

**FREE TRADE HALL HOTEL LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**



# FREE TRADE HALL HOTEL LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Stephen Edmund Barker Margaret Mary Hope
<b>Secretary</b>	Stephen Edmund Barker
<b>Company number</b>	3905160
<b>Registered office</b>	Cardinal House 20 St. Mary's Parsonage Manchester M3 2LG
<b>Auditors</b>	Lopian Gross Barnett & Co. Cardinal House 20 St. Mary's Parsonage Manchester M3 2LG
<b>Bankers</b>	Bank of Scotland 19/21 Spring Gardens Manchester M2 1FB

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# FREE TRADE HALL HOTEL LIMITED

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# FREE TRADE HALL HOTEL LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

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The directors present their report and financial statements for the year ended 31 December 2005.

### Principal activities and review of the business

The principal activity of the company is that of hoteliers.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

### Results and dividends

The results for the year are set out on page 5.

### Directors

The following directors have held office since 1 January 2005:

Stephen Edmund Barker

Margaret Mary Hope

### Directors' interests

The interests of the directors in the parent company are shown in the parent company's financial statements.

#### Ordinary shares of £1 each 31 December 2005    1 January 2005

Stephen Edmund Barker	-	-
Margaret Mary Hope	-	-

#### Ordinary shares of 0.1p each 31 December 2005    1 January 2005

Stephen Edmund Barker	-	-
Margaret Mary Hope	-	-

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Lopian Gross Barnett & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

# FREE TRADE HALL HOTEL LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

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### Directors' responsibilities

The directors are responsible for preparing 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 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;
- 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 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.

On behalf of the board



Stephen Edmund Barker

Director

25 October 2006

# **FREE TRADE HALL HOTEL LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF FREE TRADE HALL HOTEL LIMITED**

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We have audited the financial statements of FREE TRADE HALL HOTEL LIMITED for the year ended 31 December 2005 set out on pages 5 to 15. 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 the directors and auditors**

As described in the Statement of Directors' Responsibilities on page 2 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.

# FREE TRADE HALL HOTEL LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE SHAREHOLDERS OF FREE TRADE HALL HOTEL LIMITED

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#### 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 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



Lopian Gross Barnett & Co.

30 October 2006

Chartered Accountants  
Registered Auditor

Cardinal House  
20 St. Mary's Parsonage  
Manchester  
M3 2LG

# FREE TRADE HALL HOTEL LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

		12 months ended 31/12/2005	10 months ended 31/12/2004 as restated
	Notes	£	£
<b>Turnover</b>	<b>2</b>	12,599,288	5,269,710
Cost of sales		(5,187,756)	(2,882,681)
<b>Gross profit</b>		7,411,532	2,387,029
Administrative expenses		(5,239,715)	(2,519,676)
<b>Operating profit/(loss)</b>	<b>3</b>	2,171,817	(132,647)
Start up costs written off		(44,654)	(1,098,258)
<b>Profit/(loss) on ordinary activities before interest</b>		2,127,163	(1,230,905)
Other interest receivable and similar income	<b>4</b>	32,456	21,665
Interest payable and similar charges	<b>5</b>	(2,124,146)	(387)
<b>Profit/(loss) on ordinary activities before taxation</b>		35,473	(1,209,627)
Tax on profit/(loss) on ordinary activities	<b>6</b>	-	-
<b>Profit/(loss) on ordinary activities after taxation</b>	<b>13</b>	35,473	(1,209,627)

The profit and loss account has been prepared on the basis that all operations are continuing operations.



# FREE TRADE HALL HOTEL LIMITED

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 as restated £
Profit/(loss) for the financial year		35,473	(1,209,627)
Unrealised surplus on revaluation of property held		2,795,000	-
<b>Total recognised gains and losses relating to the year</b>		<b>2,830,473</b>	<b>(1,209,627)</b>
Prior year adjustment	13	(244,831)	-
<b>Total gains and losses recognised since last financial statements</b>		<b>2,585,642</b>	<b>(1,209,627)</b>

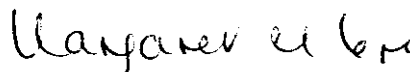
# FREE TRADE HALL HOTEL LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2005

		2005		2004 as restated	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		44,503,856		42,933,957
<b>Current assets</b>					
Stocks	8	121,248		133,658	
Debtors	9	1,773,894		2,039,892	
Cash at bank and in hand		1,384,315		1,334,889	
			3,279,457		3,508,439
<b>Creditors: amounts falling due within one year</b>	10	(4,460,263)		(3,763,199)	
<b>Net current liabilities</b>			(1,180,806)		(254,760)
<b>Total assets less current liabilities</b>			43,323,050		42,679,197
<b>Creditors: amounts falling due after more than one year</b>	11		(41,724,125)		(43,910,745)
			1,598,925		(1,231,548)
<b>Capital and reserves</b>					
Called up share capital	12		102		102
Revaluation reserve	13		2,795,000		-
Profit and loss account	13		(1,196,177)		(1,231,650)
<b>Shareholders' funds</b>	14		1,598,925		(1,231,548)

Approved by the Board and authorised for issue on 25<sup>th</sup> October 2006

  
Stephen Edmund Barker  
Director

  
Margaret Mary Hope  
Director

# FREE TRADE HALL HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of leasehold land and buildings.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### 1.3 Turnover

Turnover represents amounts receivable for the provision of hotelier, conferencing and banqueting services. Income is recognised on a daily basis for the provision of rooms, food, beverages and other sundry services provided by the company.

#### 1.4 Tangible fixed assets and depreciation

The long leasehold property is stated at cost of construction to date as modified to include the revaluation of the property on an existing use basis. Depreciation is charged as follows:

Leasehold property	Various - see note below
Computer equipment	33% p.a. straight line from the period when brought into use.
Fixtures, fittings & equipment	20% p.a. straight line from the period when brought into use.

The long leasehold property is included in the balance sheet at its revalued amount. The property has been split into three classes, the long leasehold premium, the shell of the building and the interior fixtures, fittings, plant and machinery which were included in the main contract price, as an adapted property in accordance with FRS 15. The long leasehold interest is amortised over the term of the lease of 150 years. The shell of the building is an asset which will be maintained to a very high standard due the nature of the business as a 5 star hotel and accordingly it is not being depreciated and instead is subject to an annual impairment review. In respect of the interior fixtures & fittings are being depreciated over 5 years straight line, and plant & machinery over 15 years straight line. Gross interest and finance incurred on the financing of the property are capitalised until the time that they are first available for use.

This is a change in accounting policy and as such a prior year adjustment has been put through the accounts in accordance with FRS 3. The previous accounting policy was to depreciate the shell of the building including furniture, fitting and plant & machinery included in the main building contract over 50 years.

#### 1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

# FREE TRADE HALL HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

### 1 Accounting policies (continued)

#### 1.6 Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.7 Revenue recognition

Revenue is recognised as earned when, and to the extent that, the company obtains the right to consideration in exchange for its performance in providing services as a hotelier. It is measured at the fair value of the right to consideration, which represents amounts chargeable to clients, including expenses and disbursements but excluding value added tax.

Revenue not billed to clients is included in debtors and payments on account in excess of the relevant amount of revenue are included in creditors.

#### 1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future. No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company is not intending to sell the revalued property.

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

	12 months ended 31/12/2005 £	10 months ended 31/12/2004 £
<b>3 Operating profit/(loss)</b>		
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	1,542,082	553,426
Operating lease rentals	13,100	21,216
Auditors' remuneration (including non-audit work)	50,000	42,000
	<u>          </u>	<u>          </u>
	12 months ended 31/12/2005 £	10 months ended 31/12/2004 £
<b>4 Investment income</b>		
Bank interest	32,456	21,665
	<u>          </u>	<u>          </u>

# FREE TRADE HALL HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

	12 months ended 31/12/2005 £	10 months ended 31/12/2004 £
<b>5 Interest payable</b>		
On other loans wholly repayable within five years	2,122,598	-
Hire purchase interest	1,548	387
	<u>2,124,146</u>	<u>387</u>
<b>6 Taxation</b>		
Current tax charge	-	-
<b>Factors affecting the tax charge for the year</b>		
Profit/(loss) on ordinary activities before taxation	35,473	(1,209,627)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2004: 0.00%)	6,740	-
Effects of:		
Tax losses utilised	(6,740)	-
Current tax charge	-	-

No liability to corporation tax arises due to taxable losses brought forward.

# FREE TRADE HALL HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

### 7 Tangible fixed assets

	Long leasehold land and buildings	Plant, machinery, hotel furniture and office equipment	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 January 2005	41,886,148	1,601,235	43,487,383
Additions	78,355	238,626	316,981
Revaluation	2,795,000	-	2,795,000
Reclassification	(3,320,512)	3,320,512	-
At 31 December 2005	41,438,991	5,160,373	46,599,364
<b>Depreciation</b>			
At 1 January 2005	380,802	172,624	553,426
Reclassification	(191,862)	191,862	-
Charge for the year	567,125	974,957	1,542,082
At 31 December 2005	756,065	1,339,443	2,095,508
<b>Net book value</b>			
At 31 December 2005	40,682,926	3,820,930	44,503,856
At 31 December 2004	41,505,346	1,428,611	42,933,957

The property has been valued on Existing Use Value by Sanderson Weatherall on 19 September 2006 and is stated in the accounts after deducting amounts payable by the company in the event of a disposal at this amount to certain parties under various legal agreements entered into by the company at the time it commenced the construction of the hotel.

The net book value of other tangible fixed assets includes £30,508 (2004 - £39,113) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £8,605 (2004 - £3,911) for the year.

### 8 Stocks

	2005 £	2004 £
Finished goods and goods for resale	121,248	133,658

# FREE TRADE HALL HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

9 Debtors	2005 £	2004 £
Trade debtors	857,718	1,052,798
Amounts owed by parent and fellow subsidiary undertakings	68,175	68,175
Other debtors	21,885	-
Prepayments and accrued income	826,116	918,919
	<u>1,773,894</u>	<u>2,039,892</u>

10 Creditors: amounts falling due within one year	2005 £	2004 £
Bank loans and overdrafts	1,378,766	687,994
Net obligations under hire purchase contracts	12,975	12,975
Trade creditors	1,176,942	1,544,801
Taxes and social security costs	619,295	258,095
Other creditors	12,960	850
Accruals and deferred income	1,259,325	1,258,484
	<u>4,460,263</u>	<u>3,763,199</u>

# FREE TRADE HALL HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

11 Creditors: amounts falling due after more than one year	2005 £	2004 £
Bank loans	30,963,620	33,137,266
Other loans	10,755,059	10,755,059
Net obligations under hire purchase contracts	5,446	18,420
	<u>41,724,125</u>	<u>43,910,745</u>
<b>Analysis of loans</b>		
Not wholly repayable within five years by instalments:	30,963,620	33,137,266
Wholly repayable within five years	12,130,059	11,442,559
	<u>43,093,679</u>	<u>44,579,825</u>
Included in current liabilities	(1,375,000)	(687,500)
	<u>41,718,679</u>	<u>43,892,325</u>
Instalments not due within five years	-	-
	<u>-</u>	<u>-</u>
<b>Loan maturity analysis</b>		
In more than one year but not more than two years	1,625,000	1,375,000
In more than two years but not more than five years	30,308,273	32,731,919
In more than five years	9,785,406	9,785,406
	<u>31,718,679</u>	<u>43,892,325</u>

The Bank of Scotland loan of £32,342,386 has the following securities: A legal charge over the assets and the contracts of the company and an all sums debenture granted by all of the group companies. Security ranking behind the bank has been provided to certain other fund providers.

### Net obligations under hire purchase contracts

Repayable within one year	12,975	12,975
Repayable between one and five years	5,446	18,420
	<u>18,421</u>	<u>31,395</u>
Included in liabilities falling due within one year	(12,975)	(12,975)
	<u>5,446</u>	<u>18,420</u>



# FREE TRADE HALL HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

<b>12 Share capital</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
3 Ordinary shares of £1 each	3	3
997,000 Ordinary shares of 0.1p each	997	997
	<u>1,000</u>	<u>1,000</u>
 <b>Allotted, called up and fully paid</b>		
3 Ordinary shares of £1 each	3	3
99,000 Ordinary shares of 0.1p each	99	99
	<u>102</u>	<u>102</u>
 <b>13 Statement of movements on reserves</b>		
	<b>Revaluation reserve</b>	<b>Profit and loss account</b>
	<b>£</b>	<b>£</b>
Balance at 1 January 2005 as previously reported	-	(986,819)
Prior year adjustment	-	(244,831)
	<u>-</u>	<u>(1,231,650)</u>
Balance at 1 January 2005 as restated	-	(1,231,650)
Profit for the year	-	35,473
Revaluation during the year	2,795,000	-
	<u>2,795,000</u>	<u>(1,196,177)</u>
Balance at 31 December 2005	<u>2,795,000</u>	<u>(1,196,177)</u>
 <b>14 Reconciliation of movements in shareholders' funds</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Profit/(Loss) for the financial year	35,473	(1,209,627)
Other recognised gains and losses	2,795,000	-
	<u>2,830,473</u>	<u>(1,209,627)</u>
Net addition to/(depletion in) shareholders' funds	(1,231,548)	(21,921)
Opening shareholders' funds	<u>1,598,925</u>	<u>(1,231,548)</u>
Closing shareholders' funds	<u>1,598,925</u>	<u>(1,231,548)</u>

Opening shareholders' funds were originally £986,717 deficit before deducting prior year adjustments of £244,831. The prior period adjustments relate to a change in accounting policy in respect of depreciation charges for the building costs and is in accordance with FRS 3. See accounting policy note 1.4 on page 8 for further details.

# FREE TRADE HALL HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

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### 15 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

2005 Number	2004 Number
198	150

#### Employment costs

	£	£
Wages and salaries	2,753,692	1,495,019
Social security costs	240,356	109,583
	<u>2,994,048</u>	<u>1,604,602</u>

### 16 Control

The company was controlled at the end of the current period by its director Mr S E Barker who owns 100% of the issued share capital in the ultimate parent company, Peterloo Hotels Limited.

### 17 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.