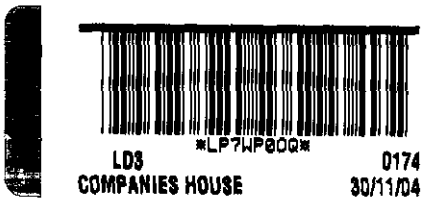
Registration number 1879821

Star Properties Limited

Directors' report and financial statements

for the year ended 31 January 2004



Star Properties Limited

Company information

Directors	P.A. Sheikh
Secretary	Mrs F A Sheikh
Company number	1879821
Registered office	109/113 Gunnersbury Lane Acton London W3 8HQ
Auditors	Parvez & Co. 20 Greyhound Road London W6 8NX
Business address	109/113 Gunnersbury Lane Acton London W3 8HQ
Bankers	Lloyds Bank Plc 67 High Street Watford Herts WD1 2DU

Star Properties Limited

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Star Properties Limited

Directors' report
for the year ended 31 January 2004

The directors present their report and the financial statements for the year ended 31 January 2004.

Principal activity and review of the business
The principal activity of the company is to trade as hoteliers.

Results and dividends
The results for the year are set out on page 4.

The directors do not recommend payment of a final dividend.

Directors and their interests
The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	31/01/04	01/02/03
P.A. Sheikh	75	75

Charitable and Political Contributions
During the year the company contributed £1,640 to charities.

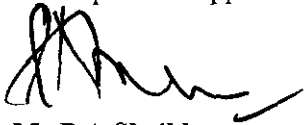
Directors' responsibilities
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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 company and to enable them to ensure that the financial statements 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.

Auditors
In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Parvez & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 29 November 2004 and signed on its behalf by



Mr P A Sheikh
Director

Star Properties Limited

Independent auditors' report to the shareholders of Star Properties Limited

We have audited the financial statements of Star Properties Limited for the year ended 31 January 2004 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 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 directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with 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 the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

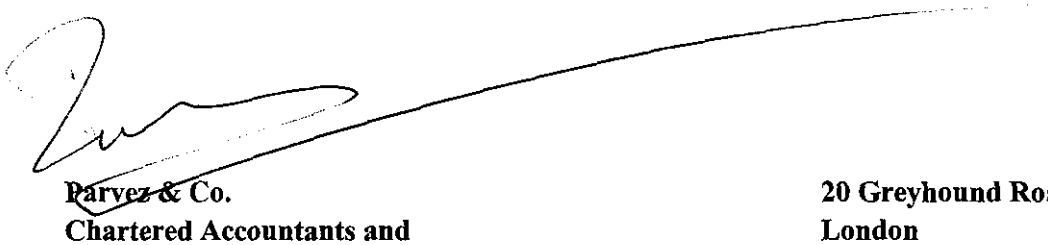
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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.

Independent auditors' report to the shareholders of Star Properties Limited continued

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 January 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Parvez & Co.
Chartered Accountants and
Registered Auditor
29 November 2004

20 Greyhound Road
London
W6 8NX

Star Properties Limited

Profit and loss account
for the year ended 31 January 2004

		Continuing operations	
		2004	2003
	Notes	£	£
Turnover	2	461,993	511,335
Cost of sales		(1,605)	-
Gross profit		460,388	511,335
Administrative expenses		(334,385)	(360,625)
Operating profit	3	126,003	150,710
Other interest receivable and similar income	4	9,053	1,196
Interest payable and similar charges	5	(20,298)	(18,530)
Profit on ordinary activities before taxation		114,758	133,376
Tax on profit on ordinary activities	8	(32,977)	(37,323)
Profit on ordinary activities after taxation		81,781	96,053
Retained profit for the year		81,781	96,053
Retained profit brought forward		1,232,043	1,135,990
Retained profit carried forward		1,313,824	1,232,043

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 7 to 13 form an integral part of these financial statements.

Star Properties Limited

Balance sheet
as at 31 January 2004

	Notes	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Tangible assets	9		2,054,038		1,268,750
Current assets					
Debtors	10	5,280		41,977	
Investments	11	20,000		20,000	
Cash at bank and in hand		184,664		90,359	
		209,944		152,336	
Creditors: amounts falling due within one year	12	(167,866)		(188,943)	
Net current assets/(liabilities)			42,078		(36,607)
Total assets less current liabilities			2,096,116		1,232,143
Creditors: amounts falling due after more than one year	13		(782,192)		-
Net assets			1,313,924		1,232,143
Capital and reserves					
Called up share capital	14		100		100
Profit and loss account			1,313,824		1,232,043
Equity shareholders' funds	15		1,313,924		1,232,143

The financial statements were approved by the Board on 29 November 2004 and signed on its behalf by

P.A. Sheikh
Director

The notes on pages 7 to 13 form an integral part of these financial statements.

Cash flow statement
for the year ended 31 January 2004

	Notes	2004 £	2003 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		126,003	150,710
Depreciation		33,234	79,484
Decrease in debtors		36,697	(16,040)
Increase in creditors		9,615	(52,453)
Net cash inflow from operating activities		205,549	161,701
Cash flow statement			
Net cash inflow from operating activities		205,549	161,701
Returns on investments and servicing of finance	19	(11,245)	(17,334)
Capital expenditure	19	(818,522)	(114,517)
		(624,218)	29,850
Financing	19	756,144	(21,091)
Increase in cash in the year		131,926	8,759
Reconciliation of net cash flow to movement in net debt (Note 20)			
Increase in cash in the year		131,926	8,759
Cash inflow from decrease in debts and lease financing		(756,144)	21,091
Change in net debt resulting from cash flows		(624,218)	29,850
Net debt at 1 February 2003		(1,666)	31,998
Net debt at 31 January 2004		(625,884)	61,848

Notes to the financial statements for the year ended 31 January 2004

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	Straight line over 4% straight Line years
Fixtures, fittings and equipment	-	15% on reducing balance
Motor vehicles	-	25% on reducing balance

1.4. Investments

Current asset investments are at the lower of cost and net realisable value.

1.5. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings.

..... continued

1.6. 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 exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

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.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

	2004	2003
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	129,776	78,323
and after crediting:		
Profit on disposal of tangible fixed assets	96,542	(1,161)

4. Interest receivable and similar income

	2004	2003
	£	£
Bank interest	9,053	1,196

..... continued

5. Interest payable and similar charges

	2004	2003
	£	£
Interest payable on loans < 1 yr	10,640	-
On loans repayable between two and five years	9,658	14,619
On overdue tax	-	3,911
	20,298	18,530

6. Employees

Number of employees	2004	2003
The average monthly numbers of employees (including the directors) during the year were:	5	5

Employment costs	2004	2003
	£	£
Wages and salaries	57,675	56,243
Other pension costs	7,000	-
	64,675	56,243

6.1. Directors' emoluments

	2004	2003
	£	£
Remuneration and other emoluments	36,000	36,000
Pension contributions	7,000	-
	43,000	36,000

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	1	-

7. Pension costs

The company operates a defined contribution pension scheme in respect of the directors. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £7,000 (2003 - £-).

..... continued

8. Tax on profit on ordinary activities

Analysis of charge in period	2004 £	2003 £
Current tax		
UK corporation tax	32,977	37,323

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (19 per cent). The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before taxation	114,758	133,376
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (31 January 2003 : 19%)	21,804	25,341
Effects of:		
Capital allowances for period in excess of depreciation	11,173	11,982
Current tax charge for period	32,977	37,323

..... continued

9. Tangible fixed assets	Land and buildings freehold £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 February 2003	1,616,111	72,555	41,650	1,730,316
Additions	1,429,350	-	-	1,429,350
Disposals	(571,250)	-	-	(571,250)
At 31 January 2004	2,474,211	72,555	41,650	2,588,416
Depreciation				
At 1 February 2003	394,829	46,480	20,257	461,566
On disposals	(56,964)	-	-	(56,964)
Charge for the year	120,517	3,911	5,348	129,776
At 31 January 2004	458,382	50,391	25,605	534,378
Net book values				
At 31 January 2004	2,015,829	22,164	16,045	2,054,038
At 31 January 2003	1,221,282	26,075	21,393	1,268,750

10. Debtors	2004 £	2003 £
Trade debtors	1,430	38,127
Other debtors	3,850	3,850
	5,280	41,977

11. Current asset investments	2004 £	2003 £
Other unlisted investments	20,000	20,000

..... continued

12. Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loan	85,977	112,025
Trade creditors	18,670	16,072
Corporation tax	32,792	37,436
Other taxes and social security costs	25,392	15,660
Directors' accounts	1,035	-
Accruals and deferred income	4,000	7,750
	167,866	188,943

Bank loan is secured on the freehold property.

13. Creditors: amounts falling due after more than one year

	2004 £	2003 £
Bank loan.	782,192	-

Bank loan is secured on the freehold property.

14. Share capital

	2004 £	2003 £
Authorised		
100 Ordinary shares of 1 each	100	100
Allotted, called up and fully paid		
100 Ordinary shares of 1 each	100	100

15. Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit for the year	81,781	96,053
Opening shareholders' funds	1,232,143	1,136,090
Closing shareholders' funds	1,313,924	1,232,143

..... continued

Star Properties Limited

The following pages do not form part of the statutory accounts.

Star Properties Limited

Detailed trading profit and loss account and expenses schedule for the year ended 31 January 2004

	2004		2003	
	£	£	£	£
Sales				
Rents receivable		461,993		511,335
		461,993		511,335
Cost of sales				
Direct costs	126		-	
Commissions payable	1,479		-	
	1,605		-	
		(1,605)		-
Gross profit	100%	460,388	100%	511,335
Administrative expenses				
Wages and salaries	21,675		20,243	
Directors' remuneration	36,000		36,000	
Directors' pension costs	7,000		-	
Commissions payable	463		-	
Rent payable	82,000		78,400	
Rates and water	16,652		12,833	
Food cost	10,323		13,723	
Insurance	12,729		6,844	
Light and heat	9,141		13,094	
Cleaning and laundry	7,127		9,713	
Repairs and maintenance	55,826		38,544	
Renewal of soft furnishing	375		4,896	
Printing, postage and stationery	1,317		1,239	
Advertising	11,242		20,925	
Telephone	5,405		6,657	
Computer costs	500		233	
Hire of equipment	-		752	
Motor expenses	4,128		3,000	
Legal and professional	4,501		2,619	
Accountancy	4,000		3,900	
Bank charges	4,945		2,024	
Credit card charges	1,596		2,618	
General expenses	1,401		476	
Charitable donations - other	1,640		2,383	
Subscriptions	1,165		25	
Depreciation on freehold property	111,181		54,007	
Depreciation on improvements to freehold property	9,336		9,336	
Depreciation on FF & Equipment	3,911		4,601	
Depreciation on motor vehicles	5,348		10,379	
Profits/losses on disp of tangibles	(96,542)		1,161	

Star Properties Limited

Detailed trading profit and loss account
and expenses schedule
for the year ended 31 January 2004

	2004		2003	
	£	£	£	£
		334,385		360,625
Operating profit	27%	126,003	29%	150,710
Other income and expenses				
Interest receivable				
Bank deposit interest	9,053		1,196	
		9,053		1,196
Interest payable				
Bank interest	10,640		-	
Interest on loans repayable in less than 5 years	9,658		14,619	
Interest on overdue tax	-		3,911	
		(20,298)		(18,530)
Net profit for the year		114,758		133,376