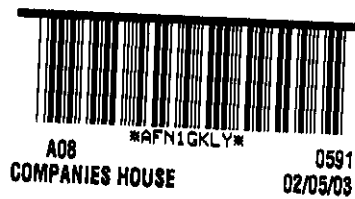


Registered Number 04346502

Thistle Edinburgh Limited
(formerly Petertrail Limited)
Annual report
for the year ended 29 December 2002



Thistle Edinburgh Limited
(formerly Petertrail Limited)

Annual report
for the year ended 29 December 2002

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Thistle Edinburgh Limited (formerly Petertrail Limited)

Directors and advisers

Directors

G A Newsome

N D Fairley

I K Cattermole

Secretary

I K Cattermole

Registered Office

2 The Calls

LEEDS

LS2 7JU

Auditors

PricewaterhouseCoopers LLP

Benson House

33 Wellington Street

LEEDS

LS1 4JP

Thistle Edinburgh Limited (formerly Petertrail Limited)

Directors' report for the year ended 29 December 2002

The directors present their report and the audited financial statements of the company for the year ended 29 December 2002.

The company was incorporated on 3 January 2002.

Change of name

On 1 March 2002 the company changed its name from Petertrail Limited to Thistle Edinburgh Limited.

Principal activity

The principal activity of the company is the ownership and operation of a hotel in the UK.

Review of the business

The directors consider the financial position of the company at 29 December 2002 and its future prospects to be satisfactory.

On 8 March 2002, the company acquired the Thistle Edinburgh hotel from a fellow subsidiary.

Results and dividends

The results for the year are dealt with in the profit and loss account on page 5. The profit for the year amounted to £428,000. The directors do not recommend the payment of a dividend.

Directors and their interests

The directors holding office during the year and to the date of this report were as follows:

M R Layton	(appointed 3 January 2002, resigned 28 February 2002)
M E Richards	(appointed 3 January 2002, resigned 28 February 2002)
C E Baxandall	(appointed 28 February 2002, resigned 10 May 2002)
G A Newsome	(appointed 28 February 2002)
N D Fairley	(appointed 28 February 2002)
I C Durant	(appointed 28 February 2002, resigned 10 February 2003)
I K Cattermole	(appointed 10 February 2003)

None of the directors had any interest in the share capital of the company either at the date of their appointment or the end of the year. I C Durant is a director of the company's parent undertaking, Thistle Hotels Plc, and his interests in the share capital of Thistle Hotels Plc are disclosed in the directors' report of that company.

Thistle Edinburgh Limited (formerly Petertrail Limited)

Directors and their interests (continued)

The share interests and options of G A Newsome and N D Fairley in Thistle Hotels Plc are as follows:

	At date of appointment	Granted during the year	At 29 December 2002	Date exercisable	Exercise price
Share options					
G A Newsome					
Scheme No 1	25,104	-	25,104	September 2003	119.5p
Scheme No 2	25,105	-	25,105	September 2003	119.5p
Scheme No 2	42,740	-	42,740	March 2004	146.0p
Sharesave Scheme 2001	4,967	-	4,967	July 2004	117.0p
N D Fairley					
Scheme No 1	34,285	-	34,285	September 2004	87.5p
Scheme No 2	116,571	-	116,571	September 2004	87.5p

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

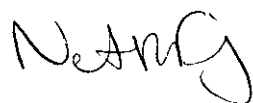
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 29 December 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

Auditors

The directors appointed PricewaterhouseCoopers LLP as first auditors of the company. A resolution to reappoint them will be proposed at the Annual General Meeting.

By order of the Board



N D Fairley
Director

27. April 2003

Thistle Edinburgh Limited (formerly Petertrail Limited)

Independent auditors' report to the members of Thistle Edinburgh Limited (formerly Petertrail Limited)

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the related notes and the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

Basis of audit 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 at 29 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds
25 April 2003

Thistle Edinburgh Limited
(formerly Petertrail Limited)

Profit and loss account for the year ended 29 December 2002

	Note	2002 £'000
Turnover		3,774
Cost of sales		(2,548)
Gross / operating profit	1	1,226
Interest payable and similar charges	3	(777)
Profit before taxation		449
Taxation	4	(21)
Retained profit for the year	10	428

The above results all arise from acquisitions during the year.

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

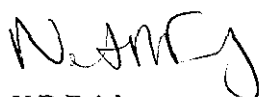
There is no difference between the profit before taxation and the retained profit for the year stated above and their historical cost equivalents.

Thistle Edinburgh Limited
(formerly Petertrail Limited)

Balance sheet at 29 December 2002

	Note	2002 £'000
Fixed assets		
Tangible assets	5	23,792
Current assets		
Stocks		23
Debtors	6	258
Cash at bank and in hand		49
		330
Creditors: amounts falling due within one year	7	(22,444)
Net current liabilities		(22,114)
Total assets less current liabilities		1,678
Provisions for liabilities and charges	8	(1,250)
Net assets		428
Capital and reserves		
Called up share capital	9	-
Profit and loss account	10	428
Total equity shareholders' funds	11	428

The financial statements on pages 5 to 13 were approved by the board of directors on ²² April 2003 and were signed on its behalf by:


N D Fairley
 Director

Thistle Edinburgh Limited (formerly Petertrail Limited)

Statement of accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

Turnover

Turnover comprises amounts receivable for goods supplied and services provided (excluding VAT) during the financial year.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost of tangible fixed assets by equal annual instalments to their estimated residual value over their estimated remaining useful economic lives as follows:

Core elements of long leasehold land and buildings (more than 20 years to run)	Remaining useful economic life (up to 100 years)
Integral plant and the non-core elements of buildings (comprising surface finishes and surfaces) – 'Fit out costs'	15 to 30 years
Moveable plant and equipment	15 years
Furniture, including fitted furniture, furnishings and bathroom equipment	10 years
Soft furnishings	5 years

Stocks

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

Deferred taxation

Deferred tax is provided in full on timing differences at rates expected to apply when they crystallise based on current and known future tax rates. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax balances are not discounted.

Cash flow

The company is a wholly owned subsidiary of Thistle Hotels Plc, and the cash flows of the company are included in the consolidated group cash flow statement of Thistle Hotels Plc. Consequently, the company is exempt from the requirement to publish a cash flow statement.

Operating leases

Rentals payable in respect of operating leases are charged to the profit and loss account as they are incurred.

Thistle Edinburgh Limited
(formerly Petertrail Limited)

Notes to the financial statements for the year ended 29 December 2002

1 Operating profit

	2002
Operating profit is stated after charging:	£'000
Depreciation	244
Operating lease rentals:	
- land and buildings	111
- hire of plant and machinery	27

Auditors' remuneration has been borne by Thistle Hotels Plc. All costs incurred by or recharged to the company are included in cost of sales. Administrative expenses are all incurred at a group level and management charges are made through the levying of interest on the outstanding inter-company balance.

2 Employees and directors

	2002
	£'000
Wages and salaries	837
Social security costs	52
	889

All employees are employed by the parent company, Thistle Hotels Plc, and a recharge is made to the company in respect of the persons employed at the Thistle Edinburgh hotel.

None of the directors received any emoluments in respect of their services to the company. They are remunerated in respect of their services to the company and other group companies by the parent company, Thistle Hotels Plc, with no specific recharge being made to the company.

Average number of employees

The average monthly number of employees during the financial year was 110.

Thistle Edinburgh Limited
(formerly Petertrail Limited)

3 Interest payable and similar charges

	2002
	£'000
On interest bearing loans owed to group undertakings	777

4 Taxation

	2002
	£'000
UK corporation tax at 30%	134
Deferred tax	1
Adjustment in respect of deferred tax balance acquired in year	(114)
Taxation charge	21

The differences between the current tax charge and the standard rate of corporation tax (30%) multiplied by the profit for the year is explained below:

Profit on ordinary activities before taxation	449
Expected tax charge at 30%	135
Capital allowances in excess of depreciation	(1)
Current corporation tax charge	134

Thistle Edinburgh Limited
(formerly Petertrail Limited)

5 Tangible fixed assets

	Long leasehold land and buildings	Fit out costs, furniture, furnishings and equipment	Total
	£'000	£'000	£'000
Cost			
At incorporation	-	-	-
Group transfers in (see note 14)	21,152	4,958	26,110
Additions	2	69	71
At end of year	21,154	5,027	26,181
Depreciation and amortisation			
At incorporation	-	-	-
Group transfers in (see note 14)	61	2,084	2,145
Charge for the year	21	223	244
At end of year	82	2,307	2,389
Net book amount			
At 29 December 2002	21,072	2,720	23,792

6 Debtors

	2002 £'000
Trade debtors	213
Prepayments	45
	258

Thistle Edinburgh Limited
(formerly Petertrail Limited)

7 Creditors: amounts falling due within one year

	2002 £'000
Trade creditors	213
Interest bearing loan owed to parent undertaking	20,212
Amounts owed to group undertakings	1,749
Corporation tax	134
Other creditors	75
Accruals and deferred income	61
	22,444

The loan owed to the parent undertaking bears interest at a rate of 5% and is payable on reasonable notice.

8 Provisions for liabilities and charges

	Deferred tax provision £'000
At incorporation	-
Group transfers in (see note 14)	1,363
Charged to the profit and loss account	1
Adjustment in respect of deferred tax balance acquired in year	(114)
At 29 December 2002	1,250

The deferred tax provision all relates to capital allowances in excess of depreciation.

No provision has been made for deferred tax on gains that would arise on the sale of the hotel. Any taxation would be dependant upon the structure of the transaction but the directors estimate that were the hotel to be sold at book value as at 29 December 2002 then the taxation charge arising would be less than £1,048,000.

Thistle Edinburgh Limited
(formerly Petertrail Limited)

9 Called up share capital

	2002
	£
Authorised	
100 ordinary shares of £1 each	100
Allotted and fully paid	
1 ordinary share of £1	1

On incorporation 1 ordinary share of £1 was issued for consideration of £1 cash.

10 Profit and loss account

	2002
	£'000
At incorporation	-
Profit for the year	428
At 29 December 2002	428

11 Reconciliation of movements in equity shareholders' funds

	2002
	£'000
At incorporation	-
Profit for the financial year	428
Closing equity shareholders' funds	428

12 Pension costs

The company's parent undertaking, Thistle Hotels Plc, operates pension schemes covering employees from around the group, including from this company. The attributable costs based on cost to the group as a whole are borne by the parent undertaking, with no specific charge being made to the company. Details of the latest actuarial valuation and the requirements of Financial Reporting Standard 17 "Retirement benefits" are disclosed in the accounts of Thistle Hotels Plc.

Thistle Edinburgh Limited **(formerly Petertrail Limited)**

13 Contingent liability

The company is party to a cross-guarantee arrangement and set-off arrangement with its parent undertaking in respect of certain of that company's bank overdrafts and loans. The potential liability outstanding at 29 December 2002 amounted to £Nil.

14 Acquisition

On 8 March 2002, the company purchased the Thistle Edinburgh hotel from a fellow subsidiary company for a fixed asset value of £23,965,000, with an associated deferred tax liability of £1,363,000, and sundry related current assets at book value. The consideration for this acquisition was satisfied by means of a loan for £20,212,000 in favour of Thistle Hotels Plc with the remaining balance being settled through the inter-company account.

The effective date of this acquisition in terms of entitlement to profit was 24 March 2002

15 Lease commitments

	2002 £'000
<hr/>	
Commitments under non-cancellable operating leases to pay rentals during the next year:	
Land and buildings	
Expiring after five years	111
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Plant and machinery	
Expiring within two to five years	27
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16 Related party transactions

The company has taken advantage of the exemption available under Financial Reporting Standard 8 "Related Party Transactions" from disclosure of transactions with other group undertakings.

17 Parent undertaking

The company's parent undertaking and ultimate controlling party, and the smallest and largest group to consolidate these financial statements, is Thistle Hotels Plc which is incorporated in England.

Copies of the group accounts of Thistle Hotels Plc can be obtained from the Company Secretary, Thistle Hotels Plc, 2 The Calls, Leeds, LS2 7JU.