

**EDWARDIAN HOTELS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR**  
**31 DECEMBER 2005**

**Company Registration Number 1009827**



# **EDWARDIAN HOTELS LIMITED**

## **THE DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2005**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2005.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company is that of an investment holding company.

#### **RESULTS AND DIVIDENDS**

The company's financial position at the end of the year is shown in the attached financial statements.

Dividends of £250,000 was paid during the year (2004: £4 million).

#### **THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY**

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

Mr J Singh  
Mr B M Singh (resigned 13 October 2004)  
Mr S M Shah  
Mr J R Morley

All directors were also directors of the company's ultimate parent company, Edwardian Group Limited in the year. Their interest in the shares of the parent company are disclosed in the accounts of that 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 the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 8, 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; and

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.

# EDWARDIAN HOTELS LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2005

### AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution concerning the re-appointment of Messrs KPMG LLP and Shah Dodhia & Co. as joint auditors will be proposed at the forthcoming Annual General Meeting.

Registered office:  
140 Bath Road  
Hayes  
Middx  
UB3 5AW

Signed by order of the directors



MR V WASON  
Company Secretary

Approved by the directors on 13 June 2006

## EDWARDIAN HOTELS LIMITED

### INDEPENDENT JOINT AUDITORS' REPORT TO THE SHAREHOLDERS YEAR ENDED 31 DECEMBER 2005

We have audited the financial statements on pages 5 to 12, which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on page 8.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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 International Standards on Auditing (UK and Ireland) 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 members of the committee 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 2005 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

*M. M. C. L. P.*  
**KPMG LLP**  
Chartered Accountants  
Registered Auditors  
London

*19 June 2006*

*Shah Dodhia & Co*  
**Shah Dodhia & Co**  
Chartered Accountants  
Registered Auditors  
London

*19 June 2006*

**EDWARDIAN HOTELS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2005**

	Note	2005 £ 000's	2004 £ 000's
<b>TURNOVER</b>		—	—
Administrative expenses		—	—
Other operating income		250	—
<b>OPERATING PROFIT</b>		<b>250</b>	<b>—</b>
Interest receivable		4	2
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>254</b>	<b>2</b>
Tax on profit on ordinary activities	2	-	4,587
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>254</b>	<b>4,589</b>
Dividends	3	(250)	(4,000)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<b>4</b>	<b>589</b>

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

The Company had further recognised gains and losses and these are disclosed in the statement of Total Recognised Gains and Losses on Page 6. There is no difference between the profit disclosed above and that calculated on a historical cost basis.

**EDWARDIAN HOTELS LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005 £000	2004 £000
Profit for the financial year attributable to the shareholders	254	4,589
Unrealised profit on revaluation of Investments	<u>(295)</u>	<u>313</u>
Total gains and losses recognised since the last annual report	<u>(41)</u>	<u>4,902</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2005 £ 000's	2004 £ 000's
Opening shareholders' equity funds	11,267	10,365
Profit for the financial year	254	4,589
Dividends Payable	(250)	(4,000)
Other net recognised gains and losses	<u>(295)</u>	<u>313</u>
Closing shareholders' equity funds	<u>10,976</u>	<u>11,267</u>

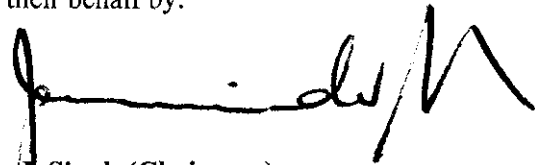
## EDWARDIAN HOTELS LIMITED

## BALANCE SHEET

31 DECEMBER 2005

	Note	2005 £ 000's	£ 000's	2004 £ 000's	£ 000's
<b>FIXED ASSETS</b>					
Investments	4		3,586		3,881
<b>CURRENT ASSETS</b>					
Debtors	5	11,511		16,099	
Cash at bank		1		116	
		<u>11,512</u>		<u>16,215</u>	
<b>CREDITORS: Amounts falling due within one year</b>	7	<u>4</u>		<u>1</u>	
<b>NET CURRENT ASSETS</b>			<u>11,508</u>		<u>16,214</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>15,094</u>		<u>20,095</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	8		<u>3,672</u>		<u>8,382</u>
			<u>11,422</u>		<u>11,713</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
Other provisions	9		<u>446</u>		<u>446</u>
			<u>10,976</u>		<u>11,267</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	11		750		750
Revaluation reserve	12		3,585		3,880
Other reserves	12		1,554		1,554
Profit and loss account	12		<u>5,087</u>		<u>5,083</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>10,976</u>		<u>11,267</u>

These financial statements were approved by the directors on 13 June 2006 and are signed on their behalf by:



Mr. J. Singh (Chairman)

**EDWARDIAN HOTELS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2005**

**1. ACCOUNTING POLICIES**

**Basis of accounting and presentation**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

**Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

**Deferred taxation**

Deferred taxation is provided on timing differences, using the liability method, and deferred tax assets are recognised and incorporated in the accounts where there is a reasonable certainty of realising the asset.

**Group accounts**

The company is a wholly owned subsidiary of Edwardian Group Limited, a company registered in England and Wales. The company has therefore taken advantage of S.228 Companies Act 1985 in not preparing group accounts.

**Investments**

Investments in subsidiary undertakings are stated at the net asset value of the subsidiary undertakings. Differences between the net asset value and historical cost are recorded in the revaluation reserve except to the extent that there is a permanent impairment below historical cost which amount is taken to the profit and loss account.

**2. TAX ON PROFIT ON ORDINARY ACTIVITIES**

(a) The tax charge for the year comprises:

	2005 £ 000's	2004 £ 000's
<b>Current Tax:</b>		
Corporation tax based on taxable profits for the year	-	-
Amount receivable for group relief	-	(4,588)
<b>Total current tax</b>	-	(4,588)
<b>Deferred Tax:</b>		
Origination and reversal of timing differences	-	1
<b>Total tax charge</b>	-	(4,587)



**EDWARDIAN HOTELS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2005**

**2. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)**

(b) Factors affecting the tax charge:

	<b>2005</b> <b>£ 000's</b>	<b>2004</b> <b>£ 000's</b>
Profit on ordinary activities before tax	<u>254</u>	<u>2</u>
Profit on ordinary activities multiplied by the standard rate of tax @ 30%	76	1
Income not taxable for tax purposes	(75)	-
Utilisation of prior period losses	<u>(1)</u>	<u>(4,589)</u>
Total current tax/amount receivable for group relief	<u>-</u>	<u>(4,588)</u>

**3. DIVIDENDS**

The following dividends have been proposed in respect of the year:

	<b>2005</b> <b>£000</b>	<b>2004</b> <b>£000</b>
Proposed dividend on ordinary shares	<u>250</u>	<u>4,000</u>

**4. FIXED ASSET INVESTMENTS**

	<b>Shares in Subsidiaries £ 000's</b>
<b>COST OR VALUATION</b>	
At 1 January 2005	3,881
Revaluations	<u>(295)</u>
At 30 December 2005	<u>3,586</u>
<b>NET BOOK VALUE</b>	
At 30 December 2005	<u>3,586</u>
At 31 December 2004	<u>3,881</u>

**EDWARDIAN HOTELS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2005**

**4. FIXED ASSET INVESTMENTS** *(continued)*

At 31st December 2005 the following companies were the principle subsidiaries:

<b>Name of Subsidiary</b>	<b>Principal Activity</b>	<b>Percentage of Shares 2005 and 2004</b>
Mountbatten Hotels Ltd	Dormant Company	100
Edwardian Management Services Ltd	Management Services	100
Dicetask Ltd	Construction Services	100
Cleftfield Ltd	Dormant Company	100
Edwardian (Syon Park) Ltd	Construction and Development of Hotel	100
Edwardian New Providence Wharf Ltd	Management Services	100

**5. DEBTORS**

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Amounts owed by group undertakings	11,072	11,469
Other debtors	397	-
Corporation tax repayable	-	4,588
Deferred taxation (note 6)	42	42
	<u>11,511</u>	<u>16,099</u>

**6. DEFERRED TAXATION**

The deferred tax included in the Balance sheet is as follows:

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Included in debtors (note 5)	<u>42</u>	<u>42</u>

The movement in the deferred taxation account during the year was:

	<b>2005</b>	<b>2004</b>
	<b>£000</b>	<b>£000</b>
Balance brought forward	42	43
Profit and loss account movement arising during the year	-	(1)
Balance carried forward	<u>42</u>	<u>42</u>

The deferred tax asset is in respect of losses available against future profits.

**EDWARDIAN HOTELS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2005**

**7. CREDITORS: Amounts falling due within one year**

	2005 £ 000's	2004 £ 000's
Amounts owed to group undertakings	3	-
Accruals and deferred income	1	1
	<u>4</u>	<u>1</u>

**8. CREDITORS: Amounts falling due after more than one year**

	2005 £ 000's	2004 £ 000's
Amounts owed to group undertakings	<u>3,672</u>	<u>8,382</u>

**9. PROVISIONS FOR LIABILITIES AND CHARGES**

	2005 £000
Balance brought forward	446
Movement for year	-
	<u>446</u>

The provision for third party guarantee is in respect of a guarantee given by a director to a third party for the benefit of the company.

**10. RELATED PARTY TRANSACTIONS**

As the company is a wholly owned subsidiary of Edwardian Group Ltd, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions on balances with entities which form part of the group headed by Edwardian Group Limited. The consolidated financial statements of Edwardian Group Limited, within which this company is included, can be obtained from 140 Bath Road, Hayes, Middx UB3 5AW.

The directors confirm that there are no other related party transactions other than those disclosed in these accounts.

**11. SHARE CAPITAL****Authorised share capital:**

	2005 £	2004 £
999,000 Ordinary £1 shares of £1.00 each	999,000	999,000
1,000 Management £1 shares of £1.00 each	1,000	1,000
	<u>1,000,000</u>	<u>1,000,000</u>

**EDWARDIAN HOTELS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2005**

**11. SHARE CAPITAL** *(continued)***Authorised share capital:**

	2005	2004
	£	£
999,000 Ordinary £1 shares of £1.00 each	999,000	999,000
1,000 Management £1 shares of £1.00 each	1,000	1,000
	<u>1,000,000</u>	<u>1,000,000</u>

**Allotted, called up and fully paid:**

	2005		2004	
	No.	£	No.	£
Ordinary £1 shares	749,000	749,000	749,000	749,000
Management £1 shares	1,000	1,000	1,000	1,000
	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>

**12. RESERVES**

	Profit and loss account	Revaluation reserve	Other Reserves
	£'000	£'000	£'000
Opening balance	5,083	3,880	1,554
Retained profit for the year	4	-	-
Revaluation of subsidiaries	-	(295)	-
Balance carried forward	<u>5,087</u>	<u>3,585</u>	<u>1,554</u>

**13. GUARANTEES AND CONTINGENT LIABILITIES**

The company has given a third party charge dated 18 May 2000 over an intermediate Leasehold interest in a fellow subsidiary company's Hotel.

The company has given a guarantee in respect of banking facilities provided to certain group members. Its liability under this guarantee is limited to the proceeds of the intermediate leasehold interest over which it has given a third party charge to the banks.

The company has guaranteed the punctual performance of all the obligations of its subsidiary undertaking, Edwardian New Providence Wharf Ltd, in respect of a management contract it has entered into and undertaken to pay any such amounts due but not paid by Edwardian New Providence Wharf Ltd. As at the balance sheet date, there is no contingent liability arising under this guarantee as the contractual performance has not yet commenced.

**14. ULTIMATE PARENT COMPANY**

The company is a wholly owned subsidiary of Edwardian Group Limited, a company registered in England and Wales.

These accounts have been consolidated in the accounts of Edwardian Group Limited. The consolidated accounts can be obtained from 140 Bath Road, Hayes, Middx UB3 5AW.