



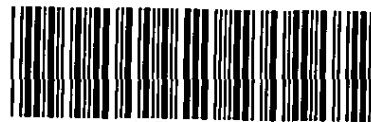
The Berkeley Hotel Limited

Directors' report and
financial statements

For the year ended 30 June 2006

Registered number 3669260

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The Berkeley Hotel Limited

Directors' report and financial statements

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The Berkeley Hotel Limited

Directors and other information

Directors

Stephen Alden
Sara Edwards
Clive Gibbons
Mark Hennebry
Paul Reynolds

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
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 2006

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 interest and tax is £10.8 million (2005 £12.9 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 increased occupancy to 81% during 2006 (2005 79%). Revenue per available room (RevPar) for the company increased by £24 to £246. The key risk facing the company's performance for 2007 is a downturn in the global economy.

Dividends

During the year no dividends have been paid or proposed (2005. £nil)

Directors and their interests

On 24 March 2006, G McKenna resigned as a director. On 31 August 2006, M France resigned as a director. On 24 July 2006, S Alden, S Edwards and P. Reynolds were appointed as directors. On 8 February 2007, C Gibbons was appointed as a director and as company secretary.

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

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.



The Berkeley Hotel Limited

Directors' report *(continued)*

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

25th April 2007



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

25th April 2007



KPMG
Chartered Accountants
1 Stokes Place
St. Stephens 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 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses 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 2006 and of its profit for the year then ended, and
- have been properly prepared in accordance with the companies Act 1985

KPMG

Chartered Accountants
Registered Auditor

26 April 2007



The Berkeley Hotel Limited

Statement of accounting policies *for the year ended 30 June 2006*

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

These financial statements are prepared in Sterling in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in England and Wales

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 S228 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.

Interest

Interest charges incurred in financing the restoration of the properties is not capitalised. All interest is charged against profits as it arises.

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 2006

Depreciation

Depreciation is not charged on freehold property as the group 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 employer in the Maybourne Hotels Group pension and life insurance scheme, providing benefits based on final pensionable pay. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result the amount charged to the profit and loss accounts 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 2006

		Year ended 30 June 2006 £'000	18 months ended 30 June 2005 £'000
	<i>Note</i>		
Turnover – continuing operations	<i>1</i>	31,410	41,191
Cost of sales		(7,861)	(10,690)
		<hr/>	<hr/>
Gross profit		23,549	30,501
Administrative expenses		(12,760)	(17,572)
		<hr/>	<hr/>
Operating profit – continuing operations	<i>3</i>	10,789	12,929
Interest receivable and similar income	<i>4</i>	15	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation		10,804	12,929
Tax credit on profit on ordinary activities	<i>5</i>	484	399
		<hr/>	<hr/>
Profit for the financial year/period	<i>13</i>	11,288	13,328
		<hr/> <hr/>	<hr/> <hr/>

The company had no recognised gains or losses in the financial period or in the preceding financial period 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 2006

		2006 £'000	2005 £'000
Fixed assets			
Tangible assets	6	158,374	155,286
Financial assets	7	6	6
		<hr/>	<hr/>
		158,380	155,292
Current assets			
Stocks	8	382	339
Debtors	9	24,114	30,878
Cash at bank and in hand		43	315
		<hr/>	<hr/>
		24,539	31,532
Creditors: amounts falling due within one year	10	(4,376)	(19,569)
		<hr/>	<hr/>
Net current assets		20,163	11,963
		<hr/>	<hr/>
Net assets		178,543	167,255
		<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	44,807	33,519
		<hr/>	<hr/>
Shareholders' funds	14	178,543	167,255
		<hr/> <hr/>	<hr/> <hr/>

These financial statements were approved by the Board of Directors on 25 April 2007

Signed on behalf of the Board of Directors

Director

25th April 2007



The Berkeley Hotel Limited

Notes

forming part of the financial statements

1 Turnover

	Year ended 30 June 2006 £'000	18 months ended 30 June 2005 £'000
Hotel, restaurant and ancillary services	31,410	41,191

All turnover arises in the UK.

2 Information regarding directors and employees

Average number of persons employed (excluding directors)

	Year ended 30 June 2006 No.	18 months ended 30 June 2005 No
Hotel and administration	284	275
	£'000	£000
Staff costs during the period (excluding directors)		
Wages and salaries	5,172	6,959
Social security costs	373	635
Pension costs	125	126
	5,670	7,720

The directors receive no remuneration for their services to this company



The Berkeley Hotel Limited

Notes (continued)

3 Operating profit

	Year ended 30 June 2006 £'000	18 months ended 30 June 2005 £000
Operating leases		
- Other assets	28	25
Auditors remuneration – audit services	25	28
Depreciation – owned assets	2,108	3,109
	<u> </u>	<u> </u>

4 Interest receivable and similar income

	Year ended 30 June 2006 £'000	18 months ended 30 June 2005 £000
Interest receivable on amounts owed by related company (Note 18)	15	-
	<u> </u>	<u> </u>

5 Tax credit on profit on ordinary activities

	Year ended 30 June 2006 £'000	18 months ended 30 June 2005 £000
UK corporation tax for the year at 30% (2005: 30%) based on the profit for the period	-	-
Deferred tax credit		
Timing differences' origination and reversal		
Current year	452	643
Adjustment in respect of prior year	32	(244)
	<u> </u>	<u> </u>
Tax credit on profit on ordinary activities	484	399
	<u> </u>	<u> </u>

Factors affecting corporation tax charge for the current period

The corporation tax assessed for the period is lower than that resulting from applying the standard rate of corporation tax in the UK of 30% (2005: 30%)



The Berkeley Hotel Limited

Notes (continued)

5 Tax credit on profit on ordinary activities (continued)

The differences are explained below:

	Year ended 30 June	18 months ended 30 June
	2006 £'000	2005 £000
Profit on ordinary activities before tax	10,804	12,929
Tax at 30% thereon	3,241	3,879
<i>Effect of:</i>		
Capital allowances in excess of qualifying depreciation	431	642
Group relief received for nil consideration	(3,994)	(4,509)
Permanent differences	300	(12)
Other timing differences	22	-
Current tax charge for the year/period	-	-

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 £30.5 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

Group	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 2005	131,689	1,339	37,679	170,707
Additions	-	5,196	-	5,196
Reclassification	137	(697)	560	-
At 30 June 2006	131,826	5,838	38,239	175,903
Accumulated depreciation				
At 1 July 2005	-	-	15,421	15,421
Charge for the period	-	-	2,108	2,108
At 30 June 2006	-	-	17,529	17,529
Net book value				
At 30 June 2006	131,826	5,838	20,710	158,374
At 30 June 2005	131,689	1,339	22,258	155,286

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>	2006 £'000	2005 £'000
<i>At cost and net book value</i>		
At beginning and end of year/period	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

	2006 £'000	2005 £000
Raw materials and consumables	382	339

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

9 Debtors

	2006 £'000	2005 £000
Trade debtors	1,879	1,425
Amounts owed by group undertaking	20,013	28,403
Other debtors	90	81
Amounts owed by related company (Note 18)	819	-
Prepayments and accrued income	152	292
Deferred tax asset (Note 11)	1,161	677
	<u>24,114</u>	<u>30,878</u>

All amounts are due within one year

10 Creditors: amounts falling due within one year

	2006 £'000	2005 £000
Bank overdrafts	425	-
Trade creditors	1,646	1,151
Amounts owed to group undertaking	728	-
Amounts owed to subsidiary undertakings	6	16,434
Other taxes and social security	816	1,005
Other creditors	77	29
Accruals and deferred income	678	950
	<u>4,376</u>	<u>19,569</u>



The Berkeley Hotel Limited

Notes (continued)

11 Deferred tax

	2006 £'000	2005 £000
Movement in deferred tax asset		
Opening deferred tax asset	677	278
Credit to the profit and loss account (Note 5)	484	399
	<hr/>	<hr/>
Closing deferred tax asset	1,161	677
	<hr/> <hr/>	<hr/> <hr/>
Analysis of deferred tax asset		
Difference between accumulated depreciation and capital allowances	1,139	677
Short term timing differences	22	-
	<hr/>	<hr/>
Deferred tax asset	1,161	677
	<hr/> <hr/>	<hr/> <hr/>

12 Called up share capital

	2006 £'000	2005 £000
<i>Authorised, called up, allotted and fully paid Equity</i>		
1,000,000 "A" ordinary shares of 10p each	100	100
500,000 "B" ordinary shares of 10p each	50	50
	<hr/>	<hr/>
	150	150
	<hr/> <hr/>	<hr/> <hr/>

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 2005	133,586	33,519	167,105
Profit for the year	-	11,288	11,288
	<hr/>	<hr/>	<hr/>
At 30 June 2006	133,586	44,807	178,393
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

14 Reconciliation of movement in shareholders funds

	2006 £'000	2005 £'000
At start of year/period	167,255	153,927
Profit for the financial year/period	11,288	13,328
	<hr/>	<hr/>
At end of year/period	178,543	167,255
	<hr/> <hr/>	<hr/> <hr/>

15 Capital commitments

	2006 £'000	2005 £000
Capital commitment (land and buildings) Contracted but not provided for in the accounts	-	900
	<hr/> <hr/>	<hr/> <hr/>



The Berkeley Hotel Limited

Notes (continued)

16 Operating lease commitments

	2006 £'000	2005 £000
Operating lease commitments		
Other leases expiring:	-	
- in two to five years	15	18
	<hr/>	<hr/>
Annual commitments under non-cancellable leases	15	18
	<hr/> <hr/>	<hr/> <hr/>

17 Pensions and similar obligations

The Berkeley Hotel Limited is a participating employer in the Maybourne Hotels Group pension and life insurance scheme. The scheme has three sections - staff and senior staff which are defined benefit schemes and directors which is a money purchase scheme. The staff scheme 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 Berkeley Hotel Limited's share of the underlying assets and liabilities of the scheme. 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 2006 this deficit, calculated in accordance with FRS 17, amounted to £7.8 million (30 June 2005 £13.5 million (restated)). Full details of the scheme are disclosed in the accounts of Coroin Limited.

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 financed capital expenditure on behalf of Goldrange, a company, controlled by a number of directors of Coroin Limited. An amount of £819,000 (2005: £Nil) is included in debtors at 30 June 2006 in this respect and represents the full amount forwarded during the year plus interest charged at applicable market rates.



The Berkeley Hotel Limited

Notes *(continued)*

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 will also be available from its registered office, 30 Old Burlington Street, Mayfair, London, W1S 3AR.