

STARMAN PICCADILLY LIMITED

(REGISTERED NUMBER: SC 074783)

DIRECTORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2007

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STARMAN PICCADILLY LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

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DIRECTORS' REPORT

The Directors present their annual report and audited financial statements for Starman Piccadilly Limited ("the Company") for the year ended 31 December 2007

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The Company operates the prestige hotel Le Meridien Piccadilly in London. The business enjoyed a positive year with sales growth in line with expectations and an increase in gross profit of £2,985,000. The hotel continues to benefit from its location which places it in the heart of London's West End, making the hotel an ideal location for business and leisure travellers alike.

The Company faces a number of challenges in 2008 not least with the ongoing economic uncertainties resulting from the credit crunch which is expected to reduce business travel particularly in regards to US travellers. In addition to this food price inflation will continue to impact on the operating margins of our food and beverage operations. The Directors and Management of the Company have actively taken steps to mitigate the financial impact of these which are expected to steadily worsen in the latter half of 2008.

Throughout 2007 the Directors and Management have looked to quantify the environmental impact of the hotel. A programme of energy audits has been completed and action plans implemented to significantly reduce the carbon footprint of the hotel and increase the recycling rates of the hotel. By mid 2008 the hotel has achieved a recycling rate of 85% of its waste.

RESULTS AND DIVIDENDS

The net profit for the year was £4,267,000 (2006 £784,000). The Directors do not recommend the payment of a dividend (2006 £ nil).

DIRECTORS

The Directors who were appointed and held office during the year and subsequently were as follows:

| | |
|-----------------|-------------------------|
| A Kanders | appointed 14 July 2006 |
| F Black Roberts | appointed 26 March 2007 |

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.

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.

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

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 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 2007, 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 2007 being significantly greater than the net book value of the fixed assets disclosed in note 7 to the accounts. A positive equity position would have resulted if the Company had used the 2007 independent hotel lease valuation.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no charitable contributions during the year (2006 £576). No political contributions were made during the year (2006 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' REPORT (CONTINUED)

AUDITORS AND DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the persons who are Directors at the time when the report is approved under section 234A the following applies

As far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and

The Directors have taken all the steps that ought to have been taken in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting

By order of the Board

30 July 2008



Felicity Black Roberts
Director

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 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). 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 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.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
30 July 2008

STARMAN PICCADILLY LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007**

| | NOTE | YEAR ENDED 31 DECEMBER 2007 £'000 | YEAR ENDED 31 DECEMBER 2006 £'000 |
|----------------------------------------|----------|-----------------------------------------|-----------------------------------------|
| Turnover | 2 | 23,740 | 20,751 |
| Cost of sales | | (6,923) | (6,919) |
| GROSS PROFIT | | 16,817 | 13,832 |
| Other operating income | | 927 | 544 |
| Other operating expenses | | (13,714) | (12,265) |
| OPERATING PROFIT | 3 | 4,030 | 2,111 |
| Interest receivable and similar income | 4 | 574 | 1,218 |
| Interest payable and similar charges | 4 | (3,297) | (3,047) |
| PROFIT BEFORE TAX | | 1,307 | 282 |
| Tax credit | 6 | 2,960 | 502 |
| PROFIT FOR THE YEAR | | 4,267 | 784 |

The notes on pages 6 to 15 form part of the annual financial statements

The profit for the current and prior year arises from continuing activities

There is no difference between the profit 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

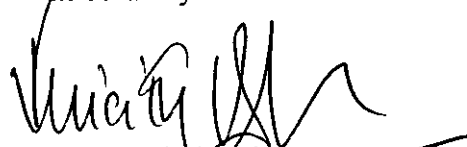
STARMAN PICCADILLY LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

BALANCE SHEET
AT 31 DECEMBER 2007

| | NOTE | 31 DECEMBER 2007 £'000 | 31 DECEMBER 2006 £'000 |
|---------------------------------------------------------------|-------|---------------------------|---------------------------|
| NON CURRENT ASSETS | | | |
| Tangible assets | 7 | 12,457 | 12,724 |
| Other financial assets | 8 | 635 | 861 |
| Deferred tax asset | 6 | 855 | |
| | | 13,947 | 13,585 |
| CURRENT ASSETS | | | |
| Stocks | 9 | 78 | 82 |
| Debtors | 10 | 1,965 | 3,145 |
| Cash | | 11,091 | 10,325 |
| | | 13,134 | 13,552 |
| CREDITORS – AMOUNTS FALLING DUE WITHIN 1 YEAR | 11 | (5,448) | (6,444) |
| NET CURRENT ASSETS | | 7,686 | 7,108 |
| CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN 1 YEAR | 12 | (44,562) | (45,214) |
| PROVISION FOR LIABILITIES AND CHARGES | 13 | (175) | (2,850) |
| | | (44,737) | (48,064) |
| NET LIABILITIES | | (23,104) | (27,371) |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 14,15 | 9,189 | 9,189 |
| Profit and loss account | 15 | (32,293) | (36,560) |
| SHAREHOLDERS' FUNDS | | (23,104) | (27,371) |

The notes on pages 7 to 16 form part of these financial statements

These financial statements were approved by the Board of Directors on 30 July 2008 and were signed on its behalf by


Felicity Black-Roberts
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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

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 |

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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.

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 TRANSACTIONS

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.

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 2007 £'000 | YEAR ENDED 31 DECEMBER 2006 £'000 |
|------------------------------------------------|-----------------------------------------|-----------------------------------------|
| OPERATING PROFIT IS STATED AFTER CHARGING | | |
| Staff costs (note 5) | (5,381) | (4,941) |
| Depreciation on owned assets | (1,195) | (1,354) |
| Auditor's remuneration | | |
| audit services | (33) | (32) |
| other services | (2) | (2) |
| Operating lease rentals | | |
| property rent payable | (3,352) | (2,582) |
| office equipment | (31) | (13) |
| Change in provision for dilapidation (note 13) | 746 | |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

4 INTEREST RECEIVABLE AND SIMILAR INCOME / INTEREST PAYABLE AND SIMILAR CHARGES

| | YEAR ENDED 31 DECEMBER 2007 £'000 | YEAR ENDED 31 DECEMBER 2006 £'000 |
|----------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Interest receivable and similar income | 574 | 75 |
| Fair value gains on valuation of interest rate caps and swaps | | 1,070 |
| Foreign exchange gains | | 20 |
| Other | | 53 |
| INTEREST RECEIVABLE AND SIMILAR INCOME | 574 | 1,218 |
| Interest payable and similar charges | (3,018) | (2,932) |
| Fair value losses on valuation of interest rate caps and swaps | (226) | |
| Foreign exchange losses | (14) | |
| Other | (39) | (115) |
| INTEREST PAYABLE AND SIMILAR CHARGES | (3,297) | (3,047) |

5 EMPLOYEES

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

| | YEAR ENDED 31 DECEMBER 2007 | YEAR ENDED 31 DECEMBER 2006 |
|-----------------------|--------------------------------|--------------------------------|
| Office and management | 51 | 21 |
| Hotel operating staff | 195 | 217 |
| | 246 | 238 |

| | YEAR ENDED 31 DECEMBER 2007 £'000 | YEAR ENDED 31 DECEMBER 2006 £'000 |
|-------------------------------|-----------------------------------------|-----------------------------------------|
| Wages and salaries | (4,883) | (4,535) |
| Social security costs | (409) | (371) |
| Other pension costs (note 16) | (89) | (35) |
| | (5,381) | (4,941) |

DIRECTORS' EMOLUMENTS

The Directors did not receive any emoluments in respect of their services to the Company (2006 nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

6 TAXATION

| | YEAR ENDED 31 DECEMBER 2007 £'000 | YEAR ENDED 31 DECEMBER 2006 £'000 |
|------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| ANALYSIS OF TAX CREDIT IN THE YEAR | | |
| Corporation tax (expense) / credit | (71) | 299 |
| Group relief tax losses utilised against tax profits of other group entities | | (299) |
| Tax refund for previous period | 247 | |
| Deferred tax credit | 2,784 | 502 |
| TAX CREDIT | 2,960 | 502 |
| CURRENT TAX RECONCILIATION | | |
| | YEAR ENDED 31 DECEMBER 2007 £'000 | YEAR ENDED 31 DECEMBER 2006 £'000 |
| Profit before tax | 1,307 | 282 |
| Current tax at 30% | 392 | 85 |
| EFFECTS OF | | |
| Capital allowances in excess of depreciation | (177) | (98) |
| Non taxable income | (278) | (337) |
| Non deductible expenses | 134 | 51 |
| Group relief | | 299 |
| TOTAL CURRENT TAX | 71 | |
| DEFERRED TAX ASSET / (PROVISION) | | |
| | 31 DECEMBER 2007 £'000 | 31 DECEMBER 2006 £'000 |
| Accelerated capital allowances | 803 | (1,902) |
| Other timing differences | 52 | (27) |
| DEFERRED TAX ASSET / (PROVISION) | 855 | (1,929) |
| | 31 DECEMBER 2007 £'000 | 31 DECEMBER 2006 £'000 |
| At 1 January | (1,929) | (2,431) |
| Deferred tax credit for the year | 2,655 | 502 |
| Effect of change of tax rate | 129 | |
| At 31 December | 855 | (1,929) |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

7 TANGIBLE FIXED ASSETS

| | LEASEHOLD IMPROVEMENTS | PLANT AND MACHINERY | FURNITURE, FITTINGS AND EQUIPMENT | CONSTRUCTION IN PROGRESS | TOTAL |
|----------------------------------|---------------------------|------------------------|-----------------------------------------|-----------------------------|--------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| COST | | | | | |
| As at 1 January 2006 | 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 |
| Additions | | 326 | 339 | 264 | 929 |
| Disposals | | (37) | (603) | | (640) |
| As at 31 December 2007 | 12,206 | 4,562 | 5,104 | 264 | 22,136 |
| ACCUMULATED DEPRECIATION | | | | | |
| As at 1 January 2006 | 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 |
| Depreciation charge for the year | 249 | 355 | 591 | | 1,195 |
| Disposals | | (39) | (600) | | (639) |
| As at 31 December 2007 | 2,753 | 2,725 | 4,201 | | 9,679 |
| NET BOOK VALUE | | | | | |
| At 31 December 2006 | 9,702 | 1,864 | 1,158 | | 12,724 |
| At 31 December 2007 | 9,453 | 1,837 | 903 | 264 | 12,457 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

8 OTHER FINANCIAL ASSETS

| | 31 DECEMBER 2007 £'000 | 31 DECEMBER 2006 £'000 |
|-----------------------------------------------------------------------|---------------------------|---------------------------|
| Financial instruments classified as fair value through profit or loss | | |
| Interest rate swaps | 394 | 487 |
| Interest rate caps | 241 | 374 |
| | 635 | 861 |

The fair value of financial instruments at 31 December 2007 and 31 December 2006 has been estimated by a reputable financial institution and represents the amounts that the Company would receive to terminate the contracts

9 STOCKS

| | 31 DECEMBER 2007 £'000 | 31 DECEMBER 2006 £'000 |
|---------------------------|---------------------------|---------------------------|
| Consumable items in store | 65 | 67 |
| Goods held for resale | 13 | 15 |
| | 78 | 82 |

10 DEBTORS

| | 31 DECEMBER 2007 £'000 | 31 DECEMBER 2006 £'000 |
|------------------------------------------|---------------------------|---------------------------|
| Trade debtors | 1,111 | 1,259 |
| Prepayments | 196 | 136 |
| Other debtors and accrued income | 177 | 264 |
| Corporate income tax prepaid | 481 | |
| Amounts owed by other group undertakings | | 1,298 |
| Other | | 188 |
| | 1,965 | 3,145 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

11 CREDITORS – AMOUNTS FALLING DUE WITHIN 1 YEAR

| | 31 DECEMBER 2007 £'000 | 31 DECEMBER 2006 £'000 |
|-------------------------------------------------|---------------------------|---------------------------|
| Amounts owed to other group undertakings (note) | (2,901) | (3,846) |
| Accruals and deferred income | (1,571) | (1,271) |
| Trade creditors | (363) | (46) |
| Other taxation and social security | (339) | (778) |
| Other creditors | (274) | (354) |
| Other | | (149) |
| | (5,448) | (6,444) |

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

12 CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN 1 YEAR

| | 31 DECEMBER 2007 £'000 | 31 DECEMBER 2006 £'000 |
|-------------------------------|---------------------------|---------------------------|
| Loan – refinanced debt (note) | (44,562) | (44,625) |
| Interest payable | | (589) |
| | (44,562) | (45,214) |

Note

| TOTAL DEBT £'000 | AMOUNT COVERED BY SWAPS £'000 | AMOUNT COVERED BY CAPS £'000 |
|------------------------|---------------------------------------|--------------------------------------|
| 44,562 | 44,562 | 44,061 |
| | (23 November 2005 to 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 2007 (CONTINUED)

13 PROVISION FOR LIABILITIES AND CHARGES

| | DEFERRED TAX PROVISION (note 6) £'000 | PROVISION FOR DILAPIDATION (note) £'000 | TOTAL £'000 |
|---------------------------------|------------------------------------------------|--------------------------------------------------|--------------------|
| At 1 January 2007 | (1,929) | (921) | (2,850) |
| Provision released | | 746 | 746 |
| Utilised during the year | 2,784 | | 2,784 |
| Presented as deferred tax asset | (855) | | (855) |
| At 31 December 2007 | | (175) | (175) |

During the year the Company obtained expert advice that resulted in a change in the Directors' best estimate of the provision required for dilapidation as planned capital projects are expected to reduce future maintenance costs

14 CALLED UP SHARE CAPITAL

| | 31 DECEMBER 2007 £'000 | 31 DECEMBER 2006 £'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 2007 (CONTINUED)

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | CALLED UP SHARE CAPITAL £'000 | PROFIT AND LOSS ACCOUNT £'000 | TOTAL £'000 |
|--------------------------|----------------------------------------|----------------------------------------|-----------------|
| At 1 January 2006 | 9,189 | (37,344) | (28,155) |
| Profit for the year 2006 | | 784 | 784 |
| At 31 December 2006 | 9,189 | (36,560) | (27,371) |
| Profit for the year 2007 | | 4,267 | 4,267 |
| At 31 December 2007 | 9,189 | (32,293) | (23,104) |

| | 31 DECEMBER 2007 £'000 | 31 DECEMBER 2006 £'000 |
|--------------------------------|---------------------------|---------------------------|
| Equity shareholders' funds | (32,284) | (36,551) |
| Non equity shareholders' funds | 9,180 | 9,180 |
| | (23,104) | (27,371) |

16 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 £88,685 (2006 £34,925).

17 COMMITMENTS UNDER OPERATING LEASES

As at 31 December 2007, the Company had annual commitments under non cancellable operating leases expiring as set out below:

| | 31 DECEMBER 2007 | 31 DECEMBER 2006 |
|-------------------------------|--------------------------------|--------------------------------|
| | LAND AND BUILDINGS £'000 | LAND AND BUILDINGS £'000 |
| Operating leases which expire | | |
| Within one year | 10 | 3 |
| In two to five years | 21 | 10 |
| After five years | 3,351 | 2,547 |
| | 3,351 | 2,547 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)

18 ULTIMATE HOLDING COMPANY

The immediate parent undertaking is Leewood 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