

MENZIES HOTELS PROPERTY NO.11 LIMITED
Registered in England Number 5945309
Report and Financial Statements
Period ended 31 January 2007



Menzies Hotels Property No.11 Limited
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Menzies Hotels Property No.11 Limited
Company information

Bankers

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Solicitors

Eversheds LLP
1 Royal Standard Place
Nottingham
NG1 6FZ

Auditors

PricewaterhouseCoopers LLP
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

Registered Office

Bakum House
Etwall Road
Derby
DE3 0DL

Registered in England Number 5945309

Menzies Hotels Property No.11 Limited Directors' Report

The Company was incorporated on 25 September 2006. The director presents his report and financial statements of the Company for the period ended 31 January 2007.

Principal activity

The principal activity of the Company is that of owning and leasing the Company's Head Office, Bakum House, Derby. The property and associated tangible fixed assets were transferred to the Company on 26 September 2006 from the parent company Menzies Hotels Limited. On 27 September 2006, the property was leased to Menzies Hotels Operating Limited, a group company for a term of 4 years.

Results and dividends

The Company's loss before taxation was £2,833 before a taxation credit of £850. No dividends were paid during the period.

Review of the business and future developments

The Company was formed to act as a property holding company within the Menzies Hotels Group. The Company has successfully managed the transition in the structure of the Group. The Directors are satisfied with the performance of the Company for the period to 31 January 2007.

Given the straightforward nature of the business and private ownership, the company director is of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the Company.

Directors' interests

The directors of the Company during the period were

	Appointed	Resigned
R Nicholas Menzies	26 September 2006	30 March 2007
Timothy J Penter	10 October 2006	-
James Elton	10 October 2006	16 January 2007
Mark Tagliaferri	10 October 2006	16 January 2007

One share was issued to Menzies Hotels Limited at par on 25 September 2006.

No director had any beneficial interest in the share capital of the Company. The interests of the directors in group companies is disclosed in the financial statements of Menzies Hotels Holdings Limited.

Directors indemnity insurance

The Company is party to qualifying third party indemnity provision for the benefit of its directors which remains in force at the date of this report.

Financial instruments and risk management

The company is exposed to financial risk and the policies used in the management of this risk are detailed in note 1 to the financial statements.

Menzies Hotels Property No.11 Limited
Directors' Report (continued)

Going concern

Notwithstanding the fact that the Company has net current liabilities, the directors have prepared the accounts on the going concern basis. The directors have received confirmation from Menzies Hotels Limited, the Company's immediate parent undertaking, of its intention to financially support the Company such that the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the directors' approval of these accounts.

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial period, which give a true and fair view of the Company's state of affairs at the end of the period and the profit or loss for the period then ended. In preparing those financial statements the directors are required to

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare 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 taking reasonable steps for the prevention and detection of fraud.

Auditors and disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Deloitte & Touche LLP were appointed as the Company's first auditors by resolution on 26 September 2006. On 21 February 2007 Deloitte & Touche LLP resigned as auditors. PricewaterhouseCoopers LLP were appointed to succeed them on that date. A resolution for the re-appointment of PricewaterhouseCoopers LLP will be proposed at the Annual General Meeting of the Company.

By order of the Board



Robert Grainger
Secretary
9 July 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MENZIES HOTELS PROPERTY NO 11 LIMITED

We have audited the financial statements of Menzies Hotels Property No 11 Limited for the period ended 31 January 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 15. 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 annual report and 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 1985. We also report to you if, in our opinion, the directors' report is 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 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.

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 January 2007 and of its loss 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.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
East Midlands

Date 10 July 2007

MENZIES HOTELS PROPERTY NO 11 LIMITED
PROFIT AND LOSS ACCOUNT
Period ended 31 January 2007

	Notes	4 months to 31 January 2007 £
TURNOVER		23,129
Administrative expenses		<u>-10,480</u>
OPERATING PROFIT	2	12,649
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		<u>12,649</u>
Interest payable and similar charges	3	-15,847
Interest receivable	3	<u>365</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		-2,833
TAXATION ON LOSS ON ORDINARY ACTIVITIES	4	<u>850</u>
LOSS AFTER TAXATION		-1,983
LOSS FOR THE PERIOD	11	<u>-1,983</u>

All of the Company's operations are continuing

There are no recognised gains and losses other than the loss for the period

There are no differences between the loss on ordinary activities before taxation and the loss for the period stated above and its historical cost equivalent

The notes on pages 9 to 12 form part of these financial statements

MENZIES HOTELS PROPERTY NO 11 LIMITED
BALANCE SHEET
31 JANUARY 2007

		31 January 2007	
		£	£
FIXED ASSETS			
Tangible assets	6		783 564
CURRENT ASSETS			
Debtors	7	21,431	
CREDITORS - amounts falling due within one year	8	<u>-778,125</u>	
NET CURRENT LIABILITIES			<u>-756,694</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>26,870</u>
PROVISIONS FOR LIABILITIES AND CHARGES	9		<u>-28 852</u>
NET LIABILITIES			<u>-1,982</u>
CAPITAL AND RESERVES			
Called up share capital	10		1
Profit and loss account	11		-1,983
EQUITY SHAREHOLDERS' DEFICIT	12		<u>-1,982</u>

Approved by the board on 9 July 2007 and signed on its behalf by



Timothy J Penter
Director

The notes on pages 9 to 12 form part of these financial statements

MENZIES HOTELS PROPERTY NO 11 LIMITED
NOTES TO FINANCIAL STATEMENTS
Period ended 31 January 2007

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Cash flow statement

The Company is exempt under FRS 1 from including a cash flow statement within these financial statements as it is a wholly owned subsidiary included within the consolidated financial statements of its parent company

Depreciation

Depreciation is not provided on land nor charged on freehold or long leasehold buildings as it is not material. In accordance with FRS 15, an annual impairment review was performed on freehold and long leasehold buildings

Short leasehold buildings are depreciated over the unexpired term of the lease when less than 50 years

Depreciation of tangible fixed assets is provided on a straight line basis over the estimated useful lives

Plant and machinery	6.66 % to 20 % per annum
Fixtures and fittings	10 % to 20 % per annum

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 the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances arising from the underlying timing differences in respect of tax allowances on hotel buildings are reversed if and when the conditions for retaining the allowances have been met

Deferred tax balances are not discounted

Risk management

From the perspective of the Company the principal risks and uncertainties are integrated with the principal risks and uncertainties of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of Menzies Hotels Holdings Limited, which include those of the company are discussed on page 5 of the Group's annual report which does not form part of this report

2 OPERATING PROFIT

4 months to
31 January 2007
£

Operating profit is stated after charging

Depreciation of owned fixed assets	8,416
Auditors remuneration - audit	2,062

3 NET INTEREST PAYABLE AND SIMILAR CHARGES

4 months to
31 January 2007
£

Interest paid to group undertakings	15,847
Interest received from group undertakings	-365
	<hr/>
	15,482

MENZIES HOTELS PROPERTY NO 11 LIMITED
NOTES TO FINANCIAL STATEMENTS
Period ended 31 January 2007

4 TAXATION ON LOSS ON ORDINARY ACTIVITIES

4 months to
31 January 2007
£

4a)	Current taxation	-
	Taxation credit in the period - deferred taxation	<u>850</u>
4 b)	Factors affecting the tax charge for the period	
	The tax assessed for the period is higher than the standard rate applying in the UK (30%) The differences are explained below	
	Loss on ordinary activities before taxation	<u>-2,833</u>
	Loss on ordinary activities at the UK tax rate (30%)	-850
	Effects of	
	Accelerated capital allowances	<u>850</u>
		<u>-</u>

5 DIRECTORS AND EMPLOYEES

The average number of directors employed during the period was 3 The amounts paid to the directors of the Company during the period for services to the Group are shown in the financial statements of Menzies Hotels Holdings Limited No amounts were paid by the Company to the directors

The Company had no other employees during the period

6 TANGIBLE FIXED ASSETS

	Office land and buildings £	Plant and fixtures £	Total £
Cost			
At incorporation	-	-	-
Transfer from parent undertaking	551,721	240,259	791,980
At 31 January 2007	<u>551,721</u>	<u>240,259</u>	<u>791,980</u>
Depreciation			
At incorporation	-	-	-
Charge for year	-	-8,416	-8,416
At 31 January 2007	<u>-</u>	<u>-8,416</u>	<u>-8,416</u>
Net book value			
At 31 January 2007	<u>551,721</u>	<u>231,843</u>	<u>783,564</u>
At incorporation	<u>-</u>	<u>-</u>	<u>-</u>

MENZIES HOTELS PROPERTY NO.11 LIMITED
NOTES TO FINANCIAL STATEMENTS
Period ended 31 January 2007

7	DEBTORS	31 January 2007 £
	Amounts due from Group undertakings	21,431
	Amounts falling due within one year	21,431
8	CREDITORS - amounts falling due within one year	31 January 2007 £
	Amounts owed to Group undertakings	778,125
		778,125
9	PROVISIONS FOR LIABILITIES AND CHARGES	31 January 2007 £
	Deferred taxation:	
	At incorporation	-
	Transfer from parent undertaking	29,702
	Profit and loss account	-850
	At 31 January 2007	28,852
	The balance at the period end comprises	
	Accelerated capital allowances	28,852
		28,852
10	SHARE CAPITAL	31 January 2007 £
	Authorised	
	Equity	
	1,000 Ordinary shares of £1 each	1,000
	Allotted, called up and fully paid	
	Equity	
	1 Ordinary share of £1 each	1
	One share was issued at par upon the incorporation of the Company	

MENZIES HOTELS PROPERTY NO 11 LIMITED
NOTES TO FINANCIAL STATEMENTS
Period ended 31 January 2007

11 RESERVES

	Profit and loss account £
Loss for the period	1,983
At 31 January 2007	<u>1,983</u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	4 months to 31 January 2007 £
Loss for the financial period	-1,983
Issue of share	1
Net decrease in shareholders' funds	<u>-1,982</u>
Opening shareholders' funds	-
Closing shareholders' deficit	<u>-1,982</u>

13 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption provided by FRS 8 relating to the disclosure of transactions between group companies

14 CONTINGENT LIABILITIES

Cross guarantees exist between Group undertakings in respect of the Company's bankers. The Group had funds placed with the bank totalling £1,291,562 and therefore there was no contingent liability at 31 January 2007

15 PARENT UNDERTAKINGS

Name	Address from where group accounts are obtainable
Smallest group holding company preparing group accounts Menzies Hotels Holdings Limited	Bakum House, Etwall Road, Mickleover, Derby DE3 0DL
Largest group holding company preparing group accounts Piccadilly Hotels 2 Limited	Bakum House, Etwall Road, Mickleover, Derby DE3 0DL

The immediate parent company is Menzies Hotels Limited, a company registered in England and Wales. The ultimate controlling party is the Tchenguiz Family Trust