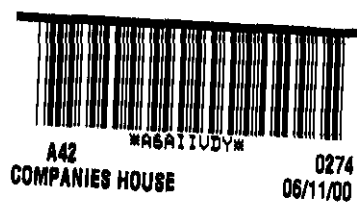


FOREST RISE HOTEL LTD.,
DIRECTORS REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST OCTOBER, 1999



FOREST RISE HOTEL LTD.,

COMPANY INFORMATION:

DIRECTORS:

A.P. Crawley
M.R. Crawley

SECRETARY:

E.C. Turnbull

COMPANY NUMBER:

03390752

REGISTERED OFFICE:

First Floor,
Town Wing,
Devonshire House,
Devonshire Lane,
Loughborough,
Leics. LE11 3DW.

ACCOUNTANT AND AUDITOR:

E. Turnbull,
First Floor,
Town Wing,
Devonshire House,
Devonshire Lane,
Loughborough,
Leics. LE11 3DW.

BUSINESS ADDRESS:

55/57, Forest Road,
Loughborough,
Leics.

BANKERS:

Yorkshire Bank plc.,
11, Baxter Gate,
Loughborough,
Leics. LE11 1TE.

FOREST RISE HOTEL LTD.,

DIRECTORS REPORT FOR THE YEAR ENDED 31ST OCTOBER, 1999

The Directors present their report and the financial statements for the period to 31st October, 1999.

The company was incorporated on 23rd June, 1997 as Rendelbell Ltd., and changed its name to Forest Rise Hotel Ltd., on 22nd July, 1997. Trading commenced on 20th October, 1997.

Principal Activities and review of the business

The principal activities of the company is that of hoteliers.

The Directors consider that the financial position of the company is satisfactory.

Results and dividends

The results for the year are set out on page 4.

Directors

The following directors have held office since 20th October, 1997 and there have been no changes during the year.

A.P. Crawley
M.R. Crawley

Directors' Interests

The Directors beneficial interest in the shares of the Company both at the beginning and end of the year were as follows:

	<u>Ordinary Shares of £1 each</u>
A.P. Crawley	60
M.R. Crawley	40

Mr. A.P. Crawley retires and being eligible offer himself for re-election.

FOREST RISE HOTEL LTD.,

DIRECTORS REPORT FOR THE PERIOD YEAR 31ST OCTOBER, 1999
(CONTINUED)

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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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. 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.

By order of the board.



A.P. Crawley.
Director

31st August, 2000.

FOREST RISE HOTEL LTD.

Auditor's Report to the Shareholders of Forest Rise Hotel Ltd.

I have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors.

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

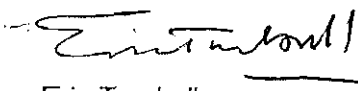
Basis of opinion.

I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit included 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.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion.

In my opinion the financial statements give a true and fair view of the company's affairs as at 31st October, 1999 and of its profits for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Eric Turnbull,
Accountant and Auditor.
First Floor,
Town Wing,
Devonshire House,
Devonshire Lane,
Loughborough,
Leics. LE11 3DW.

31st August, 2000.

FOREST RISE HOTEL LTD.

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED
31ST OCTOBER, 1999

	<u>Notes</u>	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Turnover	2	253429	268501
Cost of Sales		<u>34116</u>	<u>43747</u>
Gross Profit		219313	224754
Administration Expenses		<u>114300</u>	<u>123309</u>
Operating Profit	3	105013	101445
Interest payable and Similar Charges	4	<u>14525</u>	<u>17211</u>
Profit on ordinary activities before Taxation		90488	84234
Tax on Profit on ordinary activities	5	<u>20190</u>	<u>17689</u>
Profit on ordinary activities after Taxation		70298	66545
Retained profit brought forward		<u>66545</u>	-
Retained profit carried forward		<u>136843</u>	<u>66545</u>

The Profit and Loss Account have been prepared on the basis that all operations are continuing operations.

There are no recognised gains or losses other than those passing through the profit and loss account.


FOREST RISE HOTEL LTD.

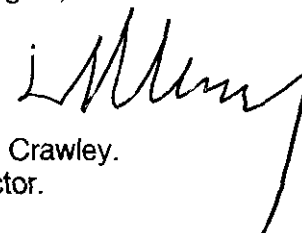
BALANCE SHEET

AS AT 31ST OCTOBER, 1999

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
		£	£
<u>Fixed Assets</u>			
Tangible Assets	6	423939	426439
Intangible Assets	7	80000	80000
<u>Current Assets</u>			
Stock		1596	2079
Debtors		11810	5526
Cash in hand		320	888
		13726	8493
Creditors : Amounts falling due within one year	8	199359	256929
Net Current Liabilities		(185633)	(248436)
Total Assets, less current liabilities		318306	258003
<u>Medium Term Loan</u>			
Yorkshire Bank plc.	9	(171360)	(186423)
Provision for liabilities and charges	10	(10003)	(4935)
		<u>136943</u>	<u>66645</u>
<u>Capital and Reserves</u>			
Called Up Share Capital	11	100	100
Profit and Loss Account		136843	66545
		<u>136943</u>	<u>66645</u>

The financial statements were approved by the Board on 31st August, 2000.


A.P. Crawley.
Director.


M.R. Crawley.
Director.

FOREST RISE HOTEL LTD.,

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31ST OCTOBER, 1999.

1. Accounting Policies

(1) Accounting Convention

The financial statements are prepared under the historical cost convention.

(2) Turnover.

Turnover represents amounts receivable for goods and services net of VAT. Rechargeable items such as telephone calls and newspapers are also included in turnover.

(3) Tangible Assets and Depreciation.

Tangible Assets other than freehold property are stated at cost less depreciation. Depreciation on Fixtures and Fittings is provided at 12½% and no depreciation was taken on freehold property.

(4) Stock.

Stock was valued at the lower of cost and net realisable value.

(5) Deferred Taxation.

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability, or asset will crystallise in the foreseeable future.

2. Turnover.

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

3. Operating Profit.

Operating Profit is stated after charging

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
Directors Remuneration	12592	12592
Depreciation	2500	2500
Audit and Accountancy Charges	2550	2550
	<hr/>	<hr/>

FOREST RISE HOTEL LTD.,

NOTES TO FINANCIAL STATEMENTS

/continued

FOR THE YEAR ENDED

31ST OCTOBER, 1999

		<u>1999</u>	<u>1998</u>
4.	<u>Interest Payable.</u>		
	Medium Term Loan - Yorkshire Bank plc.,	14525	17211
		<hr/>	<hr/>
5.	<u>Taxation.</u>		
		<u>1999</u>	<u>1998</u>
	U.K. Current year taxation		
	U.K. Corporation Tax at 21%	15122	12754
	Deferred Taxation	<u>5068</u>	<u>4935</u>
		20190	17689
		<hr/>	<hr/>
6.	<u>Tangible Fixed Assets</u>		
		<u>Freehold Prop</u>	<u>Fixtures &</u>
		<u>55/57, Forest Rd.</u>	<u>Fittings</u>
		<u>Loughborough</u>	<u>Total</u>
	<u>Cost</u>		
	As at 1st November, 1998	408939	428939
		<hr/>	<hr/>
	As at 31st October, 1999	408939	428939
		<hr/>	<hr/>
	<u>Depreciation.</u>		
	As at 1st November, 1998	-	2500
	Charge for the year	-	<u>2500</u>
	As at 31st October, 1999	-	5000
		<hr/>	<hr/>
	<u>Net Book Value.</u>		
	At 1st November, 1998	408939	428939
		<hr/>	<hr/>
	At 31st October, 1999	408939	426439
		<hr/>	<hr/>
7.	<u>Intangible Asset</u>		
		<u>1999</u>	<u>1998</u>
	Goodwill at Cost	80000	80000
		<hr/>	<hr/>
8.	<u>Creditors: Amounts falling due within one year</u>		
		<u>1999</u>	<u>1998</u>
	Bank Overdraft : Yorkshire Bank plc.	2705	-
	Trade Creditors	21442	19175
	Corporation Tax	15212	12754
	Directors current account	<u>160000</u>	<u>225000</u>
		199359	256929
		<hr/>	<hr/>

FOREST RISE HOTEL LTD.,

NOTES TO FINANCIAL STATEMENTS
/continued

FOR THE YEAR ENDED
31ST OCTOBER, 1999

9. Medium Term Loan.

The loan with Yorkshire Bank plc., is secured on the freehold property used by the company and is repayable over 10 years from October, 1997.

10. Provision for liabilities and charges

Deferred Taxation is provided at 20% (1998 21%) and refers to accelerated capital allowances.

11. Share Capital.

Authorised, Allotted, called up and fully paid.

100 Ordinary Shares at £1 each

100
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