

Browns Hotel Limited
(Registered Number: 3197645)

Directors' Report and Financial Statements

For the Year Ended 31 December 2001



Browns Hotel Limited

Directors' Report for the Year Ended 31 December 2001

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2001.

Principal activities and review of the business

The principal activities of the Company are that of hotel owner and manager. The loss on ordinary activities before taxation for the year was £41,000 (2000: profit £1,277,000). The results for the year were adversely affected by the Foot & Mouth crisis and the atrocities of 11 September.

Results and dividends

An interim ordinary dividend of a total of £500,000 (2000: £550,000) was proposed as at 31 December 2001.

A final dividend of £44,000 (2000: £44,000) was paid on the Cumulative Participating Redeemable Preference shares.

The aggregate dividends on the ordinary and preference shares amount to £544,000 (2000: £594,000).

Future Developments

The directors are hopeful that the current year will see an increase in turnover, and the ultimate parent company, Raffles Holdings Limited, will continue to give financial support in the foreseeable future.

Browns Hotel Limited

Directors' Report for the Year Ended 31 December 2001

Directors and their Interests

The Directors of the Company during the year were as follows:

Richard Charles Helfer
Jennie Chua Kheng Yeng
Anthony Yip Chee Keong

The directors did not receive any remuneration in respect of their services to the Company during the year (2000: nil). In addition, the directors had no interests in the shares of the Company. Their interests in the shares of the ultimate parent company, as at the beginning and end of the year were as follows:

Raffles Holdings Limited
Ordinary Shares
At 31 December 2001 &
1 January 2001

Richard Charles Helfer	250,000
Jennie Chua Kheng Yeng	336,000
Anthony Yip Chee Keong	116,000

During the year, no share options were granted to the directors of the Company.

Browns Hotel Limited

Directors' Report for the Year Ended 31 December 2001 (Continued)

Statement of 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

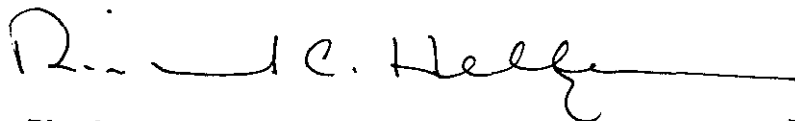
Elective resolutions

The Company has passed Elective resolutions to dispense with the laying of the Annual Report and Accounts before the Company in General Meeting, the appointment of auditors annually and the holding of Annual General Meetings, pursuant to Sections 252, 386 and 366A respectively of the Companies Act 1985.

Auditors

Our auditors, PricewaterhouseCoopers, will be deemed to continue in office due to the elective resolution pursuant to Section 386 of the Companies Act 1985.

By order of the Board



Director

7 November 2002

Independent auditors' Report to the Members of Browns Hotel Limited

We have audited the financial statements on pages 5 to 14.

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 on page 3.

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.

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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

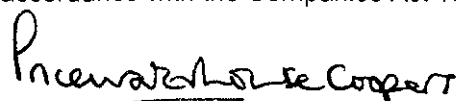
Basis of audit opinion

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 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
1 Embankment Place
London

7 November 2002

Browns Hotel Limited

Profit and Loss Account for the Year Ended 31 December 2001

		For year ended 31 December 2001	For year ended 31 December 2000
	Note	£'000	£'000
Turnover – continuing operations	1,2	8,351	10,124
Cost of sales		(6,063)	(6,469)
Gross profit		2,288	3,655
Administrative expenses		(2,329)	(2,378)
Operating (loss)/profit – continuing operations	3	(41)	1,277
(Loss)/Profit on ordinary activities before taxation		(41)	1,277
Tax on (loss)/profit on ordinary activities	6	(474)	(818)
(Loss)/Profit on ordinary activities after taxation		(515)	459
Non-equity dividends	7	(44)	(44)
Equity dividends	7	(500)	(550)
Retained loss for the year	15	(1,059)	(135)

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

The company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

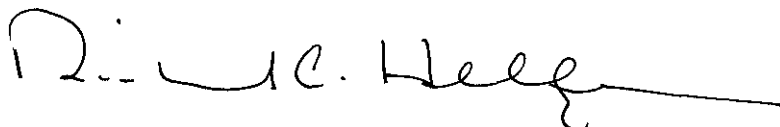
The notes on pages 7 to 14 form an integral part of these financial statements.

Browns Hotel Limited

Balance Sheet as at 31 December 2001

		At 31 December 2001 £'000	At 31 December 2000 £'000
	<i>Note</i>		
Fixed assets			
Tangible assets	8	45,720	46,639
Current assets			
Stocks	9	198	239
Debtors:			
- amounts falling due within one year	10	1,040	1,257
- amounts falling due after more than one year	11	4,480	3,821
Cash at bank and in hand		407	237
		6,125	5,554
Creditors: amounts falling due within one year	12	(3,632)	(2,921)
Net current assets		2,493	2,633
Net assets		48,213	49,272
Capital and reserves			
Called up share capital	14	3,036	3,036
Share premium	15	41,964	41,964
Revaluation reserve	15	2,923	2,923
Profit and loss reserve	15	290	1,349
Shareholder's funds	16	48,213	49,272
Shareholders' funds			
Equity		47,424	48,483
Non-equity		789	789
		48,213	49,272

Approved by the Board on 7 November 2002, and signed on its behalf by



Director

The notes on pages 7 to 14 form an integral part of these financial statements.

Browns Hotel Limited

Notes to the Accounts - 31 December 2001

1 Accounting policies

a) Basis of preparation

The accounts have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out below.

FRS 18 "Accounting Policies" revises the requirements for disclosure of accounting policies. The directors have reviewed the companies policies and consider that they are consistent with this standard.

b) Turnover

Turnover represents the amounts received for goods sold and services provided, excluding VAT.

c) Tangible Fixed Assets

Tangible fixed assets are stated at cost to the company.

Depreciation is provided on all tangible fixed assets, other than land on a straight line basis so as to write off the cost of the assets over their expected useful economic lives. The annual depreciation rates are as follows:

Freehold property	100 years
Integral plant	25 years
Plant and machinery	5-15 years
Furniture and equipment	3-15 years
IT software and hardware	Up to 3 years

d) Operating leases

Operating lease rentals are charged to the profit and loss account as incurred.

e) Stocks

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

f) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate prevailing at the balance sheet date. Transactions in foreign currencies are converted during the year at exchange rates ruling at the transaction date. All exchange differences are taken to the profit and loss account.

g) Pensions

The cost of providing pensions for employees is charged against the profit and loss account as incurred.

Browns Hotel Limited

Notes to the Accounts - 31 December 2001

1 Accounting policies (Continued)

h) Deferred taxation

Provision is made for deferred taxation arising from timing differences between profits as computed for taxation purposes and profits as stated in the financial statements, to the extent that the liability will be payable in the foreseeable future.

i) Cash flow statement and related party disclosure

The Company is a wholly owned subsidiary of Hotels & Resorts (UK) Ltd. The ultimate parent company is Raffles Holdings Limited, and the Company is included in the consolidated financial statements of Raffles Holdings Limited, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Raffles Holdings group Limited or investees of the Raffles Holdings group.

2 Segmental information

The turnover and trading results are attributable to the Company's sole business of operating Brown's Hotel, London. All of the Company's turnover and operating profit relates to continuing operations.

3 Operating profit

Operating loss is shown after charging:

	For year ended 31 December 2001 £'000	For year ended 31 December 2000 £'000
Auditors' remuneration – audit services	26	20
– audit services overrun	14	-
– Non audit services – Taxation	26	16
Raw materials & consumables	909	909
Operating lease expense	27	16
Depreciation	1,541	1,555
Management fees	354	496

Browns Hotel Limited

Notes to the Accounts - 31 December 2001

4 Director's emoluments

The Directors did not receive any remuneration in respect of their services to the Company during the year (2000: £ nil).

5 Employees

	For year ended 31 December 2001 £'000	For year ended 31 December 2000 £'000
Staff costs:		
Wages and salaries	2,563	2,594
Social security costs	214	219
Other pension costs	18	17
	<hr/> 2,795	<hr/> 2,830

The average number of employees employed by the Company during the year was:

	For year ended 31 December 2001 Number	For year ended 31 December 2000 Number
Full time	115	139
Part time	26	52

6 Tax on loss on ordinary activities

	For year ended 31 December 2001 £'000	For year ended 31 December 2000 £'000
Group relief	474	818

Browns Hotel Limited

Notes to the Accounts - 31 December 2001

7 Equity and non-equity dividends

	For year ended 31 December 2001 £'000	For year ended 31 December 2000 £'000
Paid on cumulative participating redeemable preference shares	44	44
Paid on ordinary shares	500	550

8 Tangible fixed assets

	Freehold Property £'000	Plant & Machinery £'000	Furniture & Equipment £'000	Total £'000
Cost				
At 1 January 2001	41,309	8,294	4,291	53,894
Additions	389	81	152	622
At 31 December 2001	41,698	8,375	4,443	54,516
Depreciation				
At 1 January 2001	313	4,440	2,502	7,255
Charge for the year	125	784	632	1,541
At 31 December 2001	438	5,224	3,134	8,796
Net book value				
At 31 December 2001	41,260	3,151	1,309	45,720
At 1 January 2001	40,996	3,854	1,789	46,639

The freehold property, including fixtures and fittings, was valued by independent valuers, Jones Lang Wootton, on an open market valuation basis in April 1997 at £47,000,000, in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors. The directors are of the opinion that the value is at least equal to the net book value at which it is carried in the financial statements.

If the property included at valuation had been included at cost, the cost and accumulated depreciation at 31 December 2001 would have been £38,386,000 and £422,000 respectively.

Browns Hotel Limited

Notes to the Accounts - 31 December 2001

9 Stocks

	At 31 December 2001 £'000	At 31 December 2000 £'000
Raw materials and consumables	198	239

10 Debtors – amounts falling due within one year

	At 31 December 2001 £'000	At 31 December 2000 £'000
Trade debtors	529	808
Other debtors and prepayments	437	427
Amounts owed by group undertakings	74	22
	1,040	1,257

11 Debtors - Amounts falling due in more than one year

This amount is due from the holding company, is unsecured and interest free and has no fixed term of repayment.

12 Creditors - Amounts falling due within one year

	At 31 December 2001 £'000	At 31 December 2000 £'000
Trade creditors	216	188
Other creditors and accruals (including social security)	1,036	860
Due to other group undertakings	2,380	1,873
	3,632	2,921

Browns Hotel Limited

Notes to the Accounts - 31 December 2001

13 Deferred Taxation

The deferred taxation balance and potential amount of deferred taxation for all timing differences are as follows:

	Provided		Not Provided	
	£'000	£'000	£'000	£'000
	2001	2000	2001	2000
(Shortfall)/Excess of capital allowances over depreciation	-	-	(68)	236
Deferred taxation (asset) on unpaid interest	-	-	(140)	-
Deferred taxation (asset)/provision			(208)	236

14 Called up share capital

	At 31 December 2001 £'000	At 31 December 2000 £'000
Authorised		
16,000,000 Ordinary shares of 25p each	4,000	4,000
6,000,000 Cumulative Participating Redeemable Preference shares of 25p each	1,500	1,500
	5,500	5,500
Allotted and fully paid		
8,987,004 Ordinary shares of 25p each	2,247	2,247
3,157,596 Cumulative Participating Redeemable Preference shares of 25p each	789	789
	3,036	3,036

3,157,596 Cumulative Participating Redeemable Preference (CPRP) shares of 25p each, with an aggregate nominal value of £789,000 were redeemable at par by the Company on 15 August 2001. However, due to the losses arising in the year, there were not sufficient distributable reserves to redeem the shares at that time. A special resolution passed by unanimous decision and an agreement drawn up between the Company and the shareholders have extended this redemption date until such time as distributable profits are available and in any event no later than 15 August 2025.

The CPRP shares carried a fixed dividend of 5.4873% per annum and a participating dividend of 0.04% of the dividend paid on Ordinary shares. A dividend of £44,000 was paid on the CPRP shares during the year.

Browns Hotel Limited

Notes to the Accounts - 31 December 2001

On a winding up the holders are entitled to receive arrears and accruals of dividends, the nominal value of the shares and a further 0.04% of the assets of the Company available for distribution, subject to a maximum of 30p per share.

The CPRP shares only carry voting rights in the event that dividends remain unpaid, on a winding up or in relation to a resolution to vary the special rights attaching to the CPRP shares.

15 Reserves

	Share premium £'000	Revaluation reserve £'000	Profit and loss reserve £'000
At 31 December 2000	41,964	2,923	1,349
Retained loss for the year	-	-	(1,059)
At 31 December 2001	41,964	2,923	290

16 Reconciliation of movements in shareholders' funds

	For year ended 31 December 2001 £'000	For year ended 31 December 2000 £'000
(Loss)/Profit on ordinary activities after taxation	(515)	459
Dividends	(544)	(594)
Net decrease in shareholders' funds	(1,059)	(135)
Opening shareholders' funds	49,272	49,407
Closing shareholders' funds	48,213	49,272

17 Pension commitments

The Company has a non-current group defined contribution personal pension fund and contributes 5% of participating employees annual salaries to the fund. In addition, the company makes payments into certain employee's personal pension schemes.

The total pension cost for the Company during the year was £18,000 (2000: £17,017).

Browns Hotel Limited

Notes to the Accounts - 31 December 2001

18 Operating leases

At 31 December 2001, the Company had annual commitments for operating leases rentals as follows:

	At 31 December 2001 £'000	At December 2000 £'000
For leases expiring within one year	2	27
For leases expiring within 2 to five years	2	4
Total	4	31

19 Capital Commitments

Amounts approved but not contracted or provided in the accounts amounted to £368,000, mainly relating to rooms refurbishment.

20 Ultimate parent undertaking

The Company's immediate parent undertaking is Hotels and Resorts (UK) Limited, a company incorporated in England and Wales. The company's ultimate parent company is Raffles Holdings Limited, a company incorporated in Singapore, which will continue to give financial support in the foreseeable future.

Copies of the consolidated financial statements of Raffles Holdings Limited can be obtained from 2 Stamford Road, #06-01, Raffles City Convention Centre, Singapore 178882.