

LRG HOLDINGS NO.2 LIMITED
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2009

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COMPANIES HOUSE

LRG Holdings No. 2 Limited

Officers and Professional Advisers

DIRECTORS

R Prince
P Ekas

SECRETARY

Paul Hastings Administrative Services Limited

REGISTERED OFFICE

10 Bishops Square
8th Floor
London
E1 6EG

AUDITORS

Deloitte LLP
Chartered Accountants and Statutory Auditors
London

LRG Holdings No. 2 Limited

The Directors' Report

Year to 31 December 2009

The directors present their report and financial statements for the year ended 31 December 2009

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

There has been no trading during the current or prior period and therefore no Profit and Loss account has been prepared

FUTURE DEVELOPMENTS

The directors plan to maintain the company's dormant status for the foreseeable future

DIRECTORS

The directors who served the company during the year were as follows

J McCarthy	(Resigned 26 February 2009)
R Prince	
S Van Oosterom	(Appointed 27 February 2009, resigned 6 October 2009)
P Ekas	(Appointed 6 October 2009)

DIRECTORS' RESPONSIBILITIES

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all steps that he/she ought to have taken as a director to make himself/herself 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 section 418 of the Companies Act 2006

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

AUDITORS

Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting

Signed on behalf of the directors



Director **P EKAS**

Approved on **9-7-10**

LRG Holdings No. 2 Limited

Directors' Responsibilities Statement

Year to 31 December 2009

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. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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 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.

Independent Auditors' Report To The Members of LRG Holdings No. 2 Limited

Year to 31 December 2009

We have audited the financial statements of LRG Holdings No 2 Limited for the year ended 31 December 2009 which comprise the balance sheet, and the related notes 1 to 7. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 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

As explained more fully in the Directors' Responsibilities Statement, 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 December 2009,
- 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.

Independent Auditors' Report to the Members of LRG Holdings No. 2 Limited
(continued)

Year to 31 December 2009

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

- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report, or
- 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

Tim Steel

Timothy Steel (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

12/7/10


LRG Holdings No. 2 Limited

Balance Sheet

As at 31 December 2009

	Notes	2009 £000	2008 £000
CURRENT ASSETS			
Debtors – amounts falling due within one year	3	2,282	2,282
NET ASSETS		<u>2,282</u>	<u>2,282</u>
CAPITAL AND RESERVES			
Called up share capital	4	-	-
Profit and loss reserve	5	2,282	2,282
SHAREHOLDERS' FUNDS	5	<u>2,282</u>	<u>2,282</u>

These financial statements were approved by the directors and authorised for issue on 9-7-10 and are signed on their behalf by


Director P. EKAS


R. PRINCE

Company Registration Number 1295183

LRG Holdings No. 2 Limited

Notes to the Financial Statements

Year to 31 December 2009

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention. They have been drawn up to comply with applicable United Kingdom accounting standards.

Going concern

The company is a part of the LRG Holdings Limited group and the group's business activities, together with the factors likely to affect its future development, performance and position are set out in the financial statements of LRG Holdings Limited.

The group meets its day to day working capital requirements from normal trading activities, through its 61 hotels. The current economic conditions create uncertainty over the level of demand for the group's hotels and as a result the directors have considered the ability of the group to meet its operational and financing obligations over the next twelve months and the ability for the group to extend or refinance its debt facilities which were due to expire on 24 May 2010. Agreement was reached with the group's lenders in June 2010 to extend the maturity of short term senior loans for two years, to 24 May 2012, with a further twelve month extension at the option of the group and subject to meeting certain tests. The group's financial forecasts, taking account of the revised loan terms and reasonably possible changes in trading performance, show that the group will be able to operate within the level of its current and future facilities and remain in compliance with the terms of its loan agreements.

The company is dependent on continuing finance being made available by its parent undertaking to enable it to continue operating and to meet its liabilities as they fall due. The company is in receipt of a letter from its parent company confirming that it will provide continuing support and the directors have made enquiries to form a reasonable expectation that the parent company has adequate resources to continue in operational existence and provide support for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Statement of cash flows

The directors have taken advantage of the exemption in FRS 1 "Cash Flow Statements" (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes consolidated financial statements.

2. COSTS AND OVERHEADS, LESS OTHER INCOME

Directors' emoluments for the current and prior period were nil.

There were no staff employed by the company in either the current or prior period.

Auditors' remuneration of £1,600 (2008: £1,600) has been borne by a fellow group undertaking in both the current and prior period.

3. DEBTORS: Amounts falling due within one year

	2009	2008
	£000	£000
Amounts owed by fellow group undertaking	2,282	2,282

There are no specific repayment terms and no interest is charged on the balance.

LRG Holdings No. 2 Limited

Notes to the Financial Statements

Year to 31 December 2009

4. SHARE CAPITAL

	2009 £000	2008 £000
Authorised, Allotted, Called Up and Fully Paid 50 'A' ordinary shares of £1 each	-	-
Authorised, Allotted, Called Up and Fully Paid 50 'B' ordinary shares of £1 each	-	-

5. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Profit and loss account</i> £000	<i>Total shareholders' funds</i> £000
At 31 December 2008	2,282	2,282
Result for the year	-	-
At 31 December 2009	2,282	2,282

6. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions available under FRS 8 "Related Party Transactions", and has not disclosed transactions with group companies on the basis that the company is a wholly owned subsidiary. In addition, the group accounts in which the company is included are publicly available.

7. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party is LRG Holdings Limited. The immediate parent undertaking is LRG Hotels Group (UK) Limited.

The smallest and largest group of companies for which consolidated financial statements are prepared is LRG Holdings Limited. Copies of the consolidated financial statements of LRG Holdings Limited may be obtained from the registered office located at 10 Bishops Square, 8th Floor, London, E1 6EG.