

0898 Bridge Hotel bankruptcy and claim against Oxford City Council

Mrs Fanny Cordelia Foster, owner of the Bridge Hotel, had been declared bankrupt on 26 November 1926. As reported on 14 January 1927 at an adjourned meeting, George Mallam had been appointed as Official receiver, and Mr Eldridge represented the debtor, Mrs Foster. A committee of five representatives of the creditors was appointed. She had previously been the manager of the Beaufort Arms in Monmouth but had no previous experience at running a business. This she left to her 'husband' Arthur John Foster (although they were never married), but who was ill. Perhaps because of this latter, she had 'wanted something to do' and a home, and she accepted that she had made the purchase unwisely.

There were liabilities of £4,838 and assets of £1,742. The hotel had been bought in 1921 for £4,500, but all that was paid down at the time was £870, apparently raised by Fanny selling jewellery and her motor-cycle and sidecar. This was the only working capital. There were two existing mortgages, £3,000 from Rev. Joseph Harrison of Ealing and £2,000 from Miss Bertha Vyver of Stratford-on-Avon, and there was also an amount owing to the Bank of Canada. Electric lighting had been installed in 1925 for £668 and, in 1926 her 'husband' placed an order for the equipment for a filling station at a cost of £1,000, albeit this was put in her name. She admitted that, with hindsight, she was by then insolvent.

Cuttings from January 1927 are in appendix 1.

By 1929, presumably as a result of professional advice, the two mortgages were pursuing a compensation claim against Oxfordshire Council that they had been injuriously affected by the prescription of a building line. This was said to penalise the existing buildings. [But, without, more detail, this claim cannot be further explored.]

The remainder of the press articles from 1929 deal with matters of valuation. It was noted that an application for a drinks licence was refused in 1926; that the property had been put up for sale at £6,500 with the best offer of £4,000 rejected. In November 1927, Fuller Piser & Co had valued the property at £7,500; £3,000 for the filling station and meadows, £3,500 for the hotel based on an expectation of an annual profit of £1,00 capitalised at 3.5 times; and £1,000 in expectation of a licence.

The claim went to arbitration and the Council representative said that the claim was ludicrous and made an offer of £100, which the claimants equally described as ludicrous. The hearing then ended.

Cuttings from January 1929 are in appendix .

Not long after in 1930, Fanny was admitted to the Oxford County & City Mental Hospital where she stayed until May 1932. Then at some point in the late 30's she was re-admitted and remained there until she died in 1943. Obviously, all this had had an effect on her. Fanny and Arthur separated around the time she was admitted to the hospital and he later went onto marry another lady, bigamously or not depending whether he had, in fact, married Fanny.

WHEATLEY BRIDGE HOTEL

Creditors' Decision.

The adjourned meeting of the creditors of Mrs. Fanny Cordelia Foster, of the Bridge Hotel, Wheatley, took place on Monday morning at 37, Cornmarket Street.

The Official Receiver said he was afraid they were not at present in a position to submit any proposition to the creditors. He read a letter from Mr. J. M. Eldridge, who represented the debtor, in which it was stated that owing to the intervention of the Christmas holidays and inability to make definite arrangements with the various creditors within the time allowed, he had not been in a position to put forward any definite scheme. The object being worked for was to clear the hotel of as much as possible of the over-large capital with which it was loaded, and to carry on the business on sound lines. A proposal had been made to write down the liabilities to 50 per cent.

The Official Receiver: Then I may take it you are not in a position to put any definite offer before the creditors?

Mr. Eldridge said he was not.

The Official Receiver: The only other proposition is that Mr. E. R. White be appointed trustee, with a committee of investigation.

This proposal was carried unanimously, and the following representatives of the principal creditors were chosen as members of the committee of investigation:—Mr. Hope Johnstone (district manager, British Petroleum Co.), Mr. T. R. Whitley (general manager, Royal Bank of Canada, Princes Street, London, E.C.), Mr. W. C. Hedges (manager, Barclay's Bank, Headington), Mr. H. D. Glynn (accountant, Anglo-American Oil Co., 21, George Street, Oxford), Mr. A. C. Penfound (accountant, Shell-Mex Co., George Street, Oxford).

At the Oxford Bankruptcy Court on Monday Mrs. Fanny Cordelia Foster, proprietress of the Bridge Hotel, Wheatley, came up for her public examination. The declared liabilities are £4,837 and the assets £1,741. In reply to questions from the Official Receiver debtor said she did not touch the books and she left the office work entirely to her husband. The hearing was adjourned.

OXFORD BANKRUPTCY COURT.

Wheatley Hotel Proprietress's Affairs.

"Left the Finance to Her Husband."

At the monthly sitting of the Oxford Bankruptcy Court on Monday there was only one case to come before Mr. Registrar Higgs—that of Mrs. Fanny Cordelia Foster, proprietress of the Bridge Hotel, Wheatley, wife of Arthur John Foster, who came up for her public examination. She was represented by Mr. J. M. Elbridge.

In reply to the Official Receiver (Mr. George H. Mallam), debtor said she had declared liabilities expected to rank for dividend amounting to £4,837 19s. 8d., and had disclosed assets estimated to produce £1,741 16s. 10d. Prior to commencing business at the Bridge Hotel, Wheatley, she said she had an hotel—The Beaufort Arms—at Monmouth. It was run by a private company, and she was employed as manageress. She had never, prior to taking on the Bridge Hotel, managed an hotel entirely on her own responsibility. She commenced to trade there in September, 1921. She could not say how much capital she had of her own, because she was helped by friends. Her husband managed the financial side of the business, but he had no money of his own to put into the business. She realised a certain amount of money on her home and furniture, and the Union Bank of Canada lent her the remainder. She had about £500 or £600 at that date, but she could not tell the exact figure.

The Official Receiver: That is a very different statement from the one you made in preliminary examination. When you were asked what your capital was you said then, "I started the Bridge Hotel with about £200 in cash and £150 worth of furniture."

"I SOLD MY JEWELLERY."

Debtor: I sold my jewellery and motor-cycle and sidecar. That realised £500 or £600. When I got that money I paid it into the Union Bank of Canada.

When did you realise this property of yours?—Soon after I got into the **Bridge Hotel**; about two or three months after, I should say.

You went into the **Bridge Hotel** in September, 1921?—Yes.

I see nothing in the pass book to indicate that you put this sum of money into the bank soon after this date.

Mr. Eldridge went through the pass book with debtor, and indicated an entry of £200.

Mr. Mallam pointed out that debtor had said previously that she realised between £500 and £600.

Debtor said she realised that sum at different times, and not in a lump sum. She had practically nothing belonging to herself apart from what she realised in the assets.

Your statement made in preliminary examination to the effect that your capital was £200 and that the furniture realised about £150 was only approximate?—Yes.

Do you agree with me in thinking, having regard to the experience you have had in the place, that that was capital insufficient for the purpose?—Yes, it was insufficient. I have been short of capital ever since I have been there.

For instance, when you went in, or shortly afterwards, you entered into a contract to purchase the premises, did you not?—Yes.

At a cost of £4,500?—That is right.

What you informed me in preliminary examination was that the price of £4,500 was arrived at between yourself and the vendor, and that no valuation was made at the time. Was that so?—Yes, that is quite right.

Well, surely, having regard to the fact that you had had no previous experience of this particular business, it was a very rash thing on your part to negotiate for the purchase of this property?—Yes, Mr. Mallam; but the Union Bank said they would stand behind me if I got a business that I could manage, and would raise the money to pay for the place.

Excuse me, you do not appreciate the question I put to you. I am not complaining about your acquiring the business; what I am putting to you is a very different thing, namely, how unwise it was of you, a person ignorant of this sort of property, to venture yourself to value this property or agree upon its price with the vendor without having expert assistance. Why did you do it?—I had a solicitor to carry the business through for me before I purchased it.

Yes, but your very answer shows how little you are able to appreciate the business part of the transaction you entered into. It was a very rash thing for a person obviously ignorant of property of this sort to venture to agree on the price without having the opinion of a valuer expert in that sort of business beforehand to advise you as to the price. Why did you do that?—I didn't think it necessary, and property was so very dear at that time. I wanted something to do, and I wanted a home. It is the outside expenditure that has been the reason of my downfall.

It is obvious that this purchase was a rash act. You ought to have had expert advice. Do you realise that now?—Yes.

One of the difficulties of the position that has been brought about by your transaction in this place, and one of the main facts in it, is the fact that you are very much over-capitalised. Do you realise that now?—Yes.

To enable you to purchase this property you had practically to raise all the money that was required to pay for it, had you not?—Yes, practically all.

When you purchased this **hotel** for £4,500, the sum of £870 was all the money paid down, was it not?—Something like that.

"A FIGURE-HEAD."

Your answers lead me to think that you are a sort of figure-head in this business, and that the real person carrying it on was your husband?—He has done the office work and the financial part of the business.

In the first instance, I think, the Rev. Harris, the first mortgagee, lent you £1,000 without security to begin with, didn't he?—No, I think that was on the property when I took it over, and as soon as I took it over he put it in as the first mortgage.

There was on the property, was there not, a first mortgage of £3,000, a second of £2,000, and then there was the amount due to the Bank of Canada, and although they are supposed to be partly secured by a third mortgage, they are really unsecured having regard to the value of the property, is not that so?—Yes.

Enough has been said in the course of this examination to show that it was not long after you were in this house before you were wanting capital?—Yes.

And that has been one of your chief troubles all the way through, hasn't it?—Yes.

I notice that one of the immediate causes of these proceedings was distress for income tax amounting to £165 17s. 4d. Am I not right in saying that that amount represented the various sums of income tax which had been deducted by you or your husband from payments of interest on mortgages extending over a period of five years?—Yes, I found that out lately. I did not know it was that at the time.

That really represented money belonging to the Crown which was in your hands?—Yes.

And the immediate cause of these proceedings was pressure which was put on you by a trustee in bankruptcy, one W. Davis, a builder whom you employed, and the amount of the debt to whom was £250, for which judgment was obtained?—Yes.

And as a result of this pressure being put on you you had to file your petition?—Yes.

You incurred a very substantial debt, did you not, with regard, first of all, to the erection of a filling station outside your premises?—Yes.

That is one item, and the second item is with regard to the installation of an

electric plant on your premises. That is so, is it not?—I did not give the order for the filling station; Mr. Foster arranged all that, and he wrote the order for it. It was in my name 'because I owned the property.

Did you order the electric lighting plant?—Yes, I ordered it.

The filling station was erected at a cost of £1,000?—Yes.

When was the order given?—I think it was given in October or November of last year, but I could not say for certain.

It could not have been long before it was obvious that some sort of arrangement had been made, having regard to what was taking place in the house. As soon as you found out what was being done did you take any steps to communicate with the people who were putting the station up, and to cancel the order?—No.

Was your attitude this, that so far as the people were concerned who were putting in this station you did nothing that would indicate that you had not arranged everything that was being done?—I did speak to Mr. Foster about it and he said he would have it put up himself.

Yes, I daresay. But I am not really concerned with the question as between Mr. Foster and yourself; that does not arise here, but it is an important question to know what took place as between you and the persons who were erecting this filling station, because they were erecting it on your property, as you appreciate. Did you take any steps with regard to them?—No, I didn't.

Then it must be taken that whatever may have been the responsibility for giving the order, whether yours or your husband's, at any rate so far as the filling station are concerned they have a right to ask you to pay because apparently you had acquiesced in what was done although you did not cause it to begin with. Is that so?—Yes.

HUSBAND'S FINANCIAL DIFFICULTIES.

I presume there must have been some reason on the part of your husband for not himself taking on this property but doing it through you. Had he been in financial difficulties?—Years gone by he was, but it was not done through that. Mr. Foster was very ill at the time and I had got in very low water. It was not done because Mr. Foster was in financial difficulties but because he was in ill-health.

The creditors who have received orders from your husband complained a good deal because he appears to have ordered goods in his own name but they seem to have been supplied to you.—I didn't know that. Mr. Foster has managed the outside altogether. I don't know anything about that, and I have managed the hotel. I did not know he had ordered anything in his own name.

You seem to have acquiesced in that state of affairs. You gave him the management of the filling station and you left it to him?—I did, and he did the office work.

If you made him manager of the outside it seems as if you had given him the right to give orders for what he needed for the outside?—Yes.

And did you always know what was being done outside?—No.

That was a very large order to give in October and November, was it not?—Yes.

You were insolvent when the order for £1,000 worth of goods was given were you not?—I know it now, but I did not know it at the time.

There must have come a time when you saw what was being done outside, and I presume you must have asked Mr. Foster what was going on?—I had no idea what was being done until it was done. I did not get into touch with the people who supplied it because I thought it would be a good investment. It should help the business wonderfully.

No doubt it will, but as between you and the persons to whom the order was given you will observe that it is a pure loss to them except so far as there should be any dividends in this estate going to them.—I did not think that at the time it was given.

With regard to the other contract entered into in October, 1925, for electric lighting you agreed to pay for the installation the sum of £668 16s. 1d., did you not?—Yes.

That again was a debt which was entered into after September, 1925, at which date your liabilities exceeded your assets by a thousand pounds. It must have been clear to you at this date when you entered into this agreement for November 1, 1925, that you had not got £668 16s. with which to pay these people. You agree, don't you?—Yes. I did not know that my assets were lower than my liabilities at that time.

It must have been fairly obvious to you at that date that all your capital had gone?—Yes.

And that the amount you were making in this place was not enough to enable you to pay an account of this sort?—Mr. Foster made the arrangement with the electrical people. I certainly signed the agreement, but with the intention of paying them.

From what source would you have paid them?—Out of the profits we made at the filling station.

But you had got nothing out of which to pay another £1,000 more than you had?—Yes.

No ACCOUNT BOOKS.

In reply to questions as to books of account debtor said that there were certain casual accounts, and counterfoils of chance meals.

Mr. Mallam: They would supply a certain amount but would not necessarily cover all the takings in the hotel?—I don't think so, but there are no drinks. It is not a licensed house and there would be no other takings.

You sold mineral waters, didn't you?—Yes. I put it all on the tickets. I don't take money without giving a ticket for it. Everything goes on the tickets. We sell hardly any minerals unless they are served with meals.

What is there to show that all the takings in the hotel were paid into the bank?—I don't know.

Perhaps it is not a fact that all the gross receipts were paid into the bank but only the net receipts?—I used some for petty cash and if anything was wanted I paid it out of the till.

After the filling station had been erected there were considerable takings there, were there not?—Yes.

What happened with regard to them?—Mr. Foster wrote a receipt for all that was served there, and the takings at night were brought to me and I signed in a book for them. Two or three times a week the money was sent to the bank. Mr. Foster usually took it, but the boy sometimes did.

With regard to the hotel, the counterfoil, the cost account book and the chance meals counterfoils are all you have got as representing what was taken in the hotel?—I think so, but I don't touch the books.

Mr. Foster has done the office work and I have left it to him entirely.

As between husband and wife that is quite all right, but as between a lady who is trading and her creditors it is anything but all right. Did you never look to see how the business was getting on?—No.

ON ?—NO.

Did you ascertain whether the business was all right and was making a profit?

—No, I never asked. The hotel was paying before the station was put up. The road has been under construction during the last two years and that is why the hotel has lost money. No cars have been on the road, and we cater particularly for motorists.

Mr. Mallam referred to the large outstanding accounts and asked debtor whether it was not true that she had nothing out of which to pay them except the business. She said that was so.

In reply to Mr. Eldridge debtor said that she had furniture, of which the value was between £200 and £300, in the hotel. The motor cycle realised about £75. She tried to get the hotel at a lower price but the vendor would not take less. The income tax was deducted from the mortgage interest. It had been arranged that the electric light installation should be paid for on the hire purchase system, and the company who put the petrol station up deducted a rebate of 1½d. for every gallon sold, which went to the credit of the station until it was paid for. They did not expect to be paid in one sum. Certain railway carriages which had been on the hotel grounds had been sold.

The hearing was then adjourned.

CLAIM AGAINST OXFORDSHIRE. COUNCIL.

Wheatley Hotel Mortgagees ask for £4,500.

New Building Line Through the Hotel Arbitration Proceedings at Oxford.

The Wheatley **Bridge Hotel**, Wheatley, was the subject of an arbitration hearing at the County Hall yesterday. The arbitrator was Mr. Hugh Webster, of Harpenden.

The Rev. Joseph Harrison, 23, Webster Gardens, Ealing, Middlesex, first mortgagee of the Wheatley **Bridge Hotel** and Miss Bertha Vyver, of Masobcroft, Stratford-on-Avon, second mortgagee, claimed compensation on the ground that they had been injuriously affected by the prescription of a building line by the Oxfordshire County Council.

Mr. Norman Dayne was counsel for the claimants, and Mr. William Allen for the County Council.

THROUGH THE **HOTEL**

Mr. Dayne said most of the property was in the parish of Chilworth and a small part in the parish of Holton. Notices had been given of a building line not only across the claimant's land, but through the **hotel**. The Rev. Joseph Harrison was the first mortgagee for the sum of £3,000, which he advanced on December 1st, 1922, upon a valuation.

The arbitrator upheld an objection by

The arbitrator upheld an objection by Mr. Allen that he could not admit the valuation, since it would be equivalent to the taking of a second expert witness. He would simply take it that a mortgage was advanced at the date.

Mr. Dayne went on to say that since that time a very considerable sum of money had been expended on the property. At the present moment £3,000 was still due on the mortgage, and there were arrears of interest and costs amounting to a considerable sum. Miss Bertha Vyver was the second mortgagee for the sum of £2,000, which she advanced on the valuation on March 15, 1928. That was shortly before the general strike. Part of the additional expenditure was made before the second mortgage was created. Under that second mortgage the full sum of £2,000 was also due and the arrears of interests and costs was set out in the claim. She was in a position to prove that neither of these mortgagees had any collateral security. He did not think it could be disputed that an owner of land, whose land was traversed by a building line, could not erect or make on the highway side of a building line any new building with certain exceptions.

IN THE HANDS OF THE COUNCIL.

If he did so he was to be fined and made to remove his building. And if he did not pay his fine or remove his building he was to be liable to pay 40s. a day until he did so. He was in the hands of the County Council. They could refuse leave to make any alteration or additions, and they could impose any term they liked. The building line in this case injuriously affected the claimants, firstly, if it prevented or penalised their building in any part of their property except with consent of the County Council, and subject to any conditions they might impose; secondly, if any building prevented or penalised by the building line included any part of the building and covered any constructional work by way of repairs or additions to existing buildings.

NEGOTIATIONS PROCEEDING.

Mr. Dayne continued that at the time of the prescription of the building line, negotiations were proceeding that notice was to be given to them to pay off the two sums.

The highest sum he was claiming that day was £4,500.

Percy Smith Brentnall, of 19, St. Dunstan's Hill, E.C.3, solicitor for claimant, said he had known the hotel since 1920, since when he had been in constant touch with it. With regard to the first mortgage, £3,000 of the principal money was still due. The rate of interest was 6½ per cent.

The rate of interest in the case of Miss Bertha Vyver was ten per cent, primarily, because it was a second mortgage. It was very difficult to get money at that time on a sound mortgage. The whole of the principal money was due to Miss Vyver. The first mortgagor was a Mrs. Foster, and after the date of the first mortgage, extensive alterations had been carried out.

A DRAINAGE SCHEME.

A very considerable drainage scheme was carried out, and a new cesspool was made. The gardens were altered, because they were sacrificed for a petrol station. The cost was included in the £2,000. There was an installation of electric light. The whole of the wiring, etc., and the engine itself, together with the filling station, involved a reconstruction of the road. A double approach was made, and the road was re-metalled. The garden was reconstructed and the farm building were transferred and new ones erected. In 1924 Mrs. Foster asked him to advance the money for the expenditure, and he said the first mortgage was a trustee mortgage, and he was not satisfied that he could advance any more money on either that or the second mortgage. Mrs. Foster became bankrupt on Nov. 26th, 1926. The people who erected the filling station both made claims in the bankruptcy proceedings. The electric plant had been taken away.

A RESERVE OF £6,500.

When the Foster's were in difficulties the house was placed in possession of Messrs. Hamptons', and witness placed a reserve of £6,500 on the property.

The Arbitrator: Did Messrs. Hamptons' offer it for auction?—No.

Mr. Dayne: Were they able to effect a sale?—No.

Were enquiries brought to your notice?—Yes.

Did you ever have an offer yourself?—Yes, for £4,000, which I refused. It was more or less a sporting offer to take the

premises as they were by a client who really did not wish to return to the licensed trade. Allsopp's stated they would arrange for a transfer of the licence, but the negotiations with Messrs. Allsopp's were never renewed.

Mr. Brentnall went on to say he had acted in the sale of the bungalow in 1927.

NO LICENCE.

Replying to Mr. Allen, Mr. Brentnall said as far as he knew, no licence had been obtained for the house. A licence was first applied for in February, 1926, but the application was refused by the licensing justices. He received three offers for the house from Messrs. Hamptons', each for £4,000.

Gilbert Thomas Francis Gardiner, F.R.I.B.A., 7, St. Aldate's, said he was consulted in 1926 by Mr. Foster with regard to the Wheatley Bridge Hotel. He prepared plans for the purpose of an application for a licence. The plans were to be taken to Messrs. Hall. It would be much more costly to carry out the development of the hotel on the other side of the building line, in consequence of the flood level and land level.

OXFORD TRADE.

The house got its most important trade from Oxford. If the extension were put further back it would not affect the trade of the present hotel or any future trade which would depend on the enlarged hotel.

Mrs. Lilian Gertrude Balding, 23, Barracks Road, Cowley, daughter of Mrs. Foster, said she once lived in an Army hut on the premises, and at that time was constantly in and out of the hotel. She saw all the alterations to which reference had been made. There were fifteen summer bungalows (railway carriages), five of which were used by the staff. There was a very good Oxford trade during the week-end. In 1927 trade was very good indeed. The gardens were beautifully kept.

FLOODS.

The lawn levels were flooded every winter, and once they were flooded in June. The worst flood was last January, when the water came level with the verandah floor.

Sydney Charles Speed, of the firm of Fuller, Piser and Co., surveyors and valuers, Bridewell House, Bridewell Place, London, E.C., said the hotel was in an excellent position for a small roadside hotel, having the added advantage of being close to a river. It would attract not only motorists but people who wanted a quiet country holiday. On Nov. 16th, 1927, the value of the property was £27,500. The prospective purchaser would pay something above the value of the land and the buildings for the possibility of obtaining a licence and further developing the property. The place had an admirable position and would tend to attract trade. It was within a convenient distance from Oxford for week-end trips. A good hotel business had been built up over a series of years, and there was a possibility that the property would be licensed. There was a fair prospect for anyone who took over the property to develop a much better business than had been carried out in the past—by improving the buildings and carrying out extensions.

A DEPRECIATION OF £4,500.

A depreciation of £4,500 would be caused by the setting back of the building line. The site without the buildings would be worth £250 less. The present buildings and site were worth £2,500. The petrol pump and underground tanks were worth £1,500.

Mr. Allen: Have you seen the tanks?

Witness: No. I have not been underground to inspect.

The rental value of the property, he added, was £150 a year. Five per cent. of £7,500 was £375.

The Arbitrator: How do you arrive at the figure of £7,500.

Witness: The petrol pumps and meadows are worth, not for hotel purposes, £3,000. The possible profits of the hotel business I would put at £1,000; three and a half years' purchase, £3,500. The purchaser of the property would pay another thousand pounds, having in view the possibility of getting a licence and of developing the property as a good licensed hotel. If the building line was set back, the hotel could be carried on as an unlicensed hotel.

DECLINING BUSINESS.

Mr. Laurance Lanham, district valuer, said when he last visited the house he formed the opinion that the business must have declined since the time he went there just before the war, when the first owner had it. In July, 1927, the contents of the house were sold. The house did not call for enlargement. The only possibility of enlarging it would be by using it as a licensed house. The best thing would be to leave the house alone. It would be extremely difficult to get a licence, judging from the attitude of the magistrates in that room in February, 1926. The effect of the prescription of the line would be to prevent the erection of new buildings in front of the building line. He did not think it would affect the land on the east side. The best value of the land was as pleasure gardens, at it was liable to flood in the winter. Houses built there would be overlooked from the street. He estimated the damage at £100.

Mr. Allen, addressing the arbitrator, submitted that the claim was a perfectly ludicrous one. The damage was merely nominal and would be fully compensated for by a payment of £100.

Mr. Dayne remarked that the County Council's offer of £100 was ludicrous.

The hearing then ended.