

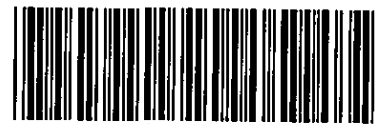
Claridge's Hotel Holdings Limited

Directors' report and financial statements

For the year ended 31 December 2011

Registered number 3669265

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Claridge's Hotel Holdings Limited

Directors' report and financial statements

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Claridge's Hotel Holdings Limited

Directors and other information

| | |
|--------------------------|---|
| Directors | Stephen Alden Carole Walker |
| Secretary | Carole Walker |
| Registered office | 30 Old Burlington Street Mayfair London W1S 3AR |
| Bankers | Allied Irish Bank (GB) City Office 9 – 10 Angel Court London EC2R 7AB |
| Auditors | KPMG Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2 |
| Solicitors | DLA Piper UK LLP 3 Noble Street London EC2V 7EE |

Claridge's Hotel Holdings Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

Activities

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

Review of developments

The profit for the year ended 31 December 2011 before taxation was £Nil (2010 £Nil)

The directors expect that the present activity level will at least be sustained for the foreseeable future in the absence of unforeseen circumstances

Dividends

During the year no dividends were paid or proposed (2010 £Nil)

Directors and their interests

The directors who held office during the year were as follows

Stephen Alden

Mark Hennebry Resigned 29 November 2011

Carole Walker Appointed 2 December 2011

The directors and secretary do not hold any material interests in the shares of the company or any other company in the group

Political and charitable contributions

The company made no political contributions during the year and no donations to charities

Claridge's Hotel Holdings Limited

Directors' report *(continued)*

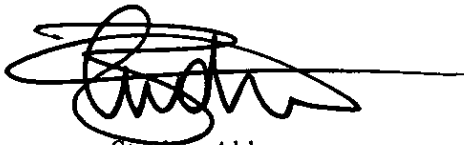
Disclosure of information to auditors

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 re-appointed and KPMG will therefore continue in office

Approved by the Board of Directors and signed on behalf of the Board

A handwritten signature in black ink, appearing to read 'Stephen Alden', with a long horizontal line extending to the right.

Stephen Alden
Director

12 September 2012

Claridge's Hotel Holdings Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

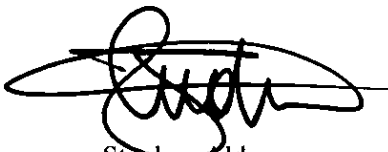
Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these 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 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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

On behalf of the board



Stephen Alden
Director

12 September 2012

Independent auditor's report to the members of Claridge's Hotel Holdings Limited

We have audited the financial statements of Claridge's Hotel Holdings Limited for the year ended 31 December 2010 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet and related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its result for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Independent auditor's report to the members of Claridge's Hotel Holdings Limited *(continued)*

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in Note 1 to the financial statements about the preparation of the financial statements on a going concern basis. As outlined in Note 1 borrowings of the company's parent, Coroin Ltd, and other group companies, are secured by a fixed and floating charge over the assets of the company. The parent company is currently in discussions with a number of financial institutions with a view to putting in place alternate financing facilities as its existing facilities are due for refinancing on 28 September 2012. Prior to putting in place alternate facilities additional equity may be required from parent company shareholders. The directors are confident that equity will be available from these shareholders if required and that refinancing discussions will be satisfactorily concluded. On this basis the directors are satisfied that the financial statements should be prepared on the going concern basis.


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Laura Gallagher (Senior Statutory Auditor)
For and on behalf of KPMG, Statutory Auditor
Chartered Accountants
Stokes Place
St. Stephens Green
Dublin 2
Ireland

13 September 2012

Claridge's Hotel Holdings Limited

Statement of accounting policies

for the year ended 31 December 2011

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation and going concern

The financial statements are prepared in Sterling in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board

The financial statements have been prepared on a going concern basis. See Note 1 to the financial statements for further information.

Cash flow statement

The company's ultimate parent undertaking publishes financial statements which are publicly available. Those financial statements include a consolidated cash flow statement. For this reason the exemption requirements of FRS 1 (Revised) "Cash Flow Statements" are met and the company has therefore not prepared a cash flow statement.

Group accounts

The company is exempt from the obligation to prepare consolidated accounts by virtue of section 400 of the Companies Act 2006 in that it is a wholly owned subsidiary of its ultimate parent and controlling undertaking which itself prepares group accounts which are publicly available. These financial statements are therefore entity financial statements and are not consolidated financial statements.

Investment in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment in value.

Claridge's Hotel Holdings Limited

Registered number 3669265

Profit and loss account

for the period ended 31 December 2011

| | Year ended 31 December 2011 £'000 | 18 month period ended 31 December 2010 £'000 |
|---|--|--|
| <i>Note</i> | | |
| Turnover – continuing operations | - | - |
| Cost of sales | - | - |
| | <hr/> | <hr/> |
| Gross profit | - | - |
| Administrative expenses | - | - |
| | <hr/> | <hr/> |
| Profit on ordinary activities before tax | - | - |
| Tax charge on profit on ordinary activities | - | - |
| | <hr/> | <hr/> |
| Profit for the financial year/period | - | - |
| | <hr/> | <hr/> |

The company had no recognised gains or losses in the financial year or in the preceding financial period other than those dealt with in the profit and loss account. All activities in the current year and preceding period are derived from continuing operations.

Claridge's Hotel Holdings Limited

Registered number 3669265

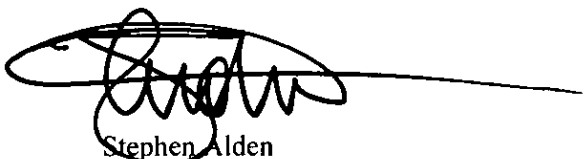
Balance sheet

at 31 December 2011

| | Note | 2011 £'000 | 2010 £'000 |
|---|------|---------------|---------------|
| Financial fixed assets | | | |
| Investment in subsidiary undertaking | 4 | 217,000 | 217,000 |
| Current assets | | | |
| Debtors | 5 | 4,000 | 4,000 |
| Creditors: amounts falling due within one year | 6 | (35,000) | (35,000) |
| Net current liabilities | | (31,000) | (31,000) |
| Net assets | | 186,000 | 186,000 |
| Capital and reserves | | | |
| Called up share capital | 7 | 150 | 150 |
| Share premium account | 8 | 181,850 | 181,850 |
| Profit and loss account | 8 | 4,000 | 4,000 |
| Shareholders' funds | 9 | 186,000 | 186,000 |

These financial statements were approved by the Board of Directors on 10 September 2012

Signed on behalf of the Board of Directors



Stephen Alden
Director

12 September 2012

Claridge's Hotel Holdings Limited

Notes

forming part of the financial statements

1 Basis of preparation of financial statements and going concern

The financial statements have been prepared on a going concern basis

As at 31 December 2011 the company had net current liabilities of £31,000,000 and net assets of £186,000,000. The company has provided cross guarantees with respect to the borrowings of Coroin Limited and its subsidiaries (the group)

As at 31 December 2011 the group had net current liabilities of £635,676,000 and net assets of £15,463,000. The group's projections for 2012 forecast increased operating profit and cash flows reflecting increased average room rates and occupancy. The group holds sufficient working capital to meet its trading obligations. Funding of the group's debt used to acquire and develop the assets is dependent upon the continued availability of bank borrowings which are due for refinancing in September 2012. It is expected that the group's bankers will continue to provide financing to enable the group to meet its obligations as and when they fall due until such time as alternative financial arrangements are put in place. Discussions are ongoing with a number of financial institutions with a view to putting in place alternate facilities. Alternative financial arrangements may require additional equity to be invested by parent company shareholders. The directors are satisfied that this will be available if required.

On this basis, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

2 Staff numbers and costs

The company has no employees. The directors receive no remuneration for their services to this company. The audit fee is borne by another group company.

3 Tax charge on profit on ordinary activities

Factors affecting corporation tax charge for the current year

The corporation tax assessment for the year is different from that resulting from applying the standard rate of corporation tax in the UK of 26.49% (2010: 28%). The differences are explained below:

| | Year ended 31 December 2011 £'000 | 18 month period ended 31 December 2010 £'000 |
|---|--|--|
| <i>Investments in subsidiary undertaking</i> | | |
| Profit on ordinary activities before tax | - | - |
| Tax at 26.49% (2010: 28%) thereon | - | - |
| Effects of: | | |
| Group relief provided for nil consideration | 306 | 590 |
| Other permanent differences | (306) | (590) |
| Current tax charge for the year/period | - | - |

Claridge's Hotel Holdings Limited

Notes (continued)

3 Tax charge on profit on ordinary activities (continued)

Following the 2011 Budget Statement, the main rate of UK corporation tax was reduced from 28% directly to 26% with effect from 1 April 2011. Finance Act 2011, substantively enacted on 5 July 2011, further reduced the main rate of UK corporation tax to 25% from 1 April 2012. Following the 2012 Budget Statement, the main rate reduced from 26% directly to 24% with effect from 1 April 2012. Thereafter the main rate of UK corporation tax will continue to reduce by 1% per annum to 22% by 2014.

4 Financial fixed assets

| | 2011 £'000 | 2010 £'000 |
|---|---------------|---------------|
| <i>Investments in subsidiary undertakings</i> | | |
| <i>At cost and net book value</i> | | |
| At beginning and end of the year/period | 217,000 | 217,000 |

5 Debtors

| | 2011 £'000 | 2010 £'000 |
|--|---------------|---------------|
| Amounts owed by subsidiary undertaking | 4,000 | 4,000 |
| Debtors are due upon demand | | |

6 Creditors

| | 2011 £'000 | 2010 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed to parent undertaking | 35,000 | 35,000 |
| | 35,000 | 35,000 |

Claridge's Hotel Holdings Limited

Notes (continued)

7 Called up share capital

| | 2011 £'000 | 2010 £'000 |
|---|---------------|---------------|
| Authorised: | | |
| 1,000,000 "A" ordinary shares of 10p each | 100 | 100 |
| 500,000 "B" ordinary shares of 10p each | 50 | 50 |
| | <u>150</u> | <u>150</u> |

Called up, allotted and fully paid

| | 2011 £'000 | 2010 £'000 |
|---|---------------|---------------|
| 1,000,000 "A" ordinary shares of 10p each | 100 | 100 |
| 500,000 "B" ordinary shares of 10p each | 50 | 50 |
| | <u>150</u> | <u>150</u> |

Shares rank equally, except with respect to shareholder rights to dividends and return on capital where A shares are worth 10,000 times more than B shares

8 Share premium account and reserves

| | Share Premium £'000 | Profit and loss account £'000 | Total £'000 |
|------------------------------|---------------------------|--|----------------|
| At beginning and end of year | <u>181,850</u> | <u>4,000</u> | <u>185,850</u> |

9 Reconciliation of movement in shareholders' funds

| | 2011 £'000 | 2010 £'000 |
|--------------------------------------|----------------|----------------|
| At start of year/period | 186,000 | 186,000 |
| Result for the financial year/period | - | - |
| | <u>186,000</u> | <u>186,000</u> |

Claridge's Hotel Holdings Limited

Notes *(continued)*

10 Subsidiary undertakings

| Company | Shareholding | Business | Country of Incorporation |
|--------------------------|--------------|-----------------|--------------------------|
| Claridge's Hotel Limited | 100% | Hotel operation | Great Britain |
| Brook Street 1 Limited | 100% | Holding | Great Britain |
| Brook Street 2 Limited | 100% | Holding | Great Britain |

The registered office of all the subsidiary undertakings is 30 Old Burlington Street, Mayfair, London, W1S 3AR

11 Related party disclosures

The company is exempt under the provisions of paragraph 3, Financial Reporting Standard 8 "Related Party Disclosures" from disclosing details of transactions with Group related parties

12 Ultimate parent company

The company's ultimate parent company is Coroin Limited, a company incorporated in Great Britain and registered in England and Wales. This is the smallest and largest group in which the results of the company are consolidated. Copies of those statutory accounts are available from its registered office, 30 Old Burlington Street, Mayfair, London, W1S 3AR