

**EDWARDIAN INTERNATIONAL  
HOTELS LIMITED**

**FINANCIAL STATEMENTS  
FOR  
31 DECEMBER 2007**

**Company Registration Number 2808125**



# **EDWARDIAN INTERNATIONAL HOTELS LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2007**

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**EDWARDIAN INTERNATIONAL HOTELS LIMITED****DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2007

**PRINCIPAL ACTIVITIES**

The principal activity of the company is the provision of hotel accommodation, conference facilities and meals. The company owns and operates four hotels directly and five other hotels through its wholly owned subsidiaries.

**BUSINESS REVIEW AND OUTLOOK FOR THE FUTURE**

Turnover at the hotels directly owned by the company rose only over 1%, partly due to disruption of revenues in later part of the year due to refurbishment works at the Marlborough which has carried on into 2008. However, the hotels owned via subsidiary companies have performed well, particularly the May Fair hotel where the major works to create additional rooms and refurbish the hotel was completed in 2006. 2007 was the first full year of the May Fair with all of its additional rooms and newly refurbished facilities available.

The revaluation of group hotels resulted in substantial increases in all central London hotels, however due to the downward valuation of the one large hotel at Heathrow, (which has the most conference and banqueting facilities, but where there are perceived threats of new competition entering the Heathrow market, potentially via the new development at Terminal 5, and a bigger impact of the softening economic prospects) there was a net downward revaluation of £7million for the four directly held hotels. All hotels held via subsidiary companies are in central London and these, particularly the May Fair Hotel, have significantly risen in values, as a result of which there has been a net increase of £144million in the value of these subsidiaries.

Although the London market has performed well in the first months of 2008, the outlook for the UK economy is uncertain and is threatened by the credit crunch. There has been some effect already on demand from the financial services sector. However the company and its subsidiaries have invested in continuing periodic refurbishments of the hotels and this, together with the strong relationship with Radisson should reduce the effect of any downturn in business that may affect some of the competitor hotels.

**PRINCIPAL RISKS**

The company's activities (including those of its subsidiaries) expose it to a variety of risks which could have a negative impact on its performance and financial condition.

This section describes some of the risks that could materially affect the company's business. The risks below are not the only ones that the company faces. Some risks are not yet known to the company and some that it does not currently believe to be material could later turn out to be material. All such risks could materially affect the company's business, revenue, operating profit, earnings, net assets and liquidity and/or capital resources.

**EDWARDIAN INTERNATIONAL HOTELS LIMITED****DIRECTORS' REPORT** *(continued)***YEAR ENDED 31 DECEMBER 2007****PRINCIPAL RISKS** *(continued)*

The company's hotels are concentrated in London so that its profitability is dependant on the strength of the London hotel market. The company is therefore particularly exposed to the effects of further terrorist incidents in London. The company has insurance against terrorism damage directly at each of its hotels but it is not possible to insure against indirect effects. Fortunately demand for hotel services and particularly room occupancy comes from many sources of business and many countries. The London hotel market has recovered swiftly from previous terrorist events. The concentration on London has been a source of strength for the company's profitability. Demand from major groups and substantial investors for well-located and well-presented hotels, because of the long-term importance and resilience of London as a business and leisure destination, has supported the increase of values of the company's hotels and is likely to continue to do so, but values are bound to be affected to a degree by current performance.

The company has substantial borrowings which require servicing of interest and capital repayments. The company and other group companies are reliant on having access to borrowing facilities to meet expected capital requirements and to maintain an efficient balance sheet. The company's borrowing facilities are only available if the financial covenants in the facilities are complied with. If it is not in compliance with the covenants, the lenders may demand the repayment of the funds advanced. The availability of funds for future financing is, in part, dependent on conditions and liquidity in the capital markets.

The company has substantial loans due from subsidiaries and fellow group companies, which in turn have given fixed and floating charges to support the bank loans. It is therefore reliant on group performance for compliance with its covenants.

The company has taken steps to reduce the risk that might otherwise arise from increase of interest rates as detailed in Note 15.

The company (together with other fellow group companies) is reliant upon the reservation system of Carlson, the franchisor of the Radisson brand and system. It is exposed to the risk of failures in that system and its own associated IT systems. While the group companies have the benefit of long term agreements with Carlson, the company is exposed to the possibilities of interruption in the short term including inadequate disaster recovery arrangements, and/or to inadequate continued investment in this technology, leading to loss of competitive position in its distribution channels which are continually changing and important to revenues and to the control of the supply, presentation and price of its room inventory.

The accounts of the company's parent company, Edwardian Group Ltd contain a more detailed note on principal risks in relation to the whole group.

**DIVIDENDS**

No dividends were paid during the year and the directors do not propose any dividends for the year.

**DIRECTORS**

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

Mr J Singh

Mr J R Morley

**EDWARDIAN INTERNATIONAL HOTELS LIMITED****DIRECTORS' REPORT** *(continued)***YEAR ENDED 31 DECEMBER 2007****EMPLOYEES**

It is the company's policy to train and develop its staff in close relationship with various training organisations. The company recognises the need to ensure effective communication with employees. Senior management are regularly informed of company development in strategic, financial, commercial and personnel matters to enable them to inform and discuss these issues with employees as appropriate. The company believes in promoting from within the organisation on the basis of ability and merit.

Full and fair consideration is given to applications for employment by disabled persons, having regard to their particular aptitudes and abilities. Wherever possible, arrangements are made for the continued employment of persons who have become disabled during service and for the appropriate training, career development and promotion of disabled persons.

**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. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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, 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.

**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.

# EDWARDIAN INTERNATIONAL HOTELS LIMITED

## DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2007

### 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 <sup>3</sup> June 2008

**EDWARDIAN INTERNATIONAL HOTELS LIMITED****INDEPENDENT JOINT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
EDWARDIAN INTERNATIONAL HOTELS LIMITED****YEAR ENDED 31 DECEMBER 2007**

We have audited the financial statements of Edwardian International Hotels Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, 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 3.

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 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 judgments 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.

**EDWARDIAN INTERNATIONAL HOTELS LIMITED**

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

**YEAR ENDED 31 DECEMBER 2007**

**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 2007 and of its profit 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



**KPMG LLP**  
Chartered Accountants  
Registered Auditors  
London

**30 June 2008**



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

**30 June 2008**



# EDWARDIAN INTERNATIONAL HOTELS LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2007

	Note	2007 £'000	2006 £'000
<b>TURNOVER</b>	<b>2</b>	<b>47,159</b>	<b>46,539</b>
Cost of sales		(16,499)	(16,373)
<b>GROSS PROFIT</b>		<b>30,660</b>	<b>30,166</b>
Distribution Costs		(3,623)	(3,316)
Administrative expenses		(17,389)	(17,346)
<b>OPERATING PROFIT</b>	<b>3</b>	<b>9,648</b>	<b>9,504</b>
Interest receivable	<b>4</b>	<b>16,947</b>	<b>11,244</b>
Interest payable and similar charges	<b>5</b>	<b>(19,208)</b>	<b>(14,175)</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>7,387</b>	<b>6,573</b>
Tax on profit on ordinary activities	<b>9</b>	<b>2,483</b>	<b>(2,002)</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>9,870</b>	<b>4,571</b>

All of the activities of the company are classed as continuing

During 2007 other than the profit for the year the company had further recognised gains and losses as disclosed in the Statement of Total Recognised Gains and Losses on Page 8

**EDWARDIAN INTERNATIONAL HOTELS LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**YEAR ENDED 31 DECEMBER 2007**

	2007 £000	2006 £000
Profit for the financial year attributable to the shareholders	9,870	4,571
Unrealised loss on revaluation of fixed assets	(7,071)	-
Unrealised profit/(loss) on revaluation of investments	<u>143,747</u>	<u>(3,767)</u>
Total recognised gains and losses since the last financial statements	<u>146,546</u>	<u>804</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

**YEAR ENDED 31 DECEMBER 2007**

	2007 £'000	2006 £'000
Opening Shareholders' Funds	179,106	178,302
Profit for the financial year	9,870	4,571
Other net recognised gains and (losses)	<u>136,676</u>	<u>(3,767)</u>
Closing Shareholders' Funds	<u>325,652</u>	<u>179,106</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

**YEAR ENDED 31 DECEMBER 2007**

	2007 £'000	2006 £'000
Reported Profit on ordinary activities before taxation	7,387	6,573
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>486</u>	<u>484</u>
Historical cost profit on ordinary activities before taxation	<u>7,873</u>	<u>7,057</u>
Historical cost profit retained for the year after taxation and dividends	<u>10,356</u>	<u>5,055</u>

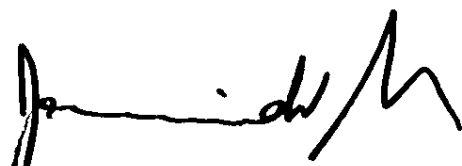
## EDWARDIAN INTERNATIONAL HOTELS LIMITED

## BALANCE SHEET

31 DECEMBER 2007

	Note	2007 £'000	2006 £'000
<b>FIXED ASSETS</b>			
Tangible assets	10	212,749	221,742
Investments	11	173,954	30,207
		<u>386,703</u>	<u>251,949</u>
<b>CURRENT ASSETS</b>			
Stocks	12	255	185
Debtors	13	278,200	203,531
Cash at bank and in hand		16,160	8,695
		<u>294,615</u>	<u>212,411</u>
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>(18,905)</u>	<u>(14,693)</u>
<b>NET CURRENT ASSETS</b>		<u>275,710</u>	<u>197,718</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>662,413</u>	<u>449,667</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	15	<u>(331,976)</u>	<u>(261,018)</u>
		<u>330,437</u>	<u>188,649</u>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	16	<u>(4,785)</u>	<u>(9,543)</u>
		<u>325,652</u>	<u>179,106</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	17	-	-
Revaluation reserve	18	288,746	152,556
Profit and Loss Account	18	36,906	26,550
<b>SHAREHOLDERS' FUNDS</b>		<u>325,652</u>	<u>179,106</u>

These financial statements were approved by the directors on ~~30~~ June 2008 and are signed on their behalf by



MR J SINGH  
Director

**EDWARDIAN INTERNATIONAL HOTELS LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2007****1. ACCOUNTING POLICIES****Basis of accounting and presentation**

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of the company's hotels

**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

**Group accounts**

The company is itself a subsidiary company and is exempt from the requirement to prepare the group accounts 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.

**Leasing commitments**

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

**Fixed assets and depreciation**

All hotels are revalued periodically and are carried forward at valuation, together with additions thereafter at cost, less depreciation, until their next revaluation date when they are again stated at valuation. Impairment reviews are carried out as and when considered necessary.

At 31 December 2007 the hotels were professionally valued. The directors believe it is appropriate to adopt slightly lower figures than the professional valuation to reflect some softening of the market between January 2008 and June 2008 associated with the effects of the credit crunch. At 31 December 2007, the hotels have been stated at these directors valuation.

The hotels are separated into components which have significantly different useful economic lives and these are depreciated to their residual values over their useful economic lives.

Land included in the freehold and long leasehold (over 50 years) hotels is not depreciated. The value allocated to land for leasehold properties with unexpired term of 50 years or less is written off on a straight line basis over the remaining term of the leases. All other tangible fixed assets are depreciated on a straight line basis to their residual values over their estimated useful lives as follows:

# EDWARDIAN INTERNATIONAL HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

### 1. ACCOUNTING POLICIES - *continued*

Freehold Buildings	50 years
Leasehold Buildings	Lesser of 50 years and unexpired term of lease
Non-core Building (Integral Plant and Surface Finishes)	10 - 30 years
Plant and Machinery	3 - 20 years
Fixtures, Fittings and Equipment	3 - 10 years
Computer Equipment	3 years
Motor Vehicles	5 years

#### Stocks

Stocks consist of raw materials and consumables and are valued at the lower of cost and net realisable value

#### Deferred taxation

Deferred taxation is provided on timing differences, using the liability method

Provision for any deferred tax which might become payable on the disposal of the company's revalued properties at their book values is made only when it is decided in principle to dispose off the asset concerned. However, it is anticipated that any gain on such a disposal may be deferred by rollover relief and thus the potential deferred tax liability is not regarded as a timing difference

#### Foreign currencies

Foreign currency transactions are recorded at the average exchange rate for the year. Balances at the year end are translated at the relevant year end rates and exchange gains or losses arising are taken to the profit and loss account

### 2. TURNOVER

Turnover represents amounts receivable in respect of the provision of hotel accommodation, conference facilities and meals during the year, excluding value added tax. All of the company's hotels are situated in the United Kingdom

### 3. OPERATING PROFIT

Operating profit is stated after charging

	2007 £'000	2006 £'000
Depreciation	4,447	5,119
Auditor's Remuneration - as auditors	60	61
Operating lease rentals	959	959

# EDWARDIAN INTERNATIONAL HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

### 4. INTEREST RECEIVABLE

	2007	2006
	£'000	£'000
Bank interest receivable	567	188
Interest receivable from group undertakings	16,380	11,056
	<u>16,947</u>	<u>11,244</u>

### 5. INTEREST PAYABLE

	2007	2006
	£'000	£'000
Interest payable on bank borrowing	<u>19,208</u>	<u>14,175</u>

### 6. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2007	2006
	No.	No.
Operations	646	648
Administration, sales and marketing	28	21
	<u>674</u>	<u>669</u>

The aggregate payroll costs of the above were

	2007	2006
	£'000	£'000
Wages and salaries	10,633	10,271
Social security costs	929	844
	<u>11,562</u>	<u>11,115</u>

### 7. DIRECTORS' EMOLUMENTS

All emoluments are paid by a group company, Edwardian London Management Services Limited. Details of emoluments are included in the accounts of that company and in the accounts of the parent company, Edwardian Group Limited.

# EDWARDIAN INTERNATIONAL HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

### 8. PENSION SCHEMES

The principal pension schemes of the company and fellow group undertakings are defined contribution schemes for which all contributions for all group employees are made from the relevant employing company

The group also operated a defined benefit pension scheme in the UK, the Edwardian Group Pension Scheme for certain group employees for which all contributions are made from the group management company, Edwardian London Management Services Limited

The group scheme is run on a basis that does not enable individual companies within the group to identify their share of the underlying assets and liabilities

Full details of the pension schemes, which are accounted for in accordance with FRS17 are disclosed in the accounts of the ultimate parent company, Edwardian Group Limited

### 9. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) The tax charge/ (credit) for the year comprises

	2007 £'000	2006 £'000
<b>Current Tax:</b>		
Corporation Tax based on taxable profits for the year after group relief	2,277	60
Amount payable for group relief	-	2,252
ACT payable	-	120
Adjustment in respect of previous years		
Over provision in prior years	(2)	(192)
<b>Total current tax</b>	<b>2,275</b>	<b>2,240</b>
<b>Deferred Tax:</b>		
Origination and reversal of timing differences	(4,758)	(238)
<b>Total deferred tax</b>	<b>(4,758)</b>	<b>(238)</b>
<b>Total tax charge/ (credit)</b>	<b>(2,483)</b>	<b>2,002</b>

# EDWARDIAN INTERNATIONAL HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

### 9. TAX ON PROFIT ON ORDINARY ACTIVITIES - *continued*

(b) Factors affecting current tax charge for the year

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	7,387	6,573
Profit on ordinary activities multiplied by standard rate of tax @ 30%	2,216	1,972
Effects of		
Expenses not deductible for tax purposes, [£1,517,000 (2006 £1,178,000) of which £1,170,000 (2006 £1,143,000) relates to depreciation on land and buildings]	457	354
Current year IBA, not subject to claw back	(352)	-
Accelerated capital allowances and IBA's	281	242
Short term timing differences arising in year	7	(4)
Transfer pricing adjustments	(332)	(132)
Adjustment to prior year tax charge	(2)	-
Adjustment to group relief receivable	-	(192)
<b>Total current tax charge</b>	<b>2,275</b>	<b>2,240</b>

### 10. TANGIBLE FIXED ASSETS

	Hotels £000	Motor Vehicles £000	Total £000
<b>COST OR VALUATION</b>			
At 1 January 2007	250,872	49	250,921
Additions	2,525	-	2,525
Revaluation	(9,365)	-	(9,365)
<b>At 31 December 2007</b>	<b>244,032</b>	<b>49</b>	<b>244,081</b>
<b>DEPRECIATION</b>			
At 1 January 2007	29,179	-	29,179
Charge for the year	4,447	-	4,447
Revaluation adjustment	(2,294)	-	(2,294)
<b>At 31 December 2007</b>	<b>31,332</b>	<b>-</b>	<b>31,332</b>
<b>NET BOOK VALUE</b>			
<b>At 31 December 2007</b>	<b>212,700</b>	<b>49</b>	<b>212,749</b>
At 31 December 2006	221,693	49	221,742



# EDWARDIAN INTERNATIONAL HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

### 10. TANGIBLE FIXED ASSETS - *continued*

The hotels were professionally valued as at 31 December 2007 by Messrs Jones Lang LaSalle on the basis of Existing Use Value, as licensed operating hotels, inclusive of the trade furniture, furnishings and equipment in accordance with the requirements of The Royal Institution of Chartered Surveyors Valuation Standards. The aggregate of these valuations as at 31 December 2007 was £220.2million.

Whilst there has been no direct evidence of sales of London hotels that show higher implied yields than applied in late 2007, the directors believe it is appropriate to adopt slightly lower figures for balance sheet purposes. The aggregate valuation figures have been adjusted downwards by £7.5million to the £212.7million adopted in the accounts. These adjustments have been made by the directors, after consultation with Messrs Jones Lang LaSalle, to reflect some softening of the market between January 2008 and June 2008, associated with the effects of the credit crunch. The extent of the adjustments differs between hotels depending on the characteristics of each hotel.

The historical cost of land and buildings at 31 December 2007 is £93.5million (2006: £92million).

### 11. FIXED ASSET INVESTMENTS

Fixed asset investments comprise of investments in the following subsidiaries:

Name of Subsidiary	Principal Activity	Percentage of Shares	
		2007	2006
Edwardian Ltd	Hotel Services	100	100
Edwardian Hampshire Hotels Ltd	Hotel Services	100	-
Edwardian Pastoria Hotels Ltd	Hotel Services	100	-
The London May Fair Hotel Ltd	Hotel Services	100	100
Vanderbilt Hotels Ltd	Hotel Services	100	100
Old May Fair Ltd **	Investment Holding Company	100	100

\*\* Indirect subsidiary

	Shares in subsidiaries £000
<b>COST OR VALUATION</b>	
At 1 January 2007	30,207
Revaluations	143,747
At 31 December 2007	<u>173,954</u>
<b>NET BOOK VALUE</b>	
At 31 December 2007	<u>173,954</u>
At 31 December 2006	<u>30,207</u>

# EDWARDIAN INTERNATIONAL HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

### 12. STOCKS

	2007	2006
	£'000	£'000
Stock	<u>255</u>	<u>185</u>

### 13. DEBTORS

	2007	2006
	£'000	£'000
Trade debtors	3,983	3,337
Amounts owed by group undertakings	272,109	197,943
Other debtors	43	3
Prepayments and accrued income	<u>2,065</u>	<u>2,248</u>
	<u>278,200</u>	<u>203,531</u>

The debtors above include the following amounts due after more than one year

	2007	2006
	£'000	£'000
Amounts owed by group undertakings	<u>272,109</u>	<u>197,943</u>

### 14. CREDITORS: Amounts falling due within one year

	2007	2006
	£'000	£'000
Bank loans and overdrafts	6,000	828
Trade creditors	3,917	3,485
Corporation tax	661	2,434
Other taxation and social security	1,739	1,974
Other creditors	160	45
Accruals and deferred income	<u>6,428</u>	<u>5,927</u>
	<u>18,905</u>	<u>14,693</u>

### 15. CREDITORS: Amounts falling due after more than one year

	2007	2006
	£'000	£'000
Bank loans and overdrafts	295,000	249,172
Amounts owed to group undertakings	<u>36,976</u>	<u>11,846</u>
	<u>331,976</u>	<u>261,018</u>

# EDWARDIAN INTERNATIONAL HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2007

#### 15. CREDITORS: Amounts falling due after more than one year *(continued)*

The bank loans are secured by fixed charges on the freehold and leasehold properties of the company and certain fellow subsidiaries and floating charges on the assets of the company and certain fellow subsidiaries

At 31 December 2007, £301million of the loans were available at LIBOR plus a margin of 0.95% p.a. plus any mandatory costs

The company has entered into the following swap agreements for which the following fixed rates are paid and LIBOR is received

Amount	LIBOR Fix	Remaining Effective Term
£35,000,000	5.65%	1 January 2008 - 31 March 2012
£15,000,000	5.59%	1 January 2008 - 31 March 2012
£15,000,000	5.50%	1 January 2008 – 9 September 2008
£85,000,000	4.89%	1 January 2008 – 22 December 2019
£10,000,000	5.50%	1 January 2008 – 9 September 2008
£10,000,000	4.43%	1 January 2008 – 9 September 2008
£30,000,000	4.54% (callable)	1 January 2008 – 26 January 2014
£6,000,000	6.40%	1 January 2008 – 31 March 2008
£6,000,000	6.99%	31 March 2008 – 31 March 2012
£40,000,000	4.89%	22 September 2008 – 22 December 2019
£20,000,000	4.875%	22 March 2012 – 22 December 2019

After the year end, the £30million callable swap was called by the bank counterparty and cancelled. Two swaps of £50million each were contracted in March 2008. Under these the company receives fixed rates close to 5% from June 2008 to June 2028, but the bank counterparty may cancel one of the swaps from June 2018.

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date

	2007 £'000	2006 £'000
Bank loans and overdrafts	252,000	219,371
Amounts owed to group undertakings	9,727	7,184
	<u>261,727</u>	<u>226,555</u>

# EDWARDIAN INTERNATIONAL HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

### 16. PROVISIONS FOR LIABILITIES AND CHARGES

#### Deferred Tax:

The provision for deferred tax is in respect of

	2007 £'000	2006 £'000
Accelerated capital allowances, including industrial building allowances	4,804	9,556
Short term timing differences	(19)	(13)
	<u>4,785</u>	<u>9,543</u>
Reversal of timing differences re Industrial Buildings Allowances	(4,126)	-
Origination and reversal of other timing differences	(271)	(238)
Effect of decreased tax rate on opening liability	(361)	-
	<u>(4,758)</u>	<u>(238)</u>
Deferred tax credit in profit and loss account (note 9)	(4,758)	(238)
Provision at start of year	<u>9,543</u>	<u>9,781</u>
Provision at end of year	<u>4,785</u>	<u>9,543</u>

### 17. SHARE CAPITAL

#### Authorised share capital:

	2007 £	2006 £
100 Ordinary shares of £1 00 each	<u>100</u>	<u>100</u>

#### Allotted and fully paid:

	2007 £	2006 £
100 Ordinary shares of £1 00 each	<u>100</u>	<u>100</u>



# EDWARDIAN INTERNATIONAL HOTELS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2007

### 18 RESERVES

	Revaluation Reserve £'000	Profit and Loss Account £'000
At 1 January 2007	152,556	26,550
Profit for the financial year	-	9,870
Revaluation of investments	143,747	-
Revaluation of fixed assets	(7,071)	-
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	(486)	486
At 31 December 2007	<u>288,746</u>	<u>36,906</u>

### 19. GUARANTEES AND CONTINGENT LIABILITIES

The company is included within a normal group value added tax registration. All companies within the registration are jointly and severally liable for the total value added tax due by the group, which at 31 December 2007 amounted to £3.4 million (2006: £3.1 million).

### 20. CAPITAL COMMITMENTS

	2007 £'000	2006 £'000
Contracted but not provided for in the accounts	-	-
Not Contracted and not provided for in the accounts	<u>15,838</u>	<u>5,975</u>

### 21. RELATED PARTY TRANSACTIONS

As the company is a wholly owned subsidiary of Edwardian Group Limited, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions on the 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.

### 22. 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.