

TLLC BRIDGECO3 LIMITED
Company Registration Number 4588795
Report and Financial Statements
Year Ended 31 March 2010

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TLLC Bridgeco3 Limited

Annual report and financial statements for the year ended 31 March 2010

Contents

Page

1	Officers and professional advisers
2	Report of the directors
4	Report of the independent auditors
5	Profit and loss account
6	Statement of total recognised gains and losses
7	Balance sheet
8	Notes forming part of the financial statements

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 2010

The directors present their report together with the audited financial statements for the year ended 31 March 2010

Results and dividends

The profit and loss account is set out on page 5 and shows a profit for the year of £1,156,656 (2009 £924,953)

The directors do not recommend the payment of a dividend (2009 £nil)

Principal activities

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

Directors

The directors of the company who held office during the year were

T J Evans
S L Gumm
N M Leslau

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. Whilst conditions have improved, the environment is still somewhat fragile, in particular as a result of the limited amount of new bank finance available. 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 and believe that this has been borne out by the results of the company over that period.

The properties are held in the financial statements at their 31 March 2010 internal valuation. We can confirm that the cash flow projections which supported this valuation at the year end are being achieved or improved upon. It has to be recognised, however, that given the limited banking market and lack of depth in the property investment market, any accurate assessment of the value remains extremely difficult, as it has been over the course of the credit crisis. The directors consider that valuations should have remained stable or possibly improved since 31 March 2010.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 year. In preparing the 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

TLLC Bridgeco3 Limited

Report of the directors for the year ended 31 March 2010

(continued)

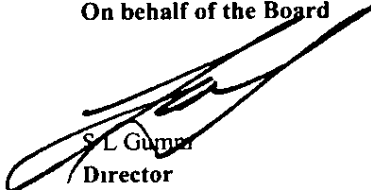
Auditors

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 directors' report has been prepared in accordance with the provisions applicable to companies entitled to small companies exemption.

On behalf of the Board



S. L. Gunna
Director

17 November 2010

TLLC Bridgeco3 Limited

Independent auditors' report to the members of TLLC Bridgeco3 Limited

We have audited the financial statements ("the financial statements") of TLLC Bridgeco3 Limited for the year ended 31 March 2010 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. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of the profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

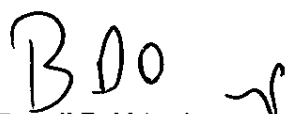
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime.



Russell Field (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor
Epsom, United Kingdom

17 November 2010

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 2010

	Note	2010 £	2009 £
Occupational rent		3,089,010	3,077,775
Head rent recovery		468,918	491,478
Turnover	2	3,557,928	3,569,253
Direct property expenses		(476,777)	(495,153)
Gross profit		3,081,151	3,074,100
Administrative expenses		(15)	(7,362)
Profit on ordinary activities before interest	5	3,081,136	3,066,738
Interest receivable		-	286
Interest payable and similar charges	6	(1,924,480)	(2,142,071)
Profit on ordinary activities before taxation		1,156,656	924,953
Taxation on profit on ordinary activities	7	-	-
Profit on ordinary activities after taxation and retained profit for the year	13	1,156,656	924,953

All amounts relate to continuing activities

There were no differences between historical cost profit and reported profit on ordinary activities for either year

The notes on pages 8 to 12 form part of the financial statements

TLLC Bridgeco3 Limited**Statement of total recognised gains and losses for the year ended 31 March 2010**

	Note	2010 £	2009 £
Profit for the year	13	1,156,656	924,953
Unrealised surplus/(deficit) on revaluation of investment properties in the year	13	4,420,000	(7,560,000)
Revaluation reserve adjustment in respect of prior years	13	(2)	-
Total recognised gains and losses for the year		5,576,654	(6,635,047)

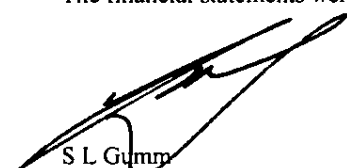
The notes on pages 8 to 12 form part of the financial statements

TLLC Bridgeco3 Limited
Company balance sheet at 31 March 2010

Registered number
4588795

	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Investment properties	8		53,102,000		48,682,000
Current assets					
Debtors due within one year	9	123,025		96,021	
Creditors: amounts falling due within one year	10	(163,208)		(142,271)	
Net current liabilities			(40,183)		(46,250)
Total assets less current liabilities			53,061,817		48,635,750
Creditors: amounts falling due after more than one year	11		(28,709,027)		(29,859,614)
Net assets			24,352,790		18,776,136
Capital and reserves					
Called up share capital	12		1		1
Profit and loss account	13		3,103,479		1,946,823
Revaluation reserve	13		21,249,310		16,829,312
Shareholders' funds	14		24,352,790		18,776,136

The financial statements were approved by the Board and authorised for issue on 17 November 2010


S L Gumm
Director

The notes on pages 8 to 12 form part of the financial statements

TLLC Bridgeco3 Limited

Notes forming part of the financial statements for the year ended 31 March 2010

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

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 revaluation 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 are written off as incurred.

In accordance with SSAP 19 (as amended), no depreciation or amortisation is provided in respect of freehold or long leasehold investment properties. This treatment is a departure from the requirements of the Companies Act 2006 concerning depreciation of fixed assets. However, the group's investment properties are held not for consumption but for investment and the directors consider 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.

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 group 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 group anticipates to make sufficient taxable profits in the future to absorb the reversal of the 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 (2009 nil).

TLLC Bridgeco3 Limited

Notes forming part of the financial statements for the year ended 31 March 2010

(continued)

4 Directors

No director received any emoluments from the group during the year (2009 none)

5 Profit on ordinary activities before interest	2010	2009
	£	£

This is arrived at after charging

Head lease rentals	<u>468,678</u>	<u>491,478</u>
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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 (2009 £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 current year

6 Interest payable and similar charges	2010	2009
	£	£

Interest payable on loans from group undertakings	<u>1,924,480</u>	<u>2,142,071</u>
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7 Taxation

	2010	2009
	£	£

Taxation on profit on ordinary activities

UK corporation tax

Current tax on profits of the year	<u>-</u>	<u>-</u>
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The tax assessed for the year varies from the standard rate of corporation tax in the UK The differences are explained below

	2010	2009
	£	£
Profit on ordinary activities before tax	<u>1,156,656</u>	<u>924,953</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2009 - 28%)	323,864	258,987
Effects of		
Disallowed expenses	1,239	-
Hotel building allowances	(83,014)	(122,811)
Group relief claimed	(242,089)	(136,176)
Current tax charge for the year	<u>-</u>	<u>-</u>

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 a member

TLLC Bridgeco3 Limited

Notes forming part of the financial statements for the year ended 31 March 2010

*(continued)***7 Taxation (continued)****Deferred taxation**

The company has an unprovided deferred tax liability which is made up as follows

	2010 £	2009 £
On the inherent capital gain arising on the carrying value of investment properties	<u>(12,160,702)</u>	<u>(11,039,970)</u>

8 Investment properties

	Long leasehold land and buildings £
<i>At valuation</i>	
At 1 April 2009	48,682,000
Surplus on revaluation	4,420,000
At 31 March 2010	<u>53,102,000</u>

At 31 March 2010 the investment properties were internally revalued on an open market basis by N M Leslau BSc (Hons) MRICS, a chartered surveyor and director of the company and its parent companies, at £53,102,000 (2009 £48,682,000)

The historical cost of the company's properties is £35,002,161 (2009 £35,002,161)

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

	2010 £	2009 £
Trade debtors	1,582	-
Other debtors	33,226	-
Prepayments and accrued income	75,174	83,512
Other taxation and social security	13,043	12,509
	<u>123,025</u>	<u>96,021</u>

10 Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	28,919	7,843
Accruals and deferred income	134,289	134,428
	<u>163,208</u>	<u>142,271</u>

TLLC Bridgeco3 Limited

Notes forming part of the financial statements for the year ended 31 March 2010

(continued)

11 Creditors amounts falling due after more than one year

	2010 £	2009 £
Amounts due to group undertakings	<u>28,709,027</u>	<u>29,859,614</u>

The amounts due to group undertakings are unsecured, bear interest at 8% and have no fixed repayment date. The above amounts include interest accrued of £5,731,297 (2009 £3,806,817)

12 Share capital

	2010 Number	2010 £	2009 Number	2009 £
<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>

13 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 April 2009	16,829,312	1,946,823
Profit for the year	-	1,156,656
Unrealised surplus on revaluation of investment properties in the year	4,420,000	-
Adjustment in respect of prior years	(2)	-
At 31 March 2010	<u>21,249,310</u>	<u>3,103,479</u>

14 Reconciliation of movement in shareholders' funds

	2010 £	2009 £
Retained profit for the year	1,156,656	924,953
Unrealised surplus/(deficit) on revaluation of investment properties in the year	4,420,000	(7,560,000)
Adjustment in respect of prior years	(2)	-
Net movement in shareholders' funds	<u>5,576,654</u>	<u>(6,635,047)</u>
Opening shareholders' funds	<u>18,776,136</u>	<u>25,411,183</u>
Closing shareholders' funds	<u>24,352,790</u>	<u>18,776,136</u>

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

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 2010 these bank loans amounted to £115,453,544 (2009 £115,076,983)

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	
	2010	2009
	£	£
Expiry date		
After 5 years	468,671	467,572

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

18 Controlling party information

At 31 March 2010, 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