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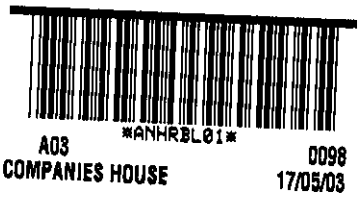
THORNTON HALL HOTEL LIMITED

FINANCIAL STATEMENTS

FOR

30 SEPTEMBER 2002

Company Registration Number 2156621



THORNTON HALL HOTEL LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2002

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THORNTON HALL HOTEL LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	C. D. Thompson N. Thompson A. L. Thompson
Company secretary	A L Thompson
Registered office	Thornton Hall Hotel Neston Road Thornton Hough Wirral CH63 1JF
Auditors	Blease Lloyd & Co. Chartered Accountants & Registered Auditors Hamilton House 56 Hamilton Street Birkenhead Wirral CH41 5HZ
Bankers	Barclays Bank Plc 30 St Werburgh Street Chester CH1 2DY

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

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of hoteliers and restaurateurs.

DIRECTORS

The directors who served the company during the year were as follows:

C. D. Thompson
N. Thompson
A. L. Thompson

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

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 pages 6 to 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. 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.

DONATIONS

During the year the company made the following contributions:

	2002	2001
	£	£
Charitable	–	309

AUDITORS

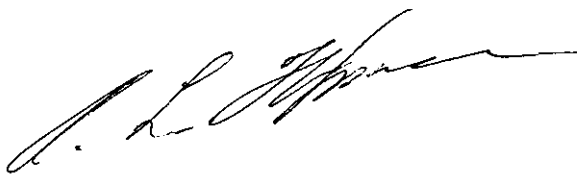
A resolution to re-appoint Blease Lloyd & Co. as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
Thornton Hall Hotel
Neston Road
Thornton Hough
Wirral
CH63 1JF

Signed by order of the directors



A L THOMPSON
Company Secretary

Approved by the directors on 30.04.03

We have audited the financial statements on pages 4 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on pages 6 to 7.

This report is made solely to the company's shareholders, as a body, in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002). 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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

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. Our responsibilities do not extend to any other information.

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.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2002 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

BLEASE LLOYD & CO.
Chartered Accountants
& Registered Auditors

Hamilton House
56 Hamilton Street
Birkenhead
Wirral
CH41 5HZ

30/4/2003

THORNTON HALL HOTEL LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 SEPTEMBER 2002

	Note	2002 £	2001 £
TURNOVER		2,167,831	1,985,926
Cost of sales		1,114,677	932,596
GROSS PROFIT		1,053,154	1,053,330
Administrative expenses		965,525	933,995
OPERATING PROFIT	2	87,629	119,335
Interest payable		18,356	28,909
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		69,273	90,426
Tax on profit on ordinary activities		14,177	20,739
RETAINED PROFIT FOR THE FINANCIAL YEAR		55,096	69,687
Balance brought forward		387,024	317,337
Balance carried forward		442,120	387,024

The notes on pages 6 to 10 form part of these financial statements.

THORNTON HALL HOTEL LIMITED

BALANCE SHEET

30 SEPTEMBER 2002

	Note	2002 £	2002 £	2001 £	2001 £
FIXED ASSETS					
Tangible assets	3		949,969		895,940
CURRENT ASSETS					
Stocks		30,849		26,903	
Debtors	4	546,844		341,341	
Cash in hand		2,387		2,735	
		580,080		370,979	
CREDITORS: Amounts falling due within one year	5	870,878		670,588	
NET CURRENT LIABILITIES			(290,798)		(299,609)
TOTAL ASSETS LESS CURRENT LIABILITIES			659,171		596,331
CREDITORS: Amounts falling due after more than one year	6		179,014		182,786
			480,157		413,545
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	7		38,035		26,519
			442,122		387,026
CAPITAL AND RESERVES					
Called-up equity share capital	9		2		2
Profit and Loss Account			442,120		387,024
SHAREHOLDERS' FUNDS			442,122		387,026

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 30.04.03 and are signed on their behalf by:

N. THOMPSON

The notes on pages 6 to 10 form part of these financial statements.

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

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:

Leasehold Land & Buildings	-	1% on cost
Fixtures & Fittings	-	10% on cost
Motor Vehicles	-	20% on cost
Computer Equipment	-	20% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets obtained under finance lease and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of the capital repayments outstanding.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

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.

1. ACCOUNTING POLICIES *(continued)*

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. OPERATING PROFIT

Operating profit is stated after charging:

	2002	2001
	£	£
Staff pension contributions	733	800
Depreciation	63,938	53,453
Loss on disposal of fixed assets	5,977	5,726
Auditors' fees	10,000	10,000

3. TANGIBLE FIXED ASSETS

	Leasehold land & buildings	Fixtures & Fittings	Motor Vehicles	Computer Equipment	Total
	£	£	£	£	£
COST					
At 1 October 2001	628,171	859,409	12,829	27,005	1,527,414
Additions	15,328	37,692	7,443	64,581	125,044
Disposals	–	(20,596)	(7,234)	(22,278)	(50,108)
At 30 September 2002	643,499	876,505	13,038	69,308	1,602,350
DEPRECIATION					
At 1 October 2001	69,022	535,391	10,031	17,030	631,474
Charge for the year	6,084	45,536	1,243	11,075	63,938
On disposals	–	(19,850)	(7,233)	(15,948)	(43,031)
At 30 September 2002	75,106	561,077	4,041	12,157	652,381
NET BOOK VALUE					
At 30 September 2002	568,393	315,428	8,997	57,151	949,969
At 30 September 2001	559,149	324,018	2,798	9,975	895,940

3. TANGIBLE FIXED ASSETS *(continued)*

Hire purchase agreements
Included within the net book value of £949,969 is £Nil (2001 - £2,797) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £Nil (2001 - £1,119).

4. DEBTORS

	2002	2001
	£	£
Trade debtors	76,315	101,172
Amounts owed by group undertakings	436,185	207,890
Other debtors	34,344	32,279
	546,844	341,341

5. CREDITORS: Amounts falling due within one year

	2002	2001
	£	£
Bank loans and overdrafts	183,035	155,548
Trade creditors	188,488	189,095
Amounts owed to group undertakings	368,383	205,027
Other creditors including taxation and social security:		
Brewery Loan Account	4,500	3,750
Corporation tax	2,661	11,904
PAYE and social security	14,355	9,963
VAT	81,534	51,293
Hire purchase agreements	–	830
Other creditors	7,770	6,279
Accruals and deferred income	20,152	36,899
	870,878	670,588

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

	2002	2001
	£	£
Bank loans and overdrafts	183,035	155,548
Brewery loan	4,500	3,750
	187,535	159,298

6. CREDITORS: Amounts falling due after more than one year

	2002	2001
	£	£
Bank loans and overdrafts	143,173	141,733
Other loans	35,841	41,053
	179,014	182,786

6. CREDITORS: Amounts falling due after more than one year *(continued)*

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

	2002	2001
	£	£
Bank loans and overdrafts	143,173	141,733
Brewery loan	35,841	41,053
	179,014	182,786

Included within creditors falling due after more than one year is an amount of £17,051 (2001 - £67,023) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

7. DEFERRED TAXATION

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	38,035	26,519
	38,035	26,519

8. COMMITMENTS UNDER OPERATING LEASES

At 30 September 2002 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2002	2001
	£	£
Operating leases which expire:		
Within 2 to 5 years	5,759	5,307
After more than 5 years	5,784	5,784
	11,543	11,091

9. SHARE CAPITAL

Authorised share capital:

	2002	2001
	£	£
10,000 Ordinary shares of £1 each	10,000	10,000

Allotted, called up and fully paid:

	2002		2001	
	No	£	No	£
Ordinary shares of £1 each	2	2	2	2

10. ULTIMATE PARENT COMPANY

The ultimate parent company is Thompson (Holdings) Limited, a company registered in England and Wales.

11. RELATED PARTIES

(a) Directors Interests

During the year under review the company has transacted with the following wholly subsidiary companies. Material balances and transactions are detailed below.

Thompson (Holdings) Limited
Fixlands Limited
Thornton Hall Health Club Limited
C D Thompson Investments Limited

(b) Related Party Transactions

	2002 £	2001 £
Overhead expenses attributable to related parties :		
Thompson (Holdings) Limited	183,500	240,000

(c) Related Party Balances

Amounts due from related parties :		
Fixlands Limited	13,522	33,522
Thornton Hall Health Club Limited	377,663	174,368
C D Thompson Investments Limited	45,000	–
	619,685	447,890
Amounts due to related parties :		
Thompson (Holdings) Limited	368,383	205,027