

TLLC BRIDGECO3 LIMITED

Company Registration No: 4588795

Report and Financial Statements

Year Ended 31 March 2009

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TLLC Bridgeco3 Limited

Report and financial statements for the year ended 31 March 2009

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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 LLP, Emerald House, East Street, Epsom, Surrey, KT17 1HS

TLLC Bridgeco3 Limited

Report of the directors for the year ended 31 March 2009

The directors present their report together with the audited financial statements for the year ended 31 March 2009.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year of £924,953 (2008: £850,827).

The directors do not recommend payment of a final dividend (2008: £nil).

The comparative figures relate to the period from 28 April 2007 to 31 March 2008.

Principal activities

The principal activity of the company is that of property investment in the United Kingdom.

Principal risks and uncertainties - market factors

Since the summer of 2007, both the bank finance and property markets in the UK have experienced very turbulent conditions. The directors consider the properties owned by the company relatively well placed to withstand market fluctuations by virtue of the quality of the assets, strong tenant, and financing terms.

The properties are held in the financial statements at their 31 March 2009 internal valuation. It has to be recognised that at this particular and uniquely difficult time in the cycle, where there is only a limited banking market and no depth to the property market to speak of, that any accurate assessment of value is extremely difficult. We can confirm that the cash flow projections which supported this valuation at the year end are being achieved or improved upon. In the last few months, good quality real estate has seen a hardening of yields although the market remains thin. The directors consider that valuations should have stabilised or possibly improved since 31 March 2009.

Directors

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

S L Gumm	
N M Leslau	(appointed 11 December 2008)
T J Evans	(appointed 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 year ended 31 March 2009 (*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 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.

BDO LLP 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 Guram
Director

17 December 2009

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 year ended 31 March 2009 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

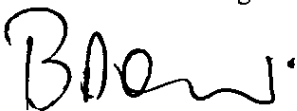
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2009 and of its profit 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.



BDO LLP

Chartered Accountants and Registered Auditors

Epsom, United Kingdom

17 December 2009

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

TLLC Bridgeco3 Limited

Profit and loss account for the year ended 31 March 2009

	Note	Year ended 31 March 2009 £	Period ended 31 March 2008 £
Turnover	2	3,569,253	3,023,524
Direct property expenses		(495,153)	(160,446)
Gross profit		3,074,100	2,863,078
Administrative expenses		(7,362)	(253,008)
Profit on ordinary activities before interest	5	3,066,738	2,610,070
Interest receivable and similar income		286	-
Interest payable and similar charges	6	(2,142,071)	(2,193,352)
Profit on ordinary activities before taxation		924,953	416,718
Taxation on profit on ordinary activities	7	-	434,109
Profit on ordinary activities after taxation	13	924,953	850,827

All amounts relate to continuing activities.

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

The notes on pages 8 to 15 form part of these financial statements.

TLLC Bridgeco3 Limited**Statement of total recognised gains and losses for the year ended 31 March 2009**

	Note	Year ended 31 March 2009 £	Period ended 31 March 2008 £
Profit for the financial year / period		924,953	850,827
Unrealised (deficit) / surplus on revaluation of investment properties in the year / period	13	(7,560,000)	24,389,312
Total recognised gains and losses for the year / period		<u>(6,635,047)</u>	<u>25,240,139</u>

The notes on pages 8 to 15 form part of these financial statements.

TLLC Bridgeco3 Limited**Company number:
4588795****Balance sheet at 31 March 2009**

	Note	31 March 2009 £	31 March 2009 £	31 March 2008 £	31 March 2008 £
Fixed assets					
Investment properties	8		48,682,000		56,242,000
Current assets					
Debtors due within one year	9	96,021		91,830	
Creditors: amounts falling due within one year	10	<u>(142,271)</u>		<u>(141,830)</u>	
Net current liabilities			<u>(46,250)</u>		<u>(50,000)</u>
Total assets less current liabilities			48,635,750		56,192,000
Creditors: amounts falling due after more than one year	11		<u>(29,859,614)</u>		<u>(30,780,817)</u>
Net assets			<u>18,776,136</u>		<u>25,411,183</u>
Capital and reserves					
Called up share capital	12		1		1
Profit and loss account	13		1,946,823		1,021,870
Revaluation reserve	13		<u>16,829,312</u>		<u>24,389,312</u>
Shareholders' funds	14		<u>18,776,136</u>		<u>25,411,183</u>

The financial statements were approved by the Directors and authorised for issue 17 December 2009.

S L Gumm
Director



The notes on pages 8 to 15 form part of these financial statements.

TLLC Bridgeco3 Limited

Notes forming part of the financial statements for the year ended 31 March 2009

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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 disclosure was included in note 1 of the immediate parent company's group accounts:

"The group's banking facilities which are secured on the group's assets, including investment properties, expired on 29 April 2009. The directors have prepared cash flow forecasts which indicate, subject to extension of these facilities, that the group can continue as a going concern for the foreseeable future. The directors are in negotiations with the lender regarding the extension of these facilities and have a reasonable expectation that these negotiations will be satisfactorily concluded. Accordingly, the directors have concluded that it is still appropriate to prepare the financial statements on a going concern basis."

The company is a party to the credit agreement referred to above and, as disclosed in note 17, is a guarantor of the obligations under that agreement.

Turnover

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

Investment properties

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.

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 year ended 31 March 2009 (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.

Head lease rentals

Head lease rentals that are obligations of the company are charged to the profit and loss account on a straight line basis over the term of the lease.

2 Turnover

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

3 Employees

The average number of employees, excluding directors, during the year was nil (2008: nil).

4 Directors

No director received any emoluments from the company during the year (2008: none).

5 Profit on ordinary activities before interest

	Year ended 31 March 2009 £	Period ended 31 March 2008 £
<i>This has been arrived at after charging:</i>		
Depreciation of tangible fixed assets	-	153,864
Head lease rentals	491,478	256,949

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 the company were £760 (2008: £760).

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

TLLC Bridgeco3 Limited

Notes forming part of the financial statements for the year ended 31 March 2009 (*Continued*)

6 Interest payable and similar charges

	Year ended 31 March 2009 £	Period ended 31 March 2008 £
Interest payable on loans from former group undertakings	-	528,606
Interest payable on loans from current group undertakings	2,142,071	1,664,746
	<u>2,142,071</u>	<u>2,193,352</u>

7 Taxation

Taxation on profit on ordinary activities

	Year ended 31 March 2009 £	Period ended 31 March 2008 £
<i>UK corporation tax</i>		
Current tax on profits of the year / period	-	504
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	(434,613)
	<u>-</u>	<u>(434,109)</u>

TLLC Bridgeco3 Limited

Notes forming part of the financial statements for the year ended 31 March 2009 (Continued)

7 Taxation (continued)

Taxation on profit on ordinary activities (continued)

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

	Year ended 31 March 2009 £	Period ended 31 March 2008 £
Profit on ordinary activities before tax	924,953	416,718
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2008 – 30%)	258,987	125,015
Effects of:		
Capital allowances less than depreciation	-	7,225
Hotel building allowances	(122,811)	(123,673)
Group relief claimed	(136,176)	(8,063)
Current tax charge for year / period	-	504

No provision for UK corporation tax has been made for the year due to the availability of hotel building allowances and group relief.

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 2009 Unprovided £	31 March 2008 Unprovided £
<i>The company has an unprovided deferred tax liability which is made up as follows:</i>		
On the inherent capital gain arising on the carrying value of investment properties	(11,039,970)	(13,146,824)

TLLC Bridgeco3 Limited

Notes forming part of the financial statements for the year ended 31 March 2009 (*Continued*)

8 Investment properties

	Long leasehold investment properties £
<i>At valuation</i>	
At 1 April 2008	56,242,000
Deficit on revaluation	(7,560,000)
	<hr/>
At 31 March 2009	48,682,000
	<hr/>

At 31 March 2009, the investment properties were valued on an open market basis by Nick Leslau BSc (Hons) MRICS, a chartered surveyor and director of the company and its parent companies, at £48,682,000 (2008: £56,242,000).

The historical cost of the company's properties is £31,852,688 (2008: £31,852,688).

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 2009 £	31 March 2008 £
Prepayments and accrued income	83,512	91,830
Other taxation and social security	12,509	-
	<hr/>	<hr/>
	96,021	91,830
	<hr/>	<hr/>

TLLC Bridgeco3 Limited

Notes forming part of the financial statements for the year ended 31 March 2009 (Continued)

10 Creditors: amounts falling due within one year

	31 March 2009 £	31 March 2008 £
Trade creditors	7,843	7,843
Accruals and deferred income	134,428	132,111
Corporation tax	-	504
Other taxation and social security	-	1,372
	<u>142,271</u>	<u>141,830</u>

11 Creditors: amounts falling due after more than one year

	31 March 2009 £	31 March 2008 £
Amounts due to current group undertakings	<u>29,859,614</u>	<u>30,780,817</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 £3,806,817 (2008: £1,664,746).

12 Share capital

	31 March 2009 Number	31 March 2008 Number	31 March 2009 £	31 March 2008 £
<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 year ended 31 March 2009 (Continued)

13 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 April 2008	24,389,312	1,021,870
Retained profit for the year	-	924,953
Unrealised deficit on revaluation of investment properties in the year	(7,560,000)	-
At 31 March 2009	16,829,312	1,946,823

14 Reconciliation of movement in shareholders' funds

	Year ended 31 March 2009 £	Period ended 31 March 2008 £
Profit for the year / period	924,953	850,827
Unrealised (deficit) / surplus on revaluation of investment properties in the year / period	(7,560,000)	24,389,312
Net movement in shareholders' funds	(6,635,047)	25,240,139
Opening shareholders' funds	25,411,183	171,044
Closing shareholders' funds	18,776,136	25,411,183

15 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.

16 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 year ended 31 March 2009 (Continued)

17 Commitments and contingencies

The company, along with its current fellow group undertakings, has entered into an agreement 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 2009 these bank loans amounted to £115,076,983 (2008: £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 2009 £	31 March 2008 £
Expiry date:		
After 5 years	467,572	466,389

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

18 Controlling party information

At 31 March 2009, 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.