

The Berkeley Hotel Limited

Directors' report and
financial statements

For the year ended 30 June 2008

Registered number: 3669260



The Berkeley Hotel Limited

Directors' report and financial statements

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The Berkeley Hotel Limited

Directors and other information

Directors

Stephen Alden
Clive Gibbons
Mark Hennebry
Lisa Seelinger

Secretary

Clive Gibbons

Registered office

30 Old Burlington Street
Mayfair
London
W1S 3AR

Bankers

Barclays Bank PLC
Business Banking Larger Business
27th Floor
1 Churchill Place
London
E14 5HP

Auditors

KPMG
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2

Solicitors

DLA
3 Noble Street
London
EC2V 7EE

The Berkeley Hotel Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 30 June 2008.

Activities

The principal activity of the company is the ownership and operation of The Berkeley Hotel.

Review of developments and future prospects

The profit for the year before taxation is £13.4 million (2007: £15.1 million). The profit and loss account is shown on page 9.

The directors expect that the present activity level will be sustained for the foreseeable future.

Business review

The Company's occupancy was 85% during 2008 (2007: 87%). Revenue per available room (RevPar) for the company increased by £3 to £318 (2007: £69 to £315). The key risk facing the company's performance for 2009 is a downturn in the global economy.

Dividends

During the year no dividends have been paid or proposed (2007: £nil).

Directors and their interests

The directors who held office during the year were as follows:

Stephen Alden	
Clive Gibbons	
Mark Hennebry	
Lisa Seelinger	Appointed 13/03/2008
Paul Reynolds	Resigned 14/03/2008
Sara Edwards	Resigned 21/12/2007

The directors and secretary do not hold any material interests in the shares of the company or any other company in the group.

The Berkeley Hotel Limited

Directors' report *(continued)*

Employees

The company's policy is to give full and fair consideration to the recruitment of disabled persons having regard to their particular aptitudes and abilities. Appropriate training will be arranged for disabled persons. The company's personnel policies ensure that all its employees are made aware, on a regular basis, of the company's policies, programmes and progress.

Creditor payment policy

The payment policy of the company is to pay all purchases within thirty days of the end of the month. The payment policy applies to all payments to creditors/suppliers for revenue and capital supplies of goods and services without exception.

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/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Political and charitable contributions

The company made no political contributions during the year and no donations to charities.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board


Director

24th April 2009

The Berkeley Hotel Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK 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.

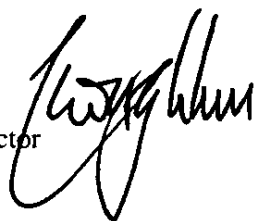
In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the board

Director



24th April 2009



KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Independent auditor's report to the members of The Berkeley Hotel Limited

We have audited the financial statements of The Berkeley Hotel Limited for the year ended 30 June 2008 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.

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

As described in the statement of directors' responsibilities on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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.



Independent auditor's report to the members of The Berkeley Hotel Limited
(continued)

Basis of audit opinion (continued)

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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2008 and of its profit for the year then ended.
- the financial statements have been properly prepared in accordance with the Companies Act 1985.
- the information given in the directors' report is consistent with the financial statements.

KPMG

Chartered Accountants
Registered Auditor

28 April 2009

The Berkeley Hotel Limited

Statement of accounting policies *for the year ended 30 June 2008*

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 are prepared in accordance with applicable accounting standards under the historical cost accounting rules.

Cash flow statement

The company's ultimate parent undertaking publishes financial statements which are publicly available. Those financial statements include a consolidated cash flow statement. For this reason the exemption requirements of FRS 1 (Revised) "Cash Flow Statements" are met and the company has therefore not prepared a cash flow statement.

Group accounts

The Company is exempt from the obligation to prepare consolidated accounts by virtue of Section 228 of the Companies Act 1985 in that it is a wholly owned subsidiary of its ultimate parent and controlling undertaking which itself prepares group accounts which are publicly available. These financial statements are therefore entity financial statements and are not consolidated financial statements.

Turnover

Turnover represents income from hotel and restaurant operations, excludes value added tax and is recognised on provision of the related service. Turnover is derived solely from UK operations.

Capitalisation of interest

Interest attributable to progress payments made on construction work-in-progress is capitalised and included in the cost of fixed assets. Interest is calculated by reference to specific borrowings where applicable or calculated at the weighted average interest rate for the pool of borrowings funding that particular project. Capitalisation of interest ceases when substantially all the activities that are necessary to bring the tangible fixed asset into use are complete.

Stocks

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

Tangible fixed assets

Tangible fixed assets are held at cost. Expenditure on development of the company's hotel and restaurants, including major replacement and improvement of assets, is disclosed as land and buildings, plant, machinery, fixtures and fittings. Land and buildings includes the costs associated with structural improvements to long-term leasehold properties. The cost of replacement of glass and china and certain other loose equipment of hotels and restaurants is charged to the profit and loss account in the year in which it is incurred.

The Berkeley Hotel Limited

Statement of accounting policies *(continued)*
for the year ended 30 June 2008

Depreciation

Depreciation is not charged on freehold property as the group, of which this company is a member, has a policy and practice of disposing of assets well before the end of their economic lives and the disposal proceeds of similar assets have not been materially less than their carrying amounts.

As a result, on an annual basis the group estimates the recoverable amount of its hotel properties based on the higher of their net realisable values or the present values of future cash flows expected to result from their use. Where the recoverable amount is less than the carrying amount of the hotel properties the group recognises an impairment loss in the profit and loss account.

Other fixed assets are stated at cost less accumulated depreciation. No depreciation is charged on archive materials and manuscripts however as they are maintained in good condition and they are expected to have a high residual value.

Depreciation of other tangible assets is provided on a straight-line basis over the following useful lives:

Plant and machinery	between 4 and 20 years
Fixtures and fittings	between 5 and 20 years

Deferred taxation

Deferred taxation is provided in full on an undiscounted basis on timing differences that result in an obligation to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law and on an undiscounted basis. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Leasing

Rentals under operating leases are charged to the profit and loss account over the terms of the leases.

Pension and other post retirement benefits

The Company is a participating member of a larger group defined benefit pension scheme, the Maybourne Hotels Group Pension and Life Insurance Scheme, providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis and therefore, as permitted by FRS 17 'Retirement benefits', the scheme has been accounted for in these financial statements, as if the scheme was a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Berkeley Hotel Limited

Profit and loss account for the year ended 30 June 2008

	<i>Note</i>	2008 £'000	2007 £'000
Turnover – continuing operations	<i>1</i>	38,486	38,775
Cost of sales		(9,865)	(9,521)
		<hr/>	<hr/>
Gross profit		28,621	29,254
Administrative expenses		(15,254)	(14,247)
		<hr/>	<hr/>
Operating profit – continuing operations	<i>3</i>	13,367	15,007
Interest receivable and similar income	<i>4</i>	79	74
		<hr/>	<hr/>
Profit on ordinary activities before taxation		13,446	15,081
Tax charge on profit on ordinary activities	<i>5</i>	(1,839)	(1,481)
		<hr/>	<hr/>
Profit for the financial year	<i>13</i>	11,607	13,600
		<hr/> <hr/>	<hr/> <hr/>

The company had no recognised gains or losses in the financial year or in the preceding financial year other than those dealt with in the profit and loss account. All activities in the current and preceding periods are derived from continuing operations.

The Berkeley Hotel Limited

Balance sheet

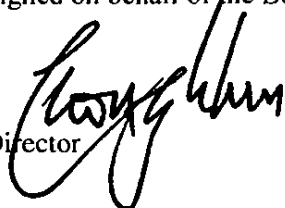
at 30 June 2008

		2008 £'000	2007 £'000
Fixed assets			
Tangible assets	6	162,512	162,618
Financial assets	7	6	6
		<hr/>	<hr/>
		162,518	162,624
Current assets			
Stocks	8	430	429
Debtors	9	49,674	34,671
Cash at bank and in hand		437	36
		<hr/>	<hr/>
		50,541	35,136
Creditors: amounts falling due within one year	10	(7,150)	(5,297)
		<hr/>	<hr/>
Net current assets		43,391	29,839
		<hr/>	<hr/>
Total assets less current liabilities		205,909	192,463
Provision for liabilities and charges;			
Deferred taxation	11	(2,159)	(320)
		<hr/>	<hr/>
Net assets		203,750	192,143
		<hr/> <hr/>	<hr/> <hr/>
Capital and reserves			
Called up share capital	12	150	150
Share premium account	13	133,586	133,586
Profit and loss account	13	70,014	58,407
		<hr/>	<hr/>
Shareholders' funds	14	203,750	192,143
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

24th April 2009

Director



24th April 2009

The Berkeley Hotel Limited

Notes

forming part of the financial statements

1 Turnover

	2008 £'000	2007 £'000
Hotel, restaurant and ancillary services	38,486	38,775
All turnover arises in the UK.		

2 Information regarding directors and employees

Average number of persons employed (excluding directors)

	2008 No.	2007 No.
Hotel and administration	333	325
	£'000	£'000
Staff costs during the period (excluding directors)		
Wages and salaries	6,256	5,960
Social security costs	580	514
Pension costs	146	141
	6,982	6,615

The directors receive no remuneration for their services to this company.

3 Operating profit

	2008 £'000	2007 £'000
Operating leases		
- Other assets	87	15
Auditors remuneration – audit services	40	43
Depreciation – owned assets	2,561	2,023

The Berkeley Hotel Limited

Notes (continued)

4 Interest receivable and similar income

	2008 £'000	2007 £'000
Interest receivable on amounts owed by related company (note 18)	79	74

5 Tax charge on profit on ordinary activities

	2008 £'000	2007 £'000
UK corporation tax for the year at 28% (2007: 30%) based on the profit for the year	-	-
Deferred tax charge		
Timing differences: origination and reversal		
Current year	(405)	564
Adjustment in respect of prior years	(1,434)	(2,045)
Tax charge on profit on ordinary activities	(1,839)	(1,481)

The prior year deferred tax charge of £1.434 million, has arisen due to a claim for plant and machinery capital allowances made by the company in its submitted 2007 tax return which was not taken into account in the original calculation of the deferred tax provision as at 30 June 2007.

During the prior year, changes to UK tax legislation included the abolition of balancing adjustments for industrial buildings allowances. This change has been substantially enacted at the balance sheet date and has been included as an adjustment in respect of prior years within the deferred tax note.

Factors affecting corporation tax charge for the current year

The corporation tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK of 28% (2007: 30%).

The Berkeley Hotel Limited

Notes (continued)

5 Tax charge on profit on ordinary activities (continued)

The differences are explained below:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	13,446	15,081
Tax at 28% (2007: 30%) thereon:	3,765	4,524
<i>Effect of:</i>		
Expenses not deductible for tax purposes	(178)	(222)
Capital allowances in excess of qualifying depreciation	(392)	566
Group relief received for nil consideration	(3,827)	(5,375)
Other permanent differences	646	468
Other timing differences	(14)	(2)
Other – difference in tax rates	-	41
Current tax charge for the year	-	-

Factors that may affect the future tax charge

Deferred tax has not been provided on the difference between the carrying value and the tax basis of fixed assets. This tax will only become payable if the assets are sold and rollover relief is not obtained. The estimated amount of tax that would become payable in these circumstances is £30.1 million.

Deferred tax has not been provided in respect of gains realised that have been rolled over into the acquisition cost of replacement assets. This tax will become payable if replacement assets are sold and further rollover relief is not available. The estimated amount of tax that would become payable in these circumstances is £1 million.

The Berkeley Hotel Limited

Notes (continued)

6 Tangible fixed assets

	Long leasehold land and buildings £'000	Assets under the course of construction £'000	Fixtures, fittings, plant and machinery £'000	Total £'000
Cost				
At 1 July 2007	131,939	8,642	41,589	182,170
Additions	-	2,455	-	2,455
Reclassification	-	(968)	968	-
At 30 June 2008	131,939	10,129	42,557	184,625
Accumulated depreciation				
At 1 July 2007	-	-	19,552	19,552
Charge for the year	-	-	2,561	2,561
At 30 June 2008	-	-	22,113	22,113
Net book value				
At 30 June 2008	131,939	10,129	20,444	162,512
At 30 June 2007	131,939	8,642	22,037	162,618

Borrowings of the company's parent, Coroin Ltd, and other group companies, are secured by a fixed and floating charge over the assets of the company.

7 Financial fixed assets

<i>Investments in subsidiary undertakings</i>	2008 £'000	2007 £'000
<i>At cost and net book value</i>		
At beginning and end of year	6	6

The subsidiary undertakings are as follows:

Subsidiary undertaking	Country of incorporation	Activity	Shareholding
The Minema Limited	Great Britain	Dormant Company	100%
The Berkeley Hotel Company Limited	Great Britain	Dormant Company	100%

The Berkeley Hotel Limited

Notes (continued)

8 Stocks

	2008 £'000	2007 £'000
Raw materials and consumables	430	429

The directors believe that the net realisable value of stock is greater than cost.

9 Debtors

	2008 £'000	2007 £'000
Trade debtors	1,452	3,065
Amounts owed by group undertaking	46,157	31,222
Other debtors	637	148
Amounts owed by related company (note 18)	1,148	-
Prepayments and accrued income	280	236
	<u>49,674</u>	<u>34,671</u>

All amounts are due within one year.

10 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Bank overdrafts	267	672
Trade creditors	2,126	1,816
Amounts owed to group undertaking	1,496	5
Amounts owed to subsidiary undertakings	6	6
Other taxes and social security	1,421	1,260
Other creditors	190	186
Accruals and deferred income	1,644	1,352
	<u>7,150</u>	<u>5,297</u>

The Berkeley Hotel Limited

Notes (continued)

11 Deferred tax liability

	2008 £'000	2007 £'000
Movement in deferred tax liability		
Opening deferred tax (liability)/asset	(320)	1,161
Charge to the profit and loss account (Note 5)	(1,839)	(1,481)
	<u> </u>	<u> </u>
Closing deferred tax liability	(2,159)	(320)
	<u> </u>	<u> </u>

	2008 £'000	2007 £'000
Analysis of deferred tax liability		
Difference between accumulated depreciation and capital allowances	(2,165)	(341)
Short term timing differences	6	21
	<u> </u>	<u> </u>
Deferred tax liability	(2,159)	(320)
	<u> </u>	<u> </u>

12 Called up share capital

	2008 £'000	2007 £'000
Authorised, called up, allotted and fully paid		
1,000,000 "A" ordinary shares of 10p each	100	100
500,000 "B" ordinary shares of 10p each	50	50
	<u> </u>	<u> </u>
	150	150
	<u> </u>	<u> </u>

Shares rank equally, except for a dividend and return on capital, where the distribution rights of the "A" shares are 10,000 times those of "B" shares.

The Berkeley Hotel Limited

Notes (continued)

13 Reserves

	Share premium £'000	Profit and loss account £'000	Total £'000
At 1 July 2007	133,586	58,407	191,993
Profit for the year	-	11,607	11,607
	<hr/>	<hr/>	<hr/>
At 30 June 2008	133,586	70,014	203,600
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

14 Reconciliation of movement in shareholders' funds

	2008 £'000	2007 £'000
At start of year	192,143	178,543
Profit for the financial year	11,607	13,600
	<hr/>	<hr/>
At end of year	203,750	192,143
	<hr/> <hr/>	<hr/> <hr/>

15 Capital commitments

	2008 £'000	2007 £000
Capital commitment (land and buildings) Contracted but not provided for in the accounts	316	-
	<hr/> <hr/>	<hr/> <hr/>

The Berkeley Hotel Limited

Notes (continued)

16 Operating lease commitments

	2008 £'000	2007 £'000
Operating lease commitments		
Other leases expiring:		
- within one year	12	-
- in two to five years	102	15
	<hr/>	<hr/>
Annual commitments under non-cancellable leases	114	15
	<hr/>	<hr/>

17 Pensions and similar obligations

The Berkeley Hotel Limited is a participating employer in two pension schemes. The Maybourne Hotels Group pension and life insurance scheme, a defined benefit scheme, which has two sections – Staff and Senior Staff section was closed to new entrants with effect from 1 August 2006. The Maybourne Stakeholder Scheme, a defined contribution scheme, was introduced on 1 August 2006 and is open to all staff if they meet the eligibility criteria. The company actively encourages staff to join the scheme as it believes that it is an important element of the remuneration package. This is disclosed fully in the consolidated accounts of Coroin Limited.

The directors are unable to identify the company's share of the scheme assets and liabilities as;

- Most scheme members have worked for more than one company within the group. The group structure has also changed materially over time due to restructurings, acquisitions and disposals. It is therefore not appropriate to allocate assets and liabilities between the participating companies.
- For funding purposes, the employers within the group share actuarial risks. The determination of cash contributions does not separately identify assets and liabilities for individual participating companies and all employers pay the same contribution rate in respect of accruing benefits. Contributions in respect of the past service deficit are paid separately by another group company.

As a result it is accounted for as a defined contribution scheme. The scheme is currently in deficit and it is expected that contributions will be increased to reduce the deficit. At 30 June 2008 this deficit, calculated in accordance with FRS 17, amounted to £4.4 million (30 June 2007: £4.1 million). Full details of the scheme are disclosed in the accounts of Coroin Limited.

The Berkeley Hotel Limited

Notes *(continued)*

18 Related party disclosures

The company is exempt under the provisions of paragraph 3, Financial Reporting Standard 8 "Related Party Disclosures" from disclosing details of transactions with Group related parties.

During the year, the company continued to finance capital expenditure on behalf of Goldrange, a company controlled by a number of directors of Coroin Limited. An amount of £1,148,000 (2007: nil) is included in debtors at 30 June 2008 in this respect and represents the full amount outstanding at the year end plus interest charged at applicable market rates.

19 Ultimate parent company

The company's ultimate parent company is Coroin Limited, a company incorporated in Great Britain and registered in England and Wales. This is the smallest and largest group in which the results of the company are consolidated. Copies of those statutory accounts are available from its registered office, 30 Old Burlington Street, Mayfair, London, W1S 3AR.