

TLLC BRIDGECO3 LIMITED

Company Registration No: 4588795

Report and Financial Statements

Period Ended 31 March 2008

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TLLC Bridgeco3 Limited

Report and financial statements for the period ended 31 March 2008

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Company information

Directors

T J Evans
S L Gumm
N M Leslau

Secretary and registered office

S L Gumm, Cavendish House, 18 Cavendish Square, London, W1G 0PJ

Company number

4588795

Auditors

BDO Stoy Hayward LLP, Emerald House, East Street, Epsom, Surrey, KT17 1HS

TLLC Bridgeco3 Limited

Report of the directors for the period ended 31 March 2008

The directors present their report together with the audited financial statements for the period ended 31 March 2008.

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the period of £850,827 (2007 loss: £80,763).

The directors do not recommend payment of a final dividend (2007: £nil).

The comparative figures relate to the period from 1 January 2007 to 27 April 2007.

Principal activities

The company was engaged in the ownership and letting of commercial properties to what are now former group undertakings until 17 July 2007. The principal activity of the company since that date, following the change in ultimate ownership referred to below, has been that of property investment in the United Kingdom. The company continues to let its properties, under operating leases, to former group companies.

On 17 July 2007, TLLC Bridgeco3 Limited was acquired by Prestbury Hotels Finance Limited, and from that date the company's new ultimate parent undertaking became Prestbury Hotel Holdings Limited.

Directors

The directors of the company who held office during the period were as follows:

S L Gumm	(appointed 17 July 2007)
G Hearn	(resigned 17 July 2007)
J Mortimore	(resigned 17 July 2007)
G Parsons	(resigned 17 July 2007)
P Harvey	(resigned 18 May 2007)
M Storey	(appointed 26 April 2007, resigned 27 April 2007)

In addition, N M Leslau and T J Evans were appointed as directors of the company on 11 December 2008.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and 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 period 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

TLLC Bridgeco3 Limited

Report of the directors for the period ended 31 March 2008 *(Continued)*

Directors' responsibilities *(Continued)*

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.

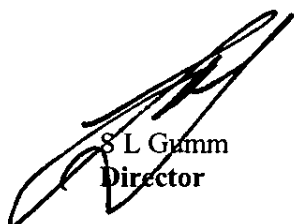
Auditors

The current directors have taken all the steps they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information which has not been brought to the attention of the auditors.

During the period, BDO Stoy Hayward LLP were appointed as auditors of the company and have expressed their willingness to continue in office.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the Board



S L Gumm
Director

18 December 2008

TLLC Bridgeco3 Limited

Report of the independent auditors to the shareholders of TLLC Bridgeco3 Limited

We have audited the financial statements of TLLC Bridgeco3 Limited for the period ended 31 March 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 2008 and of its profit for the period 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.

TLLC Bridgeco3 Limited

Report of the independent auditors to the shareholders of TLLC Bridgeco3 Limited (*Continued*)

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The group of which the company is a member is reliant on the continuing support of its bankers. The current loan facility expires on 29 April 2009 and, although the directors expect to be able to renew the facility on similar terms, they have no binding agreement from the bank. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the group's and therefore the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.



BDO STOY HAYWARD LLP
Chartered Accountants and Registered Auditors
Epsom

18 December 2008

TLLC Bridgeco3 Limited**Profit and loss account for the period ended 31 March 2008**

	Note	Period ended 31 March 2008 £	Period ended 27 April 2007 £
Turnover	2	3,023,524	1,089,326
Direct property expenses		(160,446)	-
Gross profit		2,863,078	1,089,326
Administrative expenses		(253,008)	(374,842)
Profit on ordinary activities before interest	5	2,610,070	714,484
Interest payable and similar charges	6	(2,193,352)	(763,538)
Profit/(loss) on ordinary activities before taxation		416,718	(49,054)
Taxation on profit/(loss) on ordinary activities	7	434,109	(31,709)
Profit/(loss) on ordinary activities after taxation	14	850,827	(80,763)

All amounts relate to continuing activities.

There was no difference between the historical cost result and the reported result on ordinary activities for the current or preceding period.

The notes on pages 9 to 16 form part of these financial statements.

TLLC Bridgeco3 Limited**Statement of total recognised gains and losses for the period ended 31 March 2008**

		Period ended 31 March 2008 £	Period ended 27 April 2007 £
Profit/(loss) for the financial period		850,827	(80,763)
Unrealised surplus on revaluation of investment properties in the period	14	24,389,312	-
		<hr/>	<hr/>
Total recognised gains and losses for the period		25,240,139	(80,763)
		<hr/>	<hr/>

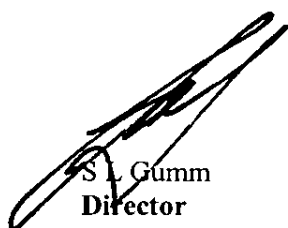
The notes on pages 9 to 16 form part of these financial statements.

TLLC Bridgeco3 Limited

Balance sheet at 31 March 2008

	Note	31 March 2008 £	31 March 2008 £	27 April 2007 £	27 April 2007 £
Fixed assets					
Investment properties	8		56,242,000		-
Other tangible fixed assets	8		-		32,006,552
			<u>56,242,000</u>		<u>32,006,552</u>
Current assets					
Debtors due within one year	9	91,830		-	
Creditors: amounts falling due within one year	10	(141,830)		(31,400,895)	
		<u></u>		<u></u>	
Net current liabilities			(50,000)		(31,400,895)
			<u></u>		<u></u>
Total assets less current liabilities			56,192,000		605,657
Creditors: amounts falling due after more than one year	11		(30,780,817)		-
Provisions for liabilities	12		-		(434,613)
			<u></u>		<u></u>
Net assets			<u>25,411,183</u>		<u>171,044</u>
Capital and reserves					
Called up share capital	13		1		1
Profit and loss account	14		1,021,870		171,043
Revaluation reserve	14		24,389,312		-
			<u></u>		<u></u>
Shareholders' funds	15		<u>25,411,183</u>		<u>171,044</u>

The financial statements were approved by the Directors and authorised for issue on 18 December 2008.


S. L. Gumm
Director

The notes on pages 9 to 16 form part of these financial statements.

TLLC Bridgeco3 Limited

Notes forming part of the financial statements for the period ended 31 March 2008

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and are in accordance with applicable accounting standards.

The following significant accounting policies have been applied consistently for all or part of the period:

Basis of preparation

The group of which the company is a member is principally financed by bank loans in the amount of £114,277,624, held by the immediate parent company, Prestbury Hotels Finance Limited. These loans are repayable by 29 April 2009. Although the directors of Prestbury Hotels Finance Limited are now in negotiations with the existing lender and, in particular because of the long lease terms and the strength of the tenant, are confident that such finance as the group may require will be put in place by that date, as at the date of signing these accounts no new facilities have been arranged.

Based on these negotiations, the directors of the company believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the uncertainty may cast significant doubt on the group's, and therefore the company's, ability to continue realising its assets and discharging its liabilities in the normal course of business and therefore to continue as a going concern. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Turnover

Turnover represents rents receivable during the period from the leasing and letting of commercial properties at invoiced amounts less value added tax.

Investment properties / other tangible fixed assets

Investment properties are included in the balance sheet at their open market value at the balance sheet date, on the basis of an annual valuation. Aggregate surpluses or deficits arising on valuation are transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in the value, in which case it is charged directly to the profit and loss account.

Additions to investment properties include only costs of a capital nature. Costs such as interest and other property outgoings are treated as revenue expenditure and written off as incurred.

Prior to the acquisition of the company by Prestbury Hotels Finance Limited on 17 July 2007, the fixed assets of the company were depreciated on a straight line basis over their estimated useful economic lives as follows:

- Freehold land was not depreciated;
- Freehold buildings were depreciated to their estimated residual values over periods up to seventy five years;
- Leasehold land, buildings and improvements were depreciated to their estimated residual values over the shorter of fifty years and their remaining lease periods.

Following the date of acquisition referred to above, in accordance with SSAP 19 (as amended), no depreciation or amortisation is provided in respect of long leasehold investment properties. This treatment is a departure from the requirements of the Companies Act 1985 concerning depreciation of fixed assets. However, the company's investment properties are held not for consumption but for investment and the director considers that systematic annual depreciation would be inappropriate. The accounting policy is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

TLLC Bridgeco3 Limited

Notes forming part of the financial statements for the period ended 31 March 2008 (Continued)

1 Accounting policies (continued)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is unable to utilise existing capital losses within the group of which it is a member; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of any underlying timing differences.

Deferred tax balances are not discounted.

2 Turnover

Turnover is wholly attributable to the principal activities undertaken by the company during the period and arose solely within the United Kingdom.

3 Employees

The average number of employees, excluding directors, during the period was nil (2007: nil).

4 Directors

No director received any emoluments from the company during the period (2007: none).

5 Profit on ordinary activities before interest

	Period ended 31 March 2008 £	Period ended 27 April 2007 £
<i>This has been arrived at after charging:</i>		
Depreciation of tangible fixed assets	153,864	222,249
Head lease rentals	256,949	152,593

Head lease rental payments are recoverable from tenants and that recovery is disclosed within turnover.

The auditors' remuneration is borne by the immediate parent company. Fees for the audit of company were £760 (2007: £5,000).

The consolidated accounts of Prestbury Hotel Holdings Limited disclose details of non-audit fees paid to the company's auditors in the current and prior period.

TLLC Bridgeco3 Limited

Notes forming part of the financial statements for the period ended 31 March 2008 *(Continued)*

6 Interest payable and similar charges

	Period ended 31 March 2008 £	Period ended 27 April 2007 £
Interest payable on loans from former group undertakings	528,606	763,538
Interest payable on loans from current parent company	1,664,746	-
	<u>2,193,352</u>	<u>763,538</u>

7 Taxation

Taxation on profit/(loss) on ordinary activities

	Period ended 31 March 2008 £	Period ended 27 April 2007 £
<i>UK corporation tax</i>		
Current tax on profits/(losses) of the period	504	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	(434,613)	31,709
	<u>(434,109)</u>	<u>31,709</u>

TLLC Bridgeco3 Limited

Notes forming part of the financial statements for the period ended 31 March 2008 (Continued)

7 Taxation (continued)

Taxation on profit/(loss) on ordinary activities (continued)

The tax assessed for the period varies from the standard rate of corporation tax in the UK. The differences are explained below:

	Period ended 31 March 2008 £	Period ended 27 April 2007 £
Profit/(loss) on ordinary activities before tax	416,718	(49,054)
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 30% (2007 – 30%)	125,015	(14,716)
Effects of:		
Capital allowances less than/(in excess of) depreciation	7,225	(31,709)
Hotel building allowances	(123,673)	-
Expenses not deductible for tax purposes	-	42,147
Group relief (claimed)/surrendered	(8,063)	4,278
Current tax charge for period	504	-

At present it is not envisaged that any tax will become payable in the foreseeable future, due to the availability of losses within the group of which the company is now a member.

Deferred taxation

	31 March 2008 £	27 April 2007 £
<i>The deferred tax liability is made up as follows:</i>		

Accelerated capital allowances	-	(434,613)
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	31 March 2008 Unprovided £	31 March 2007 Unprovided £
<i>The unprovided deferred tax (liability)/asset is made up as follows:</i>		

On the inherent capital gain arising on the carrying value of investment properties	(13,146,824)	-
Other timing differences	-	20,840

As a result of the change in UK Corporation Tax rates which took effect from 1 April 2008, the deferred tax balances in the financial statements have been re-measured using a tax rate of 28%.

TLLC Bridgeco3 Limited

Notes forming part of the financial statements for the period ended 31 March 2008 (Continued)

8 Investment properties / other tangible fixed assets

	Long leasehold investment properties £
<i>At valuation</i>	
At 28 April 2007 – net book value	32,006,552
Depreciation charge for the period to 17 July 2007	(153,864)
	<hr/>
	31,852,688
Surplus on revaluation	24,389,312
	<hr/>
At 31 March 2008 - valuation	56,242,000
	<hr/>

During the period, the company's properties were used by former fellow group undertakings as operating assets. Following the acquisition by Prestbury Hotels Finance Limited of the company on 17 July 2007, the properties have been treated as investment properties in the company's financial statements.

At 31 March 2008, the investment properties were valued on an open market basis by Nick Leslau BSc MRICS, a chartered surveyor and director of the company and its parent companies, at £56,242,000.

The historical cost of the company's properties is £35,002,161 (2007: £35,002,161).

8 Investment properties / other tangible fixed assets (continued)

A charge over the company's assets, including the above properties, has been granted to the group's lenders as part of the security for bank borrowings provided to Prestbury Hotels Finance Limited, the immediate parent company.

9 Debtors

	31 March 2008 £	27 April 2007 £
Prepayments and accrued income	91,830	-
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TLLC Bridgeco3 Limited

Notes forming part of the financial statements for the period ended 31 March 2008 (Continued)

10 Creditors: amounts falling due within one year

	31 March 2008 £	27 April 2007 £
Trade creditors	7,843	-
Amounts due to former group undertakings	-	31,400,895
Accruals and deferred income	132,111	-
Corporation tax	504	-
Other taxation and social security	1,372	-
	<u>141,830</u>	<u>31,400,895</u>

The amounts due to former group undertakings were repayable on demand and bore interest at 8%.

11 Creditors: amounts falling due after more than one year

	31 March 2008 £	27 April 2007 £
Amounts due to current group undertakings	<u>30,780,817</u>	<u>-</u>

The amounts due to current group undertakings are unsecured, bear interest at 8% and have no fixed repayment date. The above amounts include interest accrued of £1,664,746.

12 Provisions for liabilities

	31 March 2008 £	27 April 2007 £
<i>Movements on the provided deferred tax liability:</i>		
At the start of the period	434,613	402,904
(Credit)/charge for the period	(434,613)	31,709
	<u>-</u>	<u>434,613</u>

13 Share capital

	31 March 2008 Number	27 April 2007 Number	31 March 2008 £	27 April 2007 £
<i>Authorised:</i>				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid:</i>				
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

TLLC Bridgeco3 Limited

Notes forming part of the financial statements for the period ended 31 March 2008 (Continued)

14 Reserves

	Revaluation reserve £	Profit and loss account £
At 28 April 2007	-	171,043
Retained profit for the period	-	850,827
Unrealised surplus on revaluation of investment properties in the period	24,389,312	-
At 31 March 2008	24,389,312	1,021,870

15 Reconciliation of movement in shareholders' funds

	Period ended 31 March 2008 £	Period ended 27 April 2007 £
Profit/(loss) for the period	850,827	(80,763)
Unrealised surplus on revaluation of investment properties in the period	24,389,312	-
Net movement in shareholders' funds	25,240,139	(80,763)
Opening shareholders' funds	171,044	251,807
Closing shareholders' funds	25,411,183	171,044

16 Related party transactions

The company has taken advantage of the exemption available to wholly owned subsidiary undertakings under Financial Reporting Standard 8, "Related Party Transactions", not to disclose details of any transactions with entities that are included in the consolidated financial statements of Prestbury Hotel Holdings Limited.

17 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as a consolidated cash flow statement is included in the financial statements of its ultimate parent company.

TLLC Bridgeco3 Limited

Notes forming part of the financial statements for the period ended 31 March 2008 *(Continued)*

18 Commitments and contingencies

The company, along with its current fellow group undertakings, entered into an agreement in the period with the bankers of Prestbury Hotels Finance Limited, the immediate parent company, to cross-guarantee the bank loans made to that company. At 31 March 2008 these bank loans amounted to £114,277,624.

Head lease rental commitments:

The company has the following commitments to pay head lease rentals in respect of certain leasehold properties held as assets at the balance sheet date:

	Land and buildings	
	31 March 2008	27 April 2007
	£	£
Expiry date:		
After 5 years	466,389	457,932

The company has the right to recover the above costs from tenants.

19 Controlling party information

At 31 March 2008, the company's immediate parent company is Prestbury Hotels Finance Limited and its ultimate parent company is Prestbury Hotel Holdings Limited. Both of these companies are incorporated in England and Wales. The consolidated accounts of Prestbury Hotel Holdings Limited are available to the public and may be obtained from the company secretary, Cavendish House, 18 Cavendish Square, London W1G 0PJ.

Prestbury Hotel Holdings Limited is a joint venture company and is not controlled by any one individual or entity.

The company was previously a member of the group headed by Travelodge Limited, until its acquisition by Prestbury Hotels Finance Limited on 17 July 2007. The ultimate controlling party of Travelodge Limited was Dubai International Capital LLC, a company incorporated in the United Arab Emirates.