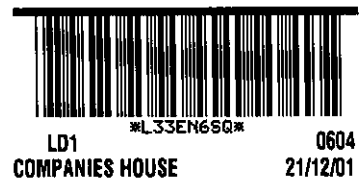


**Report of the Director and
Financial Statements for the Year Ended 30 November 2000
for
WY (ROOKERY HALL) LIMITED**

3819475



WY (ROOKERY HALL) LIMITED

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for the Year Ended 30 November 2000**

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WY (ROOKERY HALL) LIMITED

**Company Information
for the Year Ended 30 November 2000**

DIRECTOR:

R C Felton

SECRETARY:

Jordans Company Secretaries Limited

REGISTERED OFFICE:

The Old Library
The Drive
Sevenoaks
Kent
TN13 3AB

REGISTERED NUMBER:

3819475

AUDITORS:

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

WY (ROOKERY HALL) LIMITED

Report of the Director for the Year Ended 30 November 2000

The director presents his report with the financial statements of the company for the year ended 30 November 2000.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of ownership and operation of the Rookery Hall Hotel.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 30 November 2000.

DIRECTORS

The directors who served during the period under review were:

R.C. Felton	- appointed	01.12.1999
M.T. Fitzgerald	- appointed	01.12.1999, resigned 06.12.2001
E.J. Blum	- resigned	01.12.1999
J. Bohlman	- resigned	01.12.1999
J.D. Carreker	- resigned	01.12.1999
A. Raymond	- resigned	01.12.1999
C.G. Upton	- resigned	01.12.1999

The directors holding office at 30th November 2000 did not hold any beneficial interest in the issued share capital of the company or any other member of the group at date of appointment or 30th November 2000.

AUDITORS

Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000, was appointed as company auditor during the year to 30th November 2000. A resolution to reappoint Ernst & Young LLP as company auditors will be put to the forthcoming Annual General Meeting.

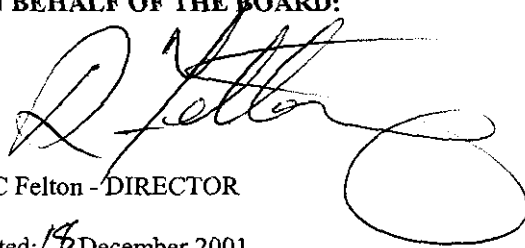
STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

ON BEHALF OF THE BOARD:



R C Felton - DIRECTOR

Dated: 15 December 2001

WY (ROOKERY HALL) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WY (ROOKERY HALL) LIMITED

We have audited the company's financial statements for the year ended 30 November 2000 which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, and the related notes 1 to 15. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 the 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 misstatements, 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 30 November 2000 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

18 December 2001

WY (ROOKERY HALL) LIMITED

**Profit and Loss Account
for the Year Ended 30 November 2000**

		Year Ended 30.11.00		Restated Period 30.7.99 to 30.11.99	
	Notes	£	£	£	£
TURNOVER			1,853,940		-
Cost of sales			<u>1,011,734</u>		<u>6,362</u>
GROSS PROFIT/(LOSS)			842,206		(6,362)
Administrative expenses			<u>693,522</u>		<u>49,951</u>
			148,684		(56,313)
Other operating income	2		<u>-</u>		<u>127,877</u>
OPERATING PROFIT	4		148,684		71,564
Interest payable and similar charges	5		<u>-</u>		<u>93,077</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			148,684		(21,513)
Tax on profit/(loss) on ordinary activities	6		<u>-</u>		<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION			148,684		(21,513)
Deficit brought forward:					
As previously reported		(15,151)		-	
Prior year adjustments	7	<u>(6,362)</u>		<u>-</u>	
As restated			<u>(21,513)</u>		<u>-</u>
RETAINED PROFIT/(DEFICIT) CARRIED FORWARD			<u><u>£127,171</u></u>		<u><u>£(21,513)</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous period.

WY (ROOKERY HALL) LIMITED

**Statement of Total Recognised Gains and Losses
for the Year Ended 30 November 2000**

	<u>Year Ended 30.11.00</u>	<u>Restated Period 30.7.99 to 30.11.99</u>
	£	£
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	148,684	(21,513)
	<hr/>	<hr/>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	148,684	<u>£(21,513)</u>
Prior year adjustment	<div align="center">Note 7</div> <div align="right"><u>(6,362)</u></div>	
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT	<u>£142,322</u>	

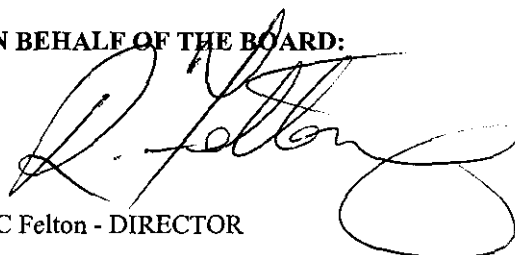
The notes form part of these financial statements

WY (ROOKERY HALL) LIMITED

**Balance Sheet
30 November 2000**

		<u>30.11.00</u>		<u>Restated 30.11.99</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	8		4,352,269		4,150,050
Investments	9		<u>1,000</u>		<u>1,000</u>
			4,353,269		4,151,050
CURRENT ASSETS:					
Stocks	10	37,250		-	
Debtors	11	164,953		-	
Cash at bank and in hand		<u>31,034</u>		-	
		233,237		-	
CREDITORS: Amounts falling due within one year	12	<u>310,172</u>		<u>3,332,563</u>	
NET CURRENT LIABILITIES:			<u>(76,935)</u>		<u>(3,332,563)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>£4,276,334</u>		<u>£818,487</u>
CAPITAL AND RESERVES:					
Called up share capital	13		4,149,163		840,000
Profit and loss account			<u>127,171</u>		<u>(21,513)</u>
SHAREHOLDERS' FUNDS:	15		<u>£4,276,334</u>		<u>£818,487</u>

ON BEHALF OF THE BOARD:



R C Felton - DIRECTOR

Approved by the Board on 12 December 2001

WY (ROOKERY HALL) LIMITED

Notes to the Financial Statements for the Year Ended 30 November 2000

1. ACCOUNTING POLICIES

Fundamental accounting concept

The accounts have been prepared on a going concern basis on the basis of continuing financial support from the immediate parent undertaking Hand Picked Hotels Limited.

Accounting convention

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

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a wholly owned subsidiary.

Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax, all of which is generated in the United Kingdom in respect of the operations of the hotel.

Tangible fixed assets

The company has adopted the transitional rules of Financial Reporting Standard 15, 'Tangible Fixed Assets'. The adoption of the standard has resulted in the separation of assets into different components. These reclassifications are shown in the notes to the accounts. The impact on the reported profit for both the current and the previous year is immaterial

Depreciation is provided at the following annual rates in order to write off the cost of each asset, with the exception of freehold land, over its estimated useful life.

Freehold Property	- 2% on cost
Fixed Plant	- 4% on cost
Fixtures and Fittings	- 10% on cost
Motor Vehicles	- 25% on cost

Change in accounting policy - Stocks

In the previous period the company adopted a policy of holding the value of certain base stock items such as linen and crockery in the period end stock balance. The directors now consider that a policy of expensing the cost of these items as incurred would give a fairer presentation of the results and financial position of the company. Accordingly it has been necessary to restate the figures for 1999 on the basis of the new policy. This has involved the write off of the opening base stock value at the commencement of trading. The resulting adjustment to the pre tax profit for the period ended 30th November 1999 is a charge of £6,362.

Stock is valued at the lower of cost or net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the director, there is reasonable probability that the liability will not arise in the foreseeable future.

Consolidated accounts

The company is exempt from the requirement to prepare group accounts by virtue of Section 248 of the Companies Act 1985. The accounts therefore present information about the company as an individual undertaking and not about its group.

Related party transactions

The company has taken advantage of the exemptions in FRS 8 in connection with the disclosure of transactions with other group undertakings.

Leasing

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

WY (ROOKERY HALL) LIMITED

Notes to the Financial Statements for the Year Ended 30 November 2000

2. OTHER OPERATING INCOME

Other operating income represents the rental income in respect of the hotel.

3. STAFF COSTS

	Year Ended 30.11.00 £	Period 30.7.99 to 30.11.99 £
Wages and salaries	626,205	-
Social security costs	<u>43,532</u>	<u>-</u>
	<u>669,737</u>	<u>-</u>

The average monthly number of employees during the year was as follows:

	Year Ended 30.11.00	Period 30.7.99 to 30.11.99
Hotel operations	<u>72</u>	<u>4</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	Year Ended 30.11.00 £	Period 30.7.99 to 30.11.99 £
Other operating leases	1,415	-
Depreciation - owned assets	60,271	49,950
Auditors' remuneration	<u>5,000</u>	<u>-</u>
Directors' emoluments	<u>-</u>	<u>-</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year Ended 30.11.00 £	Period 30.7.99 to 30.11.99 £
Interest paid to group undertakings	<u>-</u>	<u>93,077</u>
	<u>-</u>	<u>93,077</u>

6. TAXATION

No liability to UK corporation tax arose on ordinary activities for the year ended 30 November 2000 nor for the period ended 30 November 1999 due to the availability of losses within the group.

WY (ROOKERY HALL) LIMITED

Notes to the Financial Statements for the Year Ended 30 November 2000

7. PRIOR YEAR ADJUSTMENTS

The prior year adjustment has arisen on the expensing of base stock.

8. TANGIBLE FIXED ASSETS

	Freehold property	Fixed Plant	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£	£
COST:					
At 1 December 1999	4,091,528	-	274,012	-	4,365,540
Additions	-	114,526	130,214	17,750	262,490
Reclassifications	(302,047)	302,047	-	-	-
At 30 November 2000	<u>3,789,481</u>	<u>416,573</u>	<u>404,226</u>	<u>17,750</u>	<u>4,628,030</u>
DEPRECIATION:					
At 1 December 1999	154,798	-	60,692	-	215,490
Charge for year	8,299	14,372	33,912	3,688	60,271
Reclassifications	(65,209)	65,209	-	-	-
At 30 November 2000	<u>97,888</u>	<u>79,581</u>	<u>94,604</u>	<u>3,688</u>	<u>275,761</u>
NET BOOK VALUE:					
At 30 November 2000	<u>3,691,593</u>	<u>336,992</u>	<u>309,622</u>	<u>14,062</u>	<u>4,352,269</u>
At 30 November 1999	<u>3,936,730</u>	<u>-</u>	<u>213,320</u>	<u>-</u>	<u>4,150,050</u>

Included in freehold property is freehold land valued at £1,023,000 (1999 - £1,023,000) which is not depreciated.

9. FIXED ASSET INVESTMENTS

		£
COST:		
At 1 December 1999		
and 30 November 2000		<u>1,000</u>
NET BOOK VALUE:		
At 30 November 2000		<u><u>1,000</u></u>
At 30 November 1999		<u><u>1,000</u></u>
	30.11.00	30.11.99
	£	£
Unlisted investments	1,000	1,000

WY (ROOKERY HALL) LIMITED

Notes to the Financial Statements for the Year Ended 30 November 2000

9. FIXED ASSET INVESTMENTS - continued

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Wy (Rookery Hall) Management Limited

Country of incorporation: England

Nature of business: Non-trading company

Class of shares:	%
Ordinary	holding 100.00

	30.11.00	30.11.99
	£	£
Aggregate capital and reserves	<u>1,000</u>	<u>1,000</u>

10. STOCKS

	30.11.00	Restated 30.11.99
	£	£
Goods for resale	<u>37,250</u>	<u>-</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.11.00	30.11.99
	£	£
Trade debtors	140,400	-
Prepayments	<u>24,553</u>	<u>-</u>
	<u>164,953</u>	<u>-</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.11.00	30.11.99
	£	£
Trade creditors	88,179	-
Other creditors	698	-
Amounts due to group undertakings	108,573	3,312,952
Amounts due to subsidiary undertaking	1,000	1,000
Social security & other taxes	23,240	18,611
Payments in advance	51,375	-
Accruals	<u>37,107</u>	<u>-</u>
	<u>310,172</u>	<u>3,332,563</u>

WY (ROOKERY HALL) LIMITED

Notes to the Financial Statements for the Year Ended 30 November 2000

13. CALLED UP SHARE CAPITAL

Authorised:		Nominal value:	30.11.00	30.11.99
Number:	Class:		£	£
20,000,000	Ordinary	£1	20,000,000	840,000
(30.11.99 - 840,000)			<u> </u>	<u> </u>

Allotted, issued and fully paid:		Nominal value:	30.11.00	30.11.99
Number:	Class:		£	£
4,149,163	Ordinary	£1	4,149,163	840,000
(30.11.99 - 840,000)			<u> </u>	<u> </u>

The following shares were allotted and fully paid for cash at par during the year:

3,309,163 Ordinary shares of £1 each

During the year the authorised share capital was increased by £19,160,000 by the creation of 19,160,000 ordinary shares of £1 each.

14. ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking is Benfica Limited, which is registered in the Isle of Man. The company's immediate parent undertaking is Hand Picked Hotels, which is registered in England and Wales. The largest and smallest group, in whose financial statements the results of the company will be consolidated is Hand Picked Hotels Limited. The consolidated accounts of Hand Picked Hotels Limited will be available to the public and will be obtainable in due course from the Registrar of Companies, Companies House, Crown Way, Cardiff.

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30.11.00 £	30.11.99 £
Profit/(Loss) for the financial year	148,684	(21,513)
Shares issued	<u>3,309,163</u>	<u>840,000</u>
Net addition to shareholders' funds	3,457,847	818,487
Opening shareholders' funds (originally £824,849 before prior year adjustment of £(6,362))	<u>818,487</u>	<u>-</u>
Closing shareholders' funds	<u>4,276,334</u>	<u>818,487</u>
Equity interests	<u>4,276,334</u>	<u>818,487</u>