

COMPANY REGISTRATION NUMBER 3424232

Patriot American UK Limited

Financial Statements

For the Year Ended 31 December 2003



Patriot American UK Limited

Financial Statements

Year Ended 31 December 2003

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Patriot American UK Limited

The Directors' Report

Year Ended 31 December 2003

The directors present their report and the financial statements of the company for the year ended 31 December 2003.

Principal Activities and Business Review

The principal activity of the company is to act as a holding company for the European interests of Wyndham International, Inc., ("Wyndham"), which comprise Wyn International Limited and its subsidiaries, a group engaged in hotel and other leisure activities, ownership and operations in the UK.

The directors consider that the company's year end financial position is satisfactory and expect the current position to be maintained for the foreseeable future.

Results and Dividends

The loss for the year after taxation was £1,672,136 (2002 loss - £19,492,548). The directors do not recommend the payment of a dividend for the year (2002 - nil).

Directors and their interests

The directors who served the company during the year were as follows:

E J Blum
R J Tutty
M A Solls

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

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 at the end of the year and of the profit or loss 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. The directors 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.

Patriot American UK Limited

The Directors' Report *(continued)*

Year Ended 31 December 2003

Auditors

The company has adopted an elective resolution dispensing with annual general meetings and the appointment of auditors annually. PricewaterhouseCoopers LLP will therefore continue as auditors to the company.

Registered office:

Wyndham International
65 Duke Street
London
W1K 5AJ

Signed on behalf of the directors



E J Blum
Director

Approved by the directors on **09 SEP 2004**

Patriot American UK Limited

Independent Auditors' Report to the Shareholder

Year Ended 31 December 2003

We have audited the financial statements on pages 4 to 10.

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 law and United Kingdom 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.

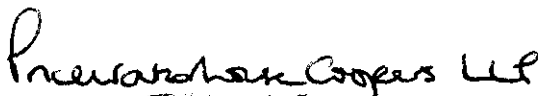
Basis of Audit Opinion

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 the company's affairs as at 31 December 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



PRICEWATERHOUSECOOPERS LLP
Chartered Accountants
& Registered Auditors
London

09 SEP 2004

Patriot American UK Limited

Profit and Loss Account

Year Ended 31 December 2003

	Note	2003 £	2002 £
Turnover		—	—
Administrative expenses		—	(18,089,359)
Operating Loss	3	—	(18,089,359)
Interest receivable	2	557,996	588,000
Interest payable	2	(2,230,132)	(1,991,189)
Loss on Ordinary Activities Before Taxation		(1,672,136)	(19,492,548)
Tax on loss on ordinary activities		—	—
Loss for the Financial Year		(1,672,136)	(19,492,548)

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

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

The notes on pages 6 to 10 form part of these financial statements.

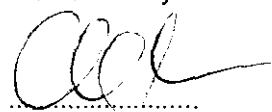
Patriot American UK Limited

Balance Sheet

31 December 2003

	Note	2003 £	2002 £
Fixed Assets			
Investments	7	<u>43,671,268</u>	<u>43,671,268</u>
Current Assets			
Debtors	8	<u>20,745,996</u>	<u>20,188,000</u>
Creditors: Amounts Falling due Within One Year	9	<u>69,539,547</u>	<u>68,853,117</u>
Net Current Liabilities		<u>(48,793,551)</u>	<u>(48,665,117)</u>
Total Assets Less Current Liabilities		<u>(5,122,283)</u>	<u>(4,993,849)</u>
Creditors: Amounts Falling due after More than One Year	10	<u>83,812,509</u>	<u>82,268,807</u>
		<u>(88,934,792)</u>	<u>(87,262,656)</u>
Capital and Reserves			
Called-up equity share capital	11	<u>1</u>	<u>1</u>
Profit and loss account	12	<u>(88,934,793)</u>	<u>(87,262,657)</u>
Deficiency	13	<u>(88,934,792)</u>	<u>(87,262,656)</u>

These financial statements were approved by the directors on the 09 SEP 2004 and signed on their behalf by:



E J Blum
Director

The notes on pages 6 to 10 form part of these financial statements.

Patriot American UK Limited

Notes to the Financial Statements

Year Ended 31 December 2003

1. Accounting policies

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the provisions of the Companies Act 1985 and applicable UK accounting standards. The directors have reviewed the company's existing accounting policies and consider that they are consistent with the requirements of Financial Reporting Standard 18 "Accounting Policies" and are consistent with those applied last year.

The financial statements have been prepared on a going concern basis, which assumes that the company will continue to operate in the foreseeable future.

The company is part of the group whose ultimate parent undertaking is Wyndham International, Inc., registered in the United States. Within the group there is a group of companies incorporated in the United Kingdom whose parent undertaking is Wy Hotels Limited. The companies within the UK group form a medium sized group as defined by Section 249 of the Companies Act and as a result the directors have relied on the exemption under Section 248 of the Companies Act. Accordingly, group accounts for the year ended 31 December 2003 have not been prepared.

b) Cash flow statement and related party disclosures

The company is part of the group whose ultimate parent undertaking is Wyndham International, Inc. ("Wyndham"), registered in the United States and is included in the consolidated accounts of Wyndham 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 other companies that are part of the Wyndham group.

c) Fixed asset investments

Investments are recorded at directors' valuation. Provision is made for any impairment in value.

d) Deferred taxation

Full provision is made for deferred taxation on all timing differences that have arisen but not reversed at the balance sheet date, except that deferred tax assets are only recognised to the extent that it is more likely than not that they will be recovered. Deferred tax is recognised on an undiscounted basis.

Patriot American UK Limited

Notes to the Financial Statements

Year Ended 31 December 2003

2. Net interest payable

	2003 £	2002 £
Interest receivable on amounts due from group undertakings	557,996	588,000
Interest payable due to parent undertakings	(2,230,132)	(1,991,189)
Net interest payable	<u>(1,672,136)</u>	<u>(1,403,189)</u>

3. Operating loss

Auditors' remuneration has been borne by another company in the group. Directors' emoluments were nil (2002: nil) and the company has no employees (2002: nil).

4. Exceptional Items

Operating loss is stated after charging:

	2003 £	2002 £
Impairment of fixed assets	-	18,089,359

5. Taxation

a) Factors affecting tax charge for the period

The current tax charge for the period is nil and is explained below:

	Year ended 31 December 2003 £	Year ended 31 December 2002 £
Loss on ordinary activities before tax	(1,672,136)	(19,492,548)
Tax credit thereon @ 30%	(501,641)	(5,847,764)
Effects of:		
Permanent differences	-	5,484,164
Tax losses surrendered to Group companies for no payment	-	-
Tax losses carried forward	501,641	363,600
Total current tax	-	-

b) Factors that may affect future tax charges

The company has no provided deferred tax balances at 31 December 2003 (2002 – nil). The company has an unprovided deferred tax asset at 31 December 2003 in respect of carried forward tax losses of £3,350,764 (2002 – £2,849,123). The asset has not been recognised due to the uncertainty over the amount and timing of future taxable profits against which to utilise the losses.

Patriot American UK Limited

Notes to the Financial Statements

Year Ended 31 December 2003

7. Investments

	Subsidiary undertaking £
Cost	
At 1 January 2003 and 31 December 2003	<u>122,768,147</u>
Amounts Written Off	
At 1 January 2003 and 31 December 2003	<u>79,096,879</u>
Net Book Value	
At 31 December 2003	<u>43,671,268</u>
At 31 December 2002	<u>43,671,268</u>

The company owns 100% of the ordinary share capital and 100% of the voting rights of Wyn International Limited. The subsidiary is incorporated in the United Kingdom and its principal activity is as a holding company for companies engaged in the ownership of hotels and leisure facilities.

In 2002, the directors revalued their investment in Wyn International Limited based on the net realisable values of the underlying net assets. This resulted in an impairment of £18,089,359.

8. Debtors

	2003 £	2002 £
Amounts due within one year:		
Prepayments and accrued income	1,145,996	588,000
Amounts owed by group undertaking	19,600,000	19,600,000
Total	<u>20,745,996</u>	<u>20,188,000</u>

The accrued income of £1,145,996 is due from another group undertaking.

Included in debtors is the following amount which is due after more than one year:

The above is an interest bearing loan to a subsidiary company. Interest is charged at half the Base Rate plus 1% and the loan is repayable in 2007.

9. Creditors: Amounts Falling due Within One Year

	2003 £	2002 £
Amounts owed to parent undertakings	28,146,584	26,730,534
Amounts owed to group undertakings	41,392,963	42,122,583
	<u>69,539,547</u>	<u>68,853,117</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Patriot American UK Limited

Notes to the Financial Statements

Year Ended 31 December 2003

10. Creditors: Amounts Falling due after More than One Year

	2003	2002
	£	£
Amounts owed to parent company (3-5 years)	<u>83,812,509</u>	<u>82,268,807</u>

Of the amount owed to Patriot American Hospitality, Inc. stated above, £20,128,562 (2002: £18,584,430) is interest bearing at a fixed rate of 12% per annum. The balance of the amount owed is non interest bearing, unsecured and is repayable on 30 June 2007.

11. Share capital

Authorised share capital:

	2003	2002
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2003		2002
	No	£	No
	1	1	1
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>

12. Reserves

	Profit and loss account £
Balance brought forward	(87,262,657)
Loss for the year	<u>(1,672,136)</u>
Balance carried forward	<u>(88,934,793)</u>

13. Reconciliation of movements in shareholder's funds

	2003	2002
	£	£
Loss for the financial year	(1,672,136)	(19,492,548)
Opening shareholder's equity deficit	<u>(87,262,656)</u>	<u>(67,770,108)</u>
Closing shareholder's equity deficit	<u>(88,934,792)</u>	<u>(87,262,656)</u>

Patriot American UK Limited

Notes to the Financial Statements

Year Ended 31 December 2003

14. Parent undertaking

The immediate parent undertaking of the company is Wy Hotels Limited, registered in England and Wales.

As at 31 December 2003, the ultimate parent undertaking and ultimate controlling party is Wyndham International, Inc., registered in the United States. The financial statements of Wyndham International, Inc. are publicly available and may be obtained on request from The Secretary, Wyndham International, 65 Duke Street London W1K 5AJ.

15. Parent company financial support

The company is dependent on the continued financial support of its ultimate parent, Wyndham International, Inc. which has confirmed its intention of providing support to the company to enable it to meet its liabilities as they fall due for a period of not less than one year.