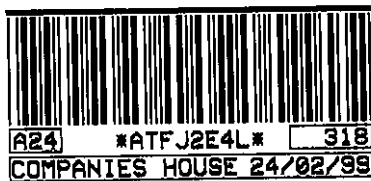


**Warm Welcome Hotels (Southern)
Limited**

Abbreviated Annual Report

Year Ended 30 April 1998



Warm Welcome Hotels (Southern) Limited

Abbreviated Financial Statements

Year Ended 30 April 1998

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Warm Welcome Hotels (Southern) Limited

Auditors' Report to the Company

Pursuant to Section 247b of the Companies Act 1985

We have examined the abbreviated accounts on pages 2 to 5, together with the financial statements of the company for the year ended 30 April 1998 prepared under Section 226 of the Companies Act 1985.

Respective Responsibilities of the Directors and the Auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

Basis of Opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.

Fisher Osborne Fielder

Fisher Osborne Fielder

The Old Magistrates Court
High Street
Stonehouse
Glos.
GL10 2NG

17/2/1999

Warm Welcome Hotels (Southern) Limited

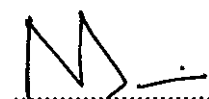
Abbreviated Balance Sheet

30 April 1998

	Note	1998 £	1997 £
Fixed Assets	2		
Tangible assets		<u>1,904,029</u>	<u>1,891,849</u>
Current Assets			
Stocks		28,711	27,173
Debtors		28,755	32,651
Investments	3	21,690	9,690
Cash at bank and in hand		<u>3,708</u>	<u>7,297</u>
		82,864	76,811
Creditors: Amounts falling due within one year	4	<u>(262,395)</u>	<u>(236,169)</u>
Net Current Liabilities		<u>(179,531)</u>	<u>(159,358)</u>
Total Assets Less Current Liabilities		<u>1,724,498</u>	<u>1,732,491</u>
Creditors: Amounts falling due after more than one year	5	<u>(1,622,628)</u>	<u>(1,556,767)</u>
Provisions For Liabilities and Charges		<u>(27,886)</u>	<u>(23,251)</u>
		<u>73,984</u>	<u>152,473</u>
Capital and Reserves			
Called-up equity share capital	6	100	100
Revaluation reserve		-	30,631
Profit and loss account		<u>73,884</u>	<u>121,742</u>
Shareholders' Funds		<u>73,984</u>	<u>152,473</u>

These accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities.

These financial statements were approved by the directors on the 3 February 1999 and are signed on their behalf by:



Mr P Davies
Director

Warm Welcome Hotels (Southern) Limited

Notes to the Abbreviated Financial Statements

Year Ended 30 April 1998

1. Accounting Policies

(a) 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 the Financial Reporting Standard for Smaller Entities.

(b) Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

(c) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	- Over the term of the lease
Fixtures & Fittings	- 15% reducing balance
Motor Vehicles	- 25% straight line

(d) Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

(e) Hire Purchase Agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account.

(f) Deferred Taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

Warm Welcome Hotels (Southern) Limited

Notes to the Abbreviated Financial Statements

Year Ended 30 April 1998

2. Fixed Assets

	Tangible Fixed Assets £
COST	
At 1 May 1997	2,193,444
Additions	179,527
Revaluation	(30,631)
At 30 April 1998	<u>2,342,340</u>
DEPRECIATION	
At 1 May 1997	301,595
Charge for year	86,160
Additional provision	50,556
At 30 April 1998	<u>438,311</u>
NET BOOK VALUE	
At 30 April 1998	<u>1,904,029</u>
At 30 April 1997	<u>1,891,849</u>

The company's freehold property and associated fixtures and fittings were sold in June 1998 for £450,000.

The revaluation reserve in respect of this property was eliminated at the year end.

The company's leasehold property is stated at cost. The directors have no reason to believe that this would be materially different from a professional open market valuation as at 30 April 1998.

4. Creditors: Amounts falling due within one year

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	1998 £	1997 £
Bank loans and overdrafts	<u>81,812</u>	<u>94,209</u>

5. Creditors: Amounts falling due after more than one year

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	1998 £	1997 £
Bank loans and overdrafts	<u>264,000</u>	<u>266,666</u>

Included within creditors falling due after more than one year is an amount of £146,668 (1997 - £159,998) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

Warm Welcome Hotels (Southern) Limited

Notes to the Abbreviated Financial Statements

Year Ended 30 April 1998

6. Share Capital

Authorised share capital:

	1998 £	1997 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	1998 £	1997 £
Ordinary share capital	<u>100</u>	<u>100</u>

7. Ultimate Parent Company

The company is a wholly owned subsidiary of Warm Welcome Management Limited, a company registered and incorporated in England.