

TLLC CMSUBPROPCO11 LIMITED

Company Registration No: 5173938

Report and Financial Statements

Year Ended 31 March 2008

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TLLC CMsubpropco11 Limited

Report and financial statements for the year ended 31 March 2008

Contents

Page:

2	Report of the directors
4	Report of the independent auditors
5	Profit and loss account
6	Statement of total recognised gains and losses
7	Balance sheet
8	Notes forming part of the financial statements

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 year ended 31 March 2008

The directors present their report together with the audited financial statements for the year ended 31 March 2008.

Results and dividends

The profit and loss account is set out on page 5 and shows a loss for the year of £38,944 (2007: loss of £126,923).

The directors do not recommend payment of a final dividend (2007: £nil).

Principal activities

The principal activity of the company is that of property investment in the United Kingdom.

Directors

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

S L Gumm
N M Leslau

Directors' responsibilities

The directors are responsible for preparing the Annual Report and 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 year. 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.

TLLC CMsubpropco11 Limited

Report of the directors for the year ended 31 March 2008 (*Continued*)

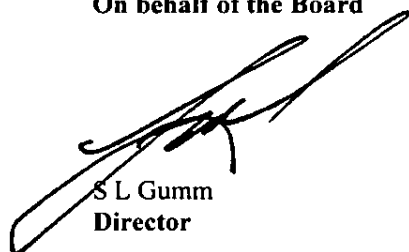
Auditors

The current directors have taken all the steps they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information which has not been brought to the attention of the auditors.

BDO Stoy Hayward LLP have expressed their willingness to continue in office.

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

On behalf of the Board



S L Gumm
Director

3 December 2008

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 year ended 31 March 2008 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.

Respective responsibilities of 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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also 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.

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

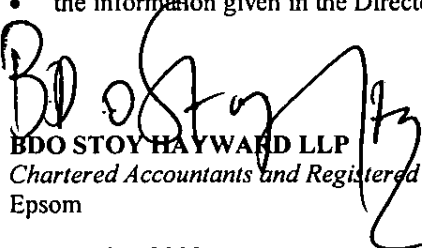
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

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 March 2008 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.


BDO STOY HAYWARD LLP
Chartered Accountants and Registered Auditors
Epsom

4 December 2008

TLLC CMsubpropco11 Limited**Profit and loss account for the year ended 31 March 2008**

	Note	Year ended 31 March 2008 £	Year ended 31 March 2007 £
Turnover	2	1,500,622	1,413,178
Direct property costs		(2,178)	(2,000)
Gross profit		1,498,444	1,411,178
Administrative expenses		(15)	(24)
Profit on ordinary activities before interest		1,498,429	1,411,154
Interest receivable and similar income		-	42
Interest payable and similar charges	6	(1,507,304)	(1,543,067)
Loss on ordinary activities before taxation		(8,875)	(131,871)
Taxation on loss on ordinary activities	7	(30,069)	4,948
Loss on ordinary activities after taxation and retained loss for the year	12	(38,944)	(126,923)

All amounts relate to continuing activities.

There was no difference between the historical cost result and the reported result on ordinary activities for the year.

The notes on pages 8 to 14 form part of these financial statements.

TLLC CMsubpropco11 Limited**Statement of total recognised gains and losses for the year ended 31 March 2008**

	Note	Year ended 31 March 2008 £	Year ended 31 March 2007 £
Loss for the financial year		(38,944)	(126,923)
Unrealised (deficit) / surplus on revaluation of investment properties in the year	12	(1,072,000)	352,957
Total recognised gains and losses for the year		(1,110,944)	226,034

The notes on pages 8 to 14 form part of these financial statements.

TLLC CMsubpropco11 Limited

Balance sheet at 31 March 2008

	Note	31 March 2008 £	31 March 2008 £	31 March 2007 £	31 March 2007 £
Fixed assets					
Investment properties	8		27,309,000		28,381,000
Current assets					
Debtors: deferred tax asset	7	-		30,069	
Creditors: amounts falling due within one year	9	-		(440,808)	
Net current (liabilities)			-		(410,739)
Total assets less current liabilities			27,309,000		27,970,261
Creditors: amounts falling due after more than one year	10		(23,764,237)		(23,314,554)
Net assets			3,544,763		4,655,707
Capital and reserves					
Called up share capital	11		1,490,001		1,490,001
Profit and loss account	12		(437,345)		(398,401)
Revaluation reserve	12		2,492,107		3,564,107
	13		3,544,763		4,655,707

The financial statements were approved by the Board and authorised for issue on 3 December 2008.


S L Gumm
Director

The notes on pages 8 to 14 form part of these financial statements.

TLLC CMsubpropco11 Limited

Notes forming part of the financial statements for the year ended 31 March 2008

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 year:

Turnover

Turnover represents rents receivable during the year 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 revaluation are transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in the value, in which case it is 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.

TLLC CMsubpropco11 Limited

Notes forming part of the financial statements for the year ended 31 March 2008 *(Continued)*

2 Turnover

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

3 Employees

The average number of employees, excluding directors, during the year was nil (2007: nil).

4 Directors

No director received any emoluments from the company during the year (2007: nil).

5 Auditors' remuneration

The auditors' remuneration is borne by the ultimate parent company. Fees for the audit of company were £760 (2007: £750).

The consolidated accounts of Prestbury Hotel Holdings Limited disclose details of non-audit fees paid to the company's auditors in the current and prior year.

6 Interest payable and similar charges

	Year ended 31 March 2008 £	Year ended 31 March 2007 £
Interest payable on loans from parent company	1,507,304	1,543,067

TLLC CMsubpropco11 Limited

Notes forming part of the financial statements for the year ended 31 March 2008 (*Continued*)

7 Taxation

Taxation on loss on ordinary activities

	Year ended 31 March 2008 £	Year ended 31 March 2007 £
<i>UK corporation tax</i>		
Current tax on losses of the year	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	(30,069)	4,948
	<u>(30,069)</u>	<u>4,948</u>

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

	Year ended 31 March 2008 £	Year ended 31 March 2007 £
Loss on ordinary activities before tax	(8,875)	(131,871)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30%	(2,663)	(39,561)
Effects of:		
Hotel building allowances	(149,925)	(149,926)
Other amounts deductible for tax purposes	-	(304)
Group relief surrendered	3,181	3,172
Net movement in losses available to carry forward	149,407	186,619
Current tax charge for year	-	-

No provision for UK corporation tax has been made for the year due to the availability of hotel building allowances and losses.

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

TLLC CMsubpropco11 Limited

Notes forming part of the financial statements for the year ended 31 March 2008 (Continued)

7 Taxation (continued)

Deferred taxation

The deferred tax asset is made up as follows:

	31 March 2008 Provided £	31 March 2007 Provided £
Hotel building allowances	-	(350,156)
Losses available to carry forward	-	380,225
	<u>-</u>	<u>30,069</u>

The unprovided deferred tax liability/(asset) is made up as follows:

	31 March 2008 Unprovided £	31 March 2007 Unprovided £
On the inherent capital gain arising on the carrying value of investment properties	2,066,064	2,752,943
Hotel building allowances	-	695,257
Losses available to carry forward	(494,323)	-

As a result of the change in UK Corporation Tax rates which took effect from 1 April 2008, the deferred tax balances in these financial statements have been re-measured using a tax rate of 28%.

8 Investment properties

	Freehold investment properties £	Long Leasehold investment properties £	Total investment properties £
<i>At valuation</i>			
At 1 April 2007	23,772,000	4,609,000	28,381,000
Deficit on revaluation	(853,000)	(219,000)	(1,072,000)
	<u>22,919,000</u>	<u>4,390,000</u>	<u>27,309,000</u>
At 31 March 2008	22,919,000	4,390,000	27,309,000

At 31 March 2008, the investment properties were valued on an open market basis by Nick Leslau BSc MRICS, a chartered surveyor and director of the company and its parent companies, at £27,309,000 (2007: £28,381,000).

TLLC CMsubpropco11 Limited

Notes forming part of the financial statements for the year ended 31 March 2008 (Continued)

8 Investment properties (continued)

The historical cost of the company's properties is £24,816,893 (2007: £24,816,893).

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, an intermediate parent company.

9 Creditors: amounts falling due within one year

	31 March 2008 £	31 March 2007 £
Accruals and deferred income	-	375,156
Other taxation and social security	-	65,652
	<u>-</u>	<u>440,808</u>

10 Creditors: amounts falling due after more than one year

	31 March 2008 £	31 March 2007 £
Amounts due to current group undertakings	<u>23,764,237</u>	<u>23,314,554</u>

The amounts due to group undertakings are unsecured, bear interest at 8% and have no fixed repayment date. The above amounts include interest accrued of £5,381,777 (2007: £3,874,473).

11 Share capital

	31 March 2008 Number	31 March 2007 Number	31 March 2008 £	31 March 2007 £
<i>Authorised:</i>				
Ordinary shares of £1 each	<u>1,490,100</u>	<u>1,490,100</u>	<u>1,490,100</u>	<u>1,490,100</u>
<i>Allotted, called up and fully paid:</i>				
Ordinary shares of £1 each	<u>1,490,001</u>	<u>1,490,001</u>	<u>1,490,001</u>	<u>1,490,001</u>

TLLC CMsubpropco11 Limited

Notes forming part of the financial statements for the year ended 31 March 2008 (*Continued*)

12 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 April 2007	3,564,107	(398,401)
Retained loss for the year	-	(38,944)
Unrealised deficit on revaluation of investment properties in the year	(1,072,000)	-
At 31 March 2008	2,492,107	(437,345)

13 Reconciliation of movement in shareholders' funds

	Year ended 31 March 2008 £	Year ended 31 March 2007 £
Loss for the year	(38,944)	(126,923)
<i>Other recognised gains and losses:</i>		
Revaluation (deficit)/surplus	(1,072,000)	352,957
Net (deductions)/additions to shareholders' funds	(1,110,944)	226,034
Opening shareholders' funds	4,655,707	4,429,673
Closing shareholders' funds	3,544,763	4,655,707

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 Hotel Holdings 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.

TLLC CMsubpropco11 Limited

Notes forming part of the financial statements for the year ended 31 March 2008 *(Continued)*

16 Commitments and contingencies

The company, along with its current fellow group undertakings, has entered into an agreement with the bankers of Prestbury Hotels Limited, an intermediate parent company, to cross-guarantee the bank loans made to that company. At 31 March 2008 these bank loans amounted to £539,315,025 (2007: £416,423,809).

17 Controlling party information

At 31 March 2008, the company's immediate parent company was TLLC CMpropco11 Limited and its ultimate parent company was Prestbury Hotel Holdings Limited. Both of these companies were incorporated in England and Wales. The consolidated accounts of Prestbury Hotel Holdings Limited are available to the public and may be obtained from the company secretary, Cavendish House, 18 Cavendish Square, London W1G 0PJ.

Prestbury Hotel Holdings Limited is a joint venture company and is not controlled by any one individual or entity.