

Company Registration No. 1523117

**Fortyseven Park Street Limited**

**Report and Financial Statements**

**31 December 2004**



**Fortyseven Park Street Limited**

**REPORT AND FINANCIAL STATEMENTS 2004**

**CONTENTS**

**Page**

<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2 - 3</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Independent auditors' report</b>	<b>5</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Statement of total recognised gains and losses</b>	<b>7</b>
<b>Balance sheet</b>	<b>8</b>
<b>Cash flow statement</b>	<b>9</b>
<b>Notes to the accounts</b>	<b>10 - 21</b>

# **Fortyseven Park Street Limited**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

T J Schavemaker  
L A Dowling  
J Fitzgerald

### **COMPANY SECRETARY**

CITCO Management (UK) Ltd  
7 Albemarle Street  
London  
W1S 4HQ

### **REGISTERED OFFICE**

47 Park Street  
London  
W1 4EB

### **BANKERS**

Citibank N.A  
Citigroup Centre  
1 Canada Square  
Canary Wharf  
London  
E14 5LB

### **AUDITORS**

Ernst and Young LLP  
1 More London Place  
London  
SE1 2AF

# Fortyseven Park Street Limited

## DIRECTORS' REPORT

The directors present their annual report and audited financial statements for Fortyseven Park Street Limited ("the company") for the year ended 31 December 2004.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is the sale of apartments as fractional interests at the property of 47 Park Street, London. Turnover in respect of the sale of fractional interests decreased during the year, reflecting a significant reduction in the use of sales and marketing channels. Rental income increased over 2004 as a result of increased accommodation owned by the company.

On 22 December 2003, Fortyseven Park Street Limited transferred the management and operation of hotel activities to MGRC Management Limited. This is included as discontinued activities in the profit and loss account.

On 28 January 2004, MGRC Marketing Limited transferred its business, comprising of marketing activities of timeshare fractions to Fortyseven Park Street Limited.

On the 29 June 2004, Marriott Ownership Resorts Inc, sold the shares of MVCI Holdings BV (the parent company of Fortyseven Park Street Limited's immediate parent company, Financiere 47 Park Street Limited) to International Hotel Licensing Company S.a.r.l. (IHLC).

## RESULTS FOR THE YEAR

The company's results are stated in the profit and loss account on page 6.

The loss for the year amounts to £5,843,440 (2003: loss of £4,019,706).

The directors are unable to recommend the payment of a dividend (2003: £nil).

## DIRECTORS AND DIRECTORS' INTERESTS

The directors who served during the year, and subsequent changes, were as follows:

L A Dowling  
T J Schavemaker  
T Groeninger (resigned 20/03/2004)  
J Fitzgerald (appointed 19/04/2004)

None of the directors holding office on 31 December 2004 had any interest in the company's shares or any interest in the shares of Financiere 47 Park Street Limited, the immediate parent company. Certain directors hold interests in Marriott International Inc, the ultimate parent company, which are as follows:

	At 1 January 2004 Ordinary Shares of \$1 each	At 31 December 2004 Ordinary Shares of \$1 each
T J Schavemaker	2,379	2,500
J Fitzgerald	-	306

## DIRECTORS' INDEMNITIES

The company's intermediary parent, Marriott Ownership Resorts, Inc. has granted indemnities to each of the directors to the extent permitted by law. The indemnities are uncapped in amount and relate to certain losses and/or liabilities which the directors may incur to third parties in the course of acting as director, officer or employee of the company or one or more of its subsidiaries or associates.

As at 31 December 2004 there was no provision for directors' indemnities (2003 - £nil).

## **Fortyseven Park Street Limited**

### **DIRECTORS' REPORT**

#### **GOING CONCERN**

The directors note that the company has net liabilities of £14,749,247 as at 31 December 2004. The directors have received confirmation from Marriott Ownership Resorts Inc, that it will provide financial support for at least twelve months after the date of approval by the directors of the financial statements, to enable the company to meet its liabilities as they fall due. The directors have therefore prepared the accounts on the going concern basis.

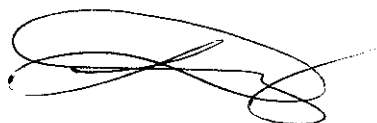
#### **POST BALANCE SHEET EVENTS**

There were no post balance sheet events to report for the company.

#### **AUDITORS**

A resolution for the re-appointment of Ernst & Young LLP is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board



L A Dowling

Director

3 July 2006

## **Fortyseven Park Street Limited**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom 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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- 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. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FORTYSEVEN PARK STREET LIMITED**

We have audited the company's financial statements for the year ended 31 December 2004 which comprises the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement and the related notes 1 to 21. These financial statements have been prepared on the basis of 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 auditors' 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 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 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.

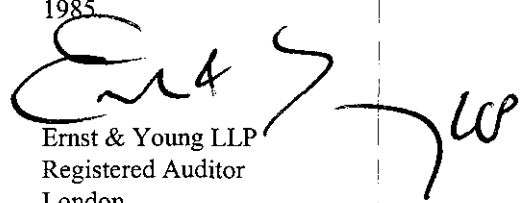
### **Basis of audit opinion**

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 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 affairs of the company as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Ernst & Young LLP  
Registered Auditor  
London

3 JULY 2006

**Fortyseven Park Street Limited**

**PROFIT AND LOSS ACCOUNT  
YEAR ENDED 31 DECEMBER 2004**

	Note	2004 £	2004 £	2003 £	2003 £
<b>Turnover</b>					
Continuing operations	3	6,953,497		6,586,457	
Discontinued operations	3	-		2,507,093	
	2		6,953,497		9,093,550
Development costs	2		(9,100,925)		(7,465,224)
Other operating expenses			(2,154,288)		(5,472,703)
Other operating income			274,256		148,966
<b>Operating loss</b>					
Continuing operations	3	(4,027,460)		(2,834,705)	
Discontinued operations	3	-		(860,706)	
	3		(4,027,460)		(3,695,411)
Interest receivable and similar income	6a		14,172		41,794
Interest payable and similar charges	6b		(1,830,152)		(366,089)
<b>Loss on ordinary activities before taxation</b>			(5,843,440)		(4,019,706)
Taxation on loss on ordinary activities	7		-		-
<b>Loss for the year</b>	15		(5,843,440)		(4,019,706)
Accumulated loss brought forward	15		(11,005,807)		(6,986,101)
<b>Accumulated loss carried forward</b>	15		(16,849,247)		(11,005,807)

There is no difference between reported loss for the year and the result that would be reported under the historical cost convention.

# Fortyseven Park Street Limited

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES YEAR ENDED 31 DECEMBER 2004

	2004 £	2003 £
Loss for the year	(5,843,440)	(4,019,706)
Total recognised gains and losses relating to the year	<u>(5,843,440)</u>	<u>(4,019,706)</u>
Prior year adjustment	-	(540,967)
Total gains and losses recognised since the last annual report	<u>(5,843,440)</u>	<u>(4,560,673)</u>

A reconciliation of movements in shareholders' funds is included in note 15.

The accompanying notes are an integral part of this profit and loss account and the statement of total recognised gains and losses.

# Fortyseven Park Street Limited

## BALANCE SHEET AS AT 31 DECEMBER 2004

	Note	2004 £	2003 £
<b>Fixed assets</b>			
Tangible assets	8	250,227	150,911
Investments	9	-	853,919
		<u>250,227</u>	<u>1,004,830</u>
<b>Current assets</b>			
Stock	10	19,111,655	21,251,146
Debtors	11	640,752	7,101,160
Cash at bank and in hand		169,638	182,723
		<u>19,922,045</u>	<u>28,535,029</u>
<b>Creditors: Amounts falling due within one year</b>	12	<u>(33,505,054)</u>	<u>(37,650,493)</u>
<b>Net current liabilities</b>		<u>(13,583,009)</u>	<u>(9,115,464)</u>
<b>Total assets less current liabilities</b>		<u>(13,332,782)</u>	<u>(8,110,634)</u>
<b>Provisions for liabilities and charges</b>	13	<u>(1,416,467)</u>	<u>(795,173)</u>
<b>Net liabilities</b>		<u>(14,749,247)</u>	<u>(8,905,807)</u>
<b>Capital and reserves</b>			
Called up share capital	14	1,700,000	1,700,000
Capital contribution	15	400,000	400,000
Profit and loss account	15	(16,849,247)	(11,005,807)
<b>Equity shareholders' deficit</b>	15	<u>(14,749,247)</u>	<u>(8,905,807)</u>

These financial statements were approved by the Board of Directors on 3 July 2006

Signed on behalf of the Board of Directors



L A Dowling  
Director

3 July 2006

**Fortyseven Park Street Limited**

**CASH FLOW STATEMENT  
YEAR ENDED 31 DECEMBER 2004**

	<b>Note</b>	<b>2004 £</b>	<b>2003 £</b>
<b>Net cash outflow from operating activities</b>	17(a)	(864,076)	(1,656,733)
<b>Returns on investment and servicing of finance</b>			
Interest received		14,172	41,794
Interest paid		(1,830,152)	(366,089)
		<u>(1,815,980)</u>	<u>(324,295)</u>
<b>Taxation</b>			
UK corporation tax		-	-
<b>Capital expenditure</b>			
Purchase of shares in MGRC Marketing Limited		-	(2,053,227)
Purchase of tangible fixed assets		(353,119)	(183,934)
		<u>(353,119)</u>	<u>(2,237,161)</u>
<b>Net cash outflow before financing</b>		(3,033,175)	(4,218,189)
<b>Financing</b>			
Inception of new loans		3,020,091	23,205,448
Repayment of loans		-	(21,997,333)
		<u>3,020,091</u>	<u>1,208,115</u>
<b>Decrease in cash</b>	17(b)	<u>(13,084)</u>	<u>(3,010,074)</u>

# **Fortyseven Park Street Limited**

## **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2004**

### **1. ACCOUNTING POLICIES**

The principal accounting policies of the company are summarised below. The principal accounting policies have all been applied consistently throughout the year ended 31 December 2004 and the preceding year.

#### **Basis of accounting**

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

#### **Going concern**

The company has a surplus of liabilities over assets. The directors have received confirmation from Marriott Ownership Resorts Inc, that it will provide financial support for at least twelve months after the date of approval by the directors of the financial statements, to enable the company to meet its liabilities as they fall due. The directors have therefore prepared the accounts on the going concern basis.

#### **Fixed assets and depreciation**

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful lives as follows:

Furniture, fixtures and fittings	–	3 years
Computer equipment	–	3 years

#### **Investments**

Investments are shown at cost less provision for impairment.

#### **Turnover**

Turnover represents the amounts derived from the provision of goods and services to customers during the year and arises wholly within the United Kingdom.

Turnover arising from the development and sale of fractional interests is recognised on exchange of contracts and receipt of deposit. Turnover in respect of hotel operations is recognised as provided and stated net of VAT.

Turnover in respect of rental income relates to the rental of unsold inventory and is recognised on occupancy and stated net of VAT.

#### **Stock**

Stock is stated at the lower of cost and net realisable value.

Development stock includes all costs incurred in bringing the development to its present location and condition, including the cost of the property, direct materials and labour plus capitalised interest. Interest incurred on loans drawn specifically for the development is capitalised within stock. All other interest is charged or credited to the profit and loss account as it arises.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### **Development profit**

Profit on the development is calculated by releasing development stock costs to the profit and loss account as turnover is recognised. The release to the profit and loss account is calculated by apportioning a prudent assessment of the total expected costs of the development to each fraction sold.

## **Fortyseven Park Street Limited**

### **NOTES TO THE ACCOUNTS** **Year ended 31 December 2004**

#### **1. ACCOUNTING POLICIES (continued)**

##### **Pensions**

The company operates a defined contribution pension scheme for staff. The assets of the scheme are invested and managed independently of the finances of the company. The pension costs charge represents contributions payable in the year.

##### **Leased assets**

Rentals payable under operating leases are charged on a straight line basis over the lease term, even if payments are not made on such a basis.

##### **Taxation**

###### **(i) Current tax**

The charge for current taxation for the year is based on the result for the year, adjusted for disallowable items.

###### **(ii) Deferred tax**

Full provision is made for deferred taxation in respect of timing differences that have originated, but not reversed at the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in the future by the balance sheet date except that:

- Provision is made for gains on disposal of assets that have been rolled over into replacement assets to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned.
- Deferred tax assets are recognised to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on the tax rates enacted at the balance sheet date.

##### **Foreign currencies**

Transactions in foreign currencies are recorded at the rates of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

# Fortyseven Park Street Limited

## NOTES TO THE ACCOUNTS Year ended 31 December 2004

### 2. TURNOVER AND DEVELOPMENT COSTS

	2004	2003
<i>Turnover</i>	£	£
Hotel operations	-	2,507,093
Sale of fractional interests	5,465,680	5,708,761
Rental income	1,487,817	877,696
	<u>6,953,497</u>	<u>9,093,550</u>

Turnover from hotel operations relates to activities discontinued in 2003, an analysis of which is shown in note 3 below.

	2004	2003
<i>Development costs</i>	£	£
Construction costs	1,907,361	1,860,394
Sales and marketing	7,193,564	5,604,830
	<u>9,100,925</u>	<u>7,465,224</u>

### 3. OPERATING LOSS

	2004	2003
<i>This is stated after charging:</i>	£	£
Auditors' remuneration for audit and taxation services	195,000	145,480
Depreciation of tangible fixed assets	100,813	33,023
Rentals payable under operating leases	6,450	4,879
Impairment of investment	853,919	1,199,308
	<u></u>	<u></u>

An analysis of results, split between continuing and discontinued operations for 2003, is set out below:

# Fortyseven Park Street Limited

## NOTES TO THE ACCOUNTS Year ended 31 December 2004

### 3. OPERATING LOSS (continued)

	2004	2003	2003	2003
	Continuing	Continuing	Discontinued	Total
	£	£	£	£
Turnover	6,953,497	6,586,457	2,507,093	9,093,550
Cost of sales	(9,100,925)	(6,979,022)	(486,202)	(7,465,224)
Other operating expenses	(2,154,288)	(2,591,106)	(2,881,597)	(5,472,703)
Other operating income	274,256	148,966	-	148,966
Operating loss	(4,027,460)	(2,834,705)	(860,706)	(3,695,411)

Discontinued activities relate to hotel operations transferred to MGRC Management Limited on 22 December 2003.

### 4. STAFF NUMBERS AND COSTS

The average number of persons employed by the company (including the directors) during the year category, was as follows:

Number of employees	2004	2003
	No.	No.
Management	4	9
Staff	17	42
	21	51

The aggregate payroll costs of these persons were as follows:

	2004	2003
	£	£
Wages and salaries	756,567	988,740
Social security costs	113,998	85,117
Other pension costs	3,159	4,360
	873,724	1,078,217

# Fortyseven Park Street Limited

## NOTES TO THE ACCOUNTS Year ended 31 December 2004

### 5. DIRECTORS' REMUNERATION AND INTERESTS

The remuneration of the directors is as follows:

	2004 £	2003 £
Emoluments	156,054	-
Pensions	-	-
	<u>156,054</u>	<u>-</u>

Highest paid director:

	2004 £'000	2003 £'000
Emoluments of the highest paid director	156,054	-
	<u>156,054</u>	<u>-</u>

No directors' emoluments were paid in 2003.

### 6a INTEREST RECEIVABLE AND SIMILAR INCOME

	2004 £	2003 £
Bank interest received	14,172	41,794
	<u>14,172</u>	<u>41,794</u>

### 6b INTEREST PAYABLE AND SIMILAR CHARGES

	2004 £	2003 £
Interest payable to group companies	(1,830,152)	(366,089)
	<u>(1,830,152)</u>	<u>(366,089)</u>

The total interest charge for the year is £1,830,152 (2003: £1,484,423) of which £nil (2003: £1,117,268) was capitalised in development stock.

# Fortyseven Park Street Limited

## NOTES TO THE ACCOUNTS Year ended 31 December 2004

### 7. TAXATION

#### a) Tax on loss on ordinary activities

There is no corporation tax charge in the year (2003 - £nil).

#### b) Factors affecting the tax charge for the year:

	2004 £	2003 £
Loss on ordinary activities before tax	(5,843,440)	(4,019,706)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003 : 30%)	(1,753,032)	(1,205,912)
Effects of:		
Permanent differences	342,581	751,748
Depreciation in excess of capital allowances	30,244	9,907
Other timing differences	(74,911)	(76,093)
Unrelieved tax losses	1,455,117	520,348
Current tax charges for the year (note 7a)	-	-

#### c) Factors affecting the tax charge in the future

The company has an unprovided deferred tax asset of £1,410,451 (2003 - £454,163) in respect of tax losses of £1,455,117 (2003: £520,349), accelerated capital allowances of £30,244 (2003 - £9,907) and other timing differences of £(74,911) (2003 - £(76,093)).

# Fortyseven Park Street Limited

## NOTES TO THE ACCOUNTS Year ended 31 December 2004

### 8. TANGIBLE FIXED ASSETS

	Leasehold Improvements	Computers	Total
	£	£	£
<b>Cost</b>			
At 1 January 2004	-	183,934	183,934
Additions	180,926	172,193	353,119
Disposals	-	(186,403)	(186,403)
At 31 December 2004	180,926	169,724	350,650
<b>Depreciation</b>			
At 1 January 2004	-	33,023	33,023
Charge for year	52,297	48,516	100,813
Disposals	-	(33,413)	(33,413)
At 31 December 2004	52,297	48,126	100,423
<b>Net book value</b>			
At 31 December 2004	128,629	121,598	250,227
At 31 December 2003	-	150,911	150,911

Fixed asset additions include assets transferred from MGRC Marketing Limited on 28 January 2004.

### 9. INVESTMENTS

<b>Cost</b>	£
At 1 January 2004	2,053,227
Additions	-
At 31 December 2004	2,053,227
<b>Provisions against investments</b>	
At 1 January 2004	(1,199,308)
Written off during the year	(853,919)
At 31 December 2004	(2,053,227)
<b>Net book value</b>	
At 31 December 2004	-
At 31 December 2003	853,919

# Fortyseven Park Street Limited

## NOTES TO THE ACCOUNTS

Year ended 31 December 2004

### 9. INVESTMENTS (continued)

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

<i>Name of company</i>	<i>Country of registration or incorporation</i>	<i>Principal Activity</i>	<i>Class and percentage of shares held</i>
MGRC Marketing Limited	England and Wales	Marketing and Sales	100% of ordinary shares

On 28 January 2004, MGRC Marketing Limited transferred its business, comprising of marketing activities of timeshare fractions to Fortyseven Park Street Limited.

In the opinion of the directors, because the company has net assets of £nil, and has ceased to trade, the value of the investment at 31 December 2004 was considered impaired and has therefore been fully written down to its recoverable amount.

### 10. STOCK

	2004 £	2003 £
Development stock	19,111,655	21,244,096
Raw materials and consumables	-	7,050
	<u>19,111,655</u>	<u>21,251,146</u>

Cumulative capitalised interest included in the cost of development stock amounts to £1,056,623 (2003: £1,165,416).

### 11. DEBTORS

	2004 £	2003 £
Trade debtors	427,963	816,285
Amounts due from group undertakings	78,565	6,184,576
Other debtors	11,106	62,682
Prepayments	123,118	37,617
	<u>640,752</u>	<u>7,101,160</u>

# Fortyseven Park Street Limited

## NOTES TO THE ACCOUNTS

Year ended 31 December 2004

### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Trade creditors	4,186	92,902
Amounts owed to group undertakings	4,041,408	35,529,284
Amounts owed to parent undertakings	28,416,533	1,618,032
Taxation and social security costs	334,402	178,746
Other creditors	85,589	18,334
Accruals and deferred income	622,936	213,195
	<u>33,505,054</u>	<u>37,650,493</u>

On the 29 June 2004, Marriott Ownership Resorts Inc, sold the shares of MVCI Holdings BV (the parent company of Fortyseven Park Street Limited's immediate parent company, Financiere 47 Park Street Limited) to International Hotel Licensing Company S.a.r.l. (IHLC). Included within amounts owed to parent undertakings is a loan owed to IHLC of £26,225,539 that is repayable on demand, (2003: £23,205,448, disclosed within amounts owed to group undertakings). The agreement between International Hotel Licensing Company S.a.r.l and Fortyseven Park Street Limited is effective from 24 April 2004.

This loan of £26,225,539 is interest bearing at a rate of interest of 1% above London interbank offered rate (LIBOR).

### 13. PROVISIONS FOR LIABILITIES AND CHARGES

	2004 £
At 1 January 2004	(795,173)
Additions	(621,294)
At 31 December 2004	<u>(1,416,467)</u>

Due to the uncertainty of UK VAT law as it applies to timeshare, the company has requested a written ruling from HM Revenue and Customs in respect of the applicability of VAT to the grant of fractional ownership interests. The company has booked a provision for the potential VAT liability that may arise if the grants of fractional interests are not deemed to be exempt supplies. This provision has been partially offset by the potential VAT reclaim on costs associated with the grant of fractional ownership interests.

Additions in the year relate to the provision booked for the potential VAT liability arising from 2004 transactions.

Depending on the ruling, payment of the provision is expected to be made in 2006.

# Fortyseven Park Street Limited

## NOTES TO THE ACCOUNTS Year ended 31 December 2004

### 14. CALLED-UP SHARE CAPITAL

	2004 £	2003 £
<i>Authorised</i>		
10,000,000 ordinary shares of £1 each	10,000,000	10,000,000
<i>Allotted, called up and fully paid</i>		
1,700,000 ordinary shares of £1 each	1,700,000	1,700,000

### 15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share Capital £	Capital Contribution £	Profit and loss Account £	Total £
At 1 January 2004	1,700,000	400,000	(11,005,807)	(8,905,807)
Loss for the year	-	-	(5,843,440)	(5,843,440)
At 31 December 2004	1,700,000	400,000	(16,849,247)	(14,749,247)

The capital contribution represents a debt renunciation from the immediate parent company, Financiere 47 Park Street Limited, and is not distributable.

### 16. COMMITMENTS DUE UNDER OPERATING LEASES

The company had annual commitments under non-cancellable operating leases as set out below:

	2004 £	2003 £
Within one year	6,450	5,093
In two to five years	1,075	7,525
	7,525	12,618

# Fortyseven Park Street Limited

## NOTES TO THE ACCOUNTS

Year ended 31 December 2004

### 17. NOTES TO THE CASH FLOW STATEMENT

	2004 £	2003 £
<b>(a) Reconciliation of operating loss to net cash outflow from operating activities</b>		
Operating loss	(4,027,460)	(3,695,411)
Depreciation	100,813	33,023
Impairment of investment	853,919	1,199,308
Loss on disposal of fixed assets	152,990	-
Decrease/(increase) in stock	2,139,491	(3,174,571)
Decrease/(increase) in debtors	6,460,408	(2,257,508)
Increase in provisions	621,294	263,828
(Decrease)/increase in creditors	(7,165,529)	5,974,598
<b>Net cash outflow from operating activities</b>	<b>(864,076)</b>	<b>(1,656,733)</b>

### (b) Analysis of net debt

	At 1 Jan 2004 £	Cash flow £	Other non cash movements £	At 31 Dec 2004 £
Cash	182,723	(13,084)	-	169,639
Debt due within one year	(23,205,448)	(3,020,091)	-	(26,225,539)
	<u>(23,022,725)</u>	<u>(3,033,175)</u>	<u>-</u>	<u>(26,055,900)</u>

### (c) Reconciliation of net cash flow to movement in net debt

	2004 £
Decrease in cash in the year	(13,084)
Cash inflow from increase in debt	(3,020,091)
Non cash movements	-
<b>Movement in net debt</b>	<b>(3,033,175)</b>
<b>Net debt brought forward</b>	<b>(23,022,725)</b>
<b>Net debt carried forward</b>	<b>(26,055,900)</b>

### 18. CONTINGENT LIABILITIES

The company has no contingent liabilities at the year end (2003: £nil).

### 19. POST BALANCE SHEET EVENTS

There were no post balance sheet events to report for the company.

## **Fortyseven Park Street Limited**

### **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2004**

#### **20. RELATED PARTY TRANSACTIONS**

The company is a wholly owned subsidiary of Marriott International Inc, and, as such, has taken advantage of the exemption under FRS 8 from disclosing transactions with group entities. Consolidated accounts are publicly available as detailed in note 20.

#### **21. PARENT UNDERTAKING AND CONTROLLING PARTY**

The directors regard Financiere 47 Park Street Limited, a company incorporated in the United Kingdom, as the immediate parent undertaking. Group financial statements are not prepared.

The smallest and largest group in which the results of this company are consolidated is that headed by the company's ultimate parent company and controlling party, Marriott International Inc, a company incorporated in the state of Delaware USA. Copies of its group financial statements, which include the company, are available from Marriott Drive, Washington DC, 20058, United States of America.