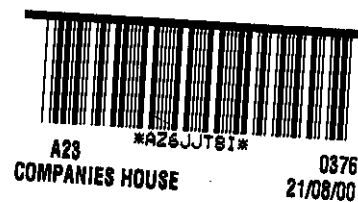


**WB STAPLEFORD INVESTMENT  
LIMITED**

**Report and Financial Statements**

**31 December 1999**

**Deloitte & Touche  
St John's House  
East Street  
Leicester  
LE1 6NG**



**REPORT AND FINANCIAL STATEMENTS 1999**

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**REPORT AND FINANCIAL STATEMENTS 1999**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

P J De Savary  
W H Walton (USA)  
P D Kazilionis (USA)

**SECRETARY**

P K Fox

**REGISTERED OFFICE**

246-248 Great Portland Street  
London  
W1N 6JL

**SOLICITORS**

Evans Dodd  
5 Balfour Place  
Mount Street  
London  
W1Y 5RG

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
St John's House  
East Street  
Leicester  
LE1 6NG

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

### **ACTIVITIES**

WB Stapleford Investment Limited is the holding company of a company engaged in the operation of a luxury country house hotel and sporting estate.

### **REVIEW OF DEVELOPMENTS & FUTURE PROSPECTS**

The results for the period are shown in the profit and loss account on page 5. The directors consider that the activities of the company will continue for the foreseeable future.

### **DIVIDENDS AND TRANSFERS TO RESERVES**

Details of the results for the period are set out in the profit and loss account on page 5. The directors do not recommend the payment of a dividend.

### **DIRECTORS AND THEIR INTERESTS**

The directors who served during the period were:

P J De Savary  
W H Walton  
P D Kazilionis

During the period, no director had any interest in the share capital of the company.

### **YEAR 2000**

Following their initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the year 2000 issue. As at the date of this report, the directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business; however, the situation is still being monitored. Any future costs associated with this issue cannot be quantified but are not expected to be significant.

**DIRECTORS' REPORT****DIRECTORS' STATEMENT OF 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 as at the end of the financial year 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;
- prepare the accounts on a 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.

**AUDITORS**

A resolution for the reappointment of Deloitte & Touche as auditors of the company will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



P J De Savary

Director

## **WB STAPLEFORD INVESTMENT LIMITED**

### **AUDITORS' REPORT TO THE MEMBERS**

We have audited the financial statements on pages 5 to 9 which have been prepared under the accounting policies set out on page 7.

#### **Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### **Basis of 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 as at 31 December 1999 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Chartered Accountants and  
Registered Auditors

*27 June 2000*

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 1999**

	Note	Year ended 31 December 1999 £	Period ended 31 December 1998 £
Interest payable and similar charges	3	(318,664)	(231,779)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	(318,664)	(231,779)
Tax on loss on ordinary activities	4	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>	10	(318,664)	(231,779)
Retained loss brought forward	10	(231,779)	-
<b>Retained loss carried forward</b>	10	(550,443)	(231,779)

There are no recognised gains or losses other than the loss for the current and prior periods.

All results derive from continuing operations.

**BALANCE SHEET**  
**31 December 1999**

	Note	1999 £	1998 £
<b>FIXED ASSETS</b>			
Investments	5	8,050,000	8,050,000
<b>CURRENT ASSETS</b>			
Debtors	6	1	1
<b>CREDITORS: amounts falling due within one year</b>	7	(550,443)	(231,779)
<b>NET CURRENT LIABILITIES</b>		(550,442)	(231,778)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,499,558	7,818,222
<b>CREDITORS: Amounts falling due after one year</b>	8	(8,050,000)	(8,050,000)
<b>NET LIABILITIES</b>		(550,442)	(231,778)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	1	1
Profit and loss account	10	(550,443)	(231,779)
<b>DEFICIT ON EQUITY SHAREHOLDERS' FUNDS</b>		(550,442)	(231,778)

These financial statements were approved by the Board of Directors on **23 June 2000**

Signed on behalf of the Board of Directors

Director



## NOTES TO THE ACCOUNTS

### Year ended 31 December 1999

#### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

##### Accounting convention

The financial statements are prepared under the historical cost convention.

##### Investments

Investments are stated at cost less provision for any permanent diminution in value.

##### Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise. No provision is made in these accounts for deferred tax assets.

#### 2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors of WB Stapleford Investment Limited received no remuneration in respect of this directorship. The directors were the only employees of the company. The audit fee of £2,500 (1998: £2,000) is borne by Stapleford Park Limited.

#### 3. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 1999 £	Period ended 31 December 1998 £
Interest payable on parent company loan	318,664	231,779

#### 4. TAX ON PROFIT ON ORDINARY ACTIVITIES

No corporation taxation has been provided for in the accounts as the company has made a loss in the period.

#### 5. INVESTMENTS HELD AS FIXED ASSETS

	31 December 1999 £	31 December 1998 £
Shares in subsidiary undertakings	8,050,000	8,050,000

Group accounts have not been prepared as the company has taken advantage of the exemption conferred by Section 248 of the Companies Act 1985. These financial statements present information about this company as an individual undertaking and not about its group.

# NOTES TO THE ACCOUNTS

## Year ended 31 December 1999

### 5. INVESTMENTS HELD AS FIXED ASSETS (continued)

The shares in subsidiary undertakings represent 100% of the equity share capital of Stapleford Park Limited, a company incorporated in the United Kingdom.

	Nature of Activity	Aggregate amount of capital and reserves at 31.12.99	Loss for the year to 31.12.99
		£	£
Stapleford Park Limited	Running a luxury country hotel	5,302,085	(217,447)

### 6. DEBTORS due within one year

	1999 £	1998 £
Amounts owed by parent company	1	1

### 7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Amounts due to parent company	550,443	231,779

### 8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1999 £	1998 £
Parent company loans:		
Between two and five years	3,634,000	3,634,000
Payable on resolution of the directors or liquidation of the company	4,416,000	4,416,000
	8,050,000	8,050,000

The amounts due to parent company relate to two loans from Westbrook Carnegie Investments LLC; a loan of £4,416,000 which does not attract interest, and a loan of £3,634,000 which attracts interest at 8%. The loan of £3,634,000 is repayable on 16 March 2003 while the loan of £4,416,000 is repayable only on resolution of the directors of WB Stapleford Investment Limited or on liquidation of the company. The directors may elect to repay this loan by way of an issue of ordinary shares of an equivalent to the principal amount of the loan.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1999**

**9. CALLED UP SHARE CAPITAL**

	1999 £	1998 £
Authorised 1,000 ordinary shares of £1 each	1,000	1,000
Issued, allotted and fully paid 1 ordinary shares of £1 each	1	1

**10. MOVEMENTS ON RESERVES AND SHAREHOLDERS FUNDS**

	Share capital £	Profit and loss account £	Shareholders funds £
At 1 January 1999	1	(231,779)	(231,778)
Loss for the year	-	(318,664)	(318,664)
At 31 December 1999	1	(550,443)	(550,442)

**11. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The ultimate controlling party is Westbrook Partners LLC, incorporated in the United States of America.