

PEEL MEDIA HOTELS LIMITED
REPORT & ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2009

COMPANY NUMBER 06003799

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PEEL MEDIA HOTELS LIMITED

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PEEL MEDIA HOTELS LIMITED

Directors, Professional Advisers and Registered Office

Directors:

John Whittaker
Paul P. Wainscott, A.C.I.S.
Steven Underwood, A.C.A.
Neil Lees A.C.I.S.
David Glover

Secretary:

Neil Lees, A.C.I.S.

**Registered Office
Head Office:**

Peel Dome
The Trafford Centre
Manchester
M17 8PL

Registered Number:

06003799

Auditors:

Deloitte LLP
Chartered Accountants and Registered Auditors
Manchester
United Kingdom

Bankers:

Bank of Scotland

PEEL MEDIA HOTELS LIMITED

Report of the Directors *for the year ended 31st March 2009*

The directors submit their annual report together with the audited financial statements for the year ended 31st March 2009.

Principal Activities

The principal activities of the Peel Media Group to which Peel Media Hotels Limited belongs are property investment and development of MediaCityUK.

MediaCityUK is a long term development of Peel Media, situated on a huge waterfront site at Salford Quays, just a few minutes away from central Manchester. Currently the largest private sector development in the UK, phase one of MediaCityUK is due for completion in 2011/2012. The current site construction build is on 17 acres of the phase one development covering 36 acres. There is the potential to utilise a total area of 200 acres over the next decade, depending on demand.

Peel Media Hotels Limited is a 100% owned subsidiary of Peel Media (Holdings) Limited..

Review of Business, Developments and Prospects

Property Investment – Development

Peel Media Hotels Limited relates to the development and sale of the hotel.

Results and Dividends

The company's results for the financial period are set out in the profit and loss account on page 6. The financial position of the Company at 31st March 2009 is set out in the balance sheet on page 7. The prior period results are for the 498 day period.

No dividend can be declared for the year.

The directors have received confirmation that Peel Holdings Ltd will continue to provide the necessary level of support to enable it to continue to operate for the foreseeable future. Accordingly, the directors consider that it is appropriate to prepare the financial statements using the going concern assumption. Further details are provided in note 1.

Directors

The directors who held office during the financial period and subsequently are:

J. Whittaker

P.A.Scott

(resigned 31st March 2009)

A.C. Simpson

(resigned 9th October 2009)

P.P. Wainscott

S. Underwood

Neil Lees

David Glover

Report of the Directors (*continued*)

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). The financial statements are required by law to 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 judgments 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;
- 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 that 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.

Auditor and Disclosure of Information to the Auditor


Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- 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 confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

On 1st December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP. A resolution to re-appoint the auditors, Deloitte LLP, will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board


N. Lees, A.C.I.S.
Director

28th January 2010

Independent Auditors' Report to the Members of Peel Media Hotels Limited

We have audited the financial statements of Peel Media Hotels Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders Funds, the Statement of Total Recognised Gains and Losses and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 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 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 2009 and of its profit 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.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Registered Auditors
Manchester, United Kingdom

29 January 2010

PEEL MEDIA HOTELS LIMITED

Profit and Loss Account *for the year ended 31st March 2009*

	Note	Year ended 31 st March 2009 £'000	498 day period to 31 st March 2008 £'000
Turnover	2	-	-
Operating loss	2	(48)	-
Loss on ordinary activities before interest and taxation	3	(48)	-
Net interest payable and similar charges	4	-	-
Loss on ordinary activities before taxation		(48)	-
Tax on loss on ordinary activities	5	90	-
Profit for the financial year	12	42	-

All the above results derive from continuing activities.

The accompanying notes form an integral part of the financial statements.

There is no material difference between the results as reported and on a historical cost basis.

PEEL MEDIA HOTELS LIMITED

Balance Sheet *as at 31st March 2009*

Company number 06003799

	Note	2009 £'000	2008 £'000
Fixed assets			
Tangible assets			
Investment property	7	13,355	6,388
		13,355	6,388
Current Assets			
Debtors	8	119	-
		119	-
Creditors (amounts falling due within one year)	9	(13,403)	(5,869)
Net Current liabilities		(13,284)	(5,869)
Total assets less current liabilities		71	519
Provisions for liabilities	10	(29)	-
Net assets		42	519
Financed by capital and reserves			
Called-up share capital		-	-
Revaluation reserve	12	-	519
Profit and loss account	12	42	-
Equity shareholders' funds		42	519

Approved by the board of directors on 28th January 2010



N. Lees, A.C.I.S.
Director

The accompanying notes form an integral part of these financial statements.

PEEL MEDIA HOTELS LIMITED

Reconciliation of Movements in Shareholders' Funds

for the year ended 31st March 2009

	Year ended 31st March 2009 £'000	Period ended 31st March 2008 £'000
Profit for the financial period	42	-
Unrealised (deficit) / surplus on revaluation of investment properties	(519)	519
Net movement in shareholders' funds	(477)	519
Shareholders' funds at 1st April 2008 / On incorporation	519	-
Shareholders' funds at 31st March 2009 / 31st March 2008	42	519

Statement of Total Recognised Gains and Losses

for the year ended 31st March 2009

	Note	2009 £'000	2008 £'000
Profit for the financial period		42	-
Revaluation of investment properties	7	(519)	519
Total recognised net gains and losses for the financial year / period		(477)	519

Notes to the Accounts

1. Accounting Policies

The principal accounting policies are summarised below. The policies have been applied consistently throughout the year and prior period.

Accounting Convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investment properties and in accordance with applicable United Kingdom law and accounting standards.

Basis of Preparation

The Directors have received confirmation that Peel Holdings Limited ("Peel"), will continue to provide the necessary level of support to enable it to continue to operate for the foreseeable future. In considering the ability of Peel to provide any necessary support in the context of the uncertainties it faces as a result of the current economic climate, the directors have obtained an understanding of Peel's forecasts, which do not project any breaches in the foreseeable future. However the current economic conditions have created a number of uncertainties for all companies in the sectors in which Peel operates with regard to future market valuation movements and levels of activity which may affect Peel's ability to remain within the covenants for its secured and unsecured banking facilities. Details of the uncertainties relevant to the division are included in the report of the directors. At the year end Peel had undrawn debt facilities, cash deposits, liquid assets which could be realised in the short term if required, and has well developed plans to divest itself of certain other interests in the next 6 months which are expected to generate additional funds. As a result the directors are confident that Peel is well placed to manage its business risks satisfactorily despite the current uncertain economic outlook.

Taking all these factors into account the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis in preparing the annual report and accounts

Investment Properties

Investment properties are included in the balance sheet at their open market value and, in accordance with Statement of Standard Accounting Practice No.19, are not depreciated or amortised unless they relate to properties with an unexpired life of 20 years or less. This departure from the requirements of the Companies Act 1985 is necessary for the financial statements to give a true and fair view in accordance with applicable United Kingdom accounting standards. Depreciation is only one of many factors reflected in the valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Surpluses or deficits arising from revaluation are transferred to the unrealised revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. Realised revaluation surpluses representing the difference between historical cost and the asset's carrying value are reclassified by way of a transfer to profit and loss account reserve in the year in which the property disposal occurs.

Properties in the course of development or practically completed but not substantially let are included in the balance sheet at cost subject to provisions if the directors consider it prudent having regard to the prevailing market conditions. Cost includes interest and directly attributable overheads whilst the property is in the course of development.

Reclassifications between investment properties, other fixed assets and stocks are made at the lower of net book value and net realisable value.

Investments property sales are accounted for on the basis of unconditional exchange.

Related Party Disclosures

The company has taken advantage of the exemption in paragraph 3(c) of Financial Reporting Standard No 8 "Related Party Disclosures" and has not disclosed details of transactions with fellow wholly owned undertakings within the Peel Holdings Limited Group of companies.

Notes to the Accounts *continued*

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Deferred tax is measured on a non-discounted basis.

Interest

Interest directly attributable to both investment and trading properties in the course of development and other fixed assets is included in the cost thereof. Interest is capitalised on a simple basis without allowing for any tax relief thereon.

Capitalisation of interest will cease at the point where substantially all the activities that are necessary to get the tangible fixed asset ready for use are complete.

Cash Flow Statement

As permitted by Financial Reporting Standard No. 1 (revised) "Cash Flow Statements", the Company has not prepared a cash flow statement as the Company is a wholly owned subsidiary undertaking of the Peel Media (Holdings) Limited group of companies. Peel Media (Holdings) Limited is a company incorporated and registered in England which produces group financial statements in accordance with the Companies Act 1985, which include a consolidated group cash flow statement.

2. Segmental Analysis of Turnover and Operating Loss

Analysis of Operating Loss

	Year ended 31st March 2009 £'000	Period ended 31st March 2008 £'000
Turnover		
Gross rental income	-	-
Gross profit / (loss)	-	-
Administration expenses	(48)	-
Operating loss	(48)	-

All of the Group's turnover and operating loss arose in the United Kingdom from the Group's principal activity.

Notes to the Accounts *continued*

3. Loss on Ordinary Activities before Interest and Taxation

The auditors' remuneration for audit work of £3,000 (2008: £2,000) was borne by another group company in the current period. There is no remuneration in respect of non-audit services in the period or prior period.

4. Net Interest Payable and Similar Charges

	Year ended 31st March 2009 £'000	Period ended 31st March 2008 £'000
Interest payable and similar charges:		
On amounts owed to group undertakings	394	157
Utilisation and arrangement fees	71	6
	465	163
Less: interest capitalised	(458)	(151)
	7	12
Interest receivable and similar income:		
On bank and other deposits	(7)	(12)
Net interest payable	-	-

5. Tax on Profit on Ordinary Activities

	Year ended 31st March 2009 £'000	Period ended 31st March 2008 £'000
Current tax:		
Adjustment in respect of prior period:		
Group relief	(119)	-
Current tax credit	(119)	-
Deferred Tax		
Current Year (see note 10)	29	-
Current Tax Credit	(90)	-
Reconciliation of current tax charge:		
Loss on ordinary activities before taxation	48	-
Loss on ordinary activities before taxation multiplied by standard rate of UK Corporation tax of 28%	14	-
Creation of tax losses (note 10)	(14)	-
Prior period adjustments	119	-
Total current tax credit	119	-

6. Particulars of Staff and Directors' Remuneration

The Company has no employees other than the directors. No director received any remuneration for their services to the Company in the year or previous period.

Notes to the Accounts *continued*

7. Investment Property

	Freehold
	2009
	£'000
Cost or valuation:	
At 1 st April 2008	6,388
Additions	7,486
Revaluations	(519)
At 31 st March 2009	13,355

The land in relation to the company's investment properties and the completed buildings have been professionally valued by the company's own Royal Institution of Chartered Surveyor's qualified staff on the basis of the open market value as at 31st March 2009 using the residual value method. On the basis of this advice, the directors have concluded that a temporary devaluation of £0.519m is appropriate. The Group's own qualified staff have also assessed the recoverable value of the development under the requirements of Financial Reporting Standard 15.

The historical cost of the investment properties is £13.4m. Capitalised interest within investment properties include interest and amortisation of arrangement fee and commitment fees in aggregate amounting to £609,000 (2008: £151,000).

8. Debtors

	2009	2008
	£'000	£'000
Group Relief	119	-
	119	-

9. Creditors (amounts falling due within one year)

	2009	2008
	£'000	£'000
Amounts owed to fellow group undertakings	13,403	5,869

10. Provisions for Liabilities

	2009	2008
	£'000	£'000
Deferred Taxation		
At 1 st April 2008	-	-
Profit and loss account (note 5)	29	-
At 31 st March 2009	29	-
Provision is made for deferred tax at a rate of 28%, the amount provided being:		
	2009	2008
	£'000	£'000
Losses	(14)	-
Capitalised interest	43	-
	(29)	-

PEEL MEDIA HOTELS LIMITED

Notes to the Accounts *continued*

11. Called-up Share Capital

	2009	2008
	£	£
Authorised		
Equity Share Capital		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted and fully paid		
Equity Share Capital		
2 ordinary shares of £1 each	2	2

12. Reserves

	Revaluation Reserve	Profit and Loss Account
	£'000	£'000
At 1 st April 2008	519	-
Revaluations - Temporary	(519)	-
Retained profit for the financial period	-	42
At 31st March 2009	-	42

13. Ultimate Holding Company

The ultimate holding company in the year to 31st March 2009 was Tokenhouse Limited, a company incorporated in the Isle of Man. Tokenhouse Limited is controlled by the 1997 Billown Settlement Trust.

The largest group of companies, of which the company is a member, that produces consolidated accounts is Tokenhouse Holdings (IOM) Limited, a company incorporated in the Isle of Man.

The smallest group of companies, of which the company is a member, that produces consolidated accounts, is Peel Media (Holdings) Limited, a company incorporated in England. Its Group accounts are available from the Company Secretary, Peel Dome, The Trafford Centre, Manchester M17 8PL.