

**ORCHARD
INCORPORATIONS (13S)
LIMITED**

ACCOUNTS

3 March 2001



Registered number SC 208806



SCT SSVHV6VS 0021
COMPANIES HOUSE 24/12/01

DIRECTORS' REPORT

Directors:	J A M Orr	Appointed 8 December 2000
	A P Doolan	Appointed 8 December 2000
	A D M MacDonald	Appointed 8 December 2000
	G R L Windle	Appointed 8 December 2000
	H R McNestry	Appointed 8 December 2000
Secretary:	P Orr	Appointed 8 December 2000 (Resigned 31 July 2001)
	Queensferry Secretaries Limited	Appointed 31 July 2001
Registered office:	Orchard Brae House 30 Queensferry Road Edinburgh EH4 2HG Scotland	

Accounts

The directors submit to the shareholders their report and accounts for the period ended 3 March 2001.

Principal activities

The company was incorporated on 5 July 2000 and acquired the issued preference share capital of Morrison Street Hotel Ltd on 8 December 2000. The company has, otherwise, not traded during the period. The directors do not recommend the payment of a dividend.

Directors

The directors' of the company during the year and up to the date of this report are listed above.

Directors' interests

The directors interests in the issued share capital of the company are as follows:-

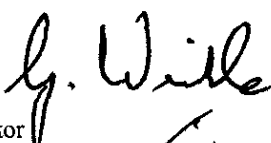
	2001
	B Ord Shares
A D M MacDonald	15
A P Doolan	30
J A M Orr	15

Auditors

The directors appointed Ernst & Young LLP as the company's auditors.

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be put to shareholders at the Annual General Meeting.

For and on behalf of the board


Director
20/12/ 2001

RELATION TO FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities set out on page 3, is made with a view to distinguishing the respective responsibilities of the directors and of the auditors in relation to the accounts.

The directors are required by the Companies Act 1985 to prepare accounts 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 for the financial year.

The directors consider that in preparing the accounts on pages 4 to 6 the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all applicable Accounting Standards have been followed. The accounts have been prepared on a going concern basis.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS REPORT

to the members of Orchard Incorporations (13S) Limited

We have audited the company's accounts for the period ended 3 March 2001 which comprise the Balance Sheet and the related notes 1 to 4. These accounts 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 accounts in accordance with applicable United Kingdom law and accounting standards.

Our Responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 3 March 2001 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

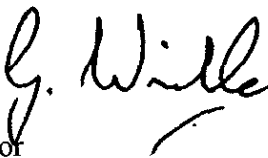
Ernst & Young LLP
Registered Auditor
Luton

20/12/01

BALANCE SHEET

3 March 2001

	Note	2001
		£
FIXED ASSETS		
Investments - Morrison Street Hotel Ltd Preference Shares	2	2,483,674
CREDITORS - amounts falling due within one year		
Morrison Street Hotel Ltd		(2,483,574)
TOTAL ASSETS LESS LIABILITIES		<u>100</u>
CAPITAL AND RESERVES		
Called up share capital	3	100
SHAREHOLDERS' FUNDS	4	<u>100</u>


 Director
 2012 / 2001

ACCOUNTING POLICIES

A. Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

B. Fixed Assets

All fixed assets are initially recorded at cost.

C. Deferred Taxation

Deferred taxation is recognised under the liability method on all timing differences where it is considered that a liability will crystallise or tax will be recoverable in the foreseeable future.

NOTES TO THE ACCOUNTS

1 PROFIT AND LOSS ACCOUNT

The company has not traded during the year and therefore does not present a profit and loss account.

2 UNLISTED INVESTMENT

	<u>2001</u>
	<u>£</u>
At 5 July 2000	-
Additions	<u>2,483,674</u>
At 3 March 2001	<u><u>2,483,674</u></u>

The investment is in Morrison Street Hotel Limited which is registered in Scotland and operates a hotel in Edinburgh.

3 SHARE CAPITAL

	<u>Authorised and fully paid</u>
	<u>2001</u>
	<u>£</u>
'A' ordinary shares of £1 each	40
'B' ordinary shares of £1 each	<u>60</u>
	<u><u>100</u></u>

4 MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>2001</u>
	<u>£</u>
Shareholders' funds at 5 July 2000	-
Shares issued	<u>100</u>
Equity shareholders' funds at 3 March 2001	<u><u>100</u></u>