

**TLLC CMSUBPROPCO11 LIMITED**

Company Registration Number 5173938

Report and Financial Statements

Year Ended 31 March 2010

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# **TLLC CMsubpropco11 Limited**

**Annual report and financial statements for the year ended 31 March 2010**

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## **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 LLP, Emerald House, East Street, Epsom, Surrey KT17 1HS

# **TLLC CMsubpropco11 Limited**

## **Report of the directors for the year ended 31 March 2010**

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The directors present their report together with the audited financial statements for the year ended 31 March 2010

### **Results and dividends**

The profit and loss account is set out on page 5 and shows a profit for the year of £277,370 (2009 £117,701)

The directors do not recommend the payment of a final dividend (2009 £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

S L Gumm  
N M Leslau

### **Principal risks and uncertainties - market factors**

Since the summer of 2007, both the bank finance and property markets in the UK have experienced very turbulent conditions. Whilst conditions have improved, the environment is still somewhat fragile, in particular as a result of the limited amount of new bank finance available. The directors consider the properties owned by the company relatively well placed to withstand market fluctuations by virtue of the quality of the assets, strong tenant, and financing terms and believe that this has been borne out by the results of the company over that period.

The properties are held in the financial statements at their 31 March 2010 internal valuation. We can confirm that the cash flow projections which supported this valuation at the year end are being achieved. It has to be recognised, however, that given the limited banking market and lack of depth in the property investment market, any accurate assessment of the value remains extremely difficult, as it has been over the course of the credit crisis. The directors consider that valuations should have remained stable or possibly improved since 31 March 2010.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 year. In preparing the 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 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 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 2010**

*(continued)*

### **Auditors**

The 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 LLP have expressed their willingness to continue in office.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to small companies exemption.

### **On behalf of the Board**



S. L. Guman  
Director

17 November 2010

## **TLLC Csubpropco11 Limited**

### **Independent auditors' report to the members of TLLC Csubpropco11 Limited**

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We have audited the financial statements (‘the financial statements’) of TLLC Csubpropco11 Limited for the year ended 31 March 2010 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. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom General 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 opinions we have formed.

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

As explained more fully in the statement of directors' responsibilities set out on page 2, 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 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

#### **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 March 2010 and of the profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

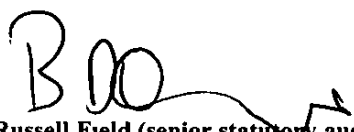
#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared 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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime.



**Russell Field (senior statutory auditor)**

For and on behalf of BDO LLP, statutory auditor  
Epsom, United Kingdom

17 November 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

**TLLC CMsubpropco11 Limited**

Profit and loss account for the year ended 31 March 2010

	Note	2010 £	2009 £
Turnover	2	1,549,931	1,508,616
Direct property expenses		(2,237)	(2,237)
<b>Gross profit</b>		<b>1,547,694</b>	<b>1,506,379</b>
Administrative expenses		(15)	(15)
<b>Profit on ordinary activities before interest</b>		<b>1,547,679</b>	<b>1,506,364</b>
Interest payable and similar charges	6	(1,270,309)	(1,388,663)
<b>Profit on ordinary activities before taxation</b>		<b>277,370</b>	<b>117,701</b>
Taxation on profit on ordinary activities	7	-	-
<b>Profit on ordinary activities after taxation and retained profit for the year</b>	11	<b>277,370</b>	<b>117,701</b>

All amounts relate to continuing activities

There were no differences between historical cost profit and reported profit on ordinary activities for either year

The notes on pages 8 to 11 form part of the financial statements

**TLLC CMsubpropco11 Limited****Statement of total recognised gains and losses for the year ended 31 March 2010**

	<b>Note</b>	<b>2010</b> <b>£</b>	<b>2009</b> <b>£</b>
Profit for the year	11	277,370	117,701
Unrealised surplus/(deficit) on revaluation of investment properties in the year	11	1,101,000	(2,375,000)
<b>Total recognised gains and losses for the year</b>		<b>1,378,370</b>	<b>(2,257,299)</b>

The notes on pages 8 to 11 form part of the financial statements

**TLLC CMsubpropco11 Limited**  
**Balance sheet at 31 March 2010**

**Registered number**  
**5173938**

	Note	2010 £	2009 £
<b>Fixed assets</b>			
Investment properties	8	26,035,000	24,934,000
<b>Total assets less current liabilities</b>		<b>26,035,000</b>	<b>24,934,000</b>
<b>Creditors</b> amounts falling due after more than one year	9	(23,369,166)	(23,646,536)
<b>Net assets</b>		<b>2,665,834</b>	<b>1,287,464</b>
<b>Capital and reserves</b>			
- Called up share capital	10	1,490,001	1,490,001
Profit and loss account	11	(42,274)	(319,644)
Revaluation reserve	11	1,218,107	117,107
<b>Shareholders' funds</b>	12	<b>2,665,834</b>	<b>1,287,464</b>

The financial statements were approved by the Board and authorised for issue on 17 November 2010

  
S L Gurnin  
Director

The notes on pages 8 to 11 form part of the financial statements



# **TLLC CMsubpropco11 Limited**

Notes forming part of the financial statements for the year ended 31 March 2010

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## **1 Accounting policies**

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*

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

### *Turnover*

Turnover represents rents receivable during the year from the 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 are written off as incurred

In accordance with SSAP 19 (as amended), no depreciation or amortisation is provided in respect of freehold or long leasehold investment properties. This treatment is a departure from the requirements of the Companies Act 2006 concerning depreciation of fixed assets. However, the group'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 group 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 group anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

## **2 Turnover**

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

## **3 Employees**

The average number of employees, excluding directors, during the year was nil (2009 nil)

## **4 Directors**

No director received any emoluments from the group during the year (2009 none)

**TLLC CMsubpropco11 Limited**

Notes forming part of the financial statements for the year ended 31 March 2010

*(continued)***5 Auditors' remuneration**

The auditors' remuneration is borne by Prestbury Hotels Limited, an intermediate parent company. Fees for the audit of the company were £760 (2009: £760).

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

<b>6 Interest payable and similar charges</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Interest payable on loans from group undertakings	<u><b>1,270,309</b></u>	<u><b>1,388,663</b></u>

**7 Taxation**

<b>Taxation on profit on ordinary activities</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<i>UK corporation tax</i>		
Current tax on profits of the year	<u><b>-</b></u>	<u><b>-</b></u>

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

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<u><b>277,370</b></u>	<u><b>117,701</b></u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2009: 28%)	<b>77,664</b>	<b>32,956</b>
Effects of:		
Hotel building allowances	<b>(56,518)</b>	<b>(84,781)</b>
Net movement in losses available to carry forward	<u><b>(21,146)</b></u>	<u><b>51,825</b></u>
Current tax charge for the year	<u><b>-</b></u>	<u><b>-</b></u>

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 group of which the company is a member.

**Deferred taxation**

*The company has an unprovided deferred tax liability/(asset) which is made up as follows:*

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
On the inherent capital gain arising on the carrying value of investment properties	<u><b>1,485,681</b></u>	<u><b>1,425,520</b></u>
Losses available to carry forward	<u><b>(525,002)</b></u>	<u><b>(546,148)</b></u>

# TLLC CMsubpropco11 Limited

Notes forming part of the financial statements for the year ended 31 March 2010

(continued)

## 8 Investment properties

	Long leasehold investment properties £	Freehold investment properties £	Total investment properties £
<i>At valuation</i>			
At 1 April 2009	4,176,000	20,758,000	24,934,000
Surplus on revaluation	178,000	923,000	1,101,000
At 31 March 2010	<u>4,354,000</u>	<u>21,681,000</u>	<u>26,035,000</u>

At 31 March 2010 the investment properties were internally revalued on an open market basis by N M Leslau BSc (Hons) MRICS, a chartered surveyor and director of the company and its parent companies, at £26,035,000 (2009 £24,934,000)

The historical cost of the company's properties is £24,816,893 (2009 £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 after more than one year

	2010 £	2009 £
Amounts due to group undertakings	<u>23,369,166</u>	<u>23,646,536</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 £8,040,749 (2009 £6,770,440)

## 10 Share capital

	2010 Number	2010 £	2009 Number	2009 £
<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 2010

*(continued)***11 Reserves**

	Revaluation reserve £	Profit and loss account £
At 1 April 2009	117,107	(319,644)
Profit for the year	-	277,370
Unrealised surplus on revaluation of investment properties in the year	1,101,000	-
	<u>1,218,107</u>	<u>(42,274)</u>
At 31 March 2010		

**12 Reconciliation of movement in shareholders' funds**

	2010 £	2009 £
Retained profit for the year	277,370	117,701
Unrealised surplus/(deficit) on revaluation of investment properties in the year	1,101,000	(2,375,000)
	<u>1,378,370</u>	<u>(2,257,299)</u>
Net movement in shareholders' funds		
Opening shareholders' funds	1,287,464	3,544,763
	<u>2,665,834</u>	<u>1,287,464</u>
Closing shareholders' funds		

**13 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

**14 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

**15 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 2010 these bank loans amounted to £429,157,891 (2009 £428,113,872)

**16 Controlling party information**

At 31 March 2010, 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.