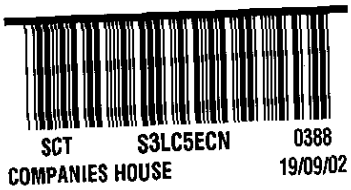
Beard Hotels plc

Accounts

For the year ended 30 April 2002

Registered number : SCO62649



Hardie Caldwell

CHARTERED ACCOUNTANTS

Glasgow

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Beard Hotels plc

Report of the Directors
For the year ended 30 April 2002

Directors : E J Beard
I L A Beard

The directors present their report for the year to 30 April 2002 together with the group accounts and auditors' report thereon.

Results

The group loss for the year after taxation and minority interests amounted to £3,775 (2001 : £105,310).

Dividend

The directors recommend that no dividend be paid for the year (2001 - £Nil)

Review of the business

The principal activity of the group is that of letting agents.

Future Developments

It is not expected that there will be any significant changes to the running of the business.

Directors' interests

The interests of the directors, as defined in the Companies Act, in the share capital of the group were as follows :

	Ordinary Shares of £1 each	
	30.04.02	**30.04.01**
E J Beard	50,000	50,000
I L A Beard	50,000	50,000

Fixed assets

Movements in fixed assets are shown in note 9.

Auditors

The auditors, Hardie Caldwell, Chartered Accountants, have intimated their willingness to continue in office and a resolution proposing their re-appointment will be put to the Annual General Meeting.

Approved by the Board on 14 August 2002 and signed on its behalf

E J Beard Secretary

Beard Hotels plc

Statement of Directors' Responsibilities

Group 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 group at the end of the year and of the profit or loss of the group for that period. In preparing those accounts the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to assume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

Beard Hotels plc

Report of the Independent Auditors
To the Shareholders of Beard Hotels plc

We have audited the accounts of Beard Hotels plc for the year ended 30 April 2002 on pages 4 to 16. These accounts 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
As described on page 2 the group'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 Report of the Directors is not consistent with the accounts, if the group 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 group is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

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 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 group'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 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.

Fundamental uncertainty
In forming our opinion, we have considered the adequacy of the disclosures made in the accounts concerning the continued support of the group's directors and creditors. The accounts have been prepared on the going concern basis, the validity of which depends on this continued support. The accounts do not include any adjustments that would result from this support being withdrawn. Details of the circumstances relating to this fundamental uncertainty are described in note 1. Our opinion is not qualified in this respect.

Opinion
In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 30 April 2002 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hardie Caldwell.

Hardie Caldwell
Chartered Accountants
and Registered Auditor

27 August 2002

Savoy Tower
77 Renfrew Street
Glasgow G2 3BY

Beard Hotels plc

Consolidated Profit and Loss Account
For the year ended 30 April 2002

	Note	£	2001 £
Turnover	2	474,221	430,346
Administrative costs		455,227	507,162
Other operating income		(12,324)	(11,215)
		442,903	495,947
Operating profit/(loss)	3	31,318	(65,601)
Interest – receivable	5	12,330	15,843
- payable	6	(40,902)	(50,552)
Profit/(loss) on ordinary activities before taxation		2,746	(100,310)
Tax charge on profit on ordinary activities	7	(2,451)	-
Profit/(loss) on ordinary activities after taxation		295	(100,310)
Non-equity minority interest		5,000	5,000
		(4,705)	(105,310)
Transfer from revaluation reserve		930	-
Loss for the financial year retained		(3,775)	(105,310)
Retained by: parent group		(14,061)	(17,556)
subsidiary undertaking		10,286	(87,754)
		(3,775)	(105,310)

The profit and loss account contains all the gains and losses recognised in the current and preceding year.

None of the company's activities were acquired or discontinued during the current and previous years.

The notes on pages 8 to 16 form part of these accounts.

Beard Hotels plc

Consolidated Balance Sheet
As at 30 April 2002

	Note	£	2001 £
Fixed assets			
Intangible assets	8	482,950	520,100
Tangible assets	9	242,082	247,647
		725,032	767,747
Current assets			
Debtors : amounts receivable within one year	11	52,338	68,577
Debtors : amounts receivable after more than one year	11	138,230	138,230
Cash at bank and in hand - firms		871	886
- clients		333,197	249,951
		524,636	457,644
Creditors : amounts falling due within one year	12	545,238	883,921
Net current liabilities		(20,602)	(426,277)
Total assets less current liabilities		704,430	341,470
Creditors : amounts falling due after more than one year	13	787,122	424,457
		(82,692)	(82,987)
Non-equity minority interest		135,000	130,000
		(217,692)	(212,987)
Capital and reserves			
Called up share capital	14	100,000	100,000
Share premium account		149,384	149,384
Revaluation reserve	15	43,699	44,629
Profit and loss account	16	(510,775)	(507,000)
Shareholders funds	22	(217,692)	(212,987)

Approved by the Board on 14 August 2002 and signed on its behalf

E J Beard *Director*

I L A Beard *Director*

The notes on pages 8 to 16 form part of these accounts.

Beard Hotels plc

Parent Group Balance Sheet
As at 30 April 2002

	Note	£	2001 £
Fixed assets			
Tangible assets	9	2,060	2,575
Investments	10	300,000	300,000
		302,060	302,575
Current assets			
Debtors : amounts receivable within one year	11	46,840	46,840
Debtors : amounts receivable after more than one year	11	138,230	138,230
		185,070	185,070
Creditors : amounts falling due within one year	12	114,937	332,917
Net current assets/(liabilities)		70,133	(147,847)
Total assets less current liabilities		372,193	154,728
Creditors : amounts falling due after more than one year	13	347,982	116,456
		24,211	38,272
Capital and reserves			
Called up share capital	14	100,000	100,000
Share premium account		149,384	149,384
Profit and loss account	16	(225,173)	(211,112)
Shareholders funds	22	24,211	38,272

Approved by the Board on 14 August 2002 and signed on its behalf

E J Beard *Director*

I L A Beard *Director*

The notes on pages 8 to 16 form part of these accounts.

Beard Hotels plc

Consolidated Cash Flow Statement
For the year ended 30 April 2002

	Note	£	2001 £
Net cash inflow from operating activities	18	(220,603)	40,284
Returns on investments and servicing of finance	19	(29,829)	(28,159)
Taxation		-	-
Capital expenditure and financial investment	19	10,347	(8,240)
Financing	19	327,616	(44,061)
Increase/(Decrease) in cash in year		87,531	(40,176)
Reconciliation of net cash flow to movement in net debt	20		
Increase/(Decrease) in cash in year		87,531	(40,176)
Cash (inflow)/outflow from decrease in debt and lease financing		(327,616)	44,061
Change in net debt resulting from cashflow		(240,085)	3,885
New hire purchase contracts		(40,034)	(40,460)
Movement in net debt in the year		(280,119)	(36,575)
Net debt as at 1 May 2001		(282,661)	(246,086)
Net debt as at 30 April 2002		(562,780)	(282,661)

Beard Hotels plc

Notes to the Accounts
For the year ended 30 April 2002

1) Accounting policies

Accounting convention
The accounts have been prepared under the historical cost convention as modified by the revaluation of certain assets, and in accordance with applicable accounting standards.

Going concern
The accounts have been prepared on the basis that the group can continue to operate as a going concern which assumes that the group will continue in operational existence for the foreseeable future. This assumption depends on the continued support of the group's directors and creditors. The directors will not seek repayment of sums due to them within the next twelve months and consider it appropriate to prepare the accounts on the going concern basis.

Basis of consolidation
The consolidated accounts comprise the accounts of Beard Hotels plc and its subsidiary undertaking. The parent group's investment in subsidiary undertakings is included at cost less amounts written off. No profit and loss account is presented for the parent group as provided by Sec. 230 of the Companies Act 1985.

Goodwill
Goodwill arose on the acquisition of the business of Fineholm Letting Services. The goodwill has been capitalised and is amortised over the period which the directors consider the group will benefit.

Depreciation
Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Goodwill	5% straight line
Land and buildings	2% and 5% straight line
Motor vehicles	25% reducing balance
Fixtures and fittings	15% reducing balance
Computer equipment	25% on cost

Leases and hire purchase contracts
Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

Pensions
The group operates a defined contribution scheme. Contributions are charged to the profit and loss account as they become payable.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Beard Hotels plc

Notes to the Accounts
For the year ended 30 April 2002 (cont'd)

2) Turnover

Turnover represents the fees received net of Value Added Tax, from the services provided as letting agents.

3) Operating profit/(loss)

		2001
Operating profit/(loss) is stated after charging:	£	£
Staff costs (note 4)	236,992	249,556
Auditors' remuneration (company £2,013 (2001 : £2,209)	7,613	6,309
Auditors' remuneration - non audit work	2,205	1,740
Operating leases: land and buildings	-	5,353
Depreciation of tangible fixed assets: owned assets	13,558	14,018
assets under hire purchase	22,657	20,275
Amortisation of intangible fixed assets	37,150	37,150
Profit/(loss) on sale of assets	(963)	5,776

4) Directors and employees

		2001
Staff costs including directors' emoluments	£	£
Wages and salaries	205,065	224,527
Social security costs	24,561	20,348
Pension costs	7,366	4,681
	236,992	249,556

	No	*No*
Average number employed including executive directors		
Office and management	14	14

		2001
Directors	£	£
Directors emoluments	122,792	133,323

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	2	2

5) Interest receivable

		2001
	£	£
Bank interest	12,330	15,843

6) Interest payable

		2001
	£	£
Hire purchase interest	2,492	3,133
Overdraft interest	3,176	4,170
Other loans repayable within 5 years	11,023	16,267
Other loans repayable wholly or part after 5 years	24,211	26,982
	40,902	50,552

Beard Hotels plc

Notes to the Accounts
For the year ended 30 April 2002 (cont'd)

7) Taxation

Analysis of the tax charge
The tax charge on the profit on ordinary activities for the year was as follows:

	£	2001 £
Current tax:		
UK corporation tax	2,451	-
Tax on profit/(loss) on ordinary activities	2,451	-

Factors affecting the tax charge
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below.

	£
Profit/(loss) on ordinary activities before tax:	16,807
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20%	3,361
Effects of:	
Permanent disallowables	5,686
Utilisation of losses	(7,970)
Other items	1,374
Current tax charge	2,451

8) Intangible fixed assets

	Goodwill £
Cost	
1 May 2001 and 30 April 2002	743,000
Amortisation	
1 May 2001	222,900
Charge for the period	37,150
30 April 2002	260,050
Net book amount	
30 April 2002	482,950
30 April 2001	520,100

Beard Hotels plc

Notes to the Accounts
For the year ended 30 April 2002 (cont'd)

9) Tangible fixed assets

Group	Freehold Land and Buildings £	Fixtures & Fittings £	Computer Equipment £	Motor Vehicles £	Total £	2001 £
Cost or valuation						
At 1May 2001	150,300	56,858	12,719	145,115	364,992	310,037
Additions	-	-	1,153	40,034	41,187	59,019
Disposals	-	-	-	(44,405)	(44,405)	(44,719)
Surplus on revaluation	-	-	-	-	-	40,655
At 30 April 2002	150,300	56,858	13,872	140,744	361,774	364,992
Aggregate depreciation						
At 1 May 2001	7,725	29,528	6,340	73,752	117,345	115,650
Charge for year	3,432	4,100	3,468	25,215	36,215	34,293
Disposals	-	-	-	(33,868)	(33,868)	(28,624)
Revaluation adjustment	-	-	-	-	-	(3,974)
At 30 April 2002	11,157	33,628	9,808	65,099	119,692	117,345
Net book value	139,143	23,230	4,064	75,645	242,082	247,647

Freehold property was valued on an open market basis at 30 April 2001 by Ross & Liddell, Surveyors, who are external to the group. If freehold property had not been revalued it would have been included at historical cost of £99,345 and aggregate depreciation of £5,961.

Company	Freehold Land and Buildings £	Total £	2001 £
Cost or valuation			
At 1 May 2001 and 30 April 2002	10,300	10,300	10,300
Aggregate depreciation			
At 1 May 2001	7,725	7,725	7,210
Charge for year	515	515	515
At 30 April 2002	8,240	8,240	7,725
Net book value	2,060	2,060	2,575

Assets held on hire purchase included in motor vehicles:

	Group		Company	
		2001		2001
	£	£	£	£
Cost	116,494	100,710	-	-
Depreciation	48,522	39,885	-	-
Charge for year	22,657	20,275	-	-

Beard Hotels plc

Notes to the Accounts
For the year ended 30 April 2002 (cont'd)

10) Investment in subsidiary undertaking

	£
Cost	
At 1 May 2001 and 30 April 2002	300,000

Subsidiary undertaking	Holding	Proportion held	Activities
Fineholm Letting Services Limited	Ordinary Shares	100%	Letting agents
Registered in Scotland	Cumulative Redeemable Preference Shares	67%	

11) Debtors

	Group		Company	
		2001		2001
Amounts receivable in one year:	£	£	£	£
Prepayments and accrued income	4,835	4,148	-	-
Other debtors	47,503	64,429	46,840	46,840
	52,338	68,577	46,840	46,840
Amounts receivable after more than one year:				
Other debtors	138,230	138,230	138,230	138,230

12) Creditors : Amounts falling due within one year

	Group		Company	
		2001		2001
	£	£	£	£
Bank loans	36,818	45,822	-	-
Other loans	28,134	28,134	28,134	28,134
Bank overdraft	18,407	22,707	-	-
Sums due to clients	325,779	336,733	-	-
Taxation and social security costs	24,209	19,579	-	-
Other creditors and accruals	83,073	418,568	8,034	235,719
Amounts owed to group companies	-	-	78,769	69,064
Corporation tax	2,451	-	-	-
Hire purchase	26,367	12,378	-	-
	545,238	883,921	114,937	332,917

Notes to the Accounts
For the year ended 30 April 2002 (cont'd)

13) Creditors : Amounts falling due after more than one year

	Group		Company	
		2001		2001
	£	£	£	£
Bank loans	233,181	256,050	-	-
Other loans	526,815	141,456	347,982	116,456
Hire purchase	27,126	26,951	-	-
	787,122	424,457	347,982	116,456
Maturity of debt - bank loans				
In one year or less, or on demand - see note 12	36,818	45,822	-	-
Between one and two years	36,818	50,157	-	-
Between two and five years	110,454	164,974	-	-
In five years or more	85,909	40,919	-	-
	269,999	301,872	-	-

Bank loans are secured by a Bond and Floating Charge over the group's whole property and undertaking. Loans are repayable in monthly instalments and interest is charged at the bank's base rate plus 3%.

Maturity of debt - other loans	Group		Company	
		2001		2001
	£	£	£	£
In one year or less	28,134	28,134	28,134	28,134
Between one and two years	115,274	-	99,974	-
Between two and five years	386,541	73,456	248,008	73,456
In five years or more	25,000	68,000	-	43,000
	554,949	169,590	376,116	144,590

Loans repayable in five years or more consist of two loans of £21,500 which are each repayable in five annual instalments of £4,500 commencing on 28 February 2004 and 31 August 2005. Interest is charged at the bank base rate plus 3%. The loan of £25,000 has no repayment date and interest is charged at 8%.

	Group		Company	
Obligations under finance leases and hire purchase contracts		2001		2001
	£	£	£	£
These are repayable over varying periods by monthly instalments as follows:				
In the next year - see note 12	26,367	12,378	-	-
In the second to fifth years	27,126	26,951	-	-
	53,493	39,329	-	-

Beard Hotels plc

Notes to the Accounts
For the year ended 30 April 2002 (cont'd)

14) Share Capital

	Authorised		Allotted, called up and fully paid	
	2002	2001	2002	2001
	No	No	£	£
Ordinary shares of £1 each	1,000,000	1,000,000	100,000	100,000

15) Revaluation Reserve

	Group 2002	Company 2002
	£	£
At 1 May 2001	44,629	-
Transfer to profit and loss account	930	-
At 30 April 2002	43,699	-

16) Profit and loss account

	Group 2002	Company 2002
	£	£
At 1 May 2001	(507,000)	(211,112)
Retained loss for year	(3,775)	(14,061)
At 30 April 2002	(510,775)	(225,173)

17) Operating lease commitments

Payments due during the year to 30 April 2003 on other operating leases which expire :

	Group		Company	
		2001		2001
	£	£	£	£
Within two to five years				
Plant and equipment	4,320	4,320	-	-

Beard Hotels plc

Notes to the Accounts
For the year ended 30 April 2002 (cont'd)

18) Reconciliation of operating profit to operating cash flows

	£	2001 £
Operating profit/(loss)	31,318	(65,601)
Depreciation	36,215	34,293
Amortisation	37,150	37,150
Loss/(gain) on disposal of fixed assets	(963)	5,776
Decrease/(increase) in debtors	15,882	4,541
(Decrease)/increase in creditors	(340,205)	24,125
Net cash inflow from operating activities	(220,603)	40,284

19) Analysis of cash flows for headings netted in the cash flow statement

	£	2001 £
Returns on investment and servicing of finance		
Interest received	12,687	16,314
Interest paid	(40,024)	(41,340)
Interest element of hire purchase payments	(2,492)	(3,133)
Net cash outflow for returns on investment and servicing of finance	(29,829)	(28,159)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,153)	(18,559)
Proceeds from sale of fixed assets	11,500	10,319
Net cash inflow/(outflow) for capital expenditure and financial investment	10,347	(8,240)
Financing		
Increase/(decrease) in debt	353,486	(6,218)
Capital element of hire purchase payments	(25,870)	(37,843)
Net cash outflow from financing	327,616	(44,061)

20) Analysis of net debt

	At 1 May 2001 £	Cash Flow £	Other non-cash changes £	At 30 April 2002 £
Cash at bank and in hand				
- firms	886	(15)		871
- clients	249,951	83,246		333,197
Overdraft	(22,707)	4,300		(18,407)
	228,130	87,531		315,661
Debt due after one year	(397,506)	(362,490)		(759,996)
Debt due within one year	(73,956)	9,004		(64,952)
Hire purchase	(39,329)	25,870	(40,034)	(53,493)
		(327,616)		
	(282,661)	(240,085)	(40,034)	(562,780)

Beard Hotels plc

Notes to the Accounts
For the year ended 30 April 2002 (cont'd)

21) Related party

Related parties	Transaction	£	Balance at year end 2002 £	Balance at year end 2001 £
Clanedge Limited, a company owned and controlled by ILA Beard and EJ Beard	Loan to parent company	-	138,230 dr	138,230 dr
	Overheads paid for parent company	-	128,104 cr	128,104 cr
	Overheads paid for subsidiary company	11,366		
	Loan to subsidiary company	25,000	138,533 cr	102,167 cr
Beard Hotels Ltd Retirement Benefit Scheme	Loan due to parent company	-	14,866 dr	14,866 dr
	Expenses paid by subsidiary company	719	-	-
	Loan due by subsidiary company	-	40,000 cr	40,000 cr

22) Reconciliation of movements in shareholders' funds:

	Group		Company	
	2002 £	2001 £	2002 £	2001 £
Loss for the financial year	(3,775)	(105,310)	(14,061)	(17,556)
Revaluation reserve	(930)	44,629	-	-
Net reduction to shareholders' funds	(4,705)	(60,681)	(14,061)	(17,556)
Opening shareholders' funds	(212,987)	(152,306)	38,272	55,828
Closing shareholders' funds	(217,692)	(212,987)	24,211	38,272