ST. GILES HOTEL LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2000

Blueprint Audit Limited
Salisbury House
31 Finsbury Circus
London EC2M 5SQ

Company Number: 2954321

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ST.GILES HOTEL LIMITED

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FOR THE PERIOD ENDED 31 DECEMBER 2000

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ST. GILES HOTEL LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period ended 31 December 2000.

Principal activities

The principal activity of the company is the operation of hotels.

Review of business and future developments

The Profit and Loss Account is set out on page 4.

The company operates the St Giles Hotel, which is leased from Ravencroft Investments Inc, a company incorporated in the British Virgin Islands.

Following significant changes in earlier periods this was a stable period for the hotel. The comparative figures (which cover a 12 month rather that a 9 month period) include several months of operation of a second hotel close to Heathrow Airport. This operation was transferred to St Giles Hotel (Heathrow) Limited at the end of November 1999.

This 9 month period's results have seen an increase in activity at the hotel at a time when efforts have been made to keep costs under control. This has resulted in a significant increase in pre-tax profits.

The directors consider that with the ongoing refurbishment of the hotel's accommodation and its restaurants being fully operational again, the hotel is well placed to achieve further growth.

Proposed dividend and transfer to reserve

After purchasing its own shares for £655,350 the retained profit of £505,000 has been transferred to reserves.

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the year were as follows:

Robert Tan	
Daniel Taylor	(resigned 8 June 2000)
Seng Yong Chua	
Stephen Noar	(appointed 8 June 2000)

None of the directors who held office at the end of the year had any disclosable interest in the shares of the company.

DIRECTORS' REPORT (continued)

Purchase of own shares

During the year the company purchased 127,500 of its ordinary £1 shares for a consideration of £655,350. The acquired shares were immediately cancelled and £127,500 was transferred to a capital redemption reserve.

Political and charitable contributions

The company made no political or charitable contributions during the year.

Statement of 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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

Blueprint Audit Limited have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the Annual General Meeting.

By order of the Board

SHNoar

Stephen Noar
Director

Date: 31 October 2001

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST GILES HOTEL LIMITED

We have audited the financial statements of St Giles Hotel Limited for the period ended 31 December 2000 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, and the related notes. These financials statements have been prepared under the historical cost convention and the accounting policies set out therein.

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Blueprint Audit Limited

Blueprint Audit Limited
Registered Auditors
31 October 2001

Salisbury House
31 Finsbury Circus
London EC2M 5SQ

ST. GILES HOTEL LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2000

	Note	31.12.00 £'000	31.3.00 £'000
TURNOVER		10,964	14,914
Cost of sales		(3,672)	(5,187)
GROSS PROFIT		7,292	9,727
Administrative expenses		(6,495)	(10,321)
Other operating income	3	627	1,114
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	2	1,424	520
Tax on profit on ordinary activities	6	(264)	(317)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,160	203
Purchase of own shares	12	(655)	-
RETAINED PROFIT FOR THE YEAR	14	505	203

The company had no recognised gains or losses other than those stated above.

All amounts relate to continuing activities.

ST. GILES HOTEL LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2000

	Note	31.12.00		31.3.00	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible fixed assets	7		5,679		4,991
CURRENT ASSETS					
Stocks	8	40		31	
Debtors	9	1,687		1,926	
Cash at bank and in hand		470		700	
		2,197		2,657	
CREDITORS: amounts falling due within one year	10	(3,408)		(3,733)	
NET CURRENT LIABILITIES			(1,211)		(1,076)
TOTAL ASSETS LESS CURRENT LIABILITIES			4,468		3,915
CREDITORS: amounts falling due after one year			-		-
PROVISION FOR LIABILITIES AND CHARGES	11		(350)		(302)
			4,118		3,613
CAPITAL AND RESERVES					
Called up share capital	12		723		850
Capital redemption reserve	13		127		-
Profit and loss account	14		3,268		2,763
Shareholders' funds			4,118		3,613

These financial statements were approved by the board of directors and were signed on its behalf by:

I H Noar

Stephen Noar
Director
Date: 31 October 2001

ST. GILES HOTEL LIMITED

CASH FLOW STATEMENT
FOR THE PERIOD ENDED 31 DECEMBER 2000

	Note	31.12.00 £'000	31.3.00 £'000
NET CASH FLOW FROM OPERATING ACTIVITIES	18	1,794	2,017
TAXATION			
Corporation tax paid		(375)	(377)
CAPITAL EXPENDITURE			
Payment to acquire tangible fixed assets		(994)	(1,485)
FINANCING			
Purchase of own shares		(655)	-
(DECREASE)/INCREASE IN CASH	19	(230)	155

ST. GILES HOTEL LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE PERIOD ENDED 31 DECEMBER 2000

	31.12.00 £'000	31.3.00 £'000
PROFIT FOR THE YEAR	1,160	203
Opening shareholders' funds	3,613	3,410
Re-purchase of own shares	(655)	-
CLOSING SHAREHOLDERS' FUNDS	4,118	3,613

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2000

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Leases

All of the company's leases are accounted for as operating leases and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Fixed Assets

All fixed assets are recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices at the date of acquisition, over the expected useful life of each asset on a straight line basis. The expected useful lives are as follows :-

Leasehold improvements	- 15 years
Furniture, fittings and equipment	- 5 - 10 years

No depreciation is provided in the year of acquisition.

Fixed asset investment

Investment in associated companies are stated at cost.

Stocks

Stocks are stated at the lower of cost and net realisable value

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2000 (continued)

1. ACCOUNTING POLICIES - continued

Rental Income

Rental income has been included in the profit and loss account on an accruals basis.

Foreign Currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate ruling at the balance sheet date. All differences are taken to the profit and loss account.

Pension

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

Turnover

Turnover is derived from the operation of the hotel and comprises income from rooms and catering, excluding value added tax.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:	**31.12.00 £'000**	**31.3.00 £'000**
Auditors' remuneration	14	11
Operating leases - land and buildings	3,382	4,352
Operating leases - other	227	197
Depreciation	305	1,148

3. OTHER OPERATING INCOME

	31.12.00 £'000	**31.3.00 £'000**
Rental income	435	958
Sundry income	192	156
	627	1,114

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2000 (continued)

4. DIRECTORS' REMUNERATION

	31.12.00 £'000	31.3.00 £'000
Salary and benefits	71	85
Pension costs - defined contribution scheme	5	11
	76	96

5. STAFF NUMBERS AND COSTS

The average number of persons employed by the company (including directors) during the year, analysed by category, is as follows:

	Number of employees 31.12.00	31.3.00
Hotel staff	169	174
Administrative staff	31	27
	200	201

The aggregate payroll costs of these persons are as follows:

	31.12.00 £'000	31.3.00 £'000
Wages and salaries	2,312	3,249
Social security costs	208	266
Pension costs	47	35
	2,567	3,550

6. CORPORATION TAX

	31.12.00 £'000	31.3.00 £'000
UK Corporation tax at 30% (1999 - 31%)	410	375
Prior year adjustment	(194)	(58)
Transfer to deferred taxation	48	-
	264	317

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2000 (continued)

7. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Fixtures, fittings & equipment £'000	Assets in the course of construction £'000	Total £'000
Cost				
At 31 March 2000	3,580	1,433	604	5,617
Additions in year	-	27	967	994
Transfers	-	88	(88)	-
At 31 December 2000	3,580	1,548	1,483	6,611
Depreciation				
At 31 March 2000	357	269	-	626
Charge for the year	190	116	-	306
At 31 December 2000	547	385	-	932
Net Book Value				
At 31 December 2000	3,033	1,163	1,483	5,679
At 31 March 2000	3,223	1,164	604	4,991

8. STOCKS

	31.12.00 £'000	31.3.00 £'000
Bar and other stocks	40	31

9. DEBTORS

	31.12.00 £'000	31.3.00 £'000
Amounts falling due within one year		
Trade debtors	1,043	866
Other debtors	361	839
Prepayments and accrued income	283	221
	1,687	1,926

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2000 (continued)

10. CREDITORS: amounts falling due within one year

	31.12.00 £'000	31.3.00 £'000
Trade creditors	303	1,042
St Giles Hotel (Heathrow) Limited	-	331
Corporation tax	266	425
Social security and other taxation	516	330
Other creditors	1,412	-
Accruals and deferred income	911	1,605
	3,408	3,733

11. PROVISION FOR LIABILITIES AND CHARGES

	31.12.00 £'000	31.3.00 £'000
Deferred taxation		
Accelerated capital allowances		
As at 31 March 2000	302	302
Transfer to profit and loss account	48	-
As at 31 December 2000	350	302

12. CALLED UP SHARE CAPITAL

	31.12.00 £'000	31.3.00 £'000
Authorised		
850,000 ordinary shares of £1 each	850	850
Allotted and fully paid		
722,500 ordinary shares of £1	723	850

The company purchased 127,500 ordinary shares of £1 each for £655,350. Subsequently the shares were cancelled and the company's capital redemption reserve was credited.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2000 (continued)

13. CAPITAL REDEMPTION RESERVE

	31.12.00 £'000	31.3.00 £'000
Balance brought forward	-	-
Purchase of own shares	127	-
Balance carried forward	127	-

14. PROFIT AND LOSS ACCOUNT

	31.12.00 £'000	31.3.00 £'000
As at 31 March 2000	2,763	2,560
Profit for the year	505	203
As at 31 December 2000	3,268	2,763

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

All movements in shareholders' funds are shown in note 14 above. All shareholders' funds relate to Equity interests.

16. OPERATING LEASE COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	31.12.00 £'000	31.3.00 £'000
Operating leases which expire:		
Within one year	27	46
Within two to five years inclusive	232	162
After more than five years	2,659	2,743

Operating leases which expire after more than five years relate to land and buildings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2000 (continued)

17. CAPITAL COMMITMENTS

At the year end, the company had capital commitments with respect to a major refurbishment programme.

	31.12.00 £'000	31.3.00 £'000
Authorised and contracted for	792	1,445
Authorised but not contracted for	963	567
	1,755	2,012

18. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.12.00 £'000	31.3.00 £'000
Operating profit	1,424	520
Decrease/(Increase) in stocks	(9)	(1)
(Decrease)/ increase in debtors	238	(180)
(Decrease) / increase in creditors	(165)	530
Depreciation	306	391
Loss on disposal of fixed assets	-	757
	1,794	2,017

19. ANALYSIS OF CHANGES IN NET FUNDS

	At 31 December 2000 £'000	Cashflows £'000	At 31 March 2000 £'000
Cash at bank and in hand	470	(230)	700

20. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS (Note 19)

	£'000
Increase/(decrease) in cash in the period/changes in net funds	(230)
Net funds at 31 March 2000	700
Net funds at 31 December 2000	470

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2000 (continued)

21. RELATED PARTY TRANSACTIONS

During the period, the company was charged rent of £3,382,582 (31 March 2000: £5,206,371) by Ravencroft Investments Incorporated, a company whose shareholders are the same as those of St Giles Hotel Limited. At the balance sheet date the amount due to Ravencroft Investments Incorporated was £1,933,097 (1999: £1298,817).

At the balance sheet date the company was owed £66,960 by Grapevine Limited, a related party (1999 : £66,960).