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Bankside Hotels Limited
Directors' Report and Financial Statements
for the year ended 8 May 2001

Company Registration No. 03214521 (England and Wales)



Bankside Hotels Limited

Company Information

Directors	M S Gourgey K Gourgey R J Hodge N J Griffith
Secretary	N Gourgey
Company number	03214521
Registered office	Hillside House 2-6 Friern Park London N12 9BY
Auditors	Enoch & Partners Hillside House 2-6 Friern Park London N12 9BY

Bankside Hotels Limited

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Bankside Hotels Limited

Directors' Report for the year ended 8 May 2001

The directors present their report and financial statements for the year ended 8 May 2001, with comparatives relating to the period from 1 September 1999 to 8 May 2000.

Principal activities

The principal activity of the company is that of a lessor of hotels.

The company commenced leasing its hotel from 25 May 2000.

Directors

The following directors have held office since 9 May 2000:

M S Gourgey
K Gourgey
R J Hodge
N J Griffith

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	8 May 2001	9 May 2000
M S Gourgey	-	-
K Gourgey	-	-
R J Hodge	25	25
N J Griffith	25	25

The remaining 50 shares are held by a trust in which M S Gourgey and K Gourgey have a beneficial interest.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Enoch & Partners be reappointed as auditors of the company will be put to the Annual General Meeting.

Bankside Hotels Limited

Directors' Report for the year ended 8 May 2001

Directors' responsibilities

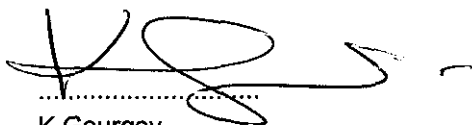
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- 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 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.

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

By order of the board



K Gourgey
Director

15 NOVEMBER 2001 ✓
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Bankside Hotels Limited

Auditors' Report to the Shareholders of Bankside Hotels Limited

We have audited the financial statements of Bankside Hotels Limited on pages 4 to 12 for the year ended 8 May 2001. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities on page 2 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 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.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the continued support of the company's bankers. In view of the significance of the fact that the preparation of the financial statements on the going concern basis assumes such continued support, we consider that these disclosures should be brought to your attention.

Details of the circumstances relating to this uncertainty are described in note 8. Our opinion is also not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 8 May 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Enoch & Partners
Chartered Accountants
Registered Auditor



22 November 2002
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Hillside House
2-6 Friern Park
London
N12 9BY

Bankside Hotels Limited**Profit and Loss Account
for the year ended 8 May 2001**

		2001	2000
	Notes	£	£
Turnover		646,042	-
Administrative expenses		(861,149)	(261,343)
Operating loss	2	(215,107)	(261,343)
Other interest receivable and similar income		3,589	3,058
Interest payable and similar charges	3	(1,016,347)	(2,844)
Loss on ordinary activities before taxation		(1,227,865)	(261,129)
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation	11	(1,227,865)	(261,129)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Bankside Hotels Limited

**Statement of Total Recognised Gains and Losses
for the year ended 8 May 2001**

	Notes	2001 £	2000 £
Loss for the financial year		(1,227,865)	(261,129)
Unrealised surplus on revaluation of properties		2,712,065	-
Total recognised gains and losses relating to the year		<u>1,484,200</u>	<u>(261,129)</u>

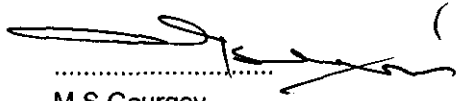
Bankside Hotels Limited

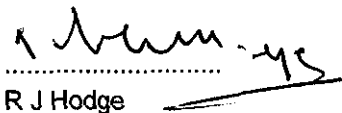
Balance Sheet as at 8 May 2001

	Notes	2001 £	£	2000 £	£
Fixed assets					
Tangible assets	5	16,825,213		12,371,606	
Investments	6		2		2
		<u>16,825,215</u>		<u>12,371,608</u>	
Current assets					
Debtors	7	1,385,117		1,740,433	
Cash at bank and in hand		286		54,965	
		<u>1,385,403</u>		<u>1,795,398</u>	
Creditors: amounts falling due within one year	8	(17,381,248)		(9,032,913)	
Net current liabilities		(15,995,845)		(7,237,515)	
Total assets less current liabilities		<u>829,370</u>		<u>5,134,093</u>	
Creditors: amounts falling due after more than one year	9		-	(5,788,923)	
		<u>829,370</u>		<u>(654,830)</u>	
Capital and reserves					
Called up share capital	10		100		100
Revaluation reserve	11		2,712,065		-
Profit and loss account	11		(1,882,795)		(654,930)
Shareholders' funds - equity interests	12		<u>829,370</u>		<u>(654,830)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 15.11.2002.


M S Gourgey
Director


R J Hodge
Director

Bankside Hotels Limited

Notes to the Financial Statements for the year ended 8 May 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

No depreciation is provided in respect of freehold land.

1.2 Turnover

Turnover represents rents and insurances receivable.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	Over fifty years
Plant and machinery	10% Reducing balance
Fixtures, fittings & equipment	10% Reducing balance
Motor vehicles	25 % Reducing Balance

The property is shown at purchase cost plus subsequent building costs and capitalised interest.

Costs of £470,000 (£270,000 included in freehold buildings and £200,000 included in plant and machinery) that relate to the lease of the freehold are being depreciated over the life of the lease, 15 years.

1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.6 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Operating loss

	2001	2000
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	487,096	202,058
Auditors' remuneration	4,000	3,000

Bankside Hotels Limited

Notes to the Financial Statements for the year ended 8 May 2001

3	Interest payable	2001	2000
		£	£
	On bank loans and overdrafts	1,016,347	2,844
		<u> </u>	<u> </u>
4	Taxation		
	Current tax charge	-	-
		<u> </u>	<u> </u>
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	(1,227,865)	(261,129)
		<u> </u>	<u> </u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00% (2000 : 0.00%)	-	-
	Effects of:		
	Current tax charge	-	-
		<u> </u>	<u> </u>

The company has estimated losses of £ 367,892 (2000 : £ nil) available for carry forward against future trading profits.

Cumulative losses of over £3,400,000 were surrendered by way of group relief to the company's subsidiary.

Bankside Hotels Limited

**Notes to the Financial Statements
for the year ended 8 May 2001**

5 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 9 May 2000	9,611,764	2,692,000	574,362	-	12,878,126
Additions	2,176,171	-	37,967	14,500	2,228,638
Revaluation	2,712,065	-	-	-	2,712,065
At 8 May 2001	14,500,000	2,692,000	612,329	14,500	17,818,829
Depreciation					
At 9 May 2000	-	434,481	72,039	-	506,520
Charge for the year	239,408	190,034	54,029	3,625	487,096
At 8 May 2001	239,408	624,515	126,068	3,625	993,616
Net book value					
At 8 May 2001	14,260,592	2,067,485	486,261	10,875	16,825,213
At 8 May 2000	9,611,764	2,257,519	502,323	-	12,371,606

Included in additions to land and buildings is £1,714,756 in respect of capitalised interest.

Land and buildings are shown at £14,500,000 following a valuation by independent surveyors.

Bankside Hotels Limited

Notes to the Financial Statements for the year ended 8 May 2001

6 Fixed asset investments

	Shares in group undertakings and participating interests £
Cost or valuation	
At 9 May 2000 & at 8 May 2001	2

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Riverbank Hotels Limited	England	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
Riverbank Hotels Limited	3,421,965	3,985,775

7 Debtors

	2001 £	2000 £
Amounts owed by subsidiary undertakings	228,528	815,281
Other debtors	1,156,589	924,807
Prepayments and accrued income	-	345
	<u>1,385,117</u>	<u>1,740,433</u>

Included in other debtors is £1,033,735 (2000 : £768,735) owed by Pedersen Leisure Limited in which both M S Gourgey and R J Hodge have an interest.

Also included in other debtors is £121,091 due from Pedersen Caterers Limited, a company in which only M S Gourgey has an interest.

Bankside Hotels Limited

Notes to the Financial Statements for the year ended 8 May 2001

8 Creditors: amounts falling due within one year	2001	2000
	£	£
Bank loans and overdrafts	16,714,859	7,817,461
Taxes and social security costs	45,288	-
Other creditors	23,349	955,712
Accruals and deferred income	597,752	259,740
	<u>17,381,248</u>	<u>9,032,913</u>

The company is dependent on its bankers continuing to provide the necessary facilities to enable the company to continue in operation for the foreseeable future.

Other creditors of £23,349 is an amount due to a company in which R J Hodge has an interest (2000 : £323,349)

9 Creditors: amounts falling due after more than one year	2001	2000
	£	£
Bank loans	-	5,788,923
	<u>-</u>	<u>5,788,923</u>
Analysis of loans		
Total loans	16,692,527	13,472,056
Included in current liabilities	(16,692,527)	(7,683,133)
	<u>-</u>	<u>5,788,923</u>

The mortgage, secured on the freehold property, was redeemed on 30 May 2001 and is therefore being shown as a current liability.

The remainder of the companys borrowing is unsecured and is renewed on a yearly basis and is also shown under current liabilities.

10 Share capital	2001	2000
	£	£
Authorised		
10,000 Ordinary shares of £ 1 each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
100 Ordinary shares of £ 1 each	100	100
	<u>100</u>	<u>100</u>

Bankside Hotels Limited

Notes to the Financial Statements for the year ended 8 May 2001

11 Statement of movements on reserves

	Revaluation reserve	Profit and loss account
	£	£
Balance at 9 May 2000	-	(654,930)
Retained loss for the year	-	(1,227,865)
Revaluation during the year	2,712,065	-
Balance at 8 May 2001	2,712,065	(1,882,795)

12 Reconciliation of movements in shareholders' funds

	2001	2000
	£	£
Loss for the financial year	(1,227,865)	(261,129)
Other recognised gains and losses	2,712,065	-
Net addition to/(depletion in) shareholders' funds	1,484,200	(261,129)
Opening shareholders' funds	(654,830)	(393,701)
Closing shareholders' funds	829,370	(654,830)

13 Contingent liabilities

A degree of uncertainty remains concerning the final amount payable in respect of the construction of the Company's freehold property. The contractor and professionals have claimed additional payments which the directors consider to be without foundation and it is anticipated that the matter will be resolved on terms that are acceptable to the Company.

In view of the aforementioned, it is considered that there is no requirement for the Company to make any provisions in these accounts.

14 Capital commitments

	2001	2000
	£	£
At 8 May 2001 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements	-	500,000

15 Related party transactions

Management charges include £28,000 (2000 : £25,900) paid to Pedersen Group Management Limited and £250,000 to Pedersen Leisure Limited. M S Gourgey has an interest in both these companies, and R J Hodge has an interest in Pedersen Leisure Limited.

Office accommodation costs of £17,250 were paid to Sashden Limited, a company in which M S Gourgey has an interest.