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WEMBLEY INTERNATIONAL HOTELS LIMITED

Report and Accounts

31 December 2002



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COMPANIES HOUSE 08/10/03

Wembley International Hotels Limited

Registered No. 1647393

DIRECTORS

Ladbroke Corporate Director Limited

SECRETARY

Ladbroke Corporate Secretaries Limited

AUDITORS

Ernst & Young LLP
Becket House
1 Lambeth Palace Road
London SE1 7EU

REGISTERED OFFICE

Maple Court
Central Park
Reeds Crescent
Watford
Hertfordshire WD24 4QQ

Wembley International Hotels Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2002.

REVIEW OF THE BUSINESS

During the year the company disposed of its fixed assets. The profit for the year was £296,180 (2001 £nil). No dividend is recommended (2001 £nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year ended 31 December 2002 are noted on page 1.

The directors at the year end had no interests which are required to be disclosed under Schedule 7 of the Companies Act 1985.

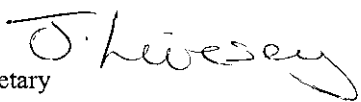
OFFICERS' LIABILITY INSURANCE

During the year Hilton Group plc purchased and maintained, on behalf of the company, liability insurance for its directors and officers as permitted by section 310(3) of the Companies Act 1985.

AUDITORS

Ernst & Young LLP will be re-appointed as the company's auditor in accordance with the elective resolution passed by the company under section 386 of the Companies Act 1985.

By order of the Board


Secretary

FOR AND ON BEHALF OF
LADBROKE CORPORATE
SECRETARIES LIMITED

17 JUL 2003

Wembley International Hotels Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts 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 accounts 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEMBLEY INTERNATIONAL HOTELS LIMITED

We have audited the company's financial statements for the year ended 31 December 2002 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 15. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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 affairs of the company as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

23 July 2003

Wembley International Hotels Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2002

| | <i>Notes</i> | <i>2002</i> £ | <i>2001</i> £ |
|--|--------------|-----------------------|------------------|
| Other operating income | | 76,580 | - |
| OPERATING PROFIT | | <u>76,580</u> | <u>-</u> |
| Profit on disposal of fixed assets | 6 | 219,600 | - |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | <u>296,180</u> | <u>-</u> |
| Taxation | 5 | - | - |
| RETAINED PROFIT FOR THE FINANCIAL YEAR | 11 | <u><u>296,180</u></u> | <u><u>-</u></u> |

Operating profit derives entirely from continuing operations.

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

Wembley International Hotels Limited

BALANCE SHEET at 31 December 2002

| | Notes | 2002 £ | 2001 £ |
|---|-------|-----------|-----------|
| FIXED ASSETS | | | |
| Tangible assets | 6 | - | 142,500 |
| CURRENT ASSETS | | | |
| Debtors | 7 | 855,040 | 492,940 |
| CREDITORS: amounts falling due within one year | 8 | - | (76,580) |
| NET CURRENT ASSETS | | 855,040 | 416,360 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 855,040 | 558,860 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 10,11 | 100,000 | 100,000 |
| Profit and loss account | 11 | 755,040 | 458,860 |
| EQUITY SHAREHOLDERS' FUNDS | | 855,040 | 558,860 |

Approved by the Board on and signed on its behalf by:

Director

FOR AND ON BEHALF OF
LADBROKE CORPORATE
DIRECTOR LIMITED

17 JUL 2003

Wembley International Hotels Limited

NOTES TO THE ACCOUNTS at 31 December 2002

1. ACCOUNTING POLICY

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

2. OPERATING PROFIT

The remuneration of the auditor was borne entirely by other undertakings within the Hilton Group and is disclosed as appropriate in the accounts of those undertakings.

3. DIRECTORS' REMUNERATION

No emoluments were paid to the director during this or the previous financial period.

4. STAFF COSTS

All operations of the company during the year ended 31 December 2002 have been undertaken by employees of other group undertakings.

5. TAXATION

No provision has been made in these accounts for UK corporation tax, as an undertaking has been received from its ultimate parent undertaking, Hilton Group plc, that the latter will assume all liability for any such taxation.

6. TANGIBLE FIXED ASSETS

| | <i>Freehold property £</i> |
|------------------------------------|------------------------------------|
| Cost and valuation: | |
| At 31 December 2001 | 142,500 |
| Disposals | (142,500) |
| | <hr/> |
| At 31 December 2002 | - |
| | <hr/> |
| Representing assets stated at: | |
| Valuation in 2000 (valued at cost) | - |
| | <hr/> |
| Net book value: | |
| At 31 December 2002 | - |
| | <hr/> |
| At 31 December 2001 | 142,500 |
| | <hr/> |

The amount of land and buildings determined according to the historical cost accounting rules is as follows:

| | <i>2002 £</i> | <i>2001 £</i> |
|------|-------------------|-------------------|
| Cost | - | 142,500 |
| | <hr/> | <hr/> |

During the year the company disposed of its fixed assets resulting in a profit on disposal of £219,600.

Wembley International Hotels Limited

NOTES TO THE ACCOUNTS at 31 December 2002

7. DEBTORS

| | 2002 | 2001 |
|--|---------|---------|
| | £ | £ |
| Amounts due from group undertakings (note 9) | 855,040 | 492,940 |

8. CREDITORS: amounts falling due within one year:

| | 2002 | 2001 |
|---------------------------------------|------|--------|
| | £ | £ |
| Other taxes and social security costs | - | 76,580 |

9. AMOUNTS DUE FROM GROUP UNDERTAKINGS

Amounts due from group undertakings are included under amounts falling due within one year where there are no specified terms as to their repayment and recoverability. While amounts due from group undertakings are technically repayable on demand, the directors are of the opinion that in the ordinary course of business, repayment within such a timescale would not be required.

10. SHARE CAPITAL

| | 2002 | 2001 |
|---|---------|---------|
| | £ | £ |
| Authorised, allotted, called up and fully paid: 100,000 ordinary shares of £1 each | 100,000 | 100,000 |

11. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

| | Share capital | Profit and loss account | Total |
|---------------------|---------------|-------------------------|---------|
| | £ | £ | £ |
| At 1 January 2001 | 100,000 | 458,860 | 558,860 |
| Result for the year | - | - | - |
| At 1 January 2002 | 100,000 | 458,860 | 558,860 |
| Profit for the year | - | 296,180 | 296,180 |
| At 31 December 2002 | 100,000 | 755,040 | 855,040 |

12. CASH FLOW STATEMENT

The company has taken advantage of provision in FRS 1 which exempts subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, from preparing a cash flow statement. The ultimate parent undertaking, Hilton Group plc, has included the required consolidated cash flow statement within its accounts.

Wembley International Hotels Limited

NOTES TO THE ACCOUNTS at 31 December 2002

13. CONTINGENT LIABILITIES

The company has jointly and severally guaranteed the value added tax liability of certain other Hilton Group undertakings within the group registration, amounting to £10,924,940 at 31 December 2002 (2001 – £13,043,347).

14. RELATED PARTIES

The company has taken advantage of provisions in FRS 8 which exempt subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, from disclosing transactions with other entities within the group. The ultimate parent undertaking, Hilton Group plc, has included the required related party disclosures within its group accounts.

15. ULTIMATE PARENT UNDERTAKING

The company's immediate parent undertaking is Comfort Hotels Limited, a company registered in England and Wales. The ultimate parent undertaking and the only undertaking for which group accounts are prepared is Hilton Group plc, a company registered in England and Wales, accounts for which can be obtained from the follow address:

Maple Court, Central Park, Reeds Crescent, Watford, Hertfordshire WD24 4QQ.