

TLLC CMSUBPROPC011 LIMITED

Company Registration No: 5173938

Report and Financial Statements

Period Ended 10 March 2005



TLLC Cmsubpropco11 Limited

Report and financial statements for the period ended 10 March 2005

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Company information

Directors

S L Gumm
N M Leslau

Secretary and registered office

S L Gumm, Cavendish House, 18 Cavendish Square, London, W1G 0PJ

Company number

5173938

Auditors

BDO Stoy Hayward LLP, Emerald House, East Street, Epsom, Surrey, KT17 1HS

TLLC Cmsubpropco11 Limited

Report of the directors for the period ended 10 March 2005

The directors present their report together with the audited financial statements for the period ended 10 March 2005.

Date of incorporation and change of name

The company was incorporated as Parsnipdrive Limited on 8 July 2004 and changed its name to TLLC Cmsubpropco11 Limited on 9 September 2004.

Results and dividends

The profit and loss account is set out on page 6 and shows a loss for the period of £104,794.

The directors do not recommend payment of a final dividend.

Principal activities, business review and future developments

The company, from 9 September 2004 until 19 October 2004, was engaged in the ownership and letting of commercial properties to what are now former group undertakings. The principal activity of the company since that date, following the change in ultimate ownership referred to below, has been that of property investment in the United Kingdom. The company continues to let its properties, under operating leases, to former group companies.

On 9 September 2004, the company's immediate parent undertaking, TLLC Cmpropco11 Limited, transferred its properties to the company.

On 19 October 2004, TLLC Cmpropco11 Limited was acquired by Prestbury Hotels Limited, which from that date became the company's new ultimate parent undertaking.

For details of a further change in ultimate parent company since the balance sheet date see note 18 to the financial statements.

Directors

The directors of the company who held office during the period were as follows:

S L Gumm	(appointed 19 October 2004)
N M Leslau	(appointed 19 October 2004)
G Hearn	(appointed 9 September 2004, resigned 19 October 2004)
H Turner	(appointed 9 September 2004, resigned 19 October 2004)
J Mortimore	(appointed 8 July 2004, resigned 19 October 2004)
M R Layton	(appointed 8 July 2004, resigned 9 September 2004)
D J Pudge	(appointed 8 July 2004, resigned 9 September 2004)

No director had any interest in the share capital of the company during the period.

At 10 March 2005, both currently serving directors were also directors of the ultimate parent company, which was Prestbury Hotels Limited, and their interests in the share capital of that company, if any, are shown in its financial statements.

TLLC Cmsubpropco11 Limited

Report of the directors for the period ended 10 March 2005 (*Continued*)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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; 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. 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.

Auditors

During the period, Deloitte & Touche LLP were appointed and then resigned as auditors of the company. BDO Stoy Hayward LLP were appointed in their place on 19 October 2004. A resolution to re-appoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

On behalf of the Board



S L Gumm
Director

Date: 31 October 2005

TLLC Cmsubpropco11 Limited

Report of the independent auditors

To the shareholders of TLLC Cmsubpropco11 Limited

We have audited the financial statements of TLLC Cmsubpropco11 Limited for the period ended 10 March 2005 on pages 6 to 15 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

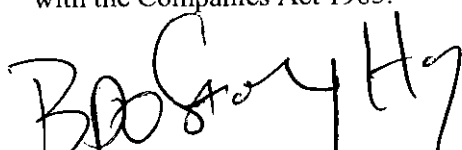
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

TLLC Cmsubpropco11 Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 10 March 2005 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
Epsom

Date: 31 October 2005

TLLC Cmsubpropco11 Limited

Profit and loss account for the period from 8 July 2004 to 10 March 2005

	Note	Period ended 10 March 2005 £
Turnover	2	696,960
		<hr/>
Gross profit and profit on ordinary activities before interest		696,960
Interest payable and similar charges	6	(761,206)
		<hr/>
Loss on ordinary activities before taxation		(64,244)
Taxation on loss on ordinary activities	7	(40,550)
		<hr/>
Loss on ordinary activities after taxation and retained loss for the period	12	(104,794)
		<hr/>

All amounts relate to continuing activities.

There were no differences between historical cost loss and reported loss on ordinary activities for the period.

The notes on pages 9 to 15 form part of these financial statements.

TLLC Cmsubpropco11 Limited**Statement of total recognised gains and losses for the period from 8 July 2004 to 10 March 2005**

	Note	Period ended 10 March 2005 £
Loss for the financial period		(104,794)
Unrealised deficit on revaluation of investment properties in the period	12	(1,511,850)
		<hr/>
Total recognised losses for the period		(1,616,644)
		<hr/>

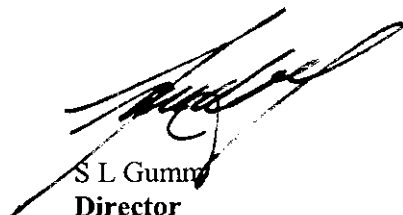
The notes on pages 9 to 15 form part of these financial statements.

TLLC Cmsubpropco11 Limited

Balance sheet at 10 March 2005

	Note	10 March 2005 £	10 March 2005 £
Fixed assets			
Investment properties	8		21,490,000
Creditors: amounts falling due within one year	9	(728,421)	
Net current liabilities			(728,421)
Total assets less current liabilities			20,761,579
Creditors: amounts falling due after more than one year	10		(20,847,672)
Provision for liabilities and charges	7		(40,550)
Net liabilities			(126,643)
Capital and reserves			
Called up share capital	11		1,490,001
Profit and loss account	12		(104,794)
Revaluation reserve	12		(1,511,850)
Equity shareholders' deficit	13		(126,643)

The financial statements were approved by the Board on 31 October 2005.


S L Gumm
Director

The notes on pages 9 to 15 form part of these financial statements.

TLLC Cmsubpropco11 Limited

Notes forming part of the financial statements for the period ended 10 March 2005

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and are in accordance with applicable accounting standards.

The following significant accounting policies have been applied consistently for all or part of the period:

Turnover

Turnover represents rents receivable during the period from the leasing and letting of commercial properties at invoiced amounts less value added tax.

Investment properties

Investment properties are included in the balance sheet at their open market value at the balance sheet date, on the basis of an annual valuation. Aggregate surpluses or deficits arising on valuation are transferred to the revaluation reserve. Permanent diminutions in the value of properties are charged directly to the profit and loss account.

Additions to investment properties include only costs of a capital nature. Costs such as interest and other property outgoings are treated as revenue expenditure and written off as incurred.

In accordance with SSAP 19 (as amended), no depreciation or amortisation is provided in respect of freehold and long leasehold investment properties. This treatment is a departure from the requirements of the Companies Act 1985 concerning depreciation of fixed assets. However, the company's investment properties are held not for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is unable to utilise existing capital losses within the group of which it is a member; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of any underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

Rental costs under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

TLLC Cmsubpropco11 Limited

Notes forming part of the financial statements for the period ended 10 March 2005 (Continued)

2 Turnover

Turnover is wholly attributable to the principal activities undertaken by the company during the period and arose solely within the United Kingdom.

Analysis by class of business:

	Period ended 10 March 2005 £
Rent from letting of commercial properties	141,643
Rent receivable from leasing of investment properties	555,317
	<hr/>
	696,960
	<hr/>

3 Employees

The average number of employees, excluding directors, during the period was nil.

4 Directors

No director received any emoluments from the company during the period.

5 Auditors' remuneration

The auditors' remuneration is borne by a current fellow group company.

6 Interest payable and similar charges

	Period ended 10 March 2005 £
Interest paid on loans from parent company (prior to 19 October 2004)	110,283
Interest payable on loans from current group undertakings (since 19 October 2004)	650,923
	<hr/>
	761,206
	<hr/>

TLLC Cmsubpropco11 Limited

Notes forming part of the financial statements for the period ended 10 March 2005 (Continued)

7 Taxation on loss on ordinary activities

	Period ended 10 March 2005 £
<i>UK corporation tax</i>	
Current tax on losses of the period	-
<i>Deferred tax</i>	
Origination and reversal of timing differences	40,550
	<u>40,550</u>

The tax assessed for the period varies from the standard rate of corporation tax in the UK. The differences are explained below:

	Period ended 10 March 2005 £
Loss on ordinary activities before tax	(64,244)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30%	(19,273)
Effects of:	
Hotel building allowances	(60,701)
Other amounts available for group relief	6,448
Group relief surrendered	53,375
Losses available to carry forward	20,151
Current tax charge for period	-

No provision for UK corporation tax has been made for the period due to the availability of losses.

The deferred tax liability is made up as follows:

	10 March 2005 Provided £
Hotel building allowances	60,701
Losses available to carry forward	(20,151)
	<u>40,550</u>

TLLC Cmsubpropco11 Limited

Notes forming part of the financial statements for the period ended 10 March 2005 (Continued)

7 Taxation on profit from ordinary activities (Continued)

The unprovided deferred tax liability is as follows:

10 March
2005
Unprovided
£

On the inherent capital gain arising on the carrying value of investment properties

1,593,967

Hotel building allowances

698,414

At present it is not envisaged that any tax will become payable in the foreseeable future, due to the availability of losses within the group of which the company is a member.

8 Investment properties

	Freehold investment properties £	Long Leasehold investment properties £	Total investment properties £
<i>At valuation</i>			
Transfers from immediate parent company in the period	18,228,711	4,773,139	23,001,850
Surplus / (deficit) on revaluation	126,289	(1,638,139)	(1,511,850)
At 10 March 2005	18,355,000	3,135,000	21,490,000

At 10 March 2005, the investment properties were valued on an open market basis by Nick Leslau BSc MRICS, a chartered surveyor of the company and its parent companies, at £21,490,000.

The historical cost of the company's properties is £23,001,850.

The company acquired the above properties from its immediate parent company on 9 September 2004. Following the acquisition by Prestbury Hotels Limited of the immediate parent company on 19 October 2004, these properties have been treated as investment properties in the company's financial statements.

The company's properties have been occupied and used by former group undertakings since the date of their transfer into the company.

A charge over the company's assets, including the above properties, has been granted to the group's lenders as part of the security for bank borrowings provided to Prestbury Hotels Limited.

9 Creditors: amounts falling due within one year

10 March
2005
£

Accruals and deferred income

728,421

TLLC Cmsubpropco11 Limited

Notes forming part of the financial statements for the period ended 10 March 2005 (Continued)

10 Creditors: amounts falling due after more than one year

10 March
2005
£

Amounts due to current group undertakings

20,847,672

11 Share capital

10 March
2005
Number

10 March
2005
£

Authorised:

Ordinary shares of £1 each

1,490,100

1,490,100

Allotted, called up and fully paid:

Ordinary shares of £1 each

1,490,001

1,490,001

On incorporation 1 ordinary share of £1 was issued for cash at par.

On 19 October 2004, the company increased its authorised share capital to £1,490,100 by the creation of a further 1,490,000 new ordinary shares of £1 each, ranking pari passu in all respects with the existing ordinary shares of the company.

On the same date, a further 1,490,000 ordinary shares were issued at par for cash to the immediate parent company.

12 Reserves

Revaluation
reserve
£

Profit
and loss
account
£

On incorporation

-

-

Retained loss for the period

-

(104,794)

Unrealised deficit on revaluation of investment
properties in the period

(1,511,850)

-

At 10 March 2005

(1,511,850)

(104,794)

TLLC Cmsubpropco11 Limited

Notes forming part of the financial statements for the period ended 10 March 2005 (*Continued*)

13 Reconciliation of movement in shareholders' deficit

	Period ended 10 March 2005 £
Loss for the period	(104,794)
<i>Other recognised gains and losses:</i>	
Revaluation deficit	(1,511,850)
	<hr/>
	(1,616,644)
Share capital issued	1,490,001
	<hr/>
Net deductions from shareholders' funds and closing shareholders' deficit	(126,643)
	<hr/>

14 Related party transactions

The company has taken advantage of the exemption available to wholly owned subsidiary undertakings under Financial Reporting Standard 8, "Related Party Transactions", not to disclose details of any transactions with entities that are included in the consolidated financial statements of Prestbury Hotels Limited.

15 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as a consolidated cash flow statement is included in the financial statements of its ultimate parent company.

16 Commitments and contingencies

The company, along with its current fellow group undertakings, entered into an agreement in the period with the bankers of Prestbury Hotels Limited, the ultimate parent company, to cross-guarantee the bank loans made to that company. At 10 March 2005 these bank loans amounted to £344,577,977.

17 Operating lease commitments

Annual commitments under non-cancellable operating leases are as follows:

Expiry date	£
Within one year	-
Between 2 and 5 years	-
After 5 years	100
	<hr/>
	100
	<hr/>

TLLC Cmsubpropco11 Limited

Notes forming part of the financial statements for the period ended 10 March 2005 *(Continued)*

18 Controlling party information

At 10 March 2005, the company's immediate parent company was TLLC Cmpropco11 Limited and its ultimate parent company was Prestbury Hotels Limited. Both of these companies were incorporated in England and Wales. The consolidated accounts of Prestbury Hotels Limited are available to the public and may be obtained from the company secretary, Cavendish House, 18 Cavendish Square, London W1G 0PJ.

For the period to 10 March 2005, Prestbury Hotels Limited was not controlled by any one individual or entity.

On 14 March 2005, Prestbury Hotel Holdings Limited became the owner of 100% of the issued share capital of Prestbury Hotels Limited. Prestbury Hotel Holdings Limited is a joint venture company and is not controlled by any one individual or entity.

The company was previously a member of the group headed by TLLC Group Holdings Limited, until the acquisition of its immediate parent company by Prestbury Hotels Limited on 19 October 2004.