

BANKSIDE HOTELS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2008

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BANKSIDE HOTELS LIMITED

COMPANY INFORMATION

DIRECTORS

M S Gourgey
K Gourgey
R J Hodge
N J Griffith

COMPANY SECRETARY

Pedersen Group Management Ltd

COMPANY NUMBER

03214521

REGISTERED OFFICE

35 Ballards Lane
London
N3 1XW

AUDITORS

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

BANKSIDE HOTELS LIMITED

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BANKSIDE HOTELS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2008

The directors present their report and the financial statements for the year ended 31 August 2008.

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of a lessor of hotels. The company has two subsidiaries.

DIRECTORS

The directors who served during the year were:

M S Gourgey
K Gourgey
R J Hodge
N J Griffith

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

BANKSIDE HOTELS LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2008**

AUDITORS

The auditors, Berg Kaprow Lewis LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 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 29 JUNE 2009 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 31 August 2008, set out on pages 5 to 17. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

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.

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 31 August 2008 and of its loss, 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.

BANKSIDE HOTELS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BANKSIDE HOTELS LIMITED

EMPHASIS OF MATTER

Related Party Debtors

Debtors due after more than one year comprises balances due from group and related entities the maturity and recovery of which is dependent on the future profitability and cash flows of those entities.

Our audit report is not qualified in respect of the above.

Berg Kaprow Lewis LLP

BERG KAPROW LEWIS LLP

Chartered Accountants
Registered Auditor

London

Date: 30 JUNE 2009

BANKSIDE HOTELS LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2008**

	Note	31 August 2008 £	Period ended 31 August 2007 £
TURNOVER	1	1,226,330	1,608,339
Administrative expenses		(200,844)	(387,244)
Exceptional administrative expenses		(720,515)	(1,319,920)
Total administrative expenses		(921,359)	(1,707,164)
OPERATING PROFIT/(LOSS)	2	304,971	(98,825)
Interest receivable	3	435,960	749,318
Interest payable	4	(1,715,290)	(2,135,529)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(974,359)	(1,485,036)
Tax on loss on ordinary activities	5	-	-
LOSS FOR THE FINANCIAL YEAR		(974,359)	(1,485,036)

The notes on pages 8 to 17 form part of these financial statements.

BANKSIDE HOTELS LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 AUGUST 2008**

	Note	31 August 2008 £	<i>Period ended 31 August 2007 £</i>
LOSS FOR THE FINANCIAL YEAR		(974,359)	(1,485,036)
Unrealised surplus on revaluation of tangible fixed assets		-	1,351,146
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		<u>(974,359)</u>	<u>(133,890)</u>

The notes on pages 8 to 17 form part of these financial statements.

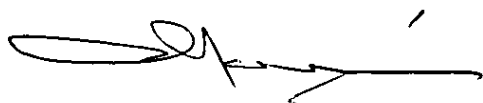
BANKSIDE HOTELS LIMITED

BALANCE SHEET AS AT 31 AUGUST 2008

	Note	£	2008 £	£	2007 £
FIXED ASSETS					
Tangible fixed assets	6		23,863,969		24,000,000
Fixed asset investments	7		21		21
			<u>23,863,990</u>		<u>24,000,021</u>
CURRENT ASSETS					
Debtors: amounts falling due after more than one year	8	8,822,054		-	
Debtors: amounts falling due within one year	8	350,885		8,850,315	
Cash at bank		2,457		59,886	
			<u>9,175,396</u>	<u>8,910,201</u>	
CREDITORS: amounts falling due within one year	9	<u>(11,126,072)</u>		<u>(9,890,500)</u>	
NET CURRENT LIABILITIES			<u>(1,950,676)</u>		<u>(980,299)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>21,913,314</u>		<u>23,019,722</u>
CREDITORS: amounts falling due after more than one year	10		<u>(15,699,752)</u>		<u>(15,831,801)</u>
NET ASSETS			<u>6,213,562</u>		<u>7,187,921</u>
CAPITAL AND RESERVES					
Called up share capital	11		100		100
Revaluation reserve	12		12,144,855		12,144,855
Profit and loss account	12		<u>(5,931,393)</u>		<u>(4,957,034)</u>
SHAREHOLDERS' FUNDS			<u>6,213,562</u>		<u>7,187,921</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
29 JUNE 2009



M S Gourgey
Director

The notes on pages 8 to 17 form part of these financial statements.

BANKSIDE HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2008

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 2007).

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of rent receivable, exclusive of Value Added Tax.

1.3 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Investment property	-	0%	
Plant & machinery	-	10%	reducing balance
Motor vehicles	-	25%	reducing balance
Fixtures & fittings	-	10%	reducing balance

1.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

BANKSIDE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2008**

1. ACCOUNTING POLICIES (continued)

1.6 Investment properties

Investment properties are included in the Balance sheet at their open market value in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007) and are not depreciated. This treatment is contrary to the Companies Act 1985 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company.

1.7 Going concern

The company incurred a loss for the year of £974,359 and had net current liabilities of £10,772,730 at the balance sheet date. However, the company has net assets of £6,213,562 and the loss mainly relates to provisions made by the company and depreciation, both of which are of a non-cash nature. Furthermore the company has a secure source of income. The Financial Statements have been prepared on a going concern basis taking the above into account and the support of its subsidiary, which is expected to continue.

2. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging:

	31 August 2008 £	<i>Period ended 31 August 2007 £</i>
Depreciation of tangible fixed assets:		
- owned by the company	136,031	152,333
Auditors' remuneration	5,750	5,750
Exceptional administrative expenses - provision for bad and doubtful debts	720,515	1,319,920
	<u>720,515</u>	<u>1,319,920</u>

During the year, no director received any emoluments (2007 - £NIL).

3. INTEREST RECEIVABLE

	31 August 2008 £	<i>Period ended 31 August 2007 £</i>
Interest receivable from group companies	396,475	743,276
Other interest receivable	39,485	6,042
	<u>435,960</u>	<u>749,318</u>

BANKSIDE HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2008

4. INTEREST PAYABLE

	31 August 2008 £	<i>Period ended 31 August 2007 £</i>
On bank and building society loans and overdrafts	1,074,139	1,372,017
On loans from group undertakings	641,151	763,512
	<u>1,715,290</u>	<u>2,135,529</u>

5. TAXATION

Factors that may affect future tax charges

The company has estimated losses of approximately £2.75m (2007: approximately £1.8m) available for carry forward against future trading profits.

6. TANGIBLE FIXED ASSETS

	Investment properties £	Plant and machinery £	Furniture, fittings & equipment £	Total £
Cost or valuation				
At 1 September 2007 and 31 August 2008	22,639,686	2,692,000	612,329	25,944,015
Depreciation				
At 1 September 2007	-	1,590,105	353,910	1,944,015
Charge for the year	-	110,189	25,842	136,031
At 31 August 2008	-	1,700,294	379,752	2,080,046
Net book value				
At 31 August 2008	22,639,686	991,706	232,577	23,863,969
At 31 August 2007	22,639,686	1,101,895	258,419	24,000,000

The freehold investment properties were revalued as at 31 August 2007 by the directors.

The directors have reviewed the carrying value of the company's property and related assets (which totals £23,863,969) and compared this with an external valuation prepared by Savills in August 2008 which provides a slightly higher figure. The directors believe that no adjustment is required to the year end carrying value as it is within 1.5% of the figure provided by the external valuers.

No depreciation is provided in respect of the investment properties.

BANKSIDE HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2008

	Investment properties £
At cost	10,494,831
At valuation:	
Revaluation uplift in the period ended 8 May 2004	6,988,079
Revaluation uplift in the period ended 8 May 2006	3,805,630
Revaluation uplift in the period ended 31 August 2007	1,351,146
	<u><u>22,639,686</u></u>

All tangible fixed assets are for use in an operating lease.

7. FIXED ASSET INVESTMENTS

	Shares in group under- takings £
Cost or valuation	
At 1 September 2007 and 31 August 2008	<u><u>21</u></u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Holding
Riverbank Hotels Limited	100%
Pedersen (Temple Quay) Limited	95%
Pedersen (Newport) Limited	95%
Pedersen (Swansea) Limited	95%
Pearl Hotels (Swansea) Limited	95%

The aggregate of the share capital and reserves as at 31 August 2008 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Riverbank Hotels Limited	4,469,442	411,081
Pedersen (Temple Quay) Limited	(80,527)	(59,519)
Pedersen (Newport) Limited	(28,772)	(28,792)
Pedersen (Swansea) Limited	(148,916)	(148,936)
Pearl Hotels (Swansea) Limited	<u><u>2,244,464</u></u>	<u><u>(396,265)</u></u>

BANKSIDE HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2008

8. DEBTORS

	2008 £	2007 £
Due after more than one year		
Other debtors	8,366,268	-
Amounts owed by group undertakings	455,786	-
	<u>8,822,054</u>	<u>-</u>
	2008 £	2007 £
Due within one year		
Amounts owed by group undertakings	1,039	456,824
Other debtors	349,846	8,393,491
	<u>350,885</u>	<u>8,850,315</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 15.

9. CREDITORS:

Amounts falling due within one year

	2008 £	2007 £
Bank loans and overdrafts	227,767	230,633
Amounts owed to group undertakings	9,005,132	7,437,860
Corporation tax	-	1,232
Social security and other taxes	65,116	64,712
Other creditors	1,828,057	2,156,063
	<u>11,126,072</u>	<u>9,890,500</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 15.

BANKSIDE HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2008

10. CREDITORS: Amounts falling due after more than one year

	2008 £	2007 £
Loans (secured - see below)	<u>15,699,752</u>	<u>15,831,801</u>

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

	2008 £	2007 £
Repayable by instalments	<u>12,599,595</u>	<u>12,742,880</u>

The bank loans are secured by a debenture and first legal charge over the company's freehold property.

The above bank loans include £13,659,939 which is repayable in instalments ending on 1 April 2029. Interest on the loan is fixed at 6.58% per annum.

11. SHARE CAPITAL

	2008 £	2007 £
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 1 September 2007	12,144,855	(4,957,034)
Loss for the year		(974,359)
At 31 August 2008	<u>12,144,855</u>	<u>(5,931,393)</u>

BANKSIDE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2008**

13. TRANSACTIONS WITH DIRECTORS

The following directors had interest free loans during the year:

	Amount outstanding at 31/8/07 £	Amount outstanding at 31/8/08 £	Maximum outstanding in the year £
R J Hodge	1,232	1,232	1,232
N J Griffith	1,232	1,232	1,232

14. CONTROLLING PARTY

There is no one party which has overall control of the company.

15. RELATED PARTY DISCLOSURES

The directors have interests in a number of companies, either as directors and/or participators, with which transactions have taken place. These are reflected below:

Profit and Loss Account

	2008 £	2007 £
Included within administrative expenses are the following:		
Management charges:		
Pedersen Group Management Limited	42,000	48,000
Office accommodation charges:		
Pedersen Caterers Limited	6,000	6,000
Total	<u>48,000</u>	<u>54,000</u>

BANKSIDE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2008**

	2008 £	2007 £
Included within interest receivable are amounts receivable from the following:		
G & G Properties Limited	(48,396)	(73,249)
Pedersen Leisure Limited	(84,904)	(160,748)
Pedersen (Basingstoke) Limited	(72,064)	(54,167)
Pedersen (Cardiff) Limited	(25,506)	(28,318)
Pedersen (Duxford) Limited	-	(37,639)
Pedersen (Knightsbridge) Limited	(7,114)	(2,201)
Pedersen (Liverpool) Limited	(6,563)	(13,043)
Pedersen (UK) Limited	(129,942)	(180,708)
Pedersen (York) Limited	(21,986)	(8,093)
Scorebridge Limited	(37,416)	(185,110)
Total	<u>(433,891)</u>	<u>(743,276)</u>

	2008 £	2007 £
Included within interest payable are amounts payable to the following:		
G & G Land Limited	12,022	29,805
Park Hotel (Sheffield) Limited	23,954	60,012
Pedersen (Bristol) Limited	51,780	42,819
Pedersen (UK) Limited	-	10,899
Riverbank Hotels Limited	542,678	588,383
Scorebridge Limited	-	31,594
Pedersen (Ealing) Limited	10,717	-
Total	<u>641,151</u>	<u>763,512</u>

Balance Sheet

	2008 £	2007 £
Included in within amounts due from group undertakings is an amount due from:		
Pedersen (Swansea) Ltd	455,785	455,785
Pedersen (Temple Quay) Limited	1,039	1,039
Total	<u>456,824</u>	<u>456,824</u>

BANKSIDE HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2008

	2008 £	2007 £
Included in other debtors are amounts due from:		
Charter Services Limited	34,253	20,000
Charter Services Limited - provision	(34,252)	-
G & G Properties Ltd	757,393	708,997
C D Gourgey	1,232	1,232
N J Gourgey	1,232	1,232
Hodge & Co Property Holdings Limited	50,000	50,000
Pedersen Leisure Limited	1,430,233	1,342,329
Pedersen Leisure Ltd - provision	(751,739)	(100,000)
Pedersen (Basingstoke) Ltd	1,129,345	1,054,167
Pedersen (Cardiff) Ltd	414,667	358,161
Pedersen Caterers Limited	294,919	919
Pedersen (Duxford) Limited	619,467	619,467
Pedersen (Duxford) Limited - provision	(523,368)	(502,010)
Pedersen Group Management Ltd	22,106	7,106
Pedersen (Knightsbridge) Ltd	145,610	69,931
Pedersen (Liverpool) Ltd	19,606	179,253
Pedersen (UK) Ltd	2,033,569	1,903,627
Pedersen (York) Limited	344,079	322,093
Scorebridge Limited	3,462,594	3,049,207
Scorebridge Limited - provision	(737,292)	(737,292)
Total	8,713,654	8,348,419

The company expects to surrender approximately £375,000 (2007: £500,000) of corporation tax losses to it's subsidiary Riverbank Hotels Ltd for group relief.

	2008 £	2007 £
Included in amounts due to group undertakings is an amount due to:		
Riverbank Hotels Limited	9,005,132	7,437,860
Total	9,005,132	7,437,860

BANKSIDE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2008**

	2008	2007
	£	£
Included in other creditors are amounts due to:		
G & G Land Limited	188,144	824,745
Park Hotel (Sheffield) Limited	374,874	350,920
Pedersen (Bristol) Limited	817,343	751,563
Pedersen (Ealing) Limited	297,717	27,000
Pedersen (Bromsgrove) Limited	35,000	-
Sashden Limited	15,170	15,170
Total	<u>1,728,248</u>	<u>1,969,398</u>