

**International Hoteliers (UK)  
Limited**

Report and Financial Statements

Year Ended

31 December 2008



**IBDO**

BDO Stoy Hayward  
Chartered Accountants

# International Hoteliers (UK) Limited

Annual report and financial statements  
for the year ended 31 December 2008

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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 2008

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The directors present their report together with the audited financial statements for the year ended 31 December 2008.

### 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 £3,496,749 (2007 - £5,206,000).

The directors do not recommend the payment of a dividend for the year (2007 - £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 2008.

### Directors

The directors of the company during the year were:

M A Cairns  
J O'Shea  
S Moatassef  
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.

# International Hoteliers (UK) Limited

## Report of the directors for the year ended 31 December 2008 (*Continued*)

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### 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.

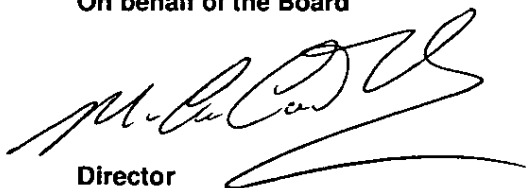
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### 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



Director

Date 03 SEP 2009

# 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 2008 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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also 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.

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 2008 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*

4 September 2009

# International Hoteliers (UK) Limited

## Profit and loss account for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Turnover	2	463	463
Other operating charges		(2,158)	(2,157)
<b>Operating loss</b>	3	<b>(1,695)</b>	<b>(1,694)</b>
Income from shares in group undertakings		4,759	5,351
Exceptional release	5	5,192	6,900
Interest payable and similar charges	6	(4,759)	(5,351)
<b>Profit on ordinary activities before and after taxation</b>	14	<b>3,497</b>	<b>5,206</b>

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 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 2008

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	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Reported profit on ordinary activities before taxation	<b>3,497</b>	5,206
Difference between actual and historical cost depreciation	<b>1,973</b>	1,973
<b>Historical cost profit on ordinary activities before taxation</b>	<b>5,470</b>	<b>7,179</b>

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



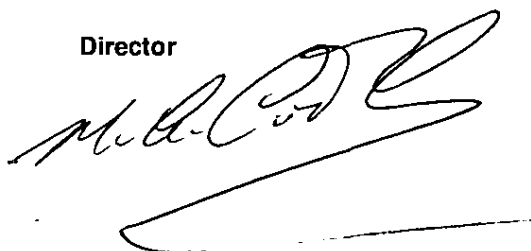
# International Hoteliers (UK) Limited

## Balance sheet at 31 December 2008

	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
<b>Fixed assets</b>					
Tangible assets	8		88,150		90,300
Investments	9		33,970		28,778
			122,120		119,078
<b>Current assets</b>					
Debtors – due in more than one year	10	53,828		48,613	
Cash at bank and in hand		-		1	
		53,828		48,614	
<b>Total assets less current liabilities</b>			<b>175,948</b>		<b>167,692</b>
<b>Creditors: amounts falling due after more than one year</b>					
	11		118,933		114,174
			57,015		53,518
<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		(43,610)		(47,107)
<b>Shareholders' funds</b>			<b>57,015</b>		<b>53,518</b>

The financial statements were approved by the Board of Directors and authorised for issue on **03 SEP 2009**

Director



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 2008

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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 2008 (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

	2008 £'000	2007 £'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 (2007 - 4).

No directors received any remuneration during the year (2007 - £Nil).

## 5 Exceptional item

	2008 £'000	2007 £'000
Release of provision against the cost of investment in Churchill Group Limited	5,192	6,900

## 6 Interest payable

	2008 £'000	2007 £'000
Interest payable on loans repayable within five years:		
Loans from parent undertaking (note 11)	4,759	5,351

# International Hoteliers (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (Continued)

## 7 Taxation on ordinary activities

	2008 £'000	2007 £'000
Taxation on loss on ordinary activities	-	-

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

	2008 £'000	2007 £'000
Loss on ordinary activities before tax	(3,497)	5,206
Loss on ordinary activities at the standard rate of corporation tax in the UK of 28.5% (2007 – 30%)	(997)	1,562
Effects of:		
Depreciation for year in excess of capital allowances	613	645
Non taxable income - Dividend	(1,356)	(1,605)
Provision against investment	(1,480)	(2,070)
Brought forward losses used	(1,409)	(427)
Group relief surrendered	1,353	558
Transfer pricing adjustments	1,282	1,337
Current tax charge for year	-	-

## International Hoteliers (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (*Continued*)

### 8 Tangible fixed assets

	Long leasehold land and buildings £'000
<i>Valuation</i> At 1 January 2008 and at 31 December 2008	107,500
<i>Depreciation</i> At 1 January 2008	17,200
Provision for the year	2,150
At 31 December 2008	19,350
<i>Net book value</i> At 31 December 2008	88,150
At 31 December 2007	90,300
<p>The long leasehold interest is stated at directors' valuation made on an open market value basis in 1988. The corresponding amount stated on a historical cost basis is as follows:</p>	
	£'000
<i>Cost</i> At 1 January 2008 and 31 December 2008	8,875

## International Hoteliers (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (*Continued*)

<b>9</b>	<b>Fixed asset investments</b>	<b>£'000</b>
	<i>Cost</i>	
	At 1 January 2008 and at 31 December 2008	<b>46,661</b>
	<i>Amounts provided</i>	
	At 1 January 2008	17,883
	Reversal of impairment	(5,192)
	At 31 December 2008	<b>12,691</b>
	<i>Net book amount</i>	
	At 31 December 2008	<b>33,970</b>
	At 31 December 2007	<b>28,778</b>

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 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 2008.

<b>10</b>	<b>Debtors</b>	<b>2008</b>	<b>2007</b>
		<b>£'000</b>	<b>£'000</b>
	Amounts receivable after more than one year		
	Amounts owed by subsidiary undertaking	<b>53,530</b>	48,315
	Amounts owed by parent undertakings	<b>298</b>	298
		<b>53,828</b>	<b>48,613</b>

# International Hoteliers (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (Continued)

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

	2008 £'000	2007 £'000
Loans from parent undertaking	118,933	114,174
	118,933	114,174

Interest of £4,759,368 (2007 - £5,350,700) 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 2008 £'000	Provided 2008 £'000	Unprovided 2007 £'000	Provided 2007 £'000
Unrelieved tax losses carried forward	(2,467)	-	(2,524)	-
Revaluation of fixed assets	24,787	-	24,964	-
	24,320	-	22,440	-
Asset	22,320	-	22,440	-

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			
	2008 Number	2007 Number	2008 £'000	2007 £'000
Ordinary shares of £1 each	2,000,000	2,000,000	2,000	2,000
	2,000,000	2,000,000	2,000	2,000

## 14 Reserves

	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2008	98,625	(47,107)
Profit for the year	-	3,497
	98,625	(43,610)
At 31 December 2008	98,625	(43,610)

# International Hoteliers (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (*Continued*)

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## 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 2007, 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 2008, the balance due from Havana Holdings (UK) Limited to Barclays Bank plc was £87,250,000 (2007 - £87,300,000).

## 16 Ultimate parent company

At 31 December 2008, 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.