ST. GILES HOTEL LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

REVISED

Blueprint Audit Limited
66 Chiltern Street
London
W1U 4JT

Company Number: 2954321



ST.GILES HOTEL LIMITED

REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002

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ST GILES HOTEL LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

Principal activities

The principal activity of the company is the operation of a hotel.

Review of business and future developments

The Profit and Loss Account is set out on page 4. The directors plan to continue with management policies which have led to the satisfactory results achieved in the year.

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

Proposed dividend and transfer to reserve

The profit available to members amounts to £1,372,000. Following an appropriation for the purchase of own shares £94,000 has been transferred from reserves.

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the year and their interests in the shares of the company were as follows :

	31/12/02	01/01/02
Robert Tan	-	-
Seng Yong Chua	-	-
Stephen Noar	9,350	-
Rendle De Mello (appointed 27/11/2002)	-	-
Oh Chin Beng (appointed 27/11/2002)	-	-

The interest of the directors in share options were as follows:

	At 1 January 2002	Granted in year	Exercised in year	At 1 December 2002
S Noar	9,350	-	(9,350)	-

Share Capital

During the year the company purchased, for cancellation, 192,730 of its ordinary shares of £1 each at a cost of £1,466,675. This transaction represented 26.5% of the issued ordinary share capital prior to the purchase.

The company also issued 25,650 ordinary shares as detailed in note 12 to the financial statements.

Political and charitable contributions

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

DIRECTORS' REPORT – continued

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



Stephen Noar
Director

Date: 13 February 2003

ST GILES HOTEL LIMITED

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

We have audited the financial statements of St Giles Hotel Limited for the year ended 31 December 2002 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow statement and the related notes. The 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 members, 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 members 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 members 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 Directors' Report, 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Blueprint Audit Limited

66 Chiltern Street
London
W1U 4JT

BLUEPRINT AUDIT LIMITED
Registered Auditor
14 February 2003

ST GILES HOTEL LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	Year ended 31.12.02 £'000	Year ended 31.12.01 £'000
TURNOVER		13,675	13,035
Cost of sales		(4,665)	(4,482)
GROSS PROFIT		9,010	8,553
Administrative expenses		(8,170)	(8,096)
Other operating income	3	907	833
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	2	1,747	1,290
Tax on profit on ordinary activities	6	(375)	(407)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,372	883
Purchase of own shares	12	(1,466)	-
RETAINED PROFIT FOR THE YEAR	15	(94)	883

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 2002

	Note	31.12.02		31.12.01	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible fixed assets	7		5,180		5,396
Trade investments			88		-
CURRENT ASSETS					
Stocks	8	29		27	
Debtors	9	1,880		1,600	
Cash at bank and in hand		2,036		2,044	
		3,945		3,671	
CREDITORS: amounts falling due within one year	10	(3,829)		(3,716)	
NET CURRENT ASSETS			116		(45)
TOTAL ASSETS LESS CURRENT LIABILITIES			5,384		5,351
PROVISION FOR LIABILITIES AND CHARGES	11		(325)		(350)
			5,059		5,001
CAPITAL AND RESERVES					
Called up share capital	12		555		723
Share Premium account	13		127		-
Capital redemption reserve	14		320		127
Profit and loss account	15		4,057		4,151
SHAREHOLDERS' FUNDS			5,059		5,001

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

I H Noar

Stephen Noar
Director
Date: 13 February 2003

ST GILES HOTEL LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	Year ended 31.12.02 £'000	Year ended 31.12.01 £'000
NET CASH FLOW FROM OPERATING ACTIVITIES	18	2,125	1,972
TAXATION			
Corporation tax paid		(421)	(260)
CAPITAL EXPENDITURE			
Payment to acquire tangible fixed assets		(310)	(138)
FINANCING			
Proceeds from issue of shares		64	-
Purchase of own shares		(1,466)	-
(DECREASE)/INCREASE IN CASH	19	(8)	1,574

ST GILES HOTEL LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2002

	Year ended 31.12.02 £'000	Year ended 31.12.01 £'000
PROFIT FOR THE YEAR	1,372	883
New Share capital subscribed	152	-
Re-purchase of own shares	(1,466)	-
Net addition to shareholders' funds	58	883
Opening shareholders' funds	5,001	4,118
CLOSING SHAREHOLDERS' FUNDS	5,059	5,001

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

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
Motor Vehicles	- 3 years

No depreciation is provided in the year of acquisition.

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.

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:	**Year ended 31.12.02 £'000**	**Year ended 31.12.01 £'000**
Auditors' remuneration	13	15
Operating leases - land and buildings	4,154	3,869
Operating leases - other	131	207
Depreciation	526	420

3. OTHER OPERATING INCOME

	Year ended 31.12.02 £'000	**Year ended 31.12.01 £'000**
Rental income	667	580
Sundry income	240	253
	907	833

4. DIRECTORS' REMUNERATION

	Year ended 31.12.02 £'000	Year ended 31.12.01 £'000
Salary and benefits	48	50
Sums paid to third parties for directors' services	92	82
Pension costs - defined contribution scheme	5	5
	145	137
Number of directors accruing benefit - defined contribution scheme	1	1

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	
	Year ended 31.12.02	Year ended 31.12.01
Hotel staff	159	163
Administrative staff	29	30
	188	193

The aggregate payroll costs of these persons are as follows:

	Year ended	
Year ended	31.12.02 £'000	31.12.01 £'000
Wages and salaries	2,938	2,943
Social security costs	254	249
Pension costs	58	72
	3,250	3,264

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31.12.02 £'000 £	Year ended 31.12.01 £'000 £
Current tax:		
UK Corporation Tax	583	407
Prior period adjustment	(183)	-
	400	407
Deferred tax:		
Reversal and origination of timing differences	(25)	-
Tax on profit on ordinary activities	375	407
The tax assessed for the year is different than the expected rate of corporation tax. The differences are explained below:		
Profit on ordinary activities before taxation	1,747	1,290
Profit on ordinary activities multiplied by expected rate of corporation tax of 30%	524	387
Factors affecting the tax charge for the year:		
Depreciation for the year in excess of capital allowances	59	20
	583	407

7. TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Fixtures, fittings & equipment £'000	Motor vehicles £'000	Assets in the course of construction £'000	Total £'000
Cost					
At 31 December 2001	3,580	1,563	16	1,589	6,748
Additions in year	-	64	16	230	310
Transfers	1,268	196	-	(1,464)	-
At 31 December 2002	4,848	1,823	32	355	7,058
Depreciation					
At 31 December 2001	789	563	-	-	1,352
Charge for the year	328	190	8	-	526
At 31 December 2002	1,117	753	8	-	1,878
Net Book Value					
At 31 December 2002	3,731	1,070	24	355	5,180
At 31 December 2001	2,791	1,000	16	1,589	5,396

8. STOCKS

	31.12.02 £'000	31.12.01 £'000
Bar and other stocks	29	27

9. DEBTORS

	31.12.02 £'000	31.12.01 £'000
Amounts falling due within one year		
Trade debtors	905	784
Other debtors	712	626
Prepayments and accrued income	263	190
	1,880	1,600

10. CREDITORS: amounts falling due within one year

	31.12.02 £'000	31.12.01 £'000
Trade creditors	527	192
Corporation tax	392	413
Social security and other taxation	468	609
Other creditors	1,393	1,582
Accruals and deferred income	1,049	920
	3,829	3,716

11. PROVISION FOR LIABILITIES AND CHARGES

	31.12.02 £'000	31.12.01 £'000
Deferred taxation		
Accelerated capital allowances		
As at 31 December 2001	350	350
Transfer to profit and loss account	(25)	-
As at 31 December 2002	325	350

12. CALLED UP SHARE CAPITAL

	31.12.02 £'000	31.12.01 £'000
Authorised		
850,000 Ordinary shares of £1 each	850	850
Allotted and fully paid		
722,500 Ordinary shares of £1 each	723	723
Issued during the year	25	-
Repurchase of shares	(193)	-
555,420 Ordinary shares of £1	555	723

In 2002 the company repurchased ordinary shares with a nominal value of £192,730 at a total cost of £1,466,675.

During the year the company issued 9,350 ordinary £1 shares at £6.90 per share under an unapproved share option scheme. There are no further options that remain unexercised.

During the year the company issued 16,300 ordinary £1 shares at £5.43 per share.

13. SHARE PREMIUM ACCOUNT

	31.12.02 £'000	31.12.01 £'000
As at 31 December 2001	-	-
Premium on shares issued during the year	127	-
As at 31 December 2002	127	-

14. CAPITAL REDEMPTION RESERVE

	31.12.02 £'000	31.12.01 £'000
Balance brought forward	127	127
Purchase of own shares	193	-
Balance carried forward	320	127

15. PROFIT AND LOSS ACCOUNT

	31.12.02 £'000	31.12.01 £'000
As at 31 December 2001	4,151	3,268
Profit for the year	(94)	883
As at 31 December 2002	4,057	4,151

16. OPERATING LEASE COMMITMENTS

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

	31.12.02 £'000	31.12.01 £'000
Operating leases which expire:		
Within one year	83	20
Within two to five years inclusive	14	109
After more than five years	2,669	2,659

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

17. CAPITAL COMMITMENTS

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

	31.12.02 £'000	31.12.01 £'000
Authorised and contracted for	-	36
Authorised but not contracted for	240	-
	240	36

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

	31.12.02 £'000	31.12.01 £'000
Operating profit	1,747	1,290
Decrease/(Increase) in stocks	(2)	13
Decrease/ (increase) in debtors	(280)	87
(Decrease) / increase in creditors	134	161
Depreciation	526	421
	2,125	1,972

19. ANALYSIS OF CHANGES IN NET FUNDS

	At 31 December 2002 £'000	Cashflows £'000	At 31 December 2001 £'000
Cash at bank and in hand	2,036	(8)	2,044

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

	£'000
Decrease in cash in the year	(8)
Net funds at 31 December 2001	2,044
Net funds at 31 December 2002	2,036

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002 (continued)

21. RELATED PARTY TRANSACTIONS

During the year, the company was charged rent of £4,149,725 (31 December 2001: £3,690,018) 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 £2,266,155 (2001: £637,677), and the amounts due from Ravencroft Investments Incorporated was £1,750,912 (2001: £2,085.50)

At the balance sheet date the company was owed by Grapevine Limited £66,960 (2001 : £66,960), any by St Giles Hotel (Heathrow) Limited £8,511 (2001: £8,390).

22. ULTIMATE CONTROLLING PARTY

No individual shareholder owns a controlling interest in the shares of the company.