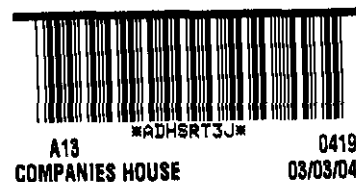


Bankside Hotels Limited
Directors' Report and Financial Statements
for the year ended 8 May 2003



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	Nadine 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

Contents

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Statement of total recognised gains and losses	6
Balance sheet	7
Notes to the financial statements	8 - 13

Bankside Hotels Limited

Directors' Report for the year ended 8 May 2003

The directors present their report and financial statements for the year ended 8 May 2003.

Principal activities

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

Directors

The following directors have held office since 9 May 2002:

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 2003	9 May 2002
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 2003

Directors' responsibilities

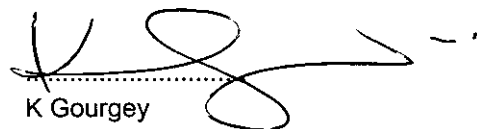
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- 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

.....

Bankside Hotels Limited

Auditors' Report to the Shareholders of Bankside Hotels Limited

We have audited the financial statements of Bankside Hotels Limited on pages 5 to 13 for the year ended 8 May 2003. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), 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

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 auditor's 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.

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.

Bankside Hotels Limited

Auditors' Report to the Shareholders of Bankside Hotels Limited

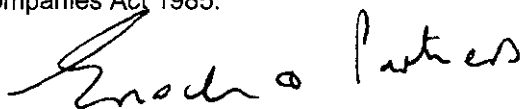
Going concern

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.

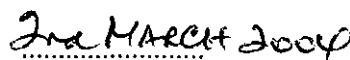
Details of the circumstances relating to this uncertainty are described in note 9. Our opinion is also not qualified in this respect.

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 2003 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



Hillside House
2-6 Friern Park
London
N12 9BY

Bankside Hotels Limited**Profit and Loss Account
for the year ended 8 May 2003**

	Notes	2003 £	2002 £
Turnover		1,095,212	840,443
Administrative expenses		(1,050,729)	(817,615)
Operating profit	2	<u>44,483</u>	<u>22,828</u>
Other interest receivable and similar income		118,987	48,240
Interest payable and similar charges	3	<u>(777,575)</u>	<u>(795,698)</u>
Loss on ordinary activities before taxation		(614,105)	(724,630)
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
Loss on ordinary activities after taxation	11	<u>(614,105)</u>	<u>(724,630)</u>

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 2003**

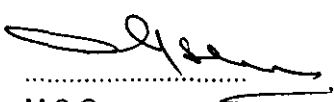
	Notes	2003 £	2002 £
Loss for the financial year		(614,105)	(724,630)
Unrealised surplus on revaluation of properties		4,257,639	-
Total recognised gains and losses relating to the year		<u>3,643,534</u>	<u>(724,630)</u>

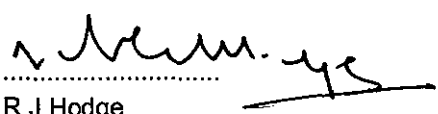
Bankside Hotels Limited**Balance Sheet
as at 8 May 2003**

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	5	20,249,280		16,522,941	
Investments	6		2		2
		<u>20,249,282</u>		<u>16,522,943</u>	
Current assets					
Debtors	7	4,209,619		4,062,600	
Cash at bank and in hand		57,095		56,729	
		<u>4,266,714</u>		<u>4,119,329</u>	
Creditors: amounts falling due within one year	8	<u>(7,704,011)</u>		<u>(7,447,521)</u>	
Net current liabilities			(3,437,297)		(3,328,192)
Total assets less current liabilities			<u>16,811,985</u>		<u>13,194,751</u>
Creditors: amounts falling due after more than one year	9		(13,063,711)		(13,090,011)
			<u>3,748,274</u>		<u>104,740</u>
Capital and reserves					
Called up share capital	10		100		100
Revaluation reserve	11		6,969,704		2,712,065
Profit and loss account	11		(3,221,530)		(2,607,425)
Shareholders' funds			<u>3,748,274</u>		<u>104,740</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 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 28.2.04


M S Gourgey
Director


R J Hodge
Director

Bankside Hotels Limited

Notes to the Financial Statements for the year ended 8 May 2003

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 and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

No depreciation is provided in respect of freehold land.

1.2 Turnover

Turnover represents rents 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 or revaluation 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) relate to the lease granted to the lessee of the company's 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 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 profit	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	575,014	507,763
Auditors' remuneration	4,000	4,000

Bankside Hotels Limited

Notes to the Financial Statements for the year ended 8 May 2003

3	Interest payable	2003	2002
		£	£
	On bank loans and overdrafts	769,661	795,698
	Other interest	7,914	-
		<u>777,575</u>	<u>795,698</u>
4 Taxation			
	Current tax charge	-	-

The company has estimated losses of £ 2,176,010 (2002 : £ 1,410,636) available for carry forward against future trading profits.

Cumulative losses of £3,511,934 (2002 : £3,493,351) have been 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 2003

5 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 9 May 2002	14,705,491	2,692,000	612,329	14,500	18,024,320
Additions	36,870	-	-	15,000	51,870
Revaluation	4,257,639	-	-	-	4,257,639
Disposals	-	-	-	(14,500)	(14,500)
At 8 May 2003	19,000,000	2,692,000	612,329	15,000	22,319,329
Depreciation					
At 9 May 2002	494,411	825,930	174,694	6,344	1,501,379
On disposals	-	-	-	(6,344)	(6,344)
Charge for the year	340,893	186,607	43,764	3,750	575,014
At 8 May 2003	835,304	1,012,537	218,458	3,750	2,070,049
Net book value					
At 8 May 2003	18,164,696	1,679,463	393,871	11,250	20,249,280
At 8 May 2002	14,211,080	1,866,070	437,635	8,156	16,522,941

Land and buildings has been revalued at £19,000,000 by independent surveyors.

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

Bankside Hotels Limited

Notes to the Financial Statements for the year ended 8 May 2003

6 Fixed asset investments

Shares in
group
undertakings
and
participating
interests

£

Cost or valuation

At 9 May 2002 & at 8 May 2003

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 2003 £	Profit for the year 2003 £
Riverbank Hotels Limited	3,509,436	17,083

7 Debtors

	2003 £	2002 £
Other debtors	4,209,619	4,062,600

Included in other debtors are amounts due from the following companies in which the directors of Bankside Hotels Limited have varying interests as either directors and/or shareholders.

Pedersen Leisure Limited £972,735 (2002: £987,735)

Pedersen Caterers Limited £nil (2002: £138,540)

Pedersen (Duxford) Limited £60,203 (2002: £20,000)

Scorebridge Limited £2,279,820 (2002: £2,098,736)

G & G Properties Limited £372,175 (2002: £771,175)

Bankside Hotels Limited

Notes to the Financial Statements for the year ended 8 May 2003

8 Creditors: amounts falling due within one year	2003	2002
	£	£
Bank loans and overdrafts	53,974	102,552
Amounts owed to subsidiary undertaking	6,875,166	6,889,853
Taxes and social security costs	64,121	36,527
Other creditors	94,870	2,000
Accruals and deferred income	615,880	416,589
	<u>7,704,011</u>	<u>7,447,521</u>

Included in other creditors are amounts due to the following companies in which the directors of Bankside Hotels Limited have varying interests as either directors and/or shareholders.

Pedersen Group Management Limited £6,329 (2002 : £2,000)

Pedersen Caterers Limited £43,581 (2002: nil)

G & G Land Limited £44,960 (2002:nil)

9 Creditors: amounts falling due after more than one year	2003	2002
	£	£
Bank loans	13,063,711	13,090,011
	<u>13,063,711</u>	<u>13,090,011</u>
Analysis of loans		
Wholly repayable within five years	13,063,711	13,090,011
	<u>13,063,711</u>	<u>13,090,011</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.

The bank loans are secured by a first legal charge over the properties of Bankside Hotels Limited.

10 Share capital	2003	2002
	£	£
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 2003

11 Statement of movements on reserves

	Revaluation reserve	Profit and loss account
	£	£
Balance at 9 May 2002	2,712,065	(2,607,425)
Retained loss for the year	-	(614,105)
Revaluation during the year	4,257,639	-
	<u>6,969,704</u>	<u>(3,221,530)</u>
Balance at 8 May 2003	6,969,704	(3,221,530)

12 Contingent liabilities

The dispute with a building contractor reported last year was resolved in the company's favour. £350,000 has been recovered after date in respect of legal costs and is reflected in these accounts as a debtor. However, further expenses in connection with the dispute are currently under negotiation and the likely cost is expected to be in the region of £60,000. No provision has been made as there is a substantial degree of uncertainty.

13 Related party transactions

Management charges include £34,500 (2002 : £27,000) paid to Pedersen Group Management Limited in which M S Gourgey has an interest.

Office accommodation costs of £6,000 (2002: £6,000) were paid to Sashden Limited, a company in which M S Gourgey has an interest.

M S Gourgey and R J Hodge have given a personal guarantee of £150,000 on the bank loans.