

Chantrey Vellacott DFK LLP

ETROP GRANGE LIMITED

**Financial statements
31 December 2007**



ETROP GRANGE LIMITED

Financial statements for the year ended 31 December 2007

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4-5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8-12

ETROP GRANGE LIMITED

Officers and professional advisers

Directors

P Kirschner
George Tang

Secretary

A Clayton

Registered office

The Old Farm house
Rossway Park
Berkhamsted
Herts HP4 3TZ

Bankers

Bank of Scotland plc
38 Threadneedle Street
London
EC2P 2EH

Solicitors

Denton Wilde Sapte
206 Upper Fifth Street
Milton Keynes
MK9 3DW

Auditor

Chantrey Vellacott DFK LLP
Chartered Accountants
Russell Square House
10-12 Russell Square
London
WC1B 5LF

ETROP GRANGE LIMITED

Directors' report for the year ended 31 December 2007

The directors present their report and the audited financial statements for the year ended 31 December 2007

Principal activity and review of the business

The principal activity of the company was the operation of a hotel and related leisure facilities

During 2006 Corus Hotels plc (parent company) divested 27 hotels from its portfolio, this included Etrop Grange and the company stopped trading in March 2006

The results for the year ended 31 December 2007 are set out on page 6

Dividends

The directors do not recommend the payment of a dividend (2006 £nil)

Directors and their interests

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

George Tang
P Kirschner
M Tan (resigned 15 March 2007)

None of the directors of the company at 31 December 2007 had any interests in the shares of the company during the financial year

Auditors

A resolution for the re-appointment of Chantrey Vellacott DFK LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

Approved by the Board of Directors and signed on behalf of the Board on 27 October 2008



K Tang
Director

ETROP GRANGE LIMITED

Statement of directors' responsibilities

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 as at the end of the financial year 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,
- state whether applicable accounting standards have been followed, and
- prepare the financial statements on a 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and established that the auditor is aware of that information

ETROP GRANGE LIMITED

Independent auditors' report to the shareholders of Etrop Grange Limited

We have audited the financial statements of Etrop Grange Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, Balance Sheet and related notes. 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 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 the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 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 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.

ETROP GRANGE LIMITED

Independent auditors' report to the shareholders of Etrop Grange Limited

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 December 2007 and of its results for the year then ended, and
- 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

Chantrey Vellacott DFK LLP

CHANTREY VELLACOTT DFK LLP

Chartered Accountants
Registered Auditors

LONDON

27 October 2008

Chantrey Vellacott DFK LLP

ETROP GRANGE LIMITED

Profit and loss account for the year ended 31 December 2007

	Notes	2007 £	2006 £
Turnover	2	-	393,003
Cost of sales		-	(53,864)
Gross profit		-	339,139
Administrative expenses		(9,291)	(292,897)
Profit on Disposal of Assets		-	2,353,695
Operating (loss)/profit	4	(9,291)	2,399,937
Interest receivable	5	-	1,398
Interest payable and similar charges	6	(5,250)	(5,249)
(Loss)/Profit on ordinary activities before taxation		(14,541)	2,396,086
Tax on profit on ordinary activities	7	-	136,073
Retained (loss)/profit for the financial year	13	(14,541)	2,532,159

All activities derive from discontinued operations

There is no material difference between the results reported above and those which would be reported on an unmodified historical cost basis

The notes on pages 8 to 13 form part of these financial statements

ETROP GRANGE LIMITED

Balance sheet as at 31 December 2007

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets		-	-
Current assets			
Debtors	8	11,230,044	11,813,470
Cash at bank and in hand		-	53,064
		11,230,044	11,866,534
Creditors amounts falling due within one year	9	(4,543)	(626,492)
Net current assets		11,225,501	11,240,042
Total assets less current liabilities		11,225,501	11,240,042
Provision for liabilities and charges	10	-	-
Net Assets		11,225,501	11,240,042
Capital and reserves			
Called up share capital	11	1,800,000	1,800,000
Share premium account	12	35,345	35,345
Profit and loss account	12	9,390,156	9,404,697
Equity shareholders' funds	13	11,225,501	11,240,042

These financial statements have been prepared in accordance with special provisions for small companies under Part VII of the Companies Act 1985

These financial statements were authorised and approved by the Board of Directors on 27 October 2008

Signed on behalf of the Board of Directors



K Tang
Director

The notes on pages 8 to 13 form part of these financial statements

ETROP GRANGE LIMITED

Notes to the financial statements For the year ended 31 December 2007

1. Accounting policies

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

Accounting convention

The accounts have been prepared under the historical cost convention as modified by the revaluation of freehold properties.

Deferred taxation

FRS 19 'Deferred tax' requires full provision, subject to certain exceptions, for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and for tax purposes. FRS 19 has no impact on cash flows.

Financial instruments

Financial assets such as cash and debtors are measured at the present value of the amounts receivable, less an allowance for the expected level of doubtful receivables. Financial liabilities such as trade creditors, loans and finance leases are measured at the present value of the obligation. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

2. Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities, after deduction of value added tax. The turnover, all of which arises in the United Kingdom, and profit before taxation and net assets are attributable to one activity, the operation of hotels and restaurants and the provision of conference and leisure related facilities.

ETROP GRANGE LIMITED

Notes to the financial statements For the year ended 31 December 2007

3 Information regarding directors and employees

Directors

None of the directors received any remuneration in respect of their services as directors of the company in the current or preceding financial years

Employees

Average number of persons employed
Hotel, administration and sales

2007 No.	2006 No
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-	16
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2007 £	2006 £
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Staff costs

Wages and salaries

-	143,513
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Employer's social security costs

-	4,078
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Other pension costs

-	384
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-	147,975
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4 Operating loss

2007 £	2006 £
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Operating profit is stated after charging

Hire of plant and machinery

-	2,442
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Profit on disposal of fixed assets

-	2,353,695
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The Audit fee has been borne by Corus Hotel Ltd

5 Interest receivable

2007 £	2006 £
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Bank interest

-	1,398
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6 Interest payable and similar charges

2007 £	2006 £
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Loan from group undertaking

5,250	5,249
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5,250	5,249
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ETROP GRANGE LIMITED

Notes to the financial statements For the year ended 31 December 2007

7 Tax on profit on ordinary activities

(a) Analysis of charge in period

	2007 £	2006 £
Current tax		
UK corporation tax on profits of the period	-	-
Adjustments in respect of previous periods	-	-
Total current tax (note 7(b))	-	-
Deferred tax		
Origination and reversal of timing differences	-	(334,220)
Discount	-	232,632
Adjustment in respect of previous periods	-	(34,485)
Total deferred tax	-	(136,073)
Tax on profits on ordinary activities	-	(136,073)

(b) Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30%
The differences are explained below

	2007 £	2006 £
(Loss)/profit on ordinary activities before tax	(14,541)	2,396,086
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	(4,362)	718,826
Effects of		
Expenses not deductible for tax purposes	4,362	17,010
Transfer pricing adjustment	-	(9,117)
Capital allowances for period in (excess) of qualifying depreciation	-	334,220
Capital gain (less than)/in excess of profit on disposal	-	(1,087,379)
Losses (claimed)	-	26,440
Current tax for period (note 7(a))	-	-

(c) Special factors affecting 2006 tax charge

The assets to which deferred tax balance as at 1 January 2006 of £136,073 related were sold in 2006 and as a consequence the tax has been reversed, resulting in significant tax credit

ETROP GRANGE LIMITED

Notes to the financial statements For the year ended 31 December 2007

8 Debtors	2007	2006
	£	£
Trade debtors	26,468	19,269
Amounts owed by group undertaking	<u>11,203,576</u>	<u>11,794,201</u>
	<u>11,230,044</u>	<u>11,813,470</u>
9 Creditors: amounts falling due within one year	2007	2006
	£	£
Trade creditors	-	8,859
Other creditors	4,543	53,631
Amounts owed by group undertaking	<u>-</u>	<u>564,002</u>
	<u>4,543</u>	<u>626,492</u>
10 Provision for liabilities and charges	2007	2006
	£	£
Provision for deferred tax		
Accelerated capital allowances	-	-
Discount	<u>-</u>	<u>-</u>
Discounted provision for deferred tax	<u>-</u>	<u>-</u>
Provision at start of year	-	136,073
Adjustment in respect of previous periods	-	(34,486)
Deferred tax charge in profit and loss account for period	<u>-</u>	<u>(101,587)</u>
Provision at end of year	<u>-</u>	<u>-</u>
11 Called up share capital	2007	2006
	£	£
Authorised share capital		
1,800,000 ordinary shares of £1 00 each	1,800,000	1,800,000
600,000 'A' ordinary shares of £1 00	<u>600,000</u>	<u>600,000</u>
	<u>2,400,000</u>	<u>2,400,000</u>
Called up, allotted, and fully paid		
1,200,000 Ordinary shares of £1 00 each	1,200,000	1,200,000
600,000 'A' ordinary shares of £1 00 each	<u>600,000</u>	<u>600,000</u>
	<u>1,800,000</u>	<u>1,800,000</u>

The 'A' ordinary shares carry voting rights equal to two Ordinary shares of £1 each

ETROP GRANGE LIMITED

Notes to the financial statements For the year ended 31 December 2007

12 Statement of movements on reserves

	Share premium account £	Profit and loss reserve £
At 1 January 2007	35,345	9,404,697
Retained profit for the year	-	(14,541)
At 31 December 2007	35,345	9,390,156

13 Reconciliation of movement in shareholders' funds

	2007 £	2006 £
Opening shareholders' funds	11,240,042	8,707,883
Retained (loss)/profit for the year	(14,541)	2,532,159
Closing shareholders' funds	11,225,501	11,240,042

14 Related party transactions

The company is taking advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard 8, Related Party Disclosures, not to disclose transactions with group companies which are related parties

15 Ultimate parent company

The immediate parent company is Patrolmake Limited, a company incorporated in England and Wales

The immediate parent company for which consolidated financial statements are prepared is London Vista Hotels Limited, a company incorporated in England and Wales

The ultimate company is Malayan United Industries Berhad, a company incorporated in Malaysia