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**Financial statements for
the year ended 31 December 2008**

bbar restaurant limited

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bbar restaurant limited

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2008

The directors present their report and the financial statements of the company for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of restaurateurs.

Loss before interest, taxation, depreciation and amortisation ("EBITDA") for the year was £131,615 (2007: £129,242).

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £174,064 (2007: £175,351). The directors do not recommend the payment of a dividend (2007: £nil).

FINANCIAL INSTRUMENTS

Details of the company's financial risk management objectives and policies are included in note 14 to the accounts.

DIRECTORS

The directors who served the company during the year were as follows:

J J Raggett
V O'Hana
B G Tollman

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Mazars LLP were appointed as auditors during the year. A resolution to re-appoint Mazars LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the directors


J J Raggett
Director

Date: 21st May 2009

bbar restaurant limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

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 International Financial Reporting Standards as adopted by the EU.

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 judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting 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.

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.

bbar restaurant limited**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
bbar restaurant limited****YEAR ENDED 31 DECEMBER 2008**

We have audited the financial statements of bbar restaurant limited for the year ended 31 December 2008 on pages 5 to 18, which have been prepared on the basis of the accounting policies set out on pages 9 to 11.

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 auditor's 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 AUDITOR

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 2.

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 judgements 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.

bbar restaurant limited

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
bbar restaurant limited (continued)**

YEAR ENDED 31 DECEMBER 2008

OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRS as adopted by the EU, of the state of the company's affairs as at 31 December 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.

mazars LLP

Mazars LLP
The Atrium
Park Street West
Luton
Bedfordshire
LU1 3BE

Date: 27 May 2009

bbar restaurant limited**INCOME STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2008**

		2008	2007
	Note	£	£
REVENUE	2	887,911	891,410
Cost of sales		(868,828)	(874,331)
GROSS PROFIT		19,083	17,079
Administrative expenses		(150,698)	(146,321)
OPERATING LOSS	3	(131,615)	(129,242)
Finance income	5	1,774	2,383
Finance expenses	6	(44,223)	(48,492)
NET FINANCING EXPENSE		(42,449)	(46,109)
LOSS BEFORE TAX		(174,064)	(175,351)
Taxation	7	-	-
LOSS FOR THE YEAR		(174,064)	(175,351)

All results relate to continuing operations.

The Company has no recognised gains or losses other than the results for the year as set out above.

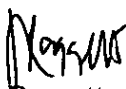
bbar restaurant limited**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2008**

	Share capital £	Retained earnings £	Total £
At 1 January 2007	1	(2,041,353)	(2,041,352)
Loss for the financial year	-	(175,351)	(175,351)
At 1 January 2008	1	(2,216,704)	(2,216,703)
Loss for the financial year	-	(174,064)	(174,064)
At 31 December 2008	1	(2,390,768)	(2,390,767)

bbar restaurant limited**BALANCE SHEET****AT 31 DECEMBER 2008**

	Note	2008 £	2007 £
NON-CURRENT ASSETS			
Property, plant and equipment	8	-	-
CURRENT ASSETS			
Inventories	9	17,601	23,333
Trade and other receivables	10	30,328	33,284
Cash and cash equivalents	11	91,087	112,467
		<u>139,016</u>	<u>169,084</u>
TOTAL ASSETS		<u>139,016</u>	<u>169,084</u>
NON-CURRENT LIABILITIES			
Amounts due to related parties	12	<u>2,503,362</u>	<u>2,328,153</u>
CURRENT LIABILITIES			
Other payables	13	<u>26,421</u>	<u>57,634</u>
TOTAL LIABILITIES		<u>2,529,783</u>	<u>2,385,787</u>
EQUITY			
Share capital	17	1	1
Retained deficit		<u>(2,390,768)</u>	<u>(2,216,704)</u>
TOTAL EQUITY DEFICIT		<u>(2,390,767)</u>	<u>(2,216,703)</u>
TOTAL LIABILITIES AND EQUITY		<u>139,016</u>	<u>169,084</u>

These financial statements were approved by the directors and authorised for issue on 21st March 2009, and are signed on their behalf by:


J J Raggett
Director

bbar restaurant limited**CASH FLOW STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	2008 £	2007 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		(174,064)	(175,351)
<i>Adjustments for:</i>			
Depreciation	8	-	-
Impairment of property, plant and equipment	8	10,124	27,635
Finance income	5	(1,774)	(2,383)
Finance expenses	6	44,223	48,492
Operating loss before changes in working capital		(121,491)	(101,607)
Decrease/(increase) in inventories		5,732	(3,812)
Decrease/(increase) in receivables		2,956	(9,583)
(Decrease)/increase in payables		(31,213)	31,021
Cash generated from operations		(144,016)	(83,981)
Interest paid		(44,223)	(48,492)
Net cash from operating activities		(188,239)	(132,473)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Interest received		1,774	2,383
Purchase of property, plant and equipment	8	(10,124)	(27,635)
Net cash used in investing activities		(8,350)	(25,252)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in amounts due to related parties		175,209	175,913
Net cash from financing activities		175,209	175,913
Net (decrease)/increase in cash and cash equivalents		(21,380)	18,188
Cash and cash equivalents at 1 January	11	112,467	94,279
Cash and cash equivalents at 31 December	11	91,087	112,467

bbar restaurant limited

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of financial instruments, and in accordance with International Financial Reporting Standards as adopted by the EU.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Revenue

The revenue shown in the income statement is the amount derived from ordinary activities, and is stated after trade discounts and other sales taxes, and is net of VAT.

Property, plant and equipment

All property, plant and equipment is initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	- 10% straight line
Equipment	- 20% straight line

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

bbar restaurant limited

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Trade and other receivables

Trade and other receivables are recognised and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Interest-bearing loans and borrowings

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received, net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains or losses are recognised in the profit and loss account when liabilities are derecognised or impaired, as well as through the amortisation process.

bbar restaurant limited

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES *(continued)*

Going concern

The company's financial statements are prepared in accordance with IFRS applicable to a going concern, which contemplates the realisation of assets and liquidation of liabilities in the normal course of business. However, as shown in the accompanying financial statements, the company's total liabilities exceed its total assets by £2,390,767 at 31 December 2008. This factor creates an uncertainty about the company's ability to continue as a going concern. The company's ultimate parent has represented that it will continue to provide ongoing financial support to enable the company to meet its financial obligations and that the company will not be required to pay obligations owed to any group entities while its liabilities exceed its assets. The ability of the company to continue as a going concern is dependent on this ongoing financial support. Accordingly, the financial statements do not include any adjustments that might be necessary if the company is unable to continue as a going concern.

2. REVENUE

The revenue and profit before tax are attributable to the one principal activity of the company. An analysis of revenue is given below:

	2008 £	2007 £
United Kingdom	<u>887,911</u>	<u>891,410</u>

3. OPERATING LOSS

Included in the loss for the year are the following:

	2008 £	2007 £
Impairment of property, plant and equipment	10,124	27,635
Auditors' remuneration		
- as auditor	5,294	7,860
Operating lease costs:		
Land and buildings	<u>100,000</u>	<u>100,000</u>

bbar restaurant limited**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2008**

4. STAFF NUMBERS AND COSTS

The average number of persons employed by the company during the financial year amounted to:

	2008	2007
	No	No
Number of other staff - services	<u>20</u>	<u>24</u>

The aggregate payroll costs of the above were:

	2008	2007
	£	£
Wages and salaries	290,925	282,447
Social security costs	<u>27,168</u>	<u>25,696</u>
	<u>318,093</u>	<u>308,143</u>

5. FINANCE INCOME

	2008	2007
	£	£
Bank interest receivable	<u>1,774</u>	<u>2,383</u>

6. FINANCE EXPENSES

	2008	2007
	£	£
Interest on loans from related parties	<u>44,223</u>	<u>48,492</u>

7. TAXATION ON ORDINARY ACTIVITIES**(a) Analysis of charge in the year**

	2008	2007
	£	£
Current tax:		
Corporation tax	<u>-</u>	<u>-</u>
Total tax in income statement	<u>-</u>	<u>-</u>

bbar restaurant limited

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

7. TAXATION ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year varied from the standard rate of corporation tax in the UK of 28% (2007: 30%).

	2008 £	2007 £
Loss ordinary activities before taxation	<u>(174,064)</u>	<u>(175,351)</u>
Loss on ordinary activities @ 28% (2007: 30%)	(48,738)	(52,605)
Expenses not deductible for tax purposes	-	14,546
Depreciation in excess of capital allowances claimed	2,885	-
Impairment losses re property, plant and equipment	-	8,291
Surrender of group relief	-	29,768
Unrelieved tax losses arising in the period	46,718	-
Effect of change in tax rate	<u>(865)</u>	<u>-</u>
Total current tax (note 7(a))	<u>-</u>	<u>-</u>

(c) Factors that may affect future tax charges

No provision has been made for the deferred tax asset of £534,149 (2007: £529,635) arising from depreciation of equipment, fixtures and fittings in excess of taxation allowances available and available losses.

The claim for taxation allowances and the recoverability of the deferred tax asset is dependent on the availability of sufficient future taxable profits of the company against which unused taxation allowances and losses can be utilised. In such circumstances the company recognises that, at the balance sheet date, it may not be appropriate to provide for the deferred tax asset.

bbar restaurant limited**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2008****8. PROPERTY, PLANT AND EQUIPMENT**

	Fixtures & Fittings £	Equipment £	Total £
COST			
At 1 January 2007	1,385,201	14,776	1,399,977
Additions	20,555	7,080	27,635
At 31 December 2007	<u>1,405,756</u>	<u>21,856</u>	<u>1,427,612</u>
At 1 January 2008	1,405,756	21,856	1,427,612
Additions	10,124	-	10,124
At 31 December 2008	<u>1,415,880</u>	<u>21,856</u>	<u>1,437,736</u>
DEPRECIATION AND IMPAIRMENT			
At 1 January 2007	1,385,201	14,776	1,399,977
Charge for the year	-	-	-
Impairment	20,555	7,080	27,635
At 31 December 2007	<u>1,405,756</u>	<u>21,856</u>	<u>1,427,612</u>
At 1 January 2008	1,405,756	21,856	1,427,612
Charge for the year	-	-	-
Impairment	10,124	-	10,124
At 31 December 2008	<u>1,415,880</u>	<u>21,856</u>	<u>1,437,736</u>
NET BOOK VALUE			
At 1 January 2007	-	-	-
At 31 December 2007	-	-	-
At 31 December 2008	-	-	-
IMPAIRMENT PROVISION INCLUDED IN DEPRECIATION AND IMPAIRMENT: -			
At 1 January 2007	785,634	11,652	797,286
Charge for the year	20,555	7,080	27,635
At 31 December 2007	<u>806,189</u>	<u>18,732</u>	<u>824,921</u>
At 1 January 2008	806,189	18,732	824,921
Charge for the year	10,124	-	10,124
At 31 December 2008	<u>816,313</u>	<u>18,732</u>	<u>835,045</u>

bbar restaurant limited**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 2008****9. INVENTORIES**

	2008	2007
	£	£
Goods for resale	17,601	23,333
	<u>17,601</u>	<u>23,333</u>

10. TRADE AND OTHER RECEIVABLES

	2008	2007
	£	£
Trade receivables	11,726	15,890
Other receivables	750	750
Prepayments and accrued income	17,852	16,644
	<u>30,328</u>	<u>33,284</u>

11. CASH AND CASH EQUIVALENTS

	2008	2007
	£	£
Cash and cash equivalents	13,197	15,712
Call accounts	77,890	96,755
	<u>91,087</u>	<u>112,467</u>

Cash at bank and in hand bears interest at an effective rate of 0.0% (2007: 0.0%).

Call account bears interest at an effective rate of 2.75% (2007: 3.25%) and is available on demand.

12. AMOUNTS DUE TO RELATED PARTIES

	2008	2007
	£	£
<i>Other group companies</i>		
Trafalgar Tours International Limited	301,989	257,766
Other Group companies	2,201,373	2,070,387
	<u>2,503,362</u>	<u>2,328,153</u>

The loan with Trafalgar Tours International Limited bears interest at 2% above the bank base rate (see note 14). Interest accrues on its apportionment of the loan held in Rubens Management Services Limited (a group company).

13. OTHER PAYABLES

	2008	2007
	£	£
PAYE and social security	8,778	9,918
Accruals	17,643	47,716
	<u>26,421</u>	<u>57,634</u>

bbar restaurant limited

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company holds or issues financial instruments in order to achieve three main objectives, as follows:

- a) to finance its operations;
- b) to manage its exposure to interest risk from its operations and from its sources of finance; and
- c) for trading purposes.

In addition, various financial instruments (e.g. trade receivables, trade payables, accruals and prepayments) arise directly from the company's operations.

Transactions in financial instruments result in the company assuming or transferring to another party one or more of the financial risks described below.

Credit risk

The company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event of other parties failing to perform their obligations under financial instruments.

The company monitors credit risk closely and considers that its current policies of credit checks meet its objectives of managing exposure to credit risk.

Liquidity risk

The company at all times maintains adequate committed credit facilities in order to meet all its commitments as and when they fall due. Long term borrowing, where it exists, is funded from within the Travel Corporation group. The Travel Corporation Limited has guaranteed to provide any future funding requirements of the company to enable it to meet its liabilities as they fall due.

Interest rate risk

The Company is exclusively funded by group borrowings.

Foreign exchange risk

The Company operates exclusively within the UK and is not directly exposed to foreign exchange risk. Hedging instruments are therefore not used.

Fair value

The directors are of the opinion that the carrying value of financial instruments approximates fair value.

Trade and other receivables are valued at amortised cost. Impairment losses are estimated at year end by reviewing amounts outstanding and assessing the likelihood of recoverability. Group debts are all guaranteed by The Travel Corporation Limited and are therefore carried at book value as opposed to expected recoverable amount.

bbar restaurant limited

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

15. COMMITMENTS UNDER OPERATING LEASES

The company has entered into operating leases in respect of properties and equipment. The total minimum annual rentals under the leases are as follows: -

	2008 £	2007 £
Not later than one year:		
Land and Buildings	<u>100,000</u>	<u>100,000</u>
Later than one year and not later than five years:		
Land and Buildings	<u>100,000</u>	<u>300,000</u>

16. RELATED PARTY TRANSACTIONS

During the year the company received services from other members of the group as follows: -

		2008 £	2007 £
Red Carnation (U.K.) Limited	Mgt. charges	85,000	77,884
Rubens Travcorp Limited	Rent charges	100,000	100,000
Trafalgar Tours International Limited	Loan interest	<u>44,223</u>	<u>44,492</u>

Amounts owing to other members of the group, which are unsecured and payable outside one year were: -

	2008 £	2007 £
Trafalgar Tours International Limited	301,989	257,766
Other Group companies	<u>2,201,373</u>	<u>2,070,387</u>
	<u>2,503,362</u>	<u>2,328,153</u>

Details of the company's immediate parent and of the ultimate controlling party are included at note 18.

17. SHARE CAPITAL

Authorised share capital:	2008 £	2007 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:	2008 No	£	2007 No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Equity shares

Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
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bbar restaurant limited

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2008

18. CONTROLLING PARTY AND PARENT COMPANIES

The company's ultimate parent undertaking is The Travel Corporation Limited, a company incorporated in the British Virgin Islands.

The largest group in which the results of the company are consolidated is that headed by The Travel Corporation Limited, a company incorporated in the British Virgin Islands. The financial statements of this company are not available to the public. The smallest group in which they are consolidated is that headed by Chesterfield (Mayfair) Limited, a company registered in England and Wales. Copies of the consolidated financial statements of Chesterfield (Mayfair) Limited are available to the public from the Registrar of Companies.