

**GUILDFORD HOTELS LTD
FINANCIAL STATEMENTS
FOR
31 DECEMBER 2008**

Company Registration Number 4386916

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GUILDFORD HOTELS LTD
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

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GUILDFORD HOTELS LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

The directors present their report and the financial statements of the company for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of a property investment company.

DIRECTORS

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

Mr J R Morley
Mr V Wason
Mr J Shahab
Mr J Pattison

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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 which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

In preparing those 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; 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 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. The directors 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.

GUILDFORD HOTELS LTD

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2008

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and Messrs Shah Dodhia & Co will therefore continue in office as auditors.

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.

Registered office:

140 Bath Road

Hayes

Middx

UB3 5AW

Signed by order of the directors



MR V WASON

Director

Approved by the directors on **29 July 2009**

GUILDFORD HOTELS LTD
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
GUILDFORD HOTELS LTD
YEAR ENDED 31 DECEMBER 2008

We have audited the financial statements (the "financial statements") of Guildford Hotels Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the 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 THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 1.

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. We also report to you whether, in our opinion, the information given in the Directors' Report is not 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 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 United Kingdom Auditing Standards 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.

GUILDFORD HOTELS LTD

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
GUILDFORD HOTELS LTD *(continued)***

YEAR ENDED 31 DECEMBER 2008

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 2008 and of its loss 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.



Shah Dodhia & Co
Chartered Accountants
Registered Auditors
London

5 August 2009

GUILDFORD HOTELS LTD
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2008

	Note	2008 £	2007 £
Rent receivable		41,531	66,127
Administrative expenses		(22,455)	(24,403)
OPERATING PROFIT	2	19,076	41,724
Interest payable		(182,144)	(118,458)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(163,068)	(76,734)
Taxation		-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION BEING LOSS FOR THE FINANCIAL YEAR		(163,068)	(76,734)
Balance brought forward		(433,436)	(356,702)
Balance carried forward		(596,503)	(433,436)

All of the activities of the company are classed as continuing.

The company has no further recognised gains or losses other than the results for the period as set out above.

GUILDFORD HOTELS LTD**BALANCE SHEET****31 DECEMBER 2008**

	Note	2008	2007
		£	£
FIXED ASSETS			
Tangible assets	3	1,512,712	1,512,712
CURRENT ASSETS			
Debtors	4	-	5,704
Cash at bank and in hand		159	7,106
		<u>159</u>	<u>12,810</u>
CREDITORS: Amounts falling due within one year	5	<u>1,319,969</u>	<u>1,395,503</u>
NET CURRENT LIABILITIES		(1,319,810)	(1,382,693)
TOTAL ASSETS LESS CURRENT LIABILITIES		192,902	130,019
CREDITORS: Amounts falling due after more than one year	6	<u>787,406</u>	<u>561,455</u>
		<u>(594,504)</u>	<u>(431,436)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	7	2,000	2,000
Profit and Loss Account		<u>(596,504)</u>	<u>(433,436)</u>
DEFICIENCY		<u>(594,504)</u>	<u>(431,436)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

These financial statements were approved by the directors on ~~29 July~~ **29 July 2009** and are signed on their behalf by:


MR J R MORLEY
 Director

GUILDFORD HOTELS LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

Fixed assets and depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings - 25% per annum on a straight line basis

Investment property

In accordance with Statement of Standard Accounting Practice No 19 - Accounting for Investment Properties:

i. Investment Properties are revalued periodically at open market values. Surpluses and deficits arising and the aggregate surplus or deficit is transferred to the revaluation reserve except that any permanent diminution in the value of an investment property is taken to the profit and loss account for the year; and

ii . No Depreciation or Amortisation is provided in respect of freehold investment properties.

This treatment, as regards certain of the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or Amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

2. OPERATING PROFIT

Operating loss is stated after charging:

	2008	2007
	£	£
Auditors' fees	<u>2,144</u>	<u>701</u>

GUILDFORD HOTELS LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

3. TANGIBLE FIXED ASSETS

	Investment Property £	Fixtures & Fittings £	Total £
COST			
At 1 January 2008	1,512,712	14,376	1,527,088
Additions			
At 31 December 2008	<u>1,512,712</u>	<u>14,376</u>	<u>1,527,088</u>
DEPRECIATION			
At 1 January 2008	–	14,376	14,376
Charge for the year	–	–	–
	<u>–</u>	<u>14,376</u>	<u>14,376</u>
NET BOOK VALUE			
At 31 December 2008	<u>1,512,712</u>	<u>–</u>	<u>1,512,712</u>
At 31 December 2007	<u>1,512,712</u>	<u>–</u>	<u>1,512,712</u>

4. DEBTORS

	2008 £	2007 £
Other debtors	–	1,000
Prepayments and accrued income	–	4,704
	<u>–</u>	<u>5,704</u>

5. CREDITORS: Amounts falling due within one year

	2008 £	2007 £
Bank loans and overdrafts	1,300,000	1,300,000
Other creditors	19,969	95,503
	<u>1,319,969</u>	<u>1,395,503</u>

The bank loans are repayable on demand and renewed annually.

6. CREDITORS: Amounts falling due after more than one year

	2008 £	2007 £
Shareholder Loan	<u>787,406</u>	<u>561,455</u>

GUILDFORD HOTELS LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

7. SHARE CAPITAL**Authorised share capital:**

	2008	2007
	£	£
1,000 Ordinary Class A shares of £1 each	1,000	1,000
1,000 Ordinary Class B shares of £1 each	1,000	1,000
	<u>2,000</u>	<u>2,000</u>

Allotted, called up and fully paid:

	No.	2008	No.	2007
		£		£
Ordinary Class A shares	1,000	1,000	1,000	1,000
Ordinary Class B shares	1,000	1,000	1,000	1,000
	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>

8. RELATED PARTY TRANSACTIONS

The company has entered into the following agreements with Edwardian Management Services Ltd (EMS), which owns 1000B shares in the company, being 50% of the issued share capital:

- a) A loan agreement under which EMS has granted an initial loan of £310,000 in 2002, to the company and a further loan of £306,455 over the years as stated in Note 6.
- b) An agreement under which EMS will enter into an operating agreement with the company.