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**Bridgehouse (Cannizaro
House) Limited**

Report and Financial Statements

Year Ended

30 December 2007



IBDO

BDO Stoy Hayward
Chartered Accountants

Bridgehouse (Cannizaro House) Limited

Annual report and financial statements for the year ended 30 December 2007

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Directors

A J Ruhan

Secretary and registered office

Bridge House Secretaries Limited, Suite 426 Linen Hall, 162-168 Regent Street, London, W1B 5TE.

Company number

05190367

Auditors

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU.

Bridgehouse (Cannizaro House) Limited

Report of the directors for the year ended 30 December 2007

The directors present their report together with the audited financial statements for the year ended 30 December 2007.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

Principal activities

The directors of the company during the year were:

A J Mackay
A J Ruhan

A J Mackay resigned from the board on 11 July 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 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 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

All of the current directors have taken all the steps that 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 of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board



Director

Date 29 January 2009

Bridgehouse (Cannizaro House) Limited

Report of the independent auditors

To the shareholders of Bridgehouse (Cannizaro House) Limited

We have audited the financial statements of Bridgehouse (Cannizaro House) Limited for the year ended 30 December 2007 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.

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. We also report to you if, in our opinion, the directors' report is not consistent with those 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.

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 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.

Bridgehouse (Cannizaro House) Limited

Report of the independent auditors (*Continued*)

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 30 December 2007 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 Stoy Hayward LLP

BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors
London*

Date *30 January 2009*

Bridgehouse (Cannizaro House) Limited

Profit and loss account for the year ended 30 December 2007

	Note	2007 £	2007 £
Turnover	2	4,148,820	3,380,561
Cost of sales		3,124,346	2,528,483
Gross profit		1,024,474	852,078
Administrative expenses		796,692	784,199
Operating profit		227,782	67,879
Other interest receivable and similar income		-	1,011
Interest payable and similar charges	3	(2,361)	(2,616)
Profit on ordinary activities before and after taxation for the financial year		225,421	66,274

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the profit for the year.

The notes on pages 6 to 9 form part of these financial statements.

Bridgehouse (Cannizaro House) Limited

Balance sheet at 30 December 2007

	Note	2007 £	2007 £	2007 £	2007 £
Current assets					
Stocks	7	32,170		37,502	
Debtors	8	942,374		341,906	
Cash at bank and in hand		195,810		168,101	
		<u>1,170,354</u>		<u>547,509</u>	
Creditors: amounts falling due within one year	9	<u>782,256</u>		<u>384,832</u>	
Total assets less current liabilities			<u>388,098</u>		<u>162,677</u>
Capital and reserves					
Called up share capital	10		2		2
Profit and loss account	11		388,096		162,675
Shareholders' funds	12		<u>388,098</u>		<u>162,677</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board of directors and authorised for issue on 29 January 2009



Director

The notes on pages 6 to 9 form part of these financial statements.

Bridgehouse (Cannizaro House) Limited

Notes forming part of the financial statements
for the year ended 30 December 2007

1 Accounting policies

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

The following principal accounting policies have been applied:

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Basis of preparation

The directors have considered the company's required financial resources together with their expectations for the business for the foreseeable future. They are of the opinion that the company is adequately placed to manage its business risks successfully despite the current uncertain economic outlook. The 2008 results were comparable to 2007 which has further contributed to the company's reserves. A renovation plan is underway which will temporarily reduce the occupancy of the hotel, but the longer-term benefits of the investment are considered to outweigh the short-term impact. Projections for 2009 are prudent, given the current climate and the work that is being performed to improve the hotel.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

2 Turnover

Turnover arises solely within the United Kingdom.

3 Operating profit

The audit fee is borne by another group company.

4 Directors' remuneration

No director received any emoluments during the current year (2007: £Nil)

5 Interest payable and similar charges

	2007 £	2007 £
Bank loans and overdrafts	2,361	2,616

Bridgehouse (Cannizaro House) Limited

Notes forming part of the financial statements
for the year ended 30 December 2007 (*Continued*)

6 Taxation on profit from ordinary activities

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below.

	2007 £	2007 £
Profit on ordinary activities before tax	225,421	66,274
Profit on ordinary activities at the standard rate of corporation tax In the UK of 28% (2007: 30%)	63,117	19,882
Effect of: Utilisation of group tax losses	(63,117)	(19,882)
Current tax charge for period	-	-

7 Stocks

	2007 £	2007 £
Stocks	32,170	37,502

8 Debtors

	2007 £	2007 £
Trade debtors	153,326	79,513
Amounts owed by group undertakings	757,815	235,483
Other debtors	31,233	26,910
	942,374	341,906

All amounts shown under debtors fall due for payment within one year.

Bridgehouse (Cannizaro House) Limited

Notes forming part of the financial statements
for the year ended 30 December 2007 (*Continued*)

9 Creditors: amounts falling due within one year

	2007 £	2007 £
Trade creditors	189,790	178,802
Taxation and social security	345,975	69,744
Other creditors	246,491	136,286
	<u>782,256</u>	<u>384,832</u>

10 Share capital

	Authorised		Allotted, called up and fully paid	
	2007 Number	2007 Number	2007 £	2007 £
Class 1 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>2</u>	<u>2</u>

11 Reserves

	Profit and loss account £
At 2 January 2007	162,675
Profit for the year	225,421
	<u>388,096</u>
At 30 December 2007	

12 Reconciliation movements in shareholders' funds

	2004 £	2004 £
Profit for the year	225,421	66,274
Opening shareholders' funds	<u>162,677</u>	<u>96,403</u>
Closing shareholders' funds	<u>388,098</u>	<u>162,677</u>

Bridgehouse (Cannizaro House) Limited

Notes forming part of the financial statements for the year ended 30 December 2007 (*Continued*)

13 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £5,534 (2007: £4,751). Contributions amounting to £564 (2007: £459) were payable to the fund and are included in creditors.

14 Related party transactions

Related party transactions and balances

Bridgehouse Hotel Operations UK Limited, the company's immediate parent company, provides a number of central services which it recharges to Bridgehouse (Cannizaro House) Limited. These amounted to £1,832,706 (2007: £1,492,449) in the year. Bridgehouse (Cannizaro House) Limited was owed £757,815 (2007: £196,735) at the year end which represents cash paid in advance for these services.

Bridgehouse Employment Services Limited, a fellow subsidiary undertaking, recharges salary costs to Bridgehouse (Cannizaro House) Limited. This amounted to £1,239,270 (2007: £1,011,233). No balance was outstanding at the year end.

15 Ultimate parent company

The company's immediate parent company is Bridgehouse Hotel Operations UK Limited, registered in England & Wales, and the company's ultimate parent company is Sulby Investment Holdings Limited, registered in the British Virgin Islands. A director, A J Ruhan, holds a beneficial interest in the ultimate parent company.