

Company Registration No. 6004660 (England and Wales)

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CREATIVITY ENTHUSIASM ENERGY VISION

TONSTATE TEN LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2009

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TONSTATE TEN LIMITED

COMPANY INFORMATION

Directors	Dr E O Wojakowski Mr A I Matyas Mr I. Robertson
Secretary	Dr E O Wojakowski
Company number	6004660
Registered office	3 Park Place St James's London SW1A 1LP
Business address	3 Park Place St James's London SW1A 1LP
Auditors	H W Fisher & Company Acre House London NW1 3ER
Solicitors	DLA Piper UK LLP 3 Noble Street London EC2V 7EE Maclay Murray & Spens 151 St.Vincent Street, Glasgow G2 5NJ

TONSTATE TEN LIMITED

CONTENTS

	Page
Directors' report	1
Statement of directors' responsibilities	2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the accounts	6 - 9

TONSTATE TEN LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2009

The directors present their report and accounts for the year ended 31 March 2009.

Principal activities

The principal activity of the company during the period was to provide finance to group companies and companies under common control.

Directors

The directors who served during the year were:

Dr E O Wojakowski

Mr A I Matyas

Additionally, Mr I Robertson served as a non-executive director since his appointment on 1 July 2008.

Disclosure of information to auditors

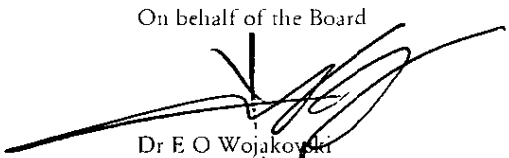
Each of the directors have confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditors are unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

A resolution proposing the reappointment of H W Fisher & Company as auditors to the company will be submitted to the members for approval.

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



Dr E O Wojakowski
Director
Dated: 27/11/09

TONSTATE TEN LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The accounts are required by law to 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 these accounts, 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 accounts 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 that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

TONSTATE TEN LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the accounts of Tonstate Ten Limited for the year ended 31 March 2009 set out on pages 4 to 9. These accounts have been prepared under the accounting policies set out on page 6.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are as described on page 2.

Our responsibility is to audit the accounts 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 accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the accounts.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

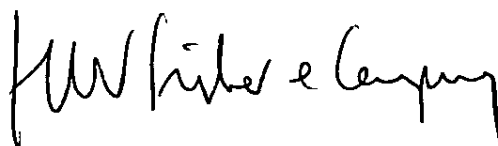
Opinion

In our opinion:

- * the accounts 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 loss for the year then ended;
- * the accounts have been properly prepared in accordance with the Companies Act 1985; and
- * the information given in the Directors' Report is consistent with the accounts.

H W Fisher & Company

Chartered Accountants
Registered Auditor
Acre House
London
NW1 3ER



Dated: 27 November 2009

TONSTATE TEN LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

	Notes	2009 £	2008 £
Turnover	2	600,000	800,547
Cost of sales		(649,242)	(938,897)
Gross loss		(49,242)	(138,350)
Administrative expenses		(10,099)	(16,942)
Loss on ordinary activities before taxation		(59,341)	(155,292)
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation		(59,341)	(155,292)
Accumulated loss brought forward		(155,292)	-
Accumulated loss carried forward		(214,633)	(155,292)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

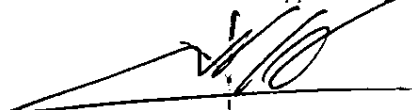
TONSTATE TEN LIMITED

BALANCE SHEET

AS AT 31 MARCH 2009

	Notes	£	2009 £	£	2008 £
Current assets					
Debtors	6	9,786,868		9,922,209	
Creditors: amounts falling due within one year	7	<u>(1,500)</u>		<u>(77,500)</u>	
Total assets less current liabilities			9,785,368		9,844,709
Creditors: amounts falling due after more than one year	8		<u>(10,000,000)</u>		<u>(10,000,000)</u>
			<u>(214,632)</u>		<u>(155,291)</u>
Capital and reserves					
Called up share capital	9		1		1
Profit and loss account			<u>(214,633)</u>		<u>(155,292)</u>
Shareholders' deficit - all equity interests	10		<u>(214,632)</u>		<u>(155,291)</u>

The accounts were approved by the Board on 25/04/09



Dr E O Wojakovski
Director

TONSTATE TEN LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2009

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention and on the assumption of the continuing support of the company's banker and parent undertaking.

The comparative figures represent the first period of trading from 21 November 2006 to 31 March 2008.

The company has received confirmation from its parent undertaking that it will provide financial support to enable the company to settle its liabilities as they fall due. On this basis, the directors consider it appropriate to prepare the accounts on the going concern basis. The accounts do not include any adjustments that would result from a withdrawal of the bank loan facility by the company's bankers or the absence of the continuing support of its parent undertaking.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents the interest receivable from group companies.

1.3 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3	Operating loss	2009	2008
		£	£
	Operating loss is stated after charging:		
	Auditors' remuneration	750	2,500

4 Employees

Number of employees

There were no employees during the period except the directors.

TONSTATE TEN LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

5	Tax on loss on ordinary activities	2009 £	2009 £	2008 £	2008 £
	Current tax				
	<u>UK corporation tax</u>				
	Current tax on income for the period	-	-	-	-
			-		-
			-		-
	Factors affecting the tax charge for the year				
	Loss on ordinary activities before taxation		(59,341)		(155,292)

There are tax losses available of approximately £59,000 (2008: £155,000).

The group does not have a policy with regard to the payment for losses surrendered by way of Group Relief and accordingly no Deferred Tax asset has been established.

6	Debtors	2009 £	2008 £
	Amounts owed by parent undertaking	9,736,868	9,861,495
	Prepayments and accrued income	50,000	60,714
		9,786,868	9,922,209

7	Creditors: amounts falling due within one year	2009 £	2008 £
	Amounts owed to companies under common control	-	75,000
	Accruals and deferred income	1,500	2,500
		1,500	77,500

TONSTATE TEN LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

8	Creditors: amounts falling due after more than one year	2009	2008
		£	£
	Bank loans	10,000,000	10,000,000
		<u>10,000,000</u>	<u>10,000,000</u>
	Analysis of loans		
	Not wholly repayable within five years	-	10,000,000
	Wholly repayable within five years	10,000,000	-
		<u>10,000,000</u>	<u>10,000,000</u>
	Loan maturity analysis		
	Between two and five years	10,000,000	-
	In five years or more	-	10,000,000
		<u>10,000,000</u>	<u>10,000,000</u>
<p>The bank loan attracts interest at LIBOR plus 5% for the first five years. The bank loan of £10,000,000 is secured by a legal charge over the investment property to which the loan relates (which is owned by a company under common control) and also by a floating charge over the assets of the company.</p> <p>Under the company's bank facility agreement, the bank is entitled to a profit share on the sale of the property to which the bank loan relates. The company under common control in question has confirmed that they will ensure funds are made available to enable this profit share obligation to the bank to be satisfied.</p>			
9	Share capital	2009	2008
		£	£
	Authorised		
	100 Ordinary shares of £1 each	100	100
		<u>100</u>	<u>100</u>
	Allotted, called up and fully paid		
	1 Ordinary shares of £1 each	1	1
		<u>1</u>	<u>1</u>
10	Reconciliation of movements in shareholders' funds	£	£
	Loss for the financial year	(59,341)	(155,292)
	New share capital subscribed	-	1
		<u>(59,341)</u>	<u>(155,291)</u>
	Net depletion in shareholders' funds	(59,341)	(155,291)
	Closing shareholders' funds	<u>(214,632)</u>	<u>(155,291)</u>

TONSTATE TEN LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2009

11 Related party transactions

Tonstate Metropole Hotels Limited and Tonstate Group Limited are related parties since they have common directors and are controlled by the same parties.

At 31 March 2009 Tonstate Ten Limited was owed £9,736,868 (2008: £9,861,495) by Tonstate Group Limited in respect of loans and interest. During the year, Tonstate Ten Limited received £600,000 (2008: £800,547) interest from Tonstate Group Limited. Additionally, Tonstate Group Limited settled £649,242 (2008: £938,897) interest on behalf of this company, and settled a £75,000 liability and incurred expenses of £385 on behalf of the company.

At 31 March 2009 Tonstate Ten Limited owed Tonstate Metropole Hotels Limited £nil (2008: £75,000) in respect of a loan arrangement fee paid on its behalf.

12 Controlling parties

The immediate controlling party is Tonstate Group Limited.

The ultimate controlling parties are Mr and Mrs Matyas and Dr E Wojakowski.