

International Hoteliers (UK) Limited

Report and Financial Statements

Year Ended

31 December 2013

Company Number 1698769

TUESDAY



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International Hoteliers (UK) Limited

**Report and financial statements
for the year ended 31 December 2013**

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Directors

M A Cairns
K Cooper
F Bakhos
J Al Thani
Z Guiziri

Secretary and registered office

K Cooper, 30 Portman Square, London, W1A 4ZX

Company number

1698769

Auditor

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

International Hoteliers (UK) Limited

Report of the directors for the year ended 31 December 2013

The directors present their report together with the audited financial statements for the year ended 31 December 2013.

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 £2,936,000 (2012 - £14,469,000).

Dividends of £3,550,000 have been paid during the year (2012 - £952,000). The directors do not recommend the payment of a final dividend.

Principal activities and review of the business

The principal activity of the company consists of the ownership of the headlease for the Hyatt Regency London - The Churchill Hotel, Portman Square, London. The company then subleases the property to its subsidiary, Churchill Group Limited.

During the year, both the headlease and the sublease for the hotel were extended. This transaction involved the company transferring the full economic benefits of the long lease to Churchill Group Limited.

Directors

The directors of the company during the year were:

M A Cairns	
K Cooper	(appointed 1 August 2013)
F Bakhos	(appointed 1 August 2013)
J Al Thani	(appointed 1 August 2013)
Z Guiziri	(appointed 1 August 2013)
S Moatasseem	(resigned 31 July 2013)
J O'Shea	(resigned 18 April 2013)
J Rea	(resigned 2 May 2013)

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

International Hoteliers (UK) Limited

Report of the directors for the year ended 31 December 2013 (*continued*)

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Auditor

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 auditor for the purposes of their audit and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is unaware.

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

In preparing the directors' report, advantage has been taken of the small companies exemption under the Companies Act 2006.

On behalf of the Board

M A Cairns

Director



2 June 2014

International Hoteliers (UK) Limited

Independent auditor's report

TO THE MEMBERS OF INTERNATIONAL HOTELIERS (UK) LIMITED

We have audited the financial statements of International Hoteliers (UK) Limited for the year ended 31 December 2013 which comprise the profit and loss account, the note of historical cost profits and losses, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

International Hoteliers (UK) Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the directors' report in accordance with the small companies regime and were not exempt from the requirement to prepare a strategic report.



Marc Reinecke (*senior statutory auditor*)
For and on behalf of BDO LLP, *statutory auditor*
London
United Kingdom

2 June 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

International Hoteliers (UK) Limited

Profit and loss account for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover	2	154	463
Other operating charges		(768)	(2,153)
Operating loss	3	(614)	(1,690)
Income from shares in group undertakings		3,550	18,156
Interest payable and similar charges	5	-	(1,037)
Profit on ordinary activities before taxation		2,936	15,429
Tax charge for the year	6	-	(960)
Profit on ordinary activities after taxation	14	2,936	14,469

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 8 to 15 form part of these financial statements.

International Hoteliers (UK) Limited

Note of historical cost profits and losses for the year ended 31 December 2013

	2013	2012
	£'000	£'000
Reported profit on ordinary activities before taxation	2,936	14,469
Difference between actual and historical cost depreciation	658	1,973
Historical cost profit on ordinary activities before taxation	3,594	16,442

The notes on pages 8 to 15 form part of these financial statements.

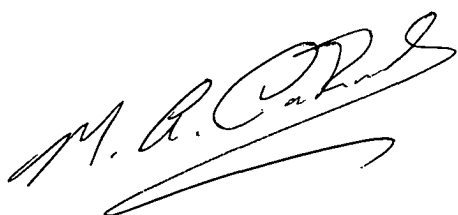
International Hoteliers (UK) Limited

Balance sheet at 31 December 2013

Company number 1698769	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Fixed assets					
Tangible assets	8		-		79,550
Investments	9		125,494		46,661
			<u>125,494</u>		<u>126,211</u>
Current assets					
Debtors	10	47		32	
Creditors: amounts falling due within one year	11	<u>1,244</u>		<u>1,332</u>	
Net current liabilities			<u>(1,197)</u>		<u>(1,300)</u>
Total assets less current liabilities			<u>124,297</u>		<u>124,911</u>
Capital and reserves					
Called up share capital	13		2,000		2,000
Revaluation reserve	14		98,625		98,625
Profit and loss account	14		23,672		24,286
Shareholders' funds	15		<u>124,297</u>		<u>124,911</u>

The financial statements were approved by the Board of Directors and authorised for issue on 2 June 2014

M A Cairns
Director



The notes on pages 8 to 15 form part of these financial statements.

International Hoteliers (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2013

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.

Going concern

The balance sheet at the end of the year showed net current liabilities of £1,197,000 (2012 - net liabilities £1,300,000).

The company's subsidiary undertaking, Churchill Group Limited, has confirmed that it will provide such financial support as the company may require in order to meet its liabilities as they fall due. As a result, the directors consider it appropriate to prepare the financial statements on a going concern basis.

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 FRS 15, 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.

Turnover

Turnover represents rental income charged to the company's subsidiary Churchill Group Limited. Turnover is recognised on a straight line basis over the period to which the rent relates. The company holds the head lease to the Churchill Hotel which it sublets to its subsidiary, Churchill Group Limited. During the year the beneficial interest in the lease was transferred to Churchill Hotel Group and from this date the rental income from the sublease is shown in other operating charges to offset with the headlease rental charge as it is considered that the company now acts as an agent in this transaction.

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.

Operating leases

Annual rentals paid on operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

International Hoteliers (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (continued)

1 Accounting policies (continued)

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

Working capital requirements and operations are financed by group companies.

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.

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

	2013 £'000	2012 £'000
This is arrived at after charging:		
Depreciation	717	2,150
Operating lease rentals - land and buildings	184	7
Operating lease income - land and buildings	(133)	-
	<u> </u>	<u> </u>

The fees for the company's annual statutory audit are borne by another group company.

4 Directors and employees

The company has no employees (2012 - Nil).

No directors received any remuneration during the year (2012 - £Nil).

5 Interest payable and similar charges

	2013 £'000	2012 £'000
Loans from parent undertaking	-	1,037
	<u> </u>	<u> </u>

International Hoteliers (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (continued)

6 Taxation on ordinary activities

	2013 £'000	2012 £'000
Taxation on profit on ordinary activities	-	960
	-	960

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

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	2,936	15,429
	2,936	15,429
Profit on ordinary activities at the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	683	3,780
Effects of:		
Depreciation for year in excess of capital allowances	168	527
Non taxable income - dividend	(825)	(4,449)
Group relief surrendered	(1,072)	-
Transfer pricing adjustments	1,046	1,102
	-	960
Current tax charge for year	-	960
	-	960

7 Dividends

	2013 £'000	2012 £'000
Ordinary dividend paid of 178.0p (2012 – 210.0p) per share	3,550	952
	3,550	952

International Hoteliers (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

8 Tangible fixed assets

	Long leasehold land and buildings £'000
<i>Valuation</i>	
At 1 January 2013	107,500
Transfer (note 9)	(107,500)
	<hr/>
At 31 December 2013	-
	<hr/>
<i>Depreciation</i>	
At 1 January 2013	27,950
Provision for the year	717
Transfer (note 9)	(28,667)
	<hr/>
At 31 December 2013	-
	<hr/>
<i>Net book value</i>	
At 31 December 2013	-
	<hr/>
At 31 December 2012	79,550
	<hr/>

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:

	£'000
<i>Cost</i>	
At 1 January 2013	8,875
Disposals	(8,875)
	<hr/>
At 31 December 2013	-
	<hr/>

International Hoteliers (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 *(continued)*

9	Fixed asset investments	£'000
	<i>Cost and net book value</i>	
	At 1 January 2013	46,661
	Transfer during year	78,833
		125,494
	At 31 December 2013	125,494

During the year the company extended the headlease it holds for the Churchill Hotel and the related underlease to its subsidiary Churchill Group Limited. The revised terms of the underlease mean that the company has transferred the benefit of the lease to Churchill Group Limited and therefore the asset will now be realised through the company's investment in its subsidiary. As such the net book value of the long leasehold interest at the date of the lease extension has been transferred to a fixed asset investment.

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

10	Debtors	2013	2012
		£'000	£'000
	Other debtors	47	32
		47	32

All debtors fall due within one year.

11	Creditors: amounts falling due within one year	2013	2012
		£'000	£'000
	Corporation tax	-	570
	Amounts owed to subsidiary undertaking	1,244	730
	Other creditors	-	32
		1,244	1,332
		1,244	1,332

International Hoteliers (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

12 Deferred taxation

The deferred tax liability in the prior year arose due to potential gains on revalued property and was unprovided as there was no intention to sell the property at the balance sheet date.

13 Share capital

	Authorised, allotted, called up and fully paid			
	2013 Number	2012 Number	2013 £'000	2012 £'000
Ordinary shares of £1 each	2,000,000	2,000,000	2,000	2,000

14 Reserves

	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2013	98,625	24,286
Profit for the year	-	2,936
Dividend paid (note 7)	-	(3,550)
At 31 December 2013	98,625	23,672

15 Reconciliation of movement in shareholders' funds

	2013 £'000	2012 £'000
Profit for the year	2,936	14,469
Dividends paid (note 7)	(3,550)	(952)
Issue of shares	-	47,300
Net movement in shareholders' funds	(614)	60,817
Opening shareholders' funds	124,911	64,094
Closing shareholders' funds	124,297	124,911

During the prior year the company issued one ordinary share to its sole shareholder Primeairo Limited for a premium of £47,300,000. This share was subsequently cancelled and therefore was not in issue at year end in neither the prior nor current year. Subsequent to the share issue, the company undertook a capital reduction which resulted in transferring £47,300,000 from the share premium account to the profit and loss account reserve and making this amount distributable.

International Hoteliers (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

16 Operating lease commitments

Company acts as a lessee:

At 31 December 2013, the company had future minimum commitments under non-cancellable operating leases in respect of land and buildings as set out below:

	2013 £'000	2012 £'000
Operating leases which expire:		
Not later than one year	-	-
Later than one year but not later than five years	-	-
Not later than five years	200	7
	<hr/>	<hr/>
	200	7
	<hr/>	<hr/>

Company acts as a lessor:

The company acts as a lessor in connection with an operating lease for the Churchill Hotel to its subsidiary company, Churchill Group Limited. The company holds the headlease to the hotel, however, subleases the hotel to its subsidiary. The company does not recognise a leasehold asset for the premium paid for the headlease as the future economic benefits of the lease will be obtained by Churchill Group Limited. Therefore the company recognises the premium paid as an investment in subsidiary to reflect the substance of the situation. However, legally the company is entitled to receive rentals under the underlease. The future minimum lease payments arising from non-cancellable operating leases are shown in the following table:

	2013 £'000	2012 £'000
Operating leases which expire:		
Not later than one year	-	-
Later than one year but not later than five years	-	-
Not later than five years	200	467
	<hr/>	<hr/>
	200	467
	<hr/>	<hr/>

International Hoteliers (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2013 (*continued*)

17 Contingent liabilities

Barclays Bank plc has a charge over the assets and leasehold property held by the company in relation to The Churchill Hotel. This charge is in place in relation to the bank loan held by one of the company's parent undertakings, Havana Holdings (UK) Limited. At 31 December 2013, the balance due from Havana Holdings (UK) Limited to Barclays Bank plc was £90,475,000 (2012 - £75,525,000).

18 Ultimate parent company

At 31 December 2013, 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.

19 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 100% controlled within the group and its parent undertaking, Havana Holdings (UK) Limited, prepares consolidated financial statements which are publicly available.