

EDWARDIAN HOTELS LIMITED
FINANCIAL STATEMENTS
FOR
31 DECEMBER 2008

Company Registration Number 1009827



EDWARDIAN HOTELS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

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EDWARDIAN HOTELS LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2008

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2008.

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.

No dividends were paid during the year (2007: Nil).

DIRECTORS

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

Mr J Singh
Mr S M Shah
Mr J R Morley

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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.

EDWARDIAN HOTELS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES *(continued)*

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.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Messrs KPMG LLP and Shah Dodhia & Co will therefore continue in office as joint auditors.

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 **25 June 2009**

EDWARDIAN HOTELS LIMITED**INDEPENDENT JOINT AUDITORS' REPORT TO THE MEMBERS OF
EDWARDIAN HOTELS LIMITED****YEAR ENDED 31 DECEMBER 2008**

We have audited the financial statements (the "financial statements") of Edwardian Hotels Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movement in Shareholders' Fund, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 1.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether, in our opinion, the information given in the Directors' Report is not consistent with the financial statements. In addition, we report to you if, in our opinion, 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 other transactions 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 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.

EDWARDIAN HOTELS LIMITED

**INDEPENDENT JOINT AUDITORS' REPORT TO THE MEMBERS OF
EDWARDIAN HOTELS LIMITED (*continued*)**

YEAR ENDED 31 DECEMBER 2008

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Kane up

KPMG LLP
Chartered Accountants
Registered Auditors
London

29 June 2009

Shah Dodhia

Shah Dodhia & Co
Chartered Accountants
Registered Auditors
London

29 June 2009

EDWARDIAN HOTELS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2008

	Note	2008 £'000	2007 £'000
TURNOVER		-	-
Administrative expenses		-	-
Other operating income		-	-
		<u>-</u>	<u>-</u>
OPERATING PROFIT		-	-
Loss on disposal of subsidiary	2	(77)	-
		<u>-</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST		(77)	-
Interest receivable		10	-
Provision for irrecoverable loan		(300)	(745)
		<u>-</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(367)	(745)
Tax on loss on ordinary activities	3	(425)	144
		<u>-</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION BEING LOSS FOR THE FINANCIAL YEAR		<u>(792)</u>	<u>(889)</u>

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.

The notes on pages 8 to 12 form part of these financial statements.

EDWARDIAN HOTELS LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 £'000	2007 £'000
Loss for the financial year attributable to the shareholders	(792)	(889)
Unrealised gain/(loss) on revaluation of Investments	<u>52</u>	<u>(131)</u>
Total recognised gains and (losses) since the last financial statements	<u>(740)</u>	<u>(1,020)</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £'000	2007 £'000
Opening Shareholders' Funds	9,792	10,812
Loss for the financial year	(792)	(889)
Other net recognised gains and losses	<u>52</u>	<u>(131)</u>
Closing Shareholders' Funds	<u>9,052</u>	<u>9,792</u>

EDWARDIAN HOTELS LIMITED

BALANCE SHEET

31 DECEMBER 2008

	Note	2008 £'000	2007 £'000
FIXED ASSETS			
Investments	4	3,446	3,394
CURRENT ASSETS			
Debtors (including £397 (2007: £397) due after more than one year)	5	10,234	10,702
Cash at bank		466	1
		<u>10,700</u>	<u>10,703</u>
CREDITORS: Amounts falling due within one year	6	<u>415</u>	<u>189</u>
NET CURRENT ASSETS		<u>10,285</u>	<u>10,514</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>13,731</u>	<u>13,908</u>
CREDITORS: Amounts falling due after more than one year	7	<u>3,962</u>	<u>3,699</u>
		<u>9,769</u>	<u>10,209</u>
PROVISION FOR LIABILITIES AND CHARGES	8	<u>717</u>	<u>417</u>
		<u>9,052</u>	<u>9,792</u>
CAPITAL AND RESERVES			
Called-up equity share capital	9	750	750
Revaluation reserve	10	3,445	3,393
Other reserves	10	1,554	1,554
Profit and loss account	10	3,303	4,095
SHAREHOLDERS' FUNDS		<u>9,052</u>	<u>9,792</u>

These financial statements were approved by the directors on ~~16~~ June 2009 and are signed on their behalf by:



Mr. Singh
Director

EDWARDIAN HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

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 financial statements where there is a reasonable certainty of realising the asset.

Group financial statements

The company is itself a subsidiary company and is exempt from the requirement to prepare the group financial statements by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

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. LOSS ON DISPOSAL OF SUBSIDIARY

	2008 £'000	2007 £'000
Loss on disposal of subsidiary	<u>77</u>	<u>-</u>

EDWARDIAN HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) The tax charge for the year comprises:

	2008 £'000	2007 £'000
Current Tax :		
Amount receivable for group relief based on taxable profit for the Year	427	144
Over provision in prior year	(2)	-
Total current tax charge	<u>425</u>	<u>144</u>
Deferred Tax:		
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Total tax charge	<u>425</u>	<u>144</u>

(b) Factors affecting tax charge for the year:

The current tax charge for the year is higher (2007: higher) than the standard rate of corporation tax in the UK (28.5%, 2007: 30%).

	2008 £'000	2007 £'000
Loss on ordinary activities before tax	<u>(367)</u>	<u>-</u>
Loss on ordinary activities multiplied by standard rate of tax @ 28.5% (2007 – 30%)	(105)	-
Effects of:		
Expenses not deductible for tax purposes £377,116 (2007:NIL)	106	-
Transfer pricing adjustments	<u>424</u>	<u>144</u>
Total tax charge	<u>425</u>	<u>144</u>

(c) **Factors affecting the future tax charge:**

The rate of taxation is expected to follow the standard rate of UK corporation tax in future periods. With effect from 1 April 2008, the UK statutory rate of corporation tax reduced to 28%. This has resulted in a blended standard statutory rate of UK tax of 28.5% for the year ended 31 December 2008 which will reduce to 28% in future year.

EDWARDIAN HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

4. FIXED ASSET INVESTMENTS

	Shares in Subsidiaries £'000
COST OR VALUATION	
At 1 January 2008	3,394
Surplus on revaluation of subsidiaries	52
At 31 December 2008	<u>3,446</u>
NET BOOK VALUE	
At 31 December 2008	<u>3,446</u>
At 31 December 2007	<u>3,394</u>

At 31st December 2008 the following companies were the principle subsidiaries:

Name of Subsidiary	Principal Activity	Percentage of Shares 2008 and 2007
Edwardian Management Services Ltd	Management Services	100
Edwardian New Providence Wharf Ltd	Management Services	100
Dicetask Ltd	Construction Services	100
Cleftfield Ltd	Dormant Company	100
Edwardian Rosebowl Ltd	Dormant Company	100 (2007: NIL)
Mountbatten Hotels Ltd	Dormant Company	100
Edwardian Aberdeen Ltd	Dormant Company	100 (2007 : NIL)

On 06 June 2008, fully owned subsidiary Edwardian Syon Park Ltd was sold for £1 and £1.38m received for Intra-Group indebtedness.

5. DEBTORS

	2008 £'000	2007 £'000
Amounts owed by group undertakings	9,837	10,305
Other debtors	397	397
	<u>10,234</u>	<u>10,702</u>

Total debtors include £397K (2007: £397K) due after more than one year.

EDWARDIAN HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

6. CREDITORS: Amounts falling due within one year

	2008	2007
	£ 000	£ 000
Amounts owed to group undertakings	-	44
Corporation Tax	414	144
Accruals and deferred income	1	1
	<u>415</u>	<u>189</u>

7. CREDITORS: Amounts falling due after more than one year

	2008	2007
	£ 000	£ 000
Amounts owed to group undertakings	<u>3,962</u>	<u>3,699</u>

8. PROVISION FOR LIABILITIES AND CHARGES

	2008	2007
	£ 000	£ 000
Provision for third party guarantee	417	417
Provision for irrecoverable loan	300	-
	<u>717</u>	<u>417</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 and the provision for irrecoverable loan is in respect of loan given to joint venture undertaking Guildford Hotel Ltd.

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

	2008	2007
	£	£
999,000 Ordinary shares of £1.00 each	999,000	999,000
1,000 Management 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:

	2008	2007
	No. £	No. £
Ordinary shares of £1 each	749,000 749,000	749,000 749,000
Management shares of £1 each	1,000 1,000	1,000 1,000
	<u>750,000 750,000</u>	<u>750,000 750,000</u>

EDWARDIAN HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

10. RESERVES

	Profit and loss account £'000	Revaluation reserve £'000	Other Reserves £'000
Opening balance	4,095	3,393	1,554
Retained loss for the year	(792)	-	-
Revaluation of subsidiaries	-	52	-
Balance carried forward	<u>3,303</u>	<u>3,445</u>	<u>1,554</u>

11. 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 losses suffered in consequence of the subsidiary's failure to perform any of its obligations under this contract. As at the balance sheet date, there is no liability arising under this guarantee.

12. 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 financial statements.

13. ULTIMATE PARENT COMPANY

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

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