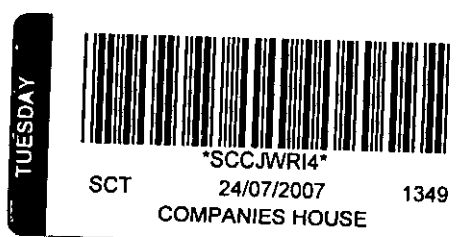


STARMAN PICCADILLY LIMITED

(REGISTERED NUMBER: SC 074783)

DIRECTORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2006



STARMAN PICCADILLY LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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DIRECTORS' REPORT

The Directors present their annual report and audited financial statements for Starman Piccadilly Limited (previously called Le Meridien Piccadilly Limited) ("the Company") for the year ended 31 December 2006

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company operates the prestige hotel "Le Meridien Piccadilly" in London

CHANGE OF NAME

On 30 March 2006, the Company changed its name from Le Meridien Piccadilly Limited to Starman Piccadilly Limited

RESULTS AND DIVIDENDS

The net profit for the year was £784,000 (2005 net loss of £28,234,000)

The Directors do not recommend the payment of a dividend (2005 £ nil)

DIRECTORS

The Directors who were appointed and held office during the year and up to date of signing these accounts were as follows

A Kanders	appointed 14 July 2006
F Black Roberts	appointed 26 March 2007
ID Ferguson	resigned 5 May 2006
NL Hill	resigned 15 July 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' 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). The financial statements 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 those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

DIRECTORS' REPORT (CONTINUED)

The Directors are responsible for keeping proper accounting records that 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 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.

GOING CONCERN

Although the Company has a negative equity position as at 31 December 2006, the Directors believe that it is appropriate that the financial statements have been prepared on a going concern basis. This is based on the Company being cash generative and the independent hotel lease valuation carried out in 2006 being significantly greater than the net book value of the fixed assets disclosed in note 8 to the accounts. A positive equity position would have resulted if the Company had used the 2006 independent hotel lease valuation.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made charitable contributions of £576 during the year (2005 nil). No political contributions were made during the year (2005 nil).

DISABLED EMPLOYEES

The Company's policy and practice is to encourage employment applications from all sections of the community including disabled people and to support and assist retention through training, development and career progression.

CREDITOR PAYMENT POLICY

The Company's policy and practice regarding the payment of creditors is to pay in accordance with the agreed supplier terms, provided that the relevant invoice is presented in a timely fashion and is completed. It is the Company's ongoing policy to settle the terms of payments with those suppliers when agreeing the terms of each transaction.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Directors are satisfied that the auditors are aware of all information relevant to the audit of the Company's financial statements for the year ended 31 December 2006 and that they have taken all steps that they ought to have taken as directors in order to make them aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

ELECTIVE RESOLUTIONS

The Company has passed elective resolutions to dispense with the laying of the annual report and accounts before the Company in a general meeting, the appointment of the auditors annually and the holding of annual general meetings, pursuant to sections 252, 386 and 366A respectively of the Companies Act 1985.

STARMAN PICCADILLY LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

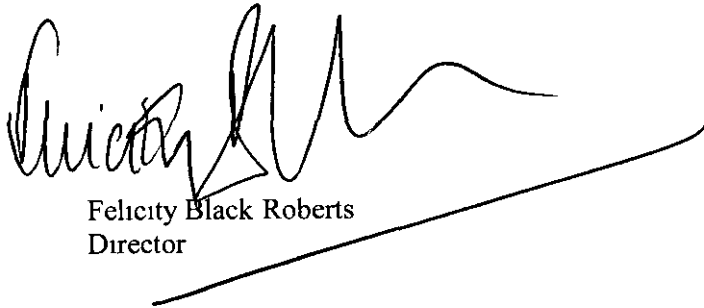
DIRECTORS' REPORT (CONTINUED)

AUDITORS

KPMG Audit Plc resigned as auditors on 31 January 2007 and PricewaterhouseCoopers LLP were appointed to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985

PricewaterhouseCoopers LLP have indicated their willingness to continue in office

By order of the Board



Felicity Black Roberts
Director

5 July 2007

Hesketh House
43-45 Portman Square
London
W1H 6HN

AUDITOR'S REPORT TO THE MEMBERS OF STARMAN PICCADILLY LIMITED

We have audited the financial statements of Starman Piccadilly Limited for the year ended 31 December 2006 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). This report, including the opinion, has been prepared for and on 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 whether in our opinion the information given in 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

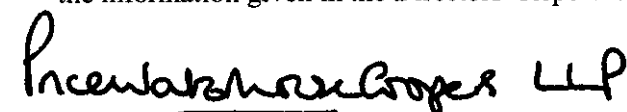
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 December 2006 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.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

6 July 2007

STARMAN PICCADILLY LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2006**

		YEAR ENDED 31 DECEMBER 2006	YEAR ENDED 31 DECEMBER 2005 RESTATED
	NOTE	£'000	£'000
Turnover	2	20,751	18,508
Cost of sales		(6,919)	(6,756)
GROSS PROFIT		<u>13,832</u>	<u>11,752</u>
Other operating income		544	445
Other operating expenses		(12,265)	(11,217)
OPERATING PROFIT	3	<u>2,111</u>	<u>980</u>
Exceptional item	4		(27,758)
Financial income	5	1,218	200
Financial expenses	5	(3,047)	(424)
PROFIT / (LOSS) BEFORE TAX		<u>282</u>	<u>(27,002)</u>
Tax credit / (expense)	7	502	(1,232)
PROFIT / (LOSS) FOR THE YEAR	16	<u>784</u>	<u>(28,234)</u>

The notes on pages 7 to 17 form part of the annual financial statements

The profit / (loss) for the current and prior year arise from continuing activities

There is no difference between the profit / (loss) reported above and the historical cost result

There are no recognised gains or losses in the year or the prior year other than the profits and losses as reported above

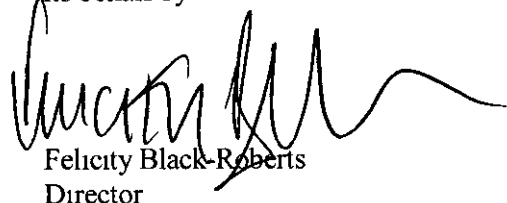
STARMAN PICCADILLY LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

BALANCE SHEET
AT 31 DECEMBER 2006

		31 DECEMBER 2006	31 DECEMBER 2005
	NOTE	£'000	RESTATED £'000
NON CURRENT ASSETS			
Tangible assets	8	12,724	13,798
Other financial assets	9	861	177
		13,585	13,975
CURRENT ASSETS			
Stocks	10	82	90
Debtors	11	3,145	3,553
Cash		10,325	7,116
		13,552	10,759
CREDITORS – AMOUNTS FALLING DUE WITHIN 1 YEAR	12	(6,444)	(4,473)
NET CURRENT ASSETS		7,108	6,286
CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN 1 YEAR	13	(45,214)	(45,315)
PROVISION FOR LIABILITIES AND CHARGES	14	(2,850)	(3,101)
		(48,064)	(48,416)
NET LIABILITIES		(27,371)	(28,155)
CAPITAL AND RESERVES			
Called up share capital	15,16	9,189	9,189
Profit and loss account	16	(36,560)	(37,344)
SHAREHOLDERS' FUNDS		(27,371)	(28,155)

The notes on pages 7 to 17 form part of these financial statements

These financial statements were approved by the Board of Directors on 5 July 2007 and were signed on its behalf by


Felicity Black-Roberts
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1 STATEMENT OF 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 and in accordance with applicable United Kingdom accounting standards

CHANGES IN ACCOUNTING POLICIES

During the year the Company adopted FRS 23 *The Effects of Changes in Foreign Exchange Rates*, FRS 25 *Financial Instruments Disclosure and Presentation*, FRS 26 *Financial Instruments Measurement* and FRS 28 *Corresponding Amounts*

During 2006 the Company changed its accounting policy relating to fixed assets from periodic revaluation to historical cost as permitted under FRS 15 *Tangible Fixed Assets*

The effect of the changes in accounting policies above is to reduce fixed assets and net assets at 31 December 2005 by £36,214,000 and £37,557,000 respectively Net loss for the year ended 31 December 2005 was increased by £1,605,000

CHANGES IN ACCOUNTING ESTIMATES

Until 31 December 2005 leasehold improvements were depreciated over the life of the lease, being 99 years This was reviewed by the Directors during 2006 in order to provide a true and fair view based on a best estimate and business understanding The remaining useful life has been reassessed to 40 years starting from 1 January 2006 The effect of this change in accounting estimate is to decrease net profit by £120,000 in 2006

CASH FLOW STATEMENT

Under FRS 1 *Cash Flow Statements* (revised), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent company includes the Company's cash flows in its own published consolidated financial statements

TURNOVER

Turnover represents sales to outside customers at invoiced amount less VAT

TANGIBLE FIXED ASSETS

Fixed assets are stated at cost less depreciation and any provision for impairment

Assets are depreciated to their residual values on a straight line basis over their estimated useful economic lives as follows

Leasehold improvements	Equal annual instalments over 40 years
Plant and machinery	8% per annum
Furniture, fixtures and equipment	14 25% per annum

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

STOCKS

Stocks are valued at the lower of cost and net realisable value

DEFERRED TAXATION

Deferred tax is recognised in full (without discounting) on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

FOREIGN CURRENCY

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

LEASES

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

PENSION COSTS

The Company operates a stakeholder pension scheme. The amount charged to the profit and loss account represents the contribution payable to the scheme in respect of the accounting period. During the year the Company closed its defined contributions scheme.

DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

The Company uses interest rate swaps and caps to manage its exposure to interest rate movements on its bank borrowings by swapping the borrowings from floating rates to fixed rates. None of the derivatives held by the Company qualified for hedge accounting. Company's derivatives are accounted for by adjusting the carrying amounts to market and recognising any gain or loss in the profit and loss account.

The estimated fair value of the Company's interest rate swaps and caps is based on bank valuations and represent the estimated amounts that the Company would pay or receive to terminate derivative contracts.

RELATED PARTY TRANSACTION

As a wholly owned subsidiary of Starman Hotels Holdings LLC, the Company has taken advantage of the exemption in FRS 8 *Related Party Disclosures* and has therefore not disclosed transactions or balances with entities which form part of the group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

2 TURNOVER AND RESULT

The Company has a single class of business (hotel operations) and operates in a single geographical region, the United Kingdom

3 OPERATING PROFIT

	YEAR ENDED 31 DECEMBER 2006 £'000	YEAR ENDED 31 DECEMBER 2005 RESTATED £'000
OPERATING PROFIT IS STATED AFTER CHARGING		
Depreciation on owned assets	(1,354)	(1,227)
Auditor's remuneration		
audit services	(21)	(16)
other services	(2)	
Operating lease rentals		
property rent payable	(2,582)	(2,620)
office equipment	(13)	(10)

4 EXCEPTIONAL ITEM

An exceptional expense of £27,758,000 incurred in 2005 represents the loss generated by the waiver of a loan receivable from Zoe Acquisition Company I Limited (ZACI) which arose from a series of group restructuring transactions during 2005

5 FINANCIAL INCOME / (EXPENSE)

	YEAR ENDED 31 DECEMBER 2006 £'000	YEAR ENDED 31 DECEMBER 2005 RESTATED £'000
Interest receivable and similar charges	75	191
Fair value gains on valuation of interest rate caps and swaps	1,070	
Release of accrued premium on interest rate caps	53	
Foreign exchange gains	20	9
TOTAL FINANCIAL INCOME	1,218	200
Interest payable and similar charges	(2,932)	(316)
Fair value losses on valuation of interest rate caps and swaps		(108)
Amortisation of prepaid premium on interest rate swaps	(115)	
TOTAL FINANCIAL EXPENSES	(3,047)	(424)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

6 EMPLOYEES

The average number of employees including Directors during the year was as follows

	YEAR ENDED 31 DECEMBER 2006	YEAR ENDED 31 DECEMBER 2005 RESTATED
Office and management	21	21
Hotel operating staff	217	216
	<u>238</u>	<u>237</u>

	YEAR ENDED 31 DECEMBER 2006 £'000	YEAR ENDED 31 DECEMBER 2005 RESTATED £'000
Wages and salaries	(4,535)	(4,038)
Social security costs	(371)	(291)
Other pension costs	(35)	(37)
	<u>(4,941)</u>	<u>(4,366)</u>

DIRECTORS' EMOLUMENTS

The Directors did not receive any emoluments in respect of their services to the Company (2005 nil)

7 TAXATION

	YEAR ENDED 31 DECEMBER 2006 £'000	YEAR ENDED 31 DECEMBER 2005 RESTATED £'000
ANALYSIS OF TAX CREDIT / (EXPENSE) IN THE YEAR		
Corporation tax credit	299	24
Group relief tax losses utilised against tax profits of other group entities	(299)	(105)
Deferred tax credit / (expense)	502	(1,151)
TAX CREDIT / (EXPENSE)	<u>502</u>	<u>(1,232)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

7 TAXATION (CONTINUED)

CURRENT TAX RECONCILIATION

	YEAR ENDED 31 DECEMBER 2006 £'000	YEAR ENDED 31 DECEMBER 2005 RESTATED £'000
Profit / (loss) before tax	282	(27,002)
Current tax at 30%	85	(8,101)
EFFECTS OF		
Depreciation in excess of capital allowances	(98)	(420)
Non taxable income	(337)	
Non deductible expenses	51	8,497
Group relief – current year	299	21
Group relief – previous years		84
TOTAL CURRENT TAX		81

PROVISION FOR DEFERRED TAX

	31 DECEMBER 2006 £'000	31 DECEMBER 2005 RESTATED £'000
Accelerated capital allowances	(1,902)	(2,664)
Other timing differences	(27)	233
	(1,929)	(2,431)
		£'000
At 1 January 2005		(1,280)
Deferred tax credit for the year (as previously reported)		84
Prior year adjustments (note 1)		(1,235)
Deferred tax expense for the year (restated)		(1,151)
At 31 December 2005 (as previously reported)		(1,196)
Prior year adjustments (note 1)		(1,235)
At 31 December 2005 (restated)		(2,431)
Deferred tax credit for the year		502
At 31 December 2006		(1,929)

The Company's tax losses are offset against the tax profits realised by Starman Café Royal Limited and Selkirk House (MH) Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

8 TANGIBLE FIXED ASSETS

	LEASEHOLD IMPROVEMENTS £'000	PLANT AND MACHINERY £'000	FURNITURE, FITTINGS AND EQUIPMENT £'000	TOTAL £'000
COST				
As at 1 January 2006 (as previously reported)	46,412	3,707	1,485	51,604
Prior year adjustments (note 1)	(34,276)	483	4,036	(29,757)
As at 1 January 2006 (restated)	12,136	4,190	5,521	21,847
Additions	70	124	86	280
Disposals		(41)	(239)	(280)
As at 31 December 2006	12,206	4,273	5,368	21,847
ACCUMULATED DEPRECIATION				
As at 1 January 2006 (as previously reported)	1,089	491	12	1,592
Prior year adjustments (note 1)	1,166	1,619	3,672	6,457
As at 1 January 2006 (restated)	2,255	2,110	3,684	8,049
Depreciation charge for the year	249	340	765	1,354
Disposals		(41)	(239)	(280)
As at 31 December 2006	2,504	2,409	4,210	9,123
NET BOOK VALUE				
As at 31 January 2005 (as previously reported)	45,323	3,216	1,473	50,012
Prior year adjustments (note 1)	(35,442)	(1,136)	364	(36,214)
At 31 December 2005 (restated)	9,881	2,080	1,837	13,798
At 31 December 2006	9,702	1,864	1,158	12,724

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

9 OTHER FINANCIAL ASSETS / (LIABILITIES)

	31 DECEMBER 2006	31 DECEMBER 2005 RESTATED
	£'000	£'000
Financial instruments classified as fair value through profit or loss		
Interest rate caps	374	177
Interest rate swaps	487	(386)
TOTAL OTHER FINANCIAL ASSETS	<u>861</u>	<u>177</u>
TOTAL OTHER FINANCIAL LIABILITIES		<u>(386)</u>

The fair value of financial instruments at 31 December 2005 has been estimated by a reputable financial institution and represents the amounts that the Company would pay or receive to terminate the contracts

10 STOCKS

	31 DECEMBER 2006	31 DECEMBER 2005 RESTATED
	£'000	£'000
Goods held for resale	15	20
Consumable items in store	67	70
	<u>82</u>	<u>90</u>

11 DEBTORS

	31 DECEMBER 2006	31 DECEMBER 2005 RESTATED
	£'000	£'000
Trade debtors	1,259	1,137
Prepayments	136	198
Other debtors and accrued income	264	269
Prepaid premium on interest rate swaps	188	303
Amounts owed by other group undertakings	1,298	1,646
	<u>3,145</u>	<u>3,553</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

12 CREDITORS – AMOUNTS FALLING DUE WITHIN 1 YEAR

	31 DECEMBER 2006	31 DECEMBER 2005 RESTATED
	£'000	£'000
Trade creditors	(46)	(150)
Other taxation and social security	(778)	(654)
Other creditors	(354)	(279)
Accruals and deferred income	(1,271)	(809)
Accrued premium on interest rate caps	(149)	(202)
Amounts owed to other group undertakings (note)	(3,846)	(2,379)
	<u>(6,444)</u>	<u>(4,473)</u>

Note The amounts owed to other group undertakings are unsecured, interest free and have no fixed terms of repayment

13 CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN 1 YEAR

	31 DECEMBER 2006	31 DECEMBER 2005 RESTATED
	£'000	£'000
Loan – refinanced debt (note)	(44,625)	(44,625)
Interest payable	(589)	(304)
Other financial liabilities		(386)
	<u>(45,214)</u>	<u>(45,315)</u>

Note

TOTAL DEBT £'000	AMOUNT COVERED BY SWAPS £'000	AMOUNT COVERED BY CAPS £'000
44,625	44,625	44,061
	(23 November 2005 – 20 October 2008)	(20 October 2008 to 20 January 2010)

The first instalment of this loan is due on 20 January 2008 to Deutsche Bank AG

The Company adopts a policy of ensuring the 100% of its exposure to changes in interest rates on borrowings is on a fixed rate basis in the short term (1 3 years) and on a capped rate basis for the remaining life of each loan

This is in line with the obligations placed on the Company under the lending documents Interest rate swaps and caps, denominated in British Pounds, have been entered into to achieve an appropriate mix of fixed and floating rate exposure over the life of the loans within the Group's policy

The swaps mature over the next three years and the caps replace the swaps when they expire for the life of the applicable loans The fixed swap rates range from 2.69% to 4.837% and the cap rates range from 3.5% to 4.75%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

14 PROVISION FOR LIABILITIES AND CHARGES

	DEFERRED TAX PROVISION (note 7) £'000	PROVISION FOR DILAPIDATION (note) £'000	TOTAL £'000
At 1 January 2006 (as previously reported)	(1,196)	(670)	(1,866)
Prior year adjustments (note 1)	(1,235)		(1,235)
At 1 January 2006 (restated)	(2,431)	(670)	(3,101)
Charged to profit and loss account		(251)	(251)
Utilised during the year	502		502
At 31 December 2006	(1,929)	(921)	(2,850)

Note In accordance with the lease agreement, the Company is required to paint all outside parts of the hotel premises once every four years, and to redecorate the inside of the hotel premises once every twelve years. A provision of £921,000 has been recognised, of which £265,000 is expected to be utilised by 2008, with the remainder fully utilised by 2011.

15 CALLED UP SHARE CAPITAL

	31 DECEMBER 2006 £'000	31 DECEMBER 2005 RESTATED £'000
AUTHORISED		
820,000 ordinary shares of £1 each	820	820
9,180,000 deferred shares of £1 each	9,180	9,180
	10,000	10,000
ISSUED, ALLOTTED AND FULLY PAID		
9,177 ordinary shares of £1 each	9	9
9,180,000 deferred shares of £1 each	9,180	9,180
	9,189	9,189

Only ordinary shareholders hold the right to dividends and voting in general meetings. On a winding up, ordinary shareholders take preference over deferred shareholders.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	CALLED UP SHARE CAPITAL £'000	REVALUATION RESERVE £'000	PROFIT AND LOSS ACCOUNT £'000	TOTAL £'000
At 1 January 2005 (as previously reported)	9,189	36,791	(9,949)	36,031
Prior year adjustment (note 1)		(36,791)	839	(35,952)
At 1 January 2005 (restated)	9,189		(9,110)	79
Loss for the year 2005 (as previously reported)			(26,629)	(26,629)
Prior year adjustments (note 1)			(1,605)	(1,605)
Loss for the year 2005 (restated)			(28,234)	(28,234)
At 31 December 2005 (as previously reported)	9,189	36,791	(36,578)	9,402
Prior year adjustment (note 1)		(36,791)	(766)	(37,557)
At 31 December 2005 (restated)	9,189		(37,344)	(28,155)
Profit for the year 2006			784	784
At 31 December 2006	9,189		(36,560)	(27,371)

	31 DECEMBER 2006 £'000	31 DECEMBER 2005 RESTATED £'000
Equity shareholders' funds	(36,551)	(37,335)
Non equity shareholders' funds	9,180	9,180
	(27,371)	(28,155)

17 PENSIONS

The Company operates a stakeholder pension scheme. The pension cost charge represents contributions payable by the Company to the stakeholder fund and amounted to £34,925 (2005 £36,670). Contributions of £4,270 were accrued for at the period end (2005 £3,089).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006 (CONTINUED)

18 COMMITMENTS UNDER OPERATING LEASES

As at 31 December 2006, the Company had annual commitments under non cancellable operating leases expiring as set out below.

	31 DECEMBER 2006		31 DECEMBER 2005	
	LAND AND BUILDINGS £'000	PLANT AND MACHINERY £'000	LAND AND BUILDINGS £'000	PLANT AND MACHINERY £'000
Operating leases which expire				
Within one year		3		9
In two to five years		10		1
After five years	2,547		2,620	
	2,547	13	2,620	10

19 CONTINGENT LIABILITIES

The Directors have not been notified of any litigation that they consider will result in a material liability to the Company, either individually or in aggregate

20 ULTIMATE HOLDING COMPANY

The immediate parent undertaking is Lehwood Netherlands Holdings BV, a company incorporated and registered in the Netherlands

The Directors regard Starman Hotel Holdings LLC, a company incorporated in the United States of America, as the ultimate controlling party and ultimate parent entity. Starman Hotel Holdings LLC is the largest and smallest group which consolidates the Company's accounts. The address from which copies of the parent company's accounts can be obtained is as follows

Starman UK Services Company Limited
Hesketh House, 43-45 Portman Square
London, W1H 6HN