

**REGISTRAR OF  
COMPANIES**

**International Hoteliers (UK)  
Limited**

Report and Financial Statements

Year Ended

31 December 2007

MONDAY



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21/04/2008  
COMPANIES HOUSE

**BDO**

BDO Stoy Hayward  
Chartered Accountants

# International Hoteliers (UK) Limited

Annual report and financial statements  
for the year ended 31 December 2007

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## Directors

M A Cairns  
J O'Shea  
S Moatassef  
J Rea

## Secretary and registered office

S Moatassef, 30 Portman Square, London, W1A 4ZX

## Company number

1698769

## Auditors

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU

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# International Hoteliers (UK) Limited

## Report of the directors for the year ended 31 December 2007

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The directors present their report together with the audited financial statements for the year ended 31 December 2007

### Results and dividends

The results of the company for the year are set out on page 5 and show a profit for the year on ordinary activities after taxation of £5,206,000 (2006 - loss of £5,324,000)

The directors do not recommend the payment of a dividend for the year (2006 - £Nil)

### Principal activities and review of the business

The principal activity of the company consists of the ownership of, and investment in the Hyatt Regency London - The Churchill Hotel, Portman Square, London

During the year the company continued to receive rental income under the sub-lease with Churchill Group Limited and will do so during 2007

### Directors

The directors of the company during the year were

M A Cairns  
J O'Shea  
S Moatassem  
J Rea

No director had any beneficial interest in the shares of the company at any time during the year

### Financial instruments

Details of the financial risk management objectives and policies and the use of financial instruments by the company are provided in note 19 to the financial statements

### Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which 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 year. 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 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 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

# International Hoteliers (UK) Limited

Report of the directors  
for the year ended 31 December 2007 (*Continued*)

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## Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

## On behalf of the Board

J O'Shea

Director

Date

16/4/08

# International Hoteliers (UK) Limited

## Report of the independent auditors

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### To the shareholders of International Hoteliers (UK) Limited

We have audited the financial statements of International Hoteliers (UK) Limited for the year ended 31 December 2007 which comprise the profit and loss account, the note of historical cost profits and losses, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### *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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if the group 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *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 group'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.

# International Hoteliers (UK) Limited

## Report of the independent auditors (*Continued*)

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### *Opinion*

#### In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the affairs of the company as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

*BDO Stoy Hayward LLP*

**BDO STOY HAYWARD LLP**

*Chartered Accountants*

*and Registered Auditors*

London

Date *16/04/2008*

## International Hoteliers (UK) Limited

### Profit and loss account for the year ended 31 December 2007

|   | Note | 2007<br>£'000  | 2006<br>£'000 |
|---|------|----------------|---------------|
| Turnover  | 2    | 463            | 462           |
| Other operating charges   |      | (2,157)        | (2,156)       |
| <b>Operating loss</b>   | 3    | <b>(1,694)</b> | (1,694)       |
| Income from shares in group undertakings                                  |      | 5,351          | 4,717         |
| Exceptional release/(charge)  | 5    | 6,900          | (3,630)       |
| Interest payable and similar charges                                      | 6    | (5,351)        | (4,717)       |
| <b>Profit/(loss) on ordinary activities before<br/>and after taxation</b> | 14   | <b>5,206</b>   | (5,324)       |

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

There are no movements in shareholders funds in the current and prior year other than the profit/(loss) for the year

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

## International Hoteliers (UK) Limited

### Note of historical cost profits and losses for the year ended 31 December 2007

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|   | <b>2007</b>  | <b>2006</b>  |
|---|--------------|--------------|
|   | <b>£'000</b> | <b>£'000</b> |
| Reported profit/(loss) on ordinary activities before taxation               | <b>5,206</b> | (5,324)      |
| Difference between actual and historical cost depreciation                  | <b>1,973</b> | 1,973        |
| <b>Historical cost profit/(loss) on ordinary activities before taxation</b> | <b>7,179</b> | (3,351)      |

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



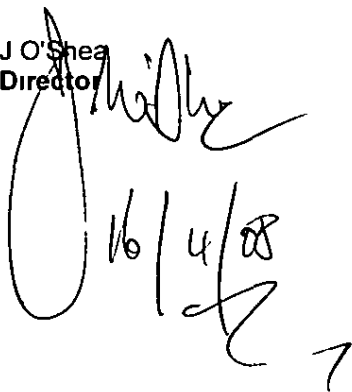
# International Hoteliers (UK) Limited

## Balance sheet at 31 December 2007

|  | Note | 2007<br>£'000 | 2007<br>£'000  | 2006<br>£'000 | 2006<br>£'000  |
|--|------|---------------|----------------|---------------|----------------|
| <b>Fixed assets</b>  |      |               |                |               |                |
| Tangible assets  | 8    |               | 90,300         |               | 92,450         |
| Investments  | 9    |               | 28,778         |               | 21,878         |
|  |      |               | 119,078        |               | 114,328        |
| <b>Current assets</b>  |      |               |                |               |                |
| Debtors – due in more than one year                            | 10   | 48,613        |                | 42,806        |                |
| Cash at bank and in hand                                       |      | 1             |                | 1             |                |
|  |      | 48,614        |                | 42,807        |                |
| <b>Total assets less current liabilities</b>                   |      |               | <b>167,692</b> |               | <b>157,135</b> |
| <b>Creditors, amounts falling due after more than one year</b> |      |               |                |               |                |
|  | 11   |               | 114,174        |               | 108,823        |
|  |      |               | 53,518         |               | 48,312         |
| <b>Capital and reserves</b>                                    |      |               |                |               |                |
| Called up share capital  | 13   |               | 2,000          |               | 2,000          |
| Revaluation reserve  | 14   |               | 98,625         |               | 98,625         |
| Profit and loss account  | 14   |               | (47,107)       |               | (52,313)       |
| <b>Shareholders' funds</b>                                     |      |               | <b>53,518</b>  |               | <b>48,312</b>  |

The financial statements were approved by the Board of Directors and authorised for issue on

J O'Shea  
Director



16/4/08

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

# International Hoteliers (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007

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## 1 Accounting policies

### *Basis of accounting*

The accounts have been prepared under the historical cost convention, except for long leasehold land and buildings which are stated at directors' valuation, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

### *Basis of consolidation*

The company has taken advantage of the exemption not to submit group accounts as the company is itself a wholly owned subsidiary of an EC parent company incorporated in Great Britain (see note 18). The financial statements present information about the company as an individual undertaking and not about its group.

### *Revaluation of land and buildings*

Following the introduction of FRS15, the company adopted the transitional provisions and fixed assets are recorded at a historic valuation.

The profit or loss on disposal of revalued properties is calculated by reference to net book value and any realised revaluation surplus is transferred to the profit and loss account through reserves.

### *Depreciation*

Depreciation is provided to write off the cost or valuation of all tangible fixed assets evenly over their expected useful lives. The company's long leasehold land and buildings are being depreciated over 50 years.

### *Valuation of investments*

Investments held as fixed assets are stated at cost less any provision for diminution in value.

### *Deferred taxation*

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability or asset will crystallise.

### *Financial Instruments*

Details of the financial risk management objectives and policies and the use of financial instruments by the company are provided in note 19 to the financial statements.

# International Hoteliers (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 (Continued)

## 2 Turnover

Turnover represents rental income, exclusive of value added tax, under the sub-lease with the company's subsidiary undertaking, Churchill Group Limited

All revenue is generated in the United Kingdom

The directors consider the whole of the activities of the company to constitute a single class of business

## 3 Operating loss

|                                   | 2007<br>£'000 | 2006<br>£'000 |
|-----------------------------------|---------------|---------------|
| This is arrived at after charging |               |               |
| Depreciation                      | 2,150         | 2,150         |

## 4 Directors and employees

The average number of employees, including directors, during the year was 4 (2006 - 4)

No directors received any remuneration during the year (2006 - £Nil)

## 5 Exceptional item

|   | 2007<br>£'000 | 2006<br>£'000 |
|---|---------------|---------------|
| Release/(charge) of provision against the cost of investment in Churchill Group Limited | 6,900         | (3,630)       |

## 6 Interest payable

|   | 2007<br>£'000 | 2006<br>£'000 |
|---|---------------|---------------|
| Interest payable on loans repayable within five years |               |               |
| Loans from parent undertaking (note 11)               | 5,351         | 4,717         |

# International Hoteliers (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 *(Continued)*

**7 Taxation on ordinary activities**

|   | <b>2007</b>       | <b>2006</b>       |
|---|-------------------|-------------------|
|   | <b>£'000</b>      | <b>£'000</b>      |
| Taxation on loss on ordinary activities | -                 | -                 |
|   | <u>          </u> | <u>          </u> |

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below

|  | <b>2007</b>       | <b>2006</b>       |
|--|-------------------|-------------------|
|  | <b>£'000</b>      | <b>£'000</b>      |
| Loss on ordinary activities before tax   | <b>5,206</b>      | (5,324)           |
|  | <u>          </u> | <u>          </u> |
| Loss on ordinary activities at the standard rate<br>of corporation tax in the UK of 30% (2006 – 30%) | <b>1,562</b>      | (1,597)           |
| Effects of   |                   |                   |
| Depreciation for year in excess of capital allowances  | <b>645</b>        | 645               |
| Non taxable income - Dividend  | <b>(1,605)</b>    | (1,415)           |
| Provision against investment   | <b>(2,070)</b>    | 1,089             |
| Brought forward losses used  | <b>(427)</b>      | (72)              |
| Group relief surrendered   | <b>558</b>        | -                 |
| Transfer pricing adjustments   | <b>1,337</b>      | 1,350             |
|  | <u>          </u> | <u>          </u> |
| Current tax charge for year  | -                 | -                 |
|  | <u>          </u> | <u>          </u> |

# International Hoteliers (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 (*Continued*)

## 8 Tangible fixed assets

|  | Long<br>leasehold<br>land and<br>buildings<br>£'000 |
|--|---|
| <i>Valuation</i><br>At 1 January 2007 and at 31 December 2007  | 107,500   |
| <i>Depreciation</i><br>At 1 January 2007   | 15,050  |
| Provision for the year   | 2,150   |
| At 31 December 2007  | 17,200  |
| <i>Net book value</i><br>At 31 December 2007   | 90,300  |
| At 31 December 2006  | 92,450  |
| <p>The long leasehold interest is stated at directors' valuation made on an open market value basis in 1988<br/>The corresponding amount stated on a historical cost basis is as follows</p> |   |
|  | £'000   |
| <i>Cost</i><br>At 1 January 2007 and 31 December 2007  | 8,875   |

## International Hoteliers (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 (*Continued*)

| <b>9</b> | <b>Fixed asset investments</b>            | <b>£'000</b>  |
|----------|---|---------------|
|          | <i>Cost</i>                               |               |
|          | At 1 January 2007 and at 31 December 2007 | <b>46,661</b> |
|          |   | <hr/>         |
|          | <i>Amounts provided</i>                   |               |
|          | At 1 January 2007                         | 24,783        |
|          | Reversal of impairment                    | (6,900)       |
|          |   | <hr/>         |
|          | At 31 December 2007                       | <b>17,883</b> |
|          |   | <hr/>         |
|          | <i>Net book amount</i>                    |               |
|          | At 31 December 2007                       | <b>28,778</b> |
|          |   | <hr/>         |
|          | At 31 December 2006                       | <b>21,878</b> |
|          |   | <hr/>         |

Further details of the subsidiary undertaking are given below

| Name                    | Principal activity | Description and proportion of shares held    | Country of registration |
|-------------------------|--------------------|--|-------------------------|
| Churchill Group Limited | Hotelier           | 100% ordinary shares<br>100% deferred shares | England                 |

The investment is unlisted and has been adjusted by the directors to the net asset value of Churchill Group Limited at 31 December 2007

| <b>10 Debtors</b>                           | <b>2007</b>   | <b>2006</b>   |
|---|---------------|---------------|
|   | <b>£'000</b>  | <b>£'000</b>  |
| Amounts receivable after more than one year |               |               |
| Amounts owed by subsidiary undertaking      | <b>48,315</b> | 42,508        |
| Amounts owed by parent undertakings         | <b>298</b>    | 298           |
|   | <hr/>         | <hr/>         |
|   | <b>48,613</b> | <b>42,806</b> |
|   | <hr/>         | <hr/>         |

# International Hoteliers (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2007 (Continued)

## 11 Creditors: amounts falling due after more than one year

|                               | 2007<br>£'000 | 2006<br>£'000 |
|-------------------------------|---------------|---------------|
| Loans from parent undertaking | 114,174       | 108,823       |

Interest of £5,350,700 (2006 - £4,717,026) was incurred in respect of these loans

## 12 Provision for liabilities and charges

An analysis of the closing balance of deferred taxation is shown below

|                                       | Unprovided<br>2007<br>£'000 | Provided<br>2007<br>£'000 | Unprovided<br>2006<br>£'000 | Provided<br>2006<br>£'000 |
|---------------------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|
| Unrelieved tax losses carried forward | (2,524)                     | -                         | (3,151)                     | -                         |
| Revaluation of fixed assets           | 24,964                      | -                         | 25,978                      | -                         |
| Asset                                 | 22,440                      | -                         | 22,827                      | -                         |

The deferred tax asset has not been recognised on losses available to carry forward against future taxable profits as there is currently insufficient evidence that any asset would be recoverable

The deferred tax liability due to potential gains on revalued property is also unprovided as there is no intention to sell the property at the balance sheet date

## 13 Share capital

|                            | Authorised, allotted, called up and fully paid |                |               |               |
|----------------------------|--|----------------|---------------|---------------|
|                            | 2007<br>Number                                 | 2006<br>Number | 2007<br>£'000 | 2006<br>£'000 |
| Ordinary shares of £1 each | 2,000,000                                      | 2,000,000      | 2,000         | 2,000         |

## 14 Reserves

|                     | Revaluation<br>reserve<br>£'000 | Profit<br>and loss<br>account<br>£'000 |
|---------------------|---------------------------------|--|
| At 1 January 2007   | 98,625                          | (52,313)                               |
| Profit for the year | -                               | 5,206                                  |
| At 31 December 2007 | 98,625                          | (47,107)                               |

# International Hoteliers (UK) Limited

## Notes forming part of the financial statements for the year ended 31 December 2007 (Continued)

### 15 Contingent liabilities

On the 5 May 1999, a debenture and mortgage of shares were created by the company for securing all present and future obligations and liabilities from the company, Churchill Group Limited, Primeairo Limited and Havana Holdings (UK) Limited (the 'Group') to Aareal Bank AG

Under the debenture, a charge was placed on the assets and leasehold property, The Churchill Hotel

Under the mortgage, a charge was placed on the shares and securities of the company and any income derived therefrom

On 1 June 2006, the Group entered into a loan agreement with Barclays Bank plc. The amounts owed to Aareal Bank AG were repaid, however Barclays have a charge on the assets and leasehold property, The Churchill Hotel. At 31 December 2007, the balance due from Havana Holdings (UK) Limited to Barclays Bank plc was £87,300,000 (2006 - £80,000,000)

### 16 Ultimate parent company

At 31 December 2007, the company's ultimate parent company is, Sandwood Worldwide Limited registered in the British Virgin Islands. The parent company of the smallest group of which the company is a member and for which group accounts are prepared is Havana Holdings (UK) Limited, a company registered in the England and Wales. Copies of the consolidated accounts may be obtained from 30 Portman Square, London, W1A 4ZX

The beneficial owner of Sandwood Worldwide Limited is Sheikh Hamad bin Jassim bin Jaber Al Thani

### 17 Statement of cash flows

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 not to produce a statement of cash flows since its parent company publishes consolidated financial statements, including a statement of cash flows

### 18 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, Related Party Disclosures, not to disclose transactions with group companies, on the basis that it is 90% or more controlled within the group and its parent undertaking, Havana Holdings (UK) Limited, prepares consolidated financial statements which are publicly available

There were no other related party transactions during the year

### 19 Financial Instruments

The Company holds or issues financial instruments to finance its operations and enters into contracts to manage risks arising from those operations and its sources of finance in accordance with its accounting policies

Working capital requirements and operations are financed by loans from group undertakings