

Company Registration No. 3049766 (England and Wales)

**CROWN LODGE INVESTMENTS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

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# **CROWN LODGE INVESTMENTS LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	G T Lever D R Kirch
<b>Secretary</b>	T J Prosser
<b>Company number</b>	3049766
<b>Registered office</b>	1st Floor Offices 189-193 Earls Court Road London SW5 9AN
<b>Auditors</b>	Cavendish Chartered Certified Accountants Registered Auditors 61 Chandos Place London WC2N 4HG
<b>Business address</b>	1st Floor Offices 189-193 Earls Court Road London SW5 9AN
<b>Solicitors</b>	Nicholas & Co 18 - 22 Wigmore Street London W1U 2RG

# **CROWN LODGE INVESTMENTS LIMITED**

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# **CROWN LODGE INVESTMENTS LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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The directors present their report and financial statements for the year ended 31 December 2007

### **Principal activities**

The principal activity of the company continued to be that of property investment

### **Directors**

The following directors have held office since 1 January 2007

G T Lever

D R Kirch

### **Directors' interests**

The directors' interests in the shares of the company were as stated below

	<b>Ordinary shares of £1 each</b>	
	<b>31 December 2007</b>	<b>1 January 2007</b>
G T Lever	-	-
D R Kirch	-	-

Mr D R Kirch owns 100% of the issued share capital in the ultimate holding company, Channel Hotels & Properties Limited

### **Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Cavendish be reappointed as auditors of the company will be put to the Annual General Meeting

# **CROWN LODGE INVESTMENTS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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### **Directors' responsibilities**

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 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,
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

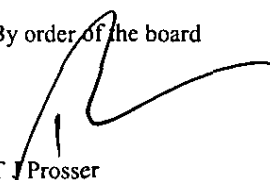
### **Statement of disclosure to auditors**

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



T. J. Prosser  
Secretary  
11 August 2008

# **CROWN LODGE INVESTMENTS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF CROWN LODGE INVESTMENTS LIMITED**

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We have audited the financial statements of Crown Lodge Investments Limited for the year ended 31 December 2007 set out on pages 4 to 9. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

#### **Respective responsibilities of the directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 1985. We also report to you whether in our opinion the information given in the directors' report is 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 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 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 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, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 31 December 2007 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.

*Cavendish*

Cavendish  
Chartered Certified Accountants  
Registered Auditors  
61 Chandos Place  
London  
WC2N 4HG

11 August 2008

# **CROWN LODGE INVESTMENTS LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

		<b>2007</b>	<b>2006</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
Administrative expenses		(11,762)	(11,469)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>	<b>2</b>	(11,762)	(11,469)
Tax on loss on ordinary activities	<b>3</b>	-	-
		<hr/>	<hr/>
<b>Loss for the year</b>	<b>9</b>	<u>(11,762)</u>	<u>(11,469)</u>

# CROWN LODGE INVESTMENTS LIMITED

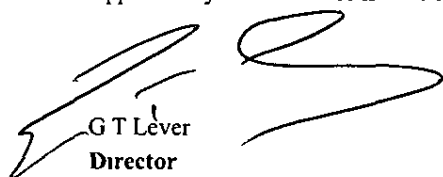
## BALANCE SHEET

AS AT 31 DECEMBER 2007

	Notes	2007 £	£	2006 £	£
<b>Fixed assets</b>					
Intangible assets	4		2,917		7,917
Tangible assets	5 and 6		827,917		832,917
			<u>830,834</u>		<u>840,834</u>
<b>Current assets</b>					
Creditors, amounts falling due within one year	7	(864,141)		(862,379)	
<b>Net current liabilities</b>			<u>(864,141)</u>		<u>(862,379)</u>
<b>Total assets less current liabilities</b>			<u>(33,307)</u>		<u>(21,545)</u>
<b>Capital and reserves</b>					
Called up share capital	8		100		100
Revaluation reserve	9		9,789		9,789
Profit and loss account	9		(43,196)		(31,434)
<b>Shareholders' funds</b>			<u>(33,307)</u>		<u>(21,545)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2007)

Approved by the Board for issue on 11 August 2008

  
G T Léver  
Director



# CROWN LODGE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007)

As at 31 December 2005 the company had net liabilities of £33,307 and net current liabilities of £864,141. Channel Hotels & Properties Limited, the principal creditor and parent undertaking, has indicated that it will continue to provide ongoing financial support to enable the company to continue in business for the foreseeable future. The directors therefore consider it appropriate for the accounts to be drawn up on the going concern basis.

#### 1.2 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life. The useful economic life has been estimated as five years.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & furniture	20% Straight line method
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Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007), it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors, compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

2 Operating loss	2007	2006
	£	£
Operating loss is stated after charging:		
Amortisation of intangible assets	5,000	5,000
Depreciation of tangible assets	5,000	5,000
Auditors' remuneration	1,762	1,469

### 3 Taxation

On the basis of these financial statements, no provision has been made for corporation tax.

## **CROWN LODGE INVESTMENTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007**

#### **4 Intangible fixed assets**

	<b>Goodwill</b>
	<b>£</b>
<b>Cost</b>	
At 1 January 2007 & at 31 December 2007	25,000
<b>Amortisation</b>	
At 1 January 2007	17,083
Charge for the year	5,000
At 31 December 2007	22,083
<b>Net book value</b>	
At 31 December 2007	2,917
At 31 December 2006	7,917

#### **5 Tangible fixed assets**

	<b>Fixtures, fittings &amp; furniture</b>
	<b>£</b>
<b>Cost or valuation</b>	
At 1 January 2007 & at 31 December 2007	25,000
<b>Depreciation</b>	
At 1 January 2007	17,083
Charge for the year	5,000
At 31 December 2007	22,083
<b>Net book value</b>	
At 31 December 2007	2,917
At 31 December 2006	7,917

# CROWN LODGE INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 6 Tangible fixed assets

	Investment properties £
<b>Valuation</b>	
At 1 January 2007 & at 31 December 2007	825,000

Investment properties were revalued by the directors as at 31 December 2007, on an open market basis. The original cost of investment properties was £815,211 (2006 £815,211). If the investment property were sold for the year end carrying value, no tax would be due (2006 none).

7 Creditors' amounts falling due within one year	2007 £	2006 £
Amounts owed to group undertakings	862,378	860,910
Other creditors	1,763	1,469
	<u>864,141</u>	<u>862,379</u>

8 Share capital	2007 £	2006 £
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 9 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 January 2007	9,789	(31,434)
Loss for the year	-	(11,762)
Balance at 31 December 2007	<u>9,789</u>	<u>(43,196)</u>

### 10 Contingent liabilities

Investment property with a carrying value of £825,000 is used as security against a loan facility used by the ultimate parent company, Channel Hotels & Properties Limited. The holder of the legal charge is HSBC Bank plc.

## **CROWN LODGE INVESTMENTS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007**

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#### **11 Control**

The immediate and ultimate parent company is Channel Hotels & Properties Limited, a company incorporated in Jersey

The ultimate controlling party is D R Kirch by virtue of his 100% shareholding in the ultimate parent company

Channel Hotels & Properties Limited prepares group financial statements and copies can be obtained by writing to 1st Floor Office, 189-193 Earls Court Road, London, SW5 9AN

#### **12 Related party transactions**

Amounts owed to group undertakings, per note 8, are due to Channel Hotels & Properties Limited, a company registered in Jersey. At 31 December 2007 the total amount due to Channel Hotels & Properties Limited was £862,378 (2006 £860,910)