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**MOFFAT LODGE MOTOR INN LIMITED (Company No 51272)**  
**DIRECTORS' REPORT - YEAR ENDED 31 DECEMBER 2003**

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Directors: Ladbroke Corporate Director Ltd  
Secretary: Ladbroke Corporate Secretaries Ltd  
Registered Office: 4 Cadogan Square, Glasgow, Scotland, G2 7PH

The director has pleasure in presenting his report and the company's accounts for the year ended 31 December 2003.

**ACCOUNTS AND DIVIDENDS**

The company has not traded during the year and accordingly it has made neither a profit nor a loss. No profit and loss account has therefore been prepared and no dividend is recommended. It is not expected that the company will recommence trading in the current year.

**DIRECTORS**

The current director and the director who served during the year is shown above.

**DIRECTORS' INTERESTS**

According to the register kept by the company pursuant to section 325 of the Companies Act 1985, the director at 31 December 2003 had no interests in shares of debentures of Hilton Group plc and its subsidiaries.

By Order of the Board

  
Ladbroke Corporate Secretaries Ltd  
Secretary

FOR AND ON BEHALF OF  
LADBROKE CORPORATE  
SECRETARIES LIMITED

20 OCT 2004



**MOFFAT LODGE MOTOR INN LIMITED (Company No 51272)**  
**BALANCE SHEET AT 31 DECEMBER 2003**

	Note	2003 £	2002 £
<b>CURRENT ASSETS</b>			
Debtors – amounts falling due within one year	2	90,059,090	90,059,090
<b>CREDITORS - amounts falling due within one year</b>			
	3	(310,308)	(310,308)
		<u>89,748,782</u>	<u>89,748,782</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	5	90,040,000	90,040,000
Profit and loss account	5	<u>(291,218)</u>	<u>(291,218)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>89,748,782</u>	<u>89,748,782</u>

For the year ended 31 December 2003 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985. No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2).

The director acknowledges responsibility for:

(a) Ensuring the company keeps accounting records which comply with section 221;

(b) Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 266, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.



Ladbroke Corporate Director Ltd  
 Director

**FOR AND ON BEHALF OF  
 LADBROKE CORPORATE  
 DIRECTOR LIMITED**

**20 OCT 2004**

**MOFFAT LODGE MOTOR INN LIMITED (Company No 51272)**  
**NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2003**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The accounts have been prepared under the historical cost convention. They have been drawn up to comply with applicable UK accounting standards.

**2. DEBTORS - amounts falling due within one year**

	2003 £	2002 £
Amount due from group companies	<u>90,059,090</u>	<u>90,059,090</u>

**3. CREDITORS - amounts falling due within one year**

	2003 £	2002 £
Amount due to group companies (note 4)	<u>(310,308)</u>	<u>(310,308)</u>

**4. AMOUNTS DUE TO GROUP COMPANIES**

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

**5. SHARE CAPITAL AND RESERVES**

	Total £	Share Capital £	Profit and Loss Account £
At 31 December 2003 and 31 December 2002	<u>89,748,782</u>	<u>90,040,000</u>	<u>(291,218)</u>

At 31 December 2003 and 31 December 2002 the company had authorised, allotted, called up and fully paid share capital of 90,040,000 shares of £1 each.

**6. CONTINGENT LIABILITIES**

The company has jointly and severally guaranteed the value added tax liability of certain other Hilton Group companies within the group registration amounting to £11,550,188 at 31 December 2003 (2002 - £10,924,940).

**7. CASH FLOW**

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

**MOFFAT LODGE MOTOR INN LIMITED (Company No 51272)**  
**NOTES TO THE ACCOUNTS - YEAR ENDED 31 DECEMBER 2003**

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**8. ULTIMATE PARENT UNDERTAKING**

The company's immediate parent undertaking is Arbiter & Weston 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, the accounts of which are available from the registered office at Maple Court, Central Park, Reeds Crescent, Watford, Herts, WD24 4QQ.

The company has taken advantage of provisions in FRS 8 which exempt subsidiary undertakings, 90% or more of whose voting rights are controlled from 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.