

International Hoteliers (UK) Limited

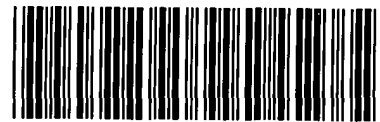
Report and Financial Statements

Year Ended

31 December 2017

Company Number 01698769

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International Hoteliers (UK) Limited

Report and financial statements
for the year ended 31 December 2017

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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

01698769

Auditor

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

International Hoteliers (UK) Limited

Strategic report for the year ended 31 December 2017

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2017.

Principal activities

The company continues to trade as an investment holding company. The company holds 100% share capital Churchill Group Limited, which operates the Hyatt Regency London - The Churchill Hotel, Portman Square, London. There have been no changes in the company's activities in the year under review.

Business review

The strategy will be to continue to develop its existing investments.

The statement of total comprehensive income is set out on page 7 and shows a profit for the year of £8,879,090 (2016 – loss of £30,000).

Detailed business review of the group has been presented in the financial statements of Havana Holdings (UK) Limited.

There have been no events since the balance sheet date which materially affect the position of the company.

Principal risks and uncertainties

The company's principal risks and uncertainties are same as that of its subsidiary.

The hospitality industry in London remains highly competitive and the hotel seeks to manage the risk of losing customers to key competitors by focusing on anticipating, meeting and exceeding the expectations of its customers, encouraging client loyalty and extending retention.

The ongoing refurbishment of all public areas and guest-room facilities demonstrates our commitment to re-establishing and re-positioning Hyatt Regency London - The Churchill as one of the leading hotels in London. We believe The Churchill is well placed to re-gain and sustain a definable advantage in its market place.

The hotel's credit risk is primarily attributable to its trade debtors. Credit risk is well managed by running credit checks on new and existing customers and by monitoring payments against contractual agreements.

Approval

This strategic report was approved by order of the Board on 28 September 2018



M A Cairns

Director

International Hoteliers (UK) Limited

Directors' report for the year ended 31 December 2017

The directors present their report together with the audited financial statements for the year ended 31 December 2017.

Results and dividends

The results of the company for the year are set out on page 7 and show a profit for the year on ordinary activities after taxation of £8,879,090 (2016 - £30,000).

Dividends of £11,136,363 have been paid during the year (2016 - £Nil). 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 2014, 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
F Bakhos
J Al Thani
Z Guiziri

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

International Hoteliers (UK) Limited

Directors' report for the year ended 31 December 2017 (*continued*)

Directors' responsibilities

The directors are responsible for preparing the strategic report, 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.

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 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.

On behalf of the Board

M A Cairns



Director

28 September 2018

International Hoteliers (UK) Limited

Independent auditor's report

Opinion

We have audited the financial statements of International Hoteliers (UK) Limited ("the Company") for the year ended 31 December 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

International Hoteliers (UK) Limited

Independent auditor's report (*continued*)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

As explained more fully in the Directors' report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

International Hoteliers (UK) Limited

Independent auditor's report (*continued*)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



*Mark RA Edwards (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom*

28 September 2018

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

International Hoteliers (UK) Limited

Statement of total comprehensive income for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Turnover		-	-
Other operating charges		(30)	(30)
		<hr/>	<hr/>
Operating loss	3	(30)	(30)
Income from shares in group undertakings		11,136	-
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		11,106	(30)
Tax charge for the year	5	-	-
		<hr/>	<hr/>
Profit/(loss) on ordinary activities and total comprehensive income		11,106	(30)
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing activities.


The notes on pages 10 to 14 form part of these financial statements.

International Hoteliers (UK) Limited

Statement of financial position at 31 December 2017

<i>Company number 01698769</i>	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Investments	7		125,494		125,494
Current assets					
Debtors	8	47		47	
Creditors: amounts falling due within one year	9	<u>1,365</u>		<u>1,335</u>	
Net current liabilities			<u>(1,318)</u>		<u>(1,288)</u>
Total assets less current liabilities			<u>124,176</u>		<u>124,206</u>
Capital and reserves					
Called up share capital	10		2,000		2,000
Revaluation reserve			98,625		98,625
Profit and loss account			<u>23,551</u>		<u>23,581</u>
Shareholders' funds			<u>124,176</u>		<u>124,206</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28 September 2018



M A Cairns
Director

The notes on pages 10 to 14 form part of these financial statements.

International Hoteliers (UK) Limited

Statement of changes in equity for the year ended 31 December 2017

	Share capital £'000	Revaluation reserve £'000	Profit and loss account £'000	Total equity £'000
1 January 2017	2,000	98,625	23,581	124,206
Comprehensive income for the year:				
Profit for the year	-	-	11,106	11,106
Total comprehensive income for the year	-	-	11,106	11,106
Contributions by and distributions to owners				
Dividends	-	-	(11,136)	(11,136)
Total contributions by and distributions to owners	-	-	(11,136)	(11,136)
31 December 2017	2,000	98,625	23,551	124,176

	Share capital £'000	Revaluation reserve £'000	Profit and loss account £'000	Total equity £'000
1 January 2016	2,000	98,625	23,611	124,236
Comprehensive income for the year:				
Loss for the year	-	-	(30)	(30)
Total comprehensive income for the year	-	-	(30)	(30)
Contributions by and distributions to owners				
Dividends	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
31 December 2016	2,000	98,625	23,581	124,206

The notes on pages 10 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 2017

1 Accounting policies

The financial statements have been prepared in accordance with Financial Reporting Standard 100 *Application of Financial Reporting Requirements* and Financial Reporting Standard 101 *Reduced Disclosure Framework*. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements have been prepared on a historical cost basis, except for the revaluation of certain properties and financial instruments. The presentation currency used is sterling and amounts have been presented in round thousands ("£000s").

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by Havana Holdings (UK) Limited.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Havana Holdings (UK) Limited.

The financial statements of Havana Holdings (UK) Limited can be obtained as described in note 13.

Going concern

The balance sheet at the end of the year showed net current liabilities of £1,318,000 (2016 - £1,288,000).

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 13). The financial statements present information about the company as an individual undertaking and not about its group.

Valuation of investments

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

International Hoteliers (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 (continued)

1 Accounting policies (continued)

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.

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.

2 Critical accounting estimates and judgements

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of investments

The company is required to consider whether the carrying value of the investments is reasonable or if an impairment has taken place. This is done by reference to the underlying trade and assets of the investments.

3 Operating loss

	2017 £'000	2016 £'000
This is arrived at after charging:		
Operating lease rentals - land and buildings	200	200
Operating lease income - land and buildings	(200)	(200)
	<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 (2016 - Nil).

No directors received any remuneration during the year (2016 - £Nil).

International Hoteliers (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 *(continued)*

5 Taxation on ordinary activities

	2017 £'000	2016 £'000
Taxation on profit 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:

	2017 £'000	2016 £'000
Profit/(loss) on ordinary activities before tax	8,879	(30)
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 19% (2016 - 20%)	1,687	(6)
Effects of:		
Non taxable income - dividend	(1,693)	-
Group relief surrendered	6	6
Current tax charge for year	-	-

6 Dividends

	2017 £'000	2016 £'000
Ordinary dividend paid of 556.8p (2016 - Nil) per share	11,136	-

7 Fixed asset investments

	£'000
<i>Cost and net book value</i>	
At 1 January 2017	125,494
Movement during year	-
At 31 December 2017	125,494

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

International Hoteliers (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 (*continued*)

8 Debtors		2017	2016
		£'000	£'000
	Other debtors	47	47
		<u> </u>	<u> </u>

All debtors fall due within one year.

9 Creditors: amounts falling due within one year		2017	2016
		£'000	£'000
	Amounts owed to subsidiary undertaking	1,365	1,335
		<u> </u>	<u> </u>

10 Share capital	Authorised, allotted, called up and fully paid			
	2017	2016	2017	2016
	Number	Number	£'000	£'000
	Ordinary shares of £1 each	2,000,000	2,000	2,000
		<u> </u>	<u> </u>	<u> </u>

11 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	Nominal value of share capital subscribed for.
Revaluation reserve	Gains/losses arising on the revaluation of the company's property (other than investment property). This reserve is not distributable to shareholders.
Retained earnings	All other net gains and losses and transactions with owners (eg dividends) not recognised elsewhere.

International Hoteliers (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2017 (*continued*)

12 Operating lease commitments

Company acts as a lessee:

At 31 December 2017, the company future minimum lease payment under non-cancellable operating leases as set out below:

	2017 £'000	2016 £'000
Later than five years	18,800	19,000

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:

	2017 £'000	2016 £'000
Later than five years	18,800	19,000

13 Ultimate parent company

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 remains Sheikh Hamad bin Jassim bin Jaber Al Thani.

14 Related party transactions

The company has taken advantage of the exemption conferred by FRS 101, 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.

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 2017, the balance due from Havana Holdings (UK) Limited to Barclays Bank plc was £98,000,000 (2016 - £98,000,000). This balance forms part of a joint loan facility with a related party for a total of £220,000,000 of which the company is a joint guarantor.