

EDWARDIAN HOTELS LIMITED
FINANCIAL STATEMENTS
FOR
31 DECEMBER 2000

Company Registration Number 1009827



EDWARDIAN HOTELS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2000

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is that of an investment holding company.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year were as follows:

Mr J Singh
Mr B M Singh
Mr S K Gulhati
Mr S M Shah
Mr B G Robson

None of the directors had at any time during the year, a beneficial interest in the shares of the company. Mr B G Robson does not have a beneficial interest in the shares of any other group companies. The remaining directors are also directors of the parent company, Edwardian Group Limited, and their interests in the shares of the parent company are disclosed in the accounts of that company.

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

EDWARDIAN HOTELS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2000

AUDITORS

In accordance with Section 384 of the Companies Act 1985 a resolution concerning the re-appointment of Messrs KPMG and Shah Dodhia & Co as joint auditors will be proposed at the forthcoming Annual General Meeting.

Registered office:
140 Bath Road
Hayes
Middx
UB3 5AW

Signed by order of the directors



V WASON
Company Secretary

Approved by the directors on12.....June 2001.

EDWARDIAN HOTELS LIMITED**AUDITORS' REPORT TO THE SHAREHOLDERS****YEAR ENDED 31 DECEMBER 2000**

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the directors' report and, as described on page 1, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, 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.

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 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 2000 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



KPMG
Chartered Accountants
Registered Auditors
London

14 June 2001



Shah Dodhia & Co
Chartered Accountants
Registered Auditors
London

14 June 2001

EDWARDIAN HOTELS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2000

	Note	2000 £ 000's	1999 £ 000's
TURNOVER		-	-
Administrative expenses		-	-
OPERATING PROFIT		-	-
Interest receivable		3	2
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3	2
Tax on profit on ordinary activities	3	2,129	-
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>2,132</u>	<u>2</u>

All of the activities of the company are classed as continuing.

The company had further recognised gains and losses and these are disclosed in the Statement of Total Gains and Losses on page 5. There is no difference between the profit disclosed above and that calculated on a historical basis.

EDWARDIAN HOTELS LIMITED**YEAR ENDED 31 DECEMBER 2000****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	2000 £ 000's	1999 £ 000's
Profit for the financial year attributable to the shareholders	2,132	2
Unrealised profit on revaluation of trade investments:		
Revaluation of investments	455	202
	<hr/>	<hr/>
Total gains and losses recognised since the last annual report	<u>2,587</u>	<u>204</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £ 000's	1999 £ 000's
Profit for the financial year	2,132	2
Other net recognised gains and losses	455	202
	<hr/>	<hr/>
Net addition to funds	2,587	204
Opening shareholders' equity funds	6,355	6,151
	<hr/>	<hr/>
Closing shareholders' equity funds	<u>8,942</u>	<u>6,355</u>

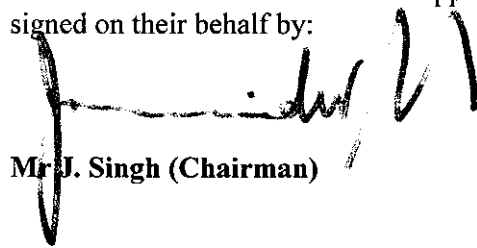
EDWARDIAN HOTELS LIMITED

BALANCE SHEET

31 DECEMBER 2000

	Note	2000 £ 000's	1999 £ 000's
FIXED ASSETS			
Investments	4	2,191	1,736
CURRENT ASSETS			
Debtors	5	15,537	13,474
Cash at bank		111	108
		<u>15,648</u>	<u>13,582</u>
CREDITORS: Amounts falling due within one year	6	-	(1)
NET CURRENT ASSETS		<u>15,648</u>	<u>13,581</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>17,839</u>	<u>15,317</u>
CREDITORS: Amounts falling due after more than one year	7	(8,381)	(8,381)
		<u>9,458</u>	<u>6,936</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Other provisions	9	(516)	(581)
		<u>8,942</u>	<u>6,355</u>
CAPITAL AND RESERVES			
Called-up equity share capital	11	750	750
Revaluation reserve	12	2,191	1,736
Other reserves	12	1,554	1,554
Profit and Loss Account	12	4,447	2,315
SHAREHOLDERS' FUNDS		<u>8,942</u>	<u>6,355</u>

These financial statements were approved by the directors on¹² June 2001, and were signed on their behalf by:



Mr J. Singh (Chairman)

EDWARDIAN HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cashflow statement.

Deferred taxation

Deferred taxation is calculated under the liability method and is only provided where it is anticipated that a liability will crystallise in the foreseeable future.

Group accounts

The company is a wholly owned subsidiary of Edwardian Group Limited, a company registered in England and Wales. The company has therefore taken advantage of S.228 Companies Act 1985 in not preparing group accounts.

Investments

Investment in subsidiary companies are stated at the net asset value of the subsidiary company. Differences between the net asset value and historical cost are recorded in the revaluation reserve except to the extent that there is a permanent impairment below historical cost which amount is taken to the profit and loss account. Other investments are valued at the lower of cost and market value.

2. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees, including the directors, during the year.

All directors emoluments are paid by a group company, Edwardian Management Services Limited. Details of emoluments are included in the accounts of that company.

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £ 000's	1999 £ 000's
Corporation Tax	-	-
Amount Receivable for Group Relief	(2,129)	-
	<u>(2,129)</u>	<u>-</u>

EDWARDIAN HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

4. INVESTMENTS

	£ 000's
COST OR VALUATION	
At 1 January 2000	1,736
Revaluations	455
At 31 December 2000	<u>2,191</u>
NET BOOK VALUE	
At 31 December 2000	<u>2,191</u>
At 31 December 1999	<u>1,736</u>

At 31st December 2000 the following companies were the principal subsidiaries:

Name of Subsidiary	Principal Activity	Percentage of Shares owned 2000 and 1999
Mountbatten Hotels Ltd	Dormant Company	100
Edwardian Management Services Ltd	Management Services	100
Dicetask Ltd	Construction Services	100
Cleftfield Ltd	Dormant Company	100

All companies are registered in England and Wales.

In the opinion of the directors, the aggregate value of the shares in, and amounts owing from, these subsidiaries is not less than the aggregate amount at which these assets are included in the balance sheet.

The historical cost of shares in subsidiaries is £1.194m (1999: £1.194m).

5. DEBTORS

	2000 £ 000's	1999 £ 000's
Amounts owed by group undertakings	<u>15,537</u>	<u>13,474</u>

The amounts owed by group undertakings are all due after more than one year.

6. CREDITORS: Amounts falling due within one year

	2000 £ 000's	1999 £ 000's
Accruals and deferred income	<u>-</u>	<u>1</u>

EDWARDIAN HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

7. CREDITORS: Amounts falling due after more than one year

	2000	1999
	£ 000's	£ 000's
Amounts owed to group undertakings	8,381	8,381
	<u> </u>	<u> </u>

8. DEFERRED TAXATION

No provision has been made in the accounts and the amounts unprovided at the end of the year are as follows:

	2000	1999
	£ 000's	£ 000's
Tax losses available	(44)	(44)
Other timing differences	(8,316)	(10,446)
	<u>(8,360)</u>	<u>(10,490)</u>

9. OTHER PROVISIONS

	2000
	£ 000's
Other provisions:	
Balance brought forward	581
Movement for year	(65)
	<u>516</u>

This provision is in respect of a guarantee given by a director to a third party for the benefit of the company.

10. RELATED PARTY TRANSACTIONS

As the company is a wholly owned subsidiary of Edwardian Group Ltd, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions on balances with entities which form part of the group headed by Edwardian Group Limited. The consolidated financial statements of Edwardian Group Ltd, within which this company is included, can be obtained from 140 Bath Road, Hayes, Middx UB3 5AW.

The directors confirm that there are no other related party transactions other than those disclosed in these accounts.

EDWARDIAN HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2000

11. SHARE CAPITAL**Authorised share capital:**

	2000 £ 000's	1999 £ 000's
999,000 Ordinary shares of £1 each	999	999
1,000 Management shares of £1 each	1	1
	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2000 £ 000's	1999 £ 000's
749,000 Ordinary shares of £1 each	749	749
1,000 Management shares of £1 each	1	1
	<u>750</u>	<u>750</u>

12. RESERVES

	Profit and loss account £ 000's	Revaluation reserve £ 000's	Other Reserves £ 000's
Opening balance	2,315	1,736	1,554
Profit for the year	2,132	-	-
Revaluation of fixed assets	-	455	-
Balance carried forward	<u>4,447</u>	<u>2,191</u>	<u>1,554</u>

13. GUARANTEES AND CONTINGENT LIABILITIES

The company is included within a normal group value added tax registration. All companies within the registration are jointly and severally liable for the total value added tax due by the group, which at 31 December 2000 amounted to £630,000 (1999: £630,000) for which no provision has been made in these accounts.

The company has given a third party charge dated 18 May 2000 over an intermediate Leasehold interest in a fellow subsidiary company's Hotel.

14. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Edwardian Group Limited, a company registered in England and Wales.

These accounts have been consolidated in the accounts of Edwardian Group Limited. The consolidated accounts can be obtained from 140 Bath Road, Hayes, Middx UB3 5AW.