THE CROWN HOTEL (WETHERAL) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY, 2003

CONTENTS

Page	1/2	Directors Report
	3	Statement of Directors Responsibilities
	4	Auditors Report
	5	Balance Sheet
	6	Profit and Loss Account
	7/10	Note to the Accounts
	11/13	Detailed Profit and Loss Account (Not Forming Part of the Statutory Accounts)

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.

A3OOTLOZ 0683
A49
COMPANIES HOUSE 10/06/03

THE CROWN HOTEL (WETHERAL) LIMITED

DIRECTORS REPORT

The Directors present their third Annual Report together with the attached Audited Accounts for the year ended 31st January, 2003.

TRADING RESULTS	YEAR ENDED 31.1.2003	PERIOD ENDED 31.1.2002
Profit on Ordinary Activities Before Tax	190,082	160,972
Taxation	61,840	51,061
Profit on Ordinary Activities After Tax	128,242	109,911

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 31.1.2003	ORD. SHARES AS AT 31.1.2002
D. J. Byers,	NIL	NIL
A. T. Barsby	NIL	NIL
P.A.Hicks	NIL	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 100% of the Issued Share Capital.

THE CROWN HOTEL (WETHERAL) LIMITED

DIRECTORS REPORT (CONTD.)

CHARITABLE AND POLITICAL DONATIONS

	2003	2002
- Charitable	NIL	50
- Political	NIL	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

SECRETARY

28th MAY, 2003

THE CROWN HOTEL (WETHERAL) LIMITED

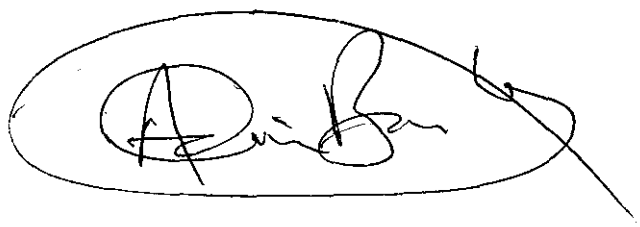
STATEMENT OF DIRECTORS RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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



A.T. Barsby

DIRECTOR

28th MAY, 2003

AUDITORS REPORT

TO THE MEMBERS OF THE CROWN HOTEL (WETHERAL) LIMITED

We have audited the financial statements of Crown Hotel (Wetheral) Limited for the year ended 31st January, 2003 which comprise Balance Sheet, Profit and Loss Account and the related notes. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards are set out in the Statement of Directors Responsibilities.

Our responsibility is to audit the financial statements in accordance with the 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. The other information comprises only the Directors' report. We consider the implications for our report if we become aware of any apparent misstatement 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 31st January, 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

N.B. Lancaster and Co.,
Chartered Accountants,
And Registered Auditor,
5 Cecil Street,
Carlisle

28th MAY, 2003

THE CROWN HOTEL (WETHERAL) LIMITED

BALANCE SHEET AS AT 31ST JANUARY, 2003

AS AT 31.1.2002				
		ASSETS EMPLOYED		
		FIXED ASSETS		
	2645315	Tangible Assets (Note 13)		2566729
		CURRENT ASSETS		
19576		Stocks (Note 8)	20185	
29469		Debtors (Note 9)	41079	
147674		Cash at Bank and In Hand (Note 10)	52043	
196719			113307	
		LESS CURRENT LIABILITIES		
223802		Creditors Falling Due Within One Year (Note 11)	196894	
	(27083)	**NET CURRENT ASSETS**		(83587)
	2618232	**TOTAL ASSETS LESS CURRENT LIABILITIES**		2483142
	2528541	**DEDUCT CREDITORS FALLING DUE AFTER ONE YEAR** (Note 12)		2265209
	89691	**NET ASSETS**		217933
		REPRESENTED BY:-		
		CAPITAL AND RESERVES		
	100	Called Up Share Capital (Note 14)		100
		RESERVES		
	89591	Profit and Loss Account		217833
	89691	**CAPITAL EMPLOYED**		217933

SIGNED ON BEHALF OF THE DIRECTORS

A.T. Barsby ..... Director

APPROVED BY THE BOARD ON 28TH MAY, 2003

THE CROWN HOTEL (WETHERAL) CARLISLE

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED TO 31ST JANUARY, 2003

Y.E. 31.1.2002		
1652801	**TURNOVER** (Note 1(c))	1680477
300794	Less Cost of Sales (Note 2)	278347
1352007	**GROSS PROFIT**	1402130
1068225	Less Administrative Expenses (Note 3)	1112862
283782	**OPERATING PROFIT**	289268
4932	Add Interest Received (Note 5)	2653
288714		291921
127742	Less Interest Payable (Note 6)	101839
160972	**PROFIT ON ORDINARY ACTIVITIES BEFORE TAX**	190082
51061	**TAXATION** (Note 7)	61840
109911	**PROFIT ON ORDINARY ACTIVITIES AFTER TAX**	128242
-	**APPROPRIATIONS**	-
109911	**RETAINED PROFIT FOR THE FINANCIAL YEAR**	128242
(20320)	Add Retained Earnings B/Fwd.	89591
89591	**RETAINED EARNINGS**	217833

NOTES:-

1. Continuing Operations

   None of the company's activities wre commenced or discontinued during the above Financial Periods.

2. Total Recognised Gains and Losses

   The Company has no recognised Gains or Losses other than 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
Computer Equipment	-	50% 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

	2003	2002
Purchases (after Stock Adjustment)	278,347	300,794

3. ADMINISTRATIVE EXPENSES

Depreciation	78,586	93,892
Staff Costs	570,907	502,445
Directors Remuneration (See Note 4)	40,379	38,643
Auditors Remuneration	2,100	2,000
Hire of Plant and Equipment	22,043	24,828
Other Expenses	398,847	406,417
	1,112,862	1,068,225

4. DIRECTORS REMUNERATION

Salary	36,600	35,000
Social Security Costs	3,779	3,643
	40,379	38,643

Emoluments of the Directors were within the following Bands:-

30,001 – 35,000	-	1
35,001 – 40,000	1	-

5. INTEREST RECEIVED

Bank Interest Received (Gross)	2,653	4,932

6. INTEREST PAYABLE

Short Term Bank Overdraft Interest	-	45
Bank Loan Interest (Over 5 Years)	101,839	127,697
	101,839	127,742

7. TAXATION

Provision for U.K. Corporation Tax	61,877	51,061
Overprovision for Previous Year	(37)	-
	61,840	51,061

NOTES TO THE ACCOUNT

8. STOCKS	2003	2002
Goods for Re-Sale	10,321	9,713
Raw Materials and Consumable Stores	9,864	9,863
	20,185	19,576

9. DEBTORS		
Trade Debtors	41,079	29,469

10. CASH AT BANK AND IN HAND		
Balances at Bank of Scotland	31,973	84,610
Balance at Halifax PLC	17,317	56,195
Cash and Cheques on Hand	2,753	6,869
	52,043	147,674

11. CREDITORS FALLING DUE WITHIN ONE YEAR		
Bank Overdraft – Bank of Scotland	-	28,959
Trade Creditors	58,388	47,924
Other Creditors (Including Taxation and Social Security)	66,065	69,764
Accruals and Deferred Income	10,564	26,094
Corporation Tax Payable	61,877	51,061
	196,894	223,802

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	1,700,003	1,833,335
- Holding Company (Best Northern Hotels Limited)	565,206	695,206
	2,265,209	2,528,541

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 31st January, 2002	2,410,420	346,557	5,500	2,762,477
Additions	-	-	-	-
Disposals	-	-	-	-
Cost As At 31st January, 2003	2,410.420	346,557	5,500	2,762,477
Depreciation As At 31st January, 2002	30,130	85,399	1,633	117,162
Provision for Period	24,104	53,515	967	78,586
Disposals	-	-	-	-
Depreciation As At 31st January, 2003	54,234	138,914	2,600	195,748
Net Book Value As At 31st January, 2002	2,380,290	261,158	3,867	2,645,315
Net Book Value As At 31st January, 2003	2,356,186	207,643	2,900	2,566,729

14. CALLED UP SHARE CAPITAL

	2003	2002
Authorised – 1,000 Ordinary Shares of £1 each	1,000	1,000
Issued - 100 Ordinary Shares of £1 each, Fully Paid	100	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 100% of the Issued Share Capital of Best Northern Hotels Limited.