 338,000                                                   | 5,500                            | 2,753,920            |
| Additions                                                      | -                                   | 8,557                                                     | -                                | 8,557                |
| Disposals                                                      | -                                   | -                                                         | -                                | -                    |
| <u>Cost</u> As At 31 <sup>st</sup> January, 2002               | <u>2,410,420</u>                    | <u>346,557</u>                                            | <u>5,500</u>                     | <u>2,762,477</u>     |
| <br><u>Depreciation</u> As At 31 <sup>st</sup> January, 2001   | <br>6,026                           | <br>16,900                                                | <br>344                          | <br>23,270           |
| Provision for Period                                           | 24,104                              | 68,499                                                    | 1,289                            | 93,892               |
| Disposals                                                      | -                                   | -                                                         | -                                | -                    |
| <u>Depreciation</u> As At 31 <sup>st</sup> January, 2002       | <u>30,130</u>                       | <u>85,399</u>                                             | <u>1,633</u>                     | <u>117,162</u>       |
| <br><u>Net Book Value</u> As At 31 <sup>st</sup> January, 2001 | <br><u>2,404,394</u>                | <br><u>321,100</u>                                        | <br><u>5,156</u>                 | <br><u>2,730,650</u> |
| <br><u>Net Book Value</u> As At 31 <sup>st</sup> January, 2002 | <br><u>2,380,290</u>                | <br><u>26,1158</u>                                        | <br><u>3,867</u>                 | <br><u>2,645,315</u> |

**14. CALLED UP SHARE CAPITAL**

|                                                            | <b><u>2002</u></b> | <b><u>2001</u></b> |
|------------------------------------------------------------|--------------------|--------------------|
| <u>Authorised</u> – 1,000 Ordinary Shares of £1 each       | <u>1,000</u>       | <u>1,000</u>       |
| <u>Issued</u> - 100 Ordinary Shares of £1 each, Fully Paid | <u>100</u>         | <u>100</u>         |

**15. ULTIMATE HOLDING COMPANY**

The company's Ultimate Holding Company is Best Northern Hotels Limited (Registered in England – No. 2212053) which owns 100% of the Company's Issued Shared Capital. Mr. D.J. Byers, a Director of The Crown Hotel (Wetheral) Limited controls the company through his ownership of 90% of the Issued Share Capital of Best Northern Hotels Limited.