THE CROWN HOTEL (WETHERAL) LIMITED

FINANCIAL STATEMENTS FOR THE PERIOD

FROM 11TH AUGUST, 2000 TO 31ST JANUARY, 2001

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COMPANY INFORMATION

COMPANY NUMBER	4051321
REGISTERED OFFICE	5 Cecil Street, Carlisle CA1 1NL
DIRECTORS	D.J. Byers A.T. Barsby P.A. Hicks
SECRETARY	Mrs. S. Warnock
BANKERS	Bank of Scotland PLC 5 Wavell Drive, Rosehill, Carlisle.
AUDITORS	N.B. Lancaster and Co., Chartered Accountants, and Registered Auditor, 5 Cecil Street, Carlisle.

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A30 0322
COMPANIES HOUSE

THE CROWN HOTEL (WETHERAL) LIMITED

DIRECTORS REPORT

The Directors present their first Annual Report together with the attached Audited Accounts for the period from the Date of Incorporation on 11th August, 2000 to 31st January, 2001. The company commenced trading on 30th October, 2000.

TRADING RESULTS	PERIOD ENDED 31.1.2001
Loss on Ordinary Activities Before Tax	(20,320)
Taxation	-
Loss on Ordinary Activities After Tax	(20,320)

The Directors do not recommend the payment of a Dividend.

STATE OF AFFAIRS

The Directors consider that the Company's state of affair is satisfactory and look forward to an increase in Turnover and Profitability during the current year.

PRINCIPAL ACTIVITIES

The Company's principal activity is the Operation and Management of Hotels.

FIXED ASSETS

The Company's movement in Fixed Assets is set out in Note 13 to the Accounts.

DIRECTORS AND INTERESTS

The Directors serving during the period and their interest in the Company's Issued Share Capital is as follows:-

	ORD. SHARES AS AT 31.1.2001
D. J. Byers,	NIL
A. T. Barsby	NIL
P.A.Hicks	NIL

The Company is a wholly owned subsidiary of Best Northern Hotels Limited, of which Company Mr. D.J. Byers is the Beneficial Owner of 90% of the Issued Share Capital.

THE CROWN HOTEL (WETHERAL) LIMITED

DIRECTORS REPORT (CONTD.)

CHARITABLE AND POLITICAL DONATIONS

- Charitable	NIL
- Political	NIL

AUDITORS

Messrs. N.B. Lancaster and Co., Chartered Accountants of Carlisle have been appointed as Auditors and having expressed their willingness to continue in office a resolution reappointing them as Auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

Mrs. S. Warnock

5th JUNE, 2001

SECRETARY

THE CROWN HOTEL (WETHERAL) LIMITED

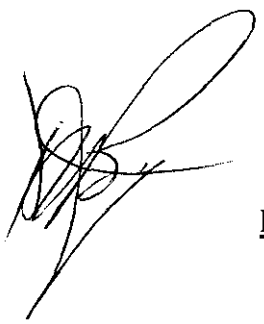
STATEMENT OF DIRECTORS RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Directors are required by the Companies Act 1985 to prepare financial statements which give a true and fair view of the state of the Company's affairs at the end of the financial year and of the profit and loss for that period.

It is also the Directors responsibility to maintain adequate accounting records, safeguard the assets of the company and prevent and detect fraud and other irregularities.

The Directors confirm that suitable Accounting Policies, consistently applied and supported by responsible and prudent judgement and estimates, have been used in the preparation of the Financial Statements and that applicable Accounting Standards have been followed.

BY ORDER OF THE BOARD



D. J. Byers

DIRECTOR

5TH JUNE, 2001

AUDITORS REPORT

TO THE MEMBERS OF

THE CROWN HOTEL (WETHERAL) LIMITED

We have audited the financial statements on pages 5 and 6 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 10.

Respective Responsibilities of Directors and Auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination on a test basis, of the 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 explanation 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 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 affairs of the company as at 31st January, 2001 and of its results for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

N.B. LANCASTER AND CO.
CHARTERED ACCOUNTANTS,
AND REGISTERED AUDITOR,
5 CECIL STREET,
CARLISLE

5TH JUNE, 2001

THE CROWN HOTEL (WETHERAL) LIMITED

BALANCE SHEET AS AT 31ST JANUARY, 2001

ASSETS EMPLOYED		
TANGIBLE ASSETS		
Fixed Assets (Note 13)		2730650
CURRENT ASSETS		
Stocks (Note 8)	21745	
Debtors (Note 9)	87465	
Cash at Bank and In Hand (Note 10)	64159	
	173369	
LESS CURRENT LIABILITIES		
Creditors Falling Due Within One Year (Note 11)	172366	
NET CURRENT ASSETS		1003
TOTAL ASSETS LESS CURRENT LIABILITIES		2731653
DEDUCT CREDITORS FALLING DUE AFTER ONE YEAR (Note 12)		2751873
NET ASSETS		(20220)
REPRESENTED BY:-		
CAPITAL AND RESERVES		
Called Up Share Capital (Note 14)		100
RESERVES		
Profit and Loss Account		(20320)
CAPITAL EMPLOYED		(20220)

SIGNED ON BEHALF OF THE DIRECTORS

D.J. Byers ..... Director

APPROVED BY THE BOARD ON 5TH JUNE, 2001

THE CROWN HOTEL (WETHERAL) CARLISLE

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 11TH AUGUST, 2000 TO 31ST JANUARY, 2001

TURNOVER (Note 1(c))	325987
Less Cost of Sales (Note 2)	58911
GROSS PROFIT	267076
Less Administrative Expenses (Note 3)	248367
OPERATING PROFIT	18709
Add Interest Received (Note 5)	344
	19053
Less Interest Payable (Note 6)	39373
LOSS ON ORDINARY ACTIVITIES BEFORE TAX	(20320)
TAXATION (Note 7)	-
LOSS ON ORDINARY ACTIVITIES AFTER TAX	(20320)
APPROPRIATIONS	-
RETAINED LOSS FOR THE FINANCIAL YEAR	(20320)
Add Retained Earnings B/Fwd.	-
RETAINED EARNINGS	(20320)

NOTES:-

1. Continuing Operations

   The company's activities commenced on 30th October, 2000 during the above Financial Period.

2. Total Recognised Gains and Losses

   The Company has no recognised Gains or Losses other the results for the above Financial Period.

THE CROWN HOTEL (WETHERAL) LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The Accounts have been prepared under the Historical Cost Convention and are drawn up in accordance with applicable Statements of Standard Accounting Practice except where otherwise stated.

(b) Cash Flow Statements

The Accounts do not include a Cash Flow Statement because the Company is exempt from the requirements to produce such a statement under F.R.S.1.

(c) Turnover

Turnover comprises the value of all Sales (exclusive of Value Added Tax) and after provision for refunds, outbookings and doubtful debts.

(d) Stocks

Stocks are valued at the lower of cost and net realisable value.

(e) Depreciation

Depreciation is provided on Tangible Assets at the following rates computed by the Reducing Balance Method in the case of Fixtures, Equipment and Vehicles and by the Straight Line Method in the case of Freehold Property in order that the cost of those assets may be reduced to their estimated residual values over their probable useful lives:-

Freehold Property	-	1% per annum Straight Line on Cost
Fixtures, Fittings and Equipment	-	20% per annum on Reducing Balance
Motor Vehicles	-	25% per annum on Reducing Balance

THE CROWN HOTEL (WETHERAL) LIMITED

NOTES TO THE ACCOUNTS

2. COST OF SALES

	2001
Purchases (after Stock Adjustment)	58,911

3. ADMINISTRATIVE EXPENSES

Depreciation	23,270
Staff Costs	113,022
Directors Remuneration (See Note 4)	9,684
Auditors Remuneration	1,500
Hire of Plant and Equipment	3,263
Other Expenses	97,628
	248,367

4. DIRECTORS REMUNERATION

Salary	8,750
Social Security Costs	934
	9,684

Emoluments of the Directors were within the following Bands:-

5,001 – 10,000	1

5. INTEREST RECEIVED

Bank Interest Received (Gross)	344

6. INTEREST PAYABLE

Short Term Bank Overdraft Interest	104
Bank Loan Interest (Over 5 Years)	39,269
	39,373

7. TAXATION

Provision for U.K. Corporation Tax	NIL

NOTES TO THE ACCOUNT

8. STOCKS

	2001
Goods for Re-Sale	12,352
Raw Materials and Consumable Stores	9,393
	21,745

9. DEBTORS

Trade Debtors	87,465

10. CASH AT BANK AND IN HAND

Balances at Bank of Scotland	25,142
Balance at Halifax PLC	34,785
Cash and Cheques on Hand	4,232
	64,159

11. CREDITORS FALLING DUE WITHIN ONE YEAR

Bank Overdraft – Bank of Scotland	21,945
Trade Creditors	37,847
Other Creditors (Including Taxation and Social Security)	53,650
Accruals and Deferred Income	58,924
Corporation Tax Payable	-
	172,366

The Bank Overdraft Facility with Bank of Scotland is secured by a Fixed and Floating Debenture over the Assets of the Company including a Fixed Charge over the Freehold Premises comprising The Crown Hotel at Wetheral, Carlisle.

12. CREDITORS FALLING DUE AFTER ONE YEAR

LOANS (OVER 5 YEARS)

Loan – Bank of Scotland	1,966,667
- Holding Company (Best Northern Hotels Limited)	785.206
	2,751.873

A Loan of £2,000,000 was advanced by Bank of Scotland in October, 2000 which is repayable over a maximum of 15 years by equal monthly instalments of £11,111. The Loan is secured on the Company's Freehold Property and Interest is charged on the amount outstanding at the rate of 1½% above Base Rate on the first £1 Million of Borrowings and 2% above Bank Base Rate on the excess above £1 Million.

In addition to the Fixed and Floating Charge over the company's assets the Bank of Scotland also has guarantees and security from the company's parent company, Best Northern Hotels Limited, as well as guarantees from Mr. D.J. Byers, the Principal Shareholder in Best Northern Hotels Limited.

THE CROWN HOTEL (WETHERAL) LIMITED

NOTES TO THE ACCOUNTS

13. TANGIBLE ASSETS

	FREEHOLD PROPERTY	FIXTURES FITTINGS AND EQUIPMENT	MOTOR VEHICLES	TOTAL
Cost As at 11th August, 2000	-	-	-	-
Additions	2,410.420	338,000	5,500	2,753.920
Disposals	-	-	-	-
Cost As At 31st January, 2001	2,410.420	338,000	5,500	2,753,920
Depreciation As At 11th August, 2000	-	-	-	-
Provision for Period	6,026	16,900	344	23,270
Disposals	-	-	-	-
Depreciation As At 31st January, 2001	6,026	16,900	344	23,270
Net Book Value As At 31st January, 2001	2,404,394	321,100	5,156	2,730,650

14. CALLED UP SHARE CAPITAL

	2001
Authorised – 1,000 Ordinary Shares of £1 each	1,000
Issued - 100 Ordinary Shares of £1 each, Fully Paid	100

15. ULTIMATE HOLDING COMPANY

The company's Ultimate Holding Company is Best Northern Hotels Limited (Registered in England – No. 2212053) which owns 100% of the Company's Issued Shared Capital. Mr. D.J. Byers, a Director of The Crown Hotel (Wetheral) Limited controls the company through his ownership of 90% of the Issued Share Capital of Best Northern Hotels Limited.