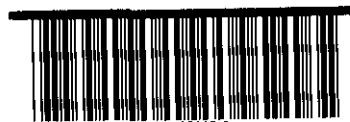


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STONEHURST ESTATES LIMITED

FINANCIAL ACCOUNTS FOR THE
YEAR ENDED 31ST MARCH 2000



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STONEHURST ESTATES LIMITED

DIRECTORS:	M A Briggs S A Briggs
COMPANY SECRETARY:	Mrs E Briggs
REGISTERED OFFICE:	21 Villiers Street London WC2N 6ND
COMPANY NUMBER:	1070521
BANKERS:	National Westminster Bank Plc P O Box 2DG 208 Piccadilly London W1A 2DG
AUDITORS:	The Parker Partnership Chartered Accountants Cornelius House 178/180 Church Road Hove East Sussex BN3 2DJ

STONEHURST ESTATES LIMITED
FINANCIAL ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2000

CONTENTS

1. Report of the Directors
2. Report of the Auditors
3. Profit and Loss Account
4. Balance Sheet
5. Notes to the Accounts

The following page does not form part of the Statutory Accounts

Hotel Trading and Profit and Loss Account

Property Trading and Investment Account

STONEHURST ESTATES LIMITED
REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST MARCH 2000

The Directors present their report to the Members of the Company, together with the accounts for the year ended 31st March 2000.

PRINCIPAL ACTIVITY

The Company's principal activity is those of an hotelier and property investment and development.

RESULTS AND DIVIDENDS

The Company's retained profit for the year is £625,880.
 The Directors recommend that this be added to the retained earnings at the beginning of the year and that the balance of £820,467 be carried forward.

DIRECTORS

The Directors of the Company during the year and the beneficial interests of those in office at the end of the year in the issued share capital of the Company at the beginning of the year, or later appointment, and at the end of the year were as follows :

	Ordinary Shares of £1 each	
	2000	1999
M A Briggs	75,081	75,081
S A Briggs	72,079	72,079

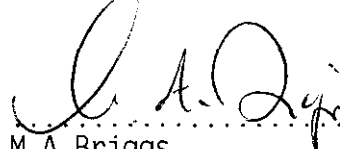
YEAR 2000

The Directors reviewed the Company's systems and equipment during 1999 and the Company's business has not been disrupted by computer or equipment failure in the year 2000. The cost of the review and any remedial action was not significant.

FIXED ASSETS

Changes in fixed assets are disclosed in note 8 to these accounts.

ON BEHALF OF THE BOARD



M A Briggs
 Director

**REPORT OF THE AUDITORS
TO THE MEMBERS OF STONEHURST ESTATES LIMITED
FOR THE YEAR ENDED 31ST MARCH 2000**

We have audited the accounts on pages 3 to 10 which have been prepared under the historical cost convention, and the accounting policies set out in note 1.

Respective responsibilities of Directors and Auditors

As described in note 2 the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on the accounts and to report our opinion to you.

Basis of opinion

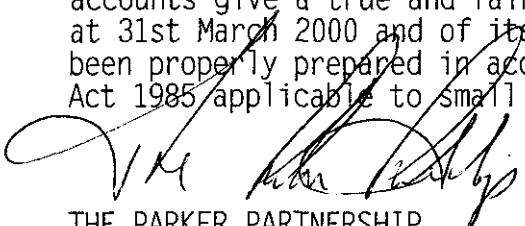
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board, except that the scope of our work was limited as explained below. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes 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 Company's circumstances, consistently applied and adequately disclosed.

We planned 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. However we have been unable to obtain independent confirmation of the Company's title to or value of the Portuguese property included in stock at £175,000 (1999:£175,000).

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Qualified opinion arising from limitation in audit scope

Except for any adjustments that might have been found to be necessary to the realisable value of the Portuguese property, in our opinion the accounts give a true and fair view of the state of the Company's affairs at 31st March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



THE PARKER PARTNERSHIP
Registered Auditors
Chartered Accountants

Date: 3rd October 2000

STONEHURST ESTATES LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED 31ST MARCH 2000

	Notes	2000		1999	
		£	£	£	£
TURNOVER	3	2,948,044		1,789,059	
Cost of Sales		1,181,839		428,654	
Gross Profit		1,766,205		1,360,405	
Administrative Expenses		693,888		997,447	
Operating Profit		1,072,317		362,958	
Interest receivable and similar income		2,844		21,473	
Interest payable & similar charges	4	(170,912)		(210,461)	
		(168,068)		(188,988)	
		904,249		173,970	
Exceptional Items	5	-		(371,540)	
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	904,249		(197,570)	
Tax on Ordinary Profit/(Loss)	6	(278,369)		9,993	
RETAINED PROFIT/(LOSS) FOR THE YEAR		£ 625,880		£ (187,577)	
STATEMENT OF RETAINED EARNINGS					
Retained Profit brought forward		194,587		382,164	
Retained Profit/(Loss) for the year		625,880		(187,577)	
Retained Profit carried forward		£ 820,467		£ 194,587	

The Company has no other recognised gains or losses for the year that require disclosure to comply with Financial Reporting Standard 3 and there are no other movements in shareholders funds.

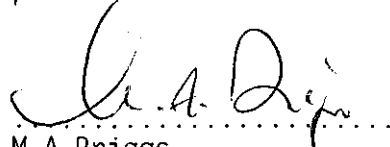
The attached notes form part of these accounts.

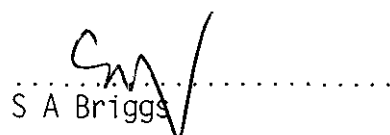
STONEHURST ESTATES LIMITED

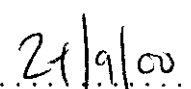
BALANCE SHEET
AS AT 31ST MARCH 2000

	Notes	£	2000 £	£	1999 £
FIXED ASSETS					
Intangible Assets	7		46,080		52,907
Tangible Assets	8		188,736		209,786
			<u>234,816</u>		<u>262,693</u>
CURRENT ASSETS					
Stocks	9	3,110,778		2,467,707	
Debtors	10	425,065		175,559	
Cash		1,219		8,359	
			<u>3,537,062</u>	<u>2,651,625</u>	
CREDITORS					
Amounts due within one year	11	2,448,154		2,115,409	
			<u>1,088,908</u>		<u>536,216</u>
NET CURRENT ASSETS					
			<u>1,323,724</u>		<u>798,909</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
CREDITORS					
Amounts due in more than one year		348,747		449,812	
			<u>348,747</u>	<u>449,812</u>	
			<u>£ 974,977</u>	<u>£ 349,097</u>	
CAPITAL AND RESERVES					
Called up share capital	12		147,160		147,160
Share premium account			7,350		7,350
Profit and Loss Account			820,467		194,587
			<u>£ 974,977</u>	<u>£ 349,097</u>	

The Directors have prepared these accounts in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.


M A Briggs


S A Briggs


Date approved by the Board

STONEHURST ESTATES LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2000

1. ACCOUNTING POLICIES

Accounting Convention

The accounts have been prepared under the historical cost convention.

Turnover

Turnover comprises accommodation charges from hotel and rented property accommodation provided and property sale proceeds, excluding VAT.

Depreciation

Depreciation is calculated to write down the cost of tangible fixed assets over their expected useful lives, using the reducing balance method, at the following annual rates:

Leasehold property	term of leases
Motor vehicles	25%
Fixtures and fittings	12.5%

Investment Properties

Investment properties are stated at cost.

Goodwill

The purchased goodwill on the hotel is amortised over its estimated useful economic life of 26 years.

Property and Hotel Stocks

Property and hotel stocks are valued at the lower of cost and net realisable value.

Pension Scheme

The Company operates a defined contribution pension scheme for a Director and the Company Secretary. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions paid to and management charges paid on behalf of the scheme during the year.

2. DIRECTORS' RESPONSIBILITIES

Directors are required by the Companies Act 1985 to prepare accounts which give a true and fair view of the state of affairs of the Company at the balance sheet date and of the Company's results for the period then ended.

In preparing those accounts, directors are required to select suitable accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent, and prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 accounts comply with the Companies Act 1985. They 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.

3. TURNOVER

The turnover and profit before taxation are attributable to the Company's principal activities.

STONEHURST ESTATES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2000

4. PROFIT ON ORDINARY ACTIVITIES

The Operating Profit is stated after charging :

	2000 £	1999 £
Amounts written off tangible assets	21,050	36,478
Amounts written off intangible assets	6,827	9,665
Directors' remuneration	99,246	89,879
Auditors remuneration	7,000	7,000
Interest on bank overdraft	3,885	1,841
Interest on long term bank loan	40,593	116,954
Short term bank property loan interest	114,184	79,043
Interest on pension fund loans	6,919	4,687
Interest on E Briggs loan	3,245	4,747
Hire purchase interest	2,086	3,189
	<u>278,500</u>	<u>371,540</u>

5. EXCEPTIONAL ITEMS

	2000 £	1999 £
The exceptional credit/(charge) comprised:		
Loss on sale of Walton Park Hotel	-	(105,953)
Stonehurst Construction Limited debt	-	(62,031)
Cost of redeeming fixed rate loan	-	(203,556)
	<u>-</u>	<u>(371,540)</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge/(credit) on the profit for the year comprised:

	2000 £	1999 £
Corporation tax at 30% / 21%	278,500	9,000
Deferred taxation at 31%	-	(21,850)
Prior year corporation tax	(131)	2,857
	<u>278,369</u>	<u>(9,993)</u>

STONEHURST ESTATES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2000

7. INTANGIBLE FIXED ASSETS

	Royal Adelphi Hotel Goodwill £
Cost:	
At 1st April 1999 and at 31st March 2000	<u>177,500</u>
Amortisation:	
At 1st April 1999	124,593
Charge for the year	<u>6,827</u>
At 31st March 2000	<u>131,420</u>
Net Book Value:	
At 31st March 2000	<u>46,080</u>
At 31st March 1999	<u><u>59,734</u></u>

STONEHURST ESTATES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2000

8. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Plant & Equipment £	Fixtures & Fittings £	Property £	Total £
Cost:					
At 1st April 1999	50,731	-	145,584	220,925	417,240
Additions in year	-	-	-	-	-
Disposals in year	-	-	-	-	-
At 31st March 2000	<u>50,731</u>	<u>-</u>	<u>145,584</u>	<u>220,925</u>	<u>417,240</u>
Depreciation:					
At 1st April 1999	16,008	-	108,868	82,578	207,454
On disposals	-	-	-	-	-
Charge for year	8,681	-	4,590	7,779	21,050
At 31st March 2000	<u>24,689</u>	<u>-</u>	<u>113,458</u>	<u>90,357</u>	<u>228,504</u>
Net book value:					
At 31st March 2000	<u>26,042</u>	<u>-</u>	<u>32,126</u>	<u>130,568</u>	<u>188,736</u>
At 31st March 1999	<u>34,723</u>	<u>-</u>	<u>36,716</u>	<u>138,347</u>	<u>209,786</u>

Property comprises:

Freehold property	80,000
Leasehold property	50,568
	<u>130,568</u>

Freehold property includes £80,000 for two freehold investment properties which are stated at original cost, which equates to market value on a current rental yield basis.

The net book value of assets acquired under hire and lease purchase included above is £17,045 (1999:£22,727).

9. STOCKS

	2000 £	1999 £
U.K. property developments in progress	2,935,778	2,292,707
Portuguese property	<u>175,000</u>	<u>175,000</u>
	<u>3,110,778</u>	<u>2,467,707</u>

In the Directors' opinion the replacement cost of the UK properties is £7,250,000. The Portuguese property is not readily realisable.

STONEHURST ESTATES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2000

10. DEBTORS

	2000 £	1999 £
Amounts due within one year		
Trade debtors	32,348	24,625
Amounts due from associated undertakings	205,502	29,900
Other debtors	81,638	42,131
Value added tax	50,964	32,103
Prepayments	54,613	46,800
	<u>425,065</u>	<u>175,559</u>

11. CREDITORS

	2000 £	1999 £
Amounts due within one year		
Hotel loan instalments	96,410	96,410
Bank overdrafts	259,842	139,491
Property bank loans	1,265,100	1,192,828
Pension Scheme loan	80,000	80,000
E Briggs Settlement loan	33,625	33,625
Trade creditors	162,460	152,332
Amounts due to connected undertakings	92,838	213,210
Corporation tax	281,136	109,356
Other taxes and social security	49,526	26,596
Hire and lease purchase	5,305	5,305
Other creditors and accruals	121,912	66,256
	<u>2,448,154</u>	<u>2,115,409</u>
Amounts due after more than one year		
National Westminster hotel loan 2006	437,522	533,932
Hire and lease purchase	12,940	17,595
Amounts due in less than one year	(101,715)	(101,715)
	<u>348,747</u>	<u>449,812</u>

The bank loans and overdraft are secured on the Company's leasehold hotel, its investment properties and UK property stocks, and a fixed and floating charge over all current and future assets of the Company.

The property loans of £1,265,100 are repayable from the associated property sale proceeds.

STONEHURST ESTATES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2000

12. CALLED UP SHARE CAPITAL

	Ordinary Shares of £1 each 2000 £	1999 £
Authorised	250,000	250,000
Allotted, Issued and Fully Paid	147,160	147,160

13. RELATED PARTY TRANSACTIONS

	Debtor/ (creditor) at end of year £	(Sales to) purchases during the year £	Debtor/ (creditor) end last year £
M A Briggs Director's loan account	7,434	-	(41,739)
S A Briggs (Property developer)	17,068	-	(83,632)
S A Briggs & A Bligh partnership	(79,000)	-	(50,000)
Bayhurst Securities Limited	(2,838)	-	(37,838)
Leonard Trust Limited - interest receivable	30,000	(2,400)	29,900
Leicester Loft Company Limited	140,000	-	-

These last three companies are related by virtue of common directors and shareholders.

14. CONTINGENCIES

The Company had no contingent liabilities at 31st March 2000 or 31st March 1999.

15. FINANCIAL COMMITMENTS

The Company had no capital commitments at 31st March 2000.

The Company had annual commitments under non-cancellable leases on land and buildings expiring in more than five years of £183,500.