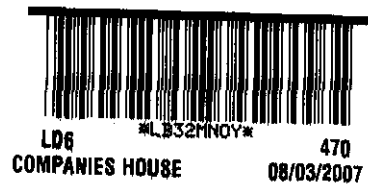


BANKSIDE HOTELS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 8 MAY 2006



BANKSIDE HOTELS LIMITED

COMPANY INFORMATION

DIRECTORS

M S Gourgey
K Gourgey
R J Hodge
N J Griffith

SECRETARY

Pedersen Group Management Ltd

COMPANY NUMBER

03214521

REGISTERED OFFICE

Hillside House
2 - 6 Friern Park
London
N12 9BY

AUDITORS

Berg Kaprow Lewis LLP
Chartered Accountants & Registered Auditor
35 Ballards Lane
Finchley
London
N3 1XW

BANKSIDE HOTELS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 8 MAY 2006

The directors present their report and the financial statements for the year ended 8 May 2006.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of a lessor of hotels and its wholly owned subsidiary is a property dealer and developer.

DIRECTORS

The directors who served during the year and their interests in the company's issued share capital were:

	Ordinary shares of £1 each	
	8/5/06	9/5/05
M S Gourgey	-	-
K Gourgey	-	-
R J Hodge	25	25
N J Griffith	25	25

The remaining 50 shares are held by a trust. M S Gourgey and K Gourgey had a beneficial interest until a Deed of Declaration was effected on the 22nd December 2004 revoking their interests.

AUDITORS

The auditors, Berg Kaprow Lewis LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual 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 these 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;
- 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 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.

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

BANKSIDE HOTELS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 8 MAY 2006**

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on 6 March 2007 and signed on its behalf.



Pedersen Group Management Ltd
Secretary

BANKSIDE HOTELS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BANKSIDE HOTELS LIMITED

We have audited the financial statements of Bankside Hotels Limited for the year ended 8 May 2006 set out on pages 5 to 14. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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 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 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.

BANKSIDE HOTELS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BANKSIDE HOTELS LIMITED

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the company's affairs as at 8 May 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.

Berg Kaprow Lewis LLP

BERG KAPROW LEWIS LLP

Chartered Accountants
Registered Auditor

London

7 March 2007

BANKSIDE HOTELS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 8 MAY 2006**

	Note	2006 £	2005 £
TURNOVER	1	1,226,330	1,117,225
Administrative expenses		(244,593)	(575,492)
OPERATING PROFIT	2	981,737	541,733
Interest receivable	3	232,708	190,215
Interest payable	4	(935,885)	(982,018)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		278,560	(250,070)
TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	5	-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	12	278,560	(250,070)

The notes on pages 8 to 14 form part of these financial statements.

BANKSIDE HOTELS LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 8 MAY 2006**

	2006	2005
	£	£
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	278,560	(250,070)
Unrealised surplus on revaluation of tangible fixed assets	3,805,630	-
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	4,084,190	(250,070)

The notes on pages 8 to 14 form part of these financial statements.

BANKSIDE HOTELS LIMITED

BALANCE SHEET AS AT 8 MAY 2006

	Note	£	2006 £	£	2005 £
FIXED ASSETS					
Tangible fixed assets	6		22,804,746		19,168,639
Fixed asset investments	7		2		2
			22,804,748		19,168,641
CURRENT ASSETS					
Debtors	8	6,036,976		5,779,926	
Cash at bank		35,149		-	
		6,072,125		5,779,926	
CREDITORS: amounts falling due within one year	9	(7,492,630)		(7,520,611)	
NET CURRENT LIABILITIES			(1,420,505)		(1,740,685)
TOTAL ASSETS LESS CURRENT LIABILITIES			21,384,243		17,427,956
CREDITORS: amounts falling due after more than one year	10		(14,062,433)		(14,190,336)
NET ASSETS			7,321,810		3,237,620
CAPITAL AND RESERVES					
Called up share capital	11		100		100
Revaluation reserve	12		10,793,709		6,988,079
Profit and loss account	12		(3,471,999)		(3,750,559)
SHAREHOLDERS' FUNDS			7,321,810		3,237,620

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 March 2007.



M S Gourgey
Director

The notes on pages 8 to 14 form part of these financial statements.

BANKSIDE HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 8 MAY 2006

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention as modified by the *revaluation of Investment Properties* and in accordance with the *Financial Reporting Standard for Smaller Entities* (effective January 2005).

No depreciation is provided in respect of freehold land.

The financial statements have been prepared on a going concern basis as in the opinion of the directors the company has adequate resources to continue in business for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the accounts.

1.2 TURNOVER AND REVENUE RECOGNITION

Turnover represents rent and charges received.

1.3 INVESTMENTS

Fixed asset investments are stated at cost less provision for diminution in value.

1.4 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Investment property	-	0%	
Freehold Property	-	2%	straight line
Plant & machinery	-	10%	reducing balance
Motor vehicles	-	25%	reducing balance
Fixtures & fittings	-	10%	reducing balance

The property is shown at purchase cost or revaluation plus subsequent building costs and capitalised interest.

The freehold property was reclassified during the year as an investment property.

1.5 INVESTMENT PROPERTIES

Investment properties are stated at market value.

BANKSIDE HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 8 MAY 2006

1. ACCOUNTING POLICIES (continued)

1.6 DEFERRED TAXATION

The accounting policy in respect of deferred tax complies with the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on any gains which may arise if the investment properties were disposed of at their market value.

1.7 GROUP ACCOUNTS

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2. OPERATING PROFIT

The operating profit is stated after charging:

	2006 £	2005 £
Depreciation of tangible fixed assets:		
- owned by the company	169,523	529,602
Auditors' remuneration	3,000	3,000
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2005 - £NIL).

3. INTEREST RECEIVABLE

	2006 £	2005 £
Other interest receivable	232,708	190,215
	<u> </u>	<u> </u>

BANKSIDE HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 8 MAY 2006

4. INTEREST PAYABLE

	2006 £	2005 £
On bank loans and overdrafts	686	2,470
On loans repayable after 5 years	935,199	979,548
	<u>935,885</u>	<u>982,018</u>

5. TAXATION

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The company has estimate losses of £2,768,833 (2005: £2,741,025) available for carry forward against future trading profits.

In view of the losses, no deferred tax is deemed necessary.

6. TANGIBLE FIXED ASSETS

	Investment properties £	Plant and machinery £	Motor vehicles £	Furniture, fittings & equipment £	Total £
COST OR VALUATION					
At 9 May 2005	19,000,000	2,692,000	15,000	612,329	22,319,329
Revaluation surplus/(deficit)	2,288,540	-	-	-	2,288,540
At 8 May 2006	<u>21,288,540</u>	<u>2,692,000</u>	<u>15,000</u>	<u>612,329</u>	<u>24,607,869</u>
DEPRECIATION					
At 9 May 2005	1,517,090	1,331,635	8,672	293,293	3,150,690
Charge for the year	-	136,037	1,582	31,904	169,523
Eliminated on revaluation	(1,517,090)	-	-	-	(1,517,090)
At 8 May 2006	<u>-</u>	<u>1,467,672</u>	<u>10,254</u>	<u>325,197</u>	<u>1,803,123</u>
NET BOOK VALUE					
At 8 May 2006	<u>21,288,540</u>	<u>1,224,328</u>	<u>4,746</u>	<u>287,132</u>	<u>22,804,746</u>
At 8 May 2005	<u>17,482,910</u>	<u>1,360,365</u>	<u>6,328</u>	<u>319,036</u>	<u>19,168,639</u>

BANKSIDE HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 8 MAY 2006

The freehold investment properties were revalued on 15th August 2006 by independent surveyors on an open market existing use basis and were reclassified during the year as investment properties. No depreciation is provided in respect of the investment properties.

In the opinion of the directors there is no significant difference between the valuation of the buildings at valuation date and at year end date.

	Investment properties £
AT COST	10,494,831
AT VALUATION:	
8 May 2004	6,988,079
8 May 2006	3,805,630
	<u>21,288,540</u>

All assets, except for the motor vehicle, are for use in an operating lease.

7. FIXED ASSET INVESTMENTS

	Shares in group under- takings £
COST OR VALUATION	
At 9 May 2005 and 8 May 2006	<u>2</u>

SUBSIDIARY UNDERTAKING

The following was a 100% subsidiary undertaking of the company:

Riverbank Hotels Limited

Incorporated in England & Wales

The aggregate of the share capital and reserves as at 8 May 2006 and of the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Riverbank Hotels Limited	<u>3,507,502</u>	<u>(44,050)</u>

BANKSIDE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 8 MAY 2006**

8. DEBTORS

	2006 £	2005 £
Prepayments & accrued income	-	318,162
Other debtors	6,036,976	5,461,764
	<u>6,036,976</u>	<u>5,779,926</u>

Included in other debtors are sums due from companies which are considered related by virtue of directorships and/or shareholdings. Full details are set out in note 14.

**9. CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2006 £	2005 £
Bank loans and overdrafts	-	99,218
Amounts owed to group undertakings	6,855,351	7,197,906
Social security and other taxes	62,194	59,826
Other creditors	575,085	163,661
	<u>7,492,630</u>	<u>7,520,611</u>

Included in other creditors are sums due to companies which are considered related by virtue of directorships and/or shareholdings. Full details are set out in note 14.

**10. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2006 £	2005 £
Bank loans	<u>14,062,433</u>	<u>14,190,336</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2006 £	2005 £
Repayable by instalments	<u>12,912,503</u>	<u>13,292,622</u>

The company is dependent on its bankers continuing to provide the necessary facilities to enable the company to continue in operation for the foreseeable future.

The loan is to be redeemed by 1st Sept 2015 and is secured by a first legal charge over the company's freehold property and by a debenture.

BANKSIDE HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 8 MAY 2006

11. SHARE CAPITAL

	2006 £	2005 £
AUTHORISED		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
ALLOTTED, CALLED UP AND FULLY PAID		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

12. RESERVES

	Revaluation reserve £	Profit and loss account £
At 9 May 2005	6,988,079	(3,750,559)
Profit retained for the year		278,560
Surplus on revaluation of other fixed assets	3,805,630	
At 8 May 2006	<u>10,793,709</u>	<u>(3,471,999)</u>

13. TRANSACTIONS WITH DIRECTORS

The following directors had interest free loans during the year. The movement on these loans are as follows:

	Amount outstanding 2006 £	2005 £	Maximum in year
R J Hodge	1,232	1,232	1,232
N J Griffith	<u>1,232</u>	<u>1,232</u>	<u>1,232</u>

BANKSIDE HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 8 MAY 2006

14. RELATED PARTY DISCLOSURES

Profit and Loss Accounts:

	2006 £	2005 £
Management charges:		
Pedersen Group Management Limited	36,000	36,000
Office accomodation charges:		
Sashden Limited	6,000	6,000
Interest receivable:		
Scorebridge Limited	161,795	131,217
Pedersen (UK) Limited	69,839	58,998

Balance sheet:

	2006 £	2005 £
Included in other debtors are amounts due from:		
Pedersen Leisure Limited	1,161,735	1,292,735
Pedersen (Duxford) Limited	172,803	162,803
R J Hodge Ltd	50,000	-
Scorebridge Limited	2,863,191	2,649,896
G & G Properties Limited	525,288	495,288
Pedersen (UK) Limited	1,233,818	1,160,979
Pedersen (GB) Limited	10,297	10,297
Sashden Limited	14,000	-
C D Gourgey	1,232	1,232
N J Gourgey	1,232	1,232
Pedersen Carterers Limited	919	-
Included in other creditors are amounts due to:		
Pedersen Group Management Limited	2,224	2,224
Pedersen Caterers Limited	-	-
G & G Land Limited	121,423	51,423
Park Hotel (Sheffield) Limited	290,908	288,908