



Prestonfield House Hotel Limited
Abbreviated Financial Statements
For
30th September 2002

Company Registration Number 34405



CARTERS
Chartered Accountants & Registered Auditors
Pentland House
Saltire Centre
Glenrothes
Fife
KY6 2AH

Prestonfield House Hotel Limited

Financial Statements

Year Ended 30th September 2002

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Prestonfield House Hotel Limited

Officers and Professional Advisers

The Board of Directors

Captain A R G Stevenson
Mr C Stevenson
Mr D Stevenson
Mrs S Orton
Mrs J G Stevenson

Company Secretary

Turcan Connell WS

Registered Office

Prestonfield House
Priestfield Road
Edinburgh
EH16 5UT

Auditors

Carters
Chartered Accountants
& Registered Auditors
Pentland House
Saltire Centre
Glenrothes
Fife
KY6 2AH

Bankers

Clydesdale Bank plc
22 Newington Road
Edinburgh
EH9 1QS

Solicitors

Turcan Connell WS
Princes Exchange
1 Earl Grey Street
Edinburgh
EH3 9EE

Prestonfield House Hotel Limited

The Directors' Report

Year Ended 30th September 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30th September 2002.

Principal Activities and Business Review

The principal activity of the company during the year was that of a holding company for group members whose principal activities were those of restaurateurs, hoteliers and agency supplying entertainer.

Results and Dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

The Directors and their Interests in Shares of the Company

The directors who served the company during the year together with their beneficial interests, including family holdings, in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 30 September 2002	At 1 October 2001
Captain A R G Stevenson	—	—
Mr D Birrell WS	—	—
Mr C Stevenson	529,000	529,000
Mr D Stevenson	281,750	281,750
Mrs S Orton	281,750	281,750
Mrs J G Stevenson	<u>57,500</u>	<u>57,500</u>

Mr D Birrell WS retired as a director on 19th May 2003.

In accordance with the articles of association Mrs S Orton and Mrs J Stevenson will retire by rotation and being eligible, will offer themselves for re-election.

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 10, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Prestonfield House Hotel Limited

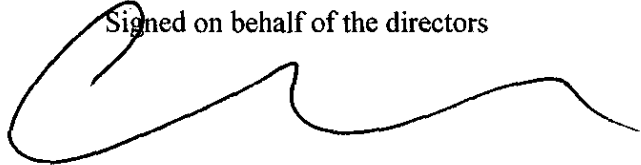
The Directors' Report *(continued)*

Year Ended 30th September 2002

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 financial statements comply with the Companies Act 1985. The directors 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.

Registered office:
Prestonfield House
Priestfield Road
Edinburgh
EH16 5UT

Signed on behalf of the directors



Mr C Stevenson
Director

Approved by the directors on

20/06/03

Prestonfield House Hotel Limited

Independent Auditors' Report to the Company

Pursuant to Section 247B of the Companies Act 1985

We have examined the abbreviated accounts on pages 5 to 16, together with the financial statements of the company for the year ended 30th September 2002 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) 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 Audit 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 section 246A(3) of the Act, and the abbreviated accounts on pages 5 to 16



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20/6/03

Prestonfield House Hotel Limited

Abbreviated Profit and Loss Account

Year Ended 30th September 2002

	Note	2002 £	2001 £
Gross Profit		170,099	179,900
Administrative expenses		97,986	103,716
Operating Profit	2	72,113	76,184
Interest payable	5	37,005	43,397
Profit on Ordinary Activities Before Taxation		35,108	32,787
Tax on profit on ordinary activities	6	548	81,817
Retained Profit/(Loss) for the Financial Year		<u>34,560</u>	<u>(49,030)</u>

All of the activities of the company are classed as continuing.

The notes on pages 10 to 16 form part of these financial statements.

Prestonfield House Hotel Limited

Statement of Total Recognised Gains and Losses

Year Ended 30th September 2002

	2002	2001
	£	£
Profit/(Loss) for the financial year attributable to the shareholders	34,560	(49,030)
Total recognised gains and losses relating to the year	<u>34,560</u>	<u>(49,030)</u>
Prior year adjustment (see note 7)	(81,817)	
Total gains and losses recognised since the last annual report	<u>(47,257)</u>	

The notes on pages 10 to 16 form part of these financial statements.

Prestonfield House Hotel Limited

Balance Sheet

30th September 2002

	Note	2002 £	2001 £
Fixed Assets			
Tangible assets	8	2,407,658	2,450,523
Investments	9	180	180
		<u>2,407,838</u>	<u>2,450,703</u>
Current Assets			
Cash at bank		104,796	—
Creditors: Amounts Falling due Within One Year	10	<u>58,484</u>	<u>297,225</u>
Net Current Assets/(Liabilities)		46,312	(297,225)
Total Assets Less Current Liabilities		2,454,150	2,153,478
Creditors: Amounts Falling due after More than One Year	11	<u>660,207</u>	<u>394,643</u>
		<u>1,793,943</u>	<u>1,758,835</u>
Provisions for Liabilities and Charges			
Deferred taxation	12	<u>82,365</u>	<u>81,817</u>
		<u>1,711,578</u>	<u>1,677,018</u>
Capital and Reserves			
Called-up equity share capital	13	1,150,000	1,150,000
Profit and Loss Account	14	561,578	527,018
Shareholders' Funds	15	<u>1,711,578</u>	<u>1,677,018</u>

These accounts have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 20/06/03 and are signed on their behalf by:



 Captain A R G Stevenson



 Mr C Stevenson

The notes on pages 10 to 16 form part of these financial statements.

Prestonfield House Hotel Limited

Cash Flow Statement

Year Ended 30th September 2002

	2002 £	2001 £
Net Cash Inflow From Operating Activities	100,936	173,990
Returns on Investments and Servicing of Finance		
Interest paid	(37,005)	(43,397)
Net Cash Outflow From Returns on Investments and Servicing of Finance	(37,005)	(43,397)
Cash Inflow Before Financing	63,931	130,593
Financing		
Repayment of bank loans	183,929	(121,429)
Net Cash Inflow/(Outflow) From Financing	183,929	(121,429)
Increase in Cash	247,860	9,164

Reconciliation of Operating Profit to Net Cash Inflow From Operating Activities

	2002 £	2001 £
Operating profit	72,113	76,184
Depreciation	42,865	40,425
Decrease in debtors	—	26,522
(Decrease)/increase in creditors	(14,042)	30,859
Net cash inflow from operating activities	100,936	173,990

Reconciliation of Net Cash Flow to Movement in Net Debt

	2002 £	2001 £
Increase in cash in the period	247,860	9,164
Net cash (inflow) from/outflow from bank loans	(183,929)	121,429
	63,931	130,593
Change in net debt	63,931	130,593
Net debt at 1 October 2001	(659,135)	(789,728)
Net debt at 30 September 2002	(595,204)	(659,135)

The notes on pages 10 to 16 form part of these financial statements.

Prestonfield House Hotel Limited

Cash Flow Statement *(continued)*

Year Ended 30th September 2002

Analysis of Changes in Net Debt

	At 1 Oct 2001 £	Cash flows £	At 30 Sep 2002 £
Net cash:			
Cash in hand and at bank	—	104,796	104,796
Overdrafts	(143,064)	143,064	—
	<u>(143,064)</u>	<u>247,860</u>	<u>104,796</u>
Debt:			
Debt due within 1 year	(121,428)	81,635	(39,793)
Debt due after 1 year	(394,643)	(265,564)	(660,207)
	<u>(516,071)</u>	<u>(183,929)</u>	<u>(700,000)</u>
Net debt	<u>(659,135)</u>	<u>63,931</u>	<u>(595,204)</u>

The notes on pages 10 to 16 form part of these financial statements.

Prestonfield House Hotel Limited

Notes to the Abbreviated Financial Statements

Year Ended 30th September 2002

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized 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.

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:

Fixtures & fittings	- 15% Straight Line
Heritable property	- depreciation is provided, when in the opinion of the directors, the estimated residual value becomes less than the carrying value of the asset.

It is the company's policy to maintain heritable property in good condition. The directors consider this accounting policy is necessary to show a true and fair view.

Pension Costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

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, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

Prestonfield House Hotel Limited

Notes to the Abbreviated Financial Statements

Year Ended 30th September 2002

2. Operating Profit

Operating profit is stated after charging:

	2002	2001
	£	£
Depreciation	42,865	40,425
Auditors' remuneration - as auditors	<u>1,150</u>	<u>1,150</u>

3. Particulars of Employees

The average number of staff employed by the company during the financial year amounted to:

	2002	2001
	No	No
Number of management staff	<u>6</u>	<u>6</u>

The aggregate payroll costs of the above were:

	2002	2001
	£	£
Wages and salaries	40,333	50,000
Social security costs	6,412	6,585
Other pension costs	<u>652</u>	<u>652</u>
	<u>47,397</u>	<u>57,237</u>

4. Directors' Emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2002	2001
	£	£
Emoluments receivable	43,772	57,224
Value of company pension contributions to money purchase schemes	<u>652</u>	<u>652</u>
	<u>44,424</u>	<u>57,876</u>

The number of directors who are accruing benefits under company pension schemes was as follows:

	2002	2001
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

Prestonfield House Hotel Limited

Notes to the Abbreviated Financial Statements

Year Ended 30th September 2002

5. Interest Payable

	2002	2001
	£	£
Other similar charges payable	<u>37,005</u>	<u>43,397</u>

6. Tax on Profit on Ordinary Activities

(a) Analysis of charge in the year

	2002	2001
	£	£
Deferred tax:		
Increase in deferred tax provision (note 12)		
Capital allowances	4,639	81,817
Deferred tax:		
Capital allowances	<u>(4,091)</u>	<u>-</u>
Total deferred tax (note 12)	<u>548</u>	<u>81,817</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2001 - 20%).

	2002	2001
	£	£
Profit on ordinary activities before taxation	<u>35,108</u>	<u>32,787</u>
Profit/(loss) on ordinary activities by rate of tax	6,671	6,557
Capital allowances for year in excess of depreciation	(4,639)	(7,446)
Utilisation of tax losses	(308)	324
Group relief (claimed)/surrendered during year	<u>(1,724)</u>	<u>565</u>
Total current tax (note 6(a))	<u>-</u>	<u>-</u>

7. Prior Year Adjustment

FRS 19, Deferred Tax, requires that full provision is made for deferred tax liabilities arising from timing differences including those attributable to accelerated capital allowances. In previous years, no provision had been made in the accounts as it was considered unlikely that the charge would crystallise. To comply with FRS 19, a provision for deferred tax of £81,817 has been made as a prior year adjustment. Of this, £7,446 relates to the year ended 30th September 2001 and the balance of £74,371 relates to the provision in previous years.

Prestonfield House Hotel Limited

Notes to the Abbreviated Financial Statements

Year Ended 30th September 2002

8. Tangible Fixed Assets

	Freehold Property £	Fixtures & Fittings £	Total £
Cost			
At 1st October 2001 and 30th September 2002	<u>2,304,122</u>	<u>328,076</u>	<u>2,632,198</u>
Depreciation			
At 1st October 2001	–	181,675	181,675
Charge for the year	–	<u>42,865</u>	<u>42,865</u>
At 30th September 2002	<u>–</u>	<u>224,540</u>	<u>224,540</u>
Net Book Value			
At 30th September 2002	<u>2,304,122</u>	<u>103,536</u>	<u>2,407,658</u>
At 30th September 2001	<u>2,304,122</u>	<u>146,401</u>	<u>2,450,523</u>

The directors have chosen not to adopt a policy of revaluation of Fixed Assets. The depreciation policy for freehold property is not in accordance with FRS 15, which states that depreciation should reflect the pattern in which the asset's economic benefits are consumed by the entity.

If depreciation had been provided, the effect on the results of the period and the net book value of the property would not be materially altered.

The last independent revaluation was in 1995 when Freehold Property was valued at £1,200,000.

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2002 £	2001 £
Net book value at end of year	<u>2,304,122</u>	<u>2,304,122</u>
Historical cost	<u>1,350,871</u>	<u>1,350,871</u>

Prestonfield House Hotel Limited

Notes to the Abbreviated Financial Statements

Year Ended 30th September 2002

9. Investments

	Shares in Group Undertakings £
Cost	
At 1st October 2001 and 30th September 2002	<u>180</u>
Net Book Value	
At 30th September 2002	<u>180</u>
At 30th September 2001	<u>180</u>

The company owns 90% of the issued share capital of Prestonfield Catering Ltd and 99% of the issued share capital of Prestonfield L'Aperitif Ltd.

	2001 £	2000 £
Aggregate capital and reserves		
Prestonfield Catering Ltd	(157,586)	(135,664)
Prestonfield L'Aperitif Ltd	100	100
Profit and (loss) for the year		
Prestonfield Catering Ltd	(21,922)	(5,042)
Prestonfield L'Aperitif Ltd	-	-

10. Creditors: Amounts Falling due Within One Year

	2002 £	2001 £
Bank loans and overdrafts	39,793	264,492
Amounts owed to group undertakings	16,817	30,859
Other creditors	1,874	1,874
	<u>58,484</u>	<u>297,225</u>

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

	2002 £	2001 £
Bank loans and overdrafts	<u>39,793</u>	<u>264,492</u>

The bank holds a Standard Security over Prestonfield House and grounds as well as a Floating Charge over the assets and undertakings of the company.

Prestonfield House Hotel Limited

Notes to the Abbreviated Financial Statements

Year Ended 30th September 2002

11. Creditors: Amounts Falling due after More than One Year

	2002	2001
	£	£
Bank loans and overdrafts	<u>660,207</u>	<u>394,643</u>

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

	2002	2001
	£	£
Bank loans and overdrafts	<u>660,207</u>	<u>394,643</u>

The bank holds a Standard Security over Prestonfield House and grounds as well as a Floating Charge over the assets and undertakings of the company.

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2002	2001
	£	£
Bank loans and overdrafts	<u>390,728</u>	<u>-</u>

12. Deferred Taxation

	2002	2001
	£	£
The movement in the deferred taxation provision during the year was:		
Provision brought forward	81,817	-
Profit and Loss Account movement arising during the year	548	81,817
Provision carried forward	<u>82,365</u>	<u>81,817</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2002	2001
	£	£
Excess of taxation allowances over depreciation on fixed assets	82,365	81,817
	<u>82,365</u>	<u>81,817</u>

Prestonfield House Hotel Limited

Notes to the Abbreviated Financial Statements

Year Ended 30th September 2002

13. Share Capital

Authorised share capital:

	2002	2001
	£	£
1,150,000 Ordinary shares of £1 each	<u>1,150,000</u>	<u>1,150,000</u>

Allotted, called up and fully paid:

	2002		2001	
	No	£	No	£
Ordinary shares of £1 each	<u>1,150,000</u>	<u>1,150,000</u>	<u>1,150,000</u>	<u>1,150,000</u>

14. Profit and Loss Account

	2002	2001
	£	£
Original balance brought forward	608,835	576,048
Prior year adjustment (note 7)	(81,817)	—
Restated balance brought forward	527,018	576,048
Retained profit/(accumulated loss) for the financial year	34,560	(49,030)
Balance carried forward	<u>561,578</u>	<u>527,018</u>

15. Reconciliation of Movements in Shareholders' Funds

	2002		2001
	£	£	£
Profit/(Loss) for the financial year		34,560	(49,030)
Opening shareholders' equity funds	1,758,835		1,726,048
Prior year adjustment (see note 7)	<u>(81,817)</u>		—
		<u>1,677,018</u>	<u>1,726,048</u>
Closing shareholders' equity funds		<u>1,711,578</u>	<u>1,677,018</u>