

# Claridge's Hotel Limited

Directors' report and financial statements

**For the year ended 30 June 2006**

*Registered number 29022*





# Claridge's Hotel Limited

## Directors' report and financial statements

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# Claridge's Hotel Limited

## Directors and other information

### Directors

Stephen Alden  
Sara Edwards  
Clive Gibbons  
Mark Hennebry  
Paul Reynolds

### Secretary

Clive Gibbons

### Registered office

30 Old Burlington Street  
Mayfair  
London  
W1S 3AR

### Bankers

Barclays Bank PLC  
Business Banking Larger Business  
27<sup>th</sup> Floor  
1 Churchill Place  
E14 5HP

### Auditors

KPMG  
Chartered Accountants  
1 Stokes Place  
St Stephen's Green  
Dublin 2

### Solicitors

DLA  
3 Noble Street  
London  
EC2V 7EE

# Claridge's Hotel Limited

## Directors' report

The directors present their report and the audited financial statements for the year ended 30 June 2006

### Activities

The principal activity of the company is the ownership and operation of Claridge's Hotel

### Review of developments and future prospects

The profit for the year before tax is £15.9 million (2005 £19.3 million). The profit and loss account is shown on page 10.

The directors expect that the present activity level will at least be sustained for the foreseeable future.

### Business review

The Company increased occupancy to 84% during 2006 (2005 81%). Revenue per available room (RevPar) for the company increased by £27 to £315. The key risk facing the Company's performance for 2007 is a downturn in the global economy.

### Dividends

During the year no dividends have been paid or proposed (2005 Nil)

### Directors and their interests

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

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

### Employees

The company's policy is to give full and fair consideration to the recruitment of disabled persons having regard to their particular aptitudes and abilities. Appropriate training will be arranged for disabled persons. The company's personnel policies ensure that all its employees are made aware, on a regular basis, of the company's policies, programmes and progress.

### Creditor payment policy

The payment policy of the company is to pay all purchases within thirty days of the end of the month. The payment policy applies to all payments to creditors/suppliers for revenue and capital supplies of goods and services without exception.



## Claridge's Hotel Limited

### Directors' report *(continued)*

#### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **Political and charitable contributions**

The company made no political contributions during the period and no donations to charities

#### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming annual general meeting

Approved by the Board of Directors and signed on behalf of the Board

Director

25<sup>th</sup> April 2007

## Claridge's Hotel Limited

### Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards, and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the board

Director



25<sup>th</sup> April 2007



**KPMG**  
**Chartered Accountants**  
1 Stokes Place  
St. Stephens Green  
Dublin 2  
Ireland

## **Independent auditor's report to the members of Claridge's Hotel Limited**

We have audited the financial statements of Claridge's Hotel Limited for the year ended 30 June 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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.



Independent auditor's report to the members of Claridge's Hotel Limited (*continued*)

**Opinion**

In our opinion the financial statements,

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its profit for the year then ended, and
- have been properly prepared in accordance with the companies Act 1985

KPMG  
Chartered Accountants  
Registered Auditor

26 April 2007





# Claridge's Hotel Limited

## Statement of accounting policies

*for the year ended 30 June 2006*

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

### **Basis of preparation**

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

### **Cash flow statement**

The company's ultimate parent undertaking publishes financial statements which are publicly available. Those financial statements include a consolidated cash flow statement. For this reason the exemption requirements of FRS 1 (Revised) "Cash Flow Statements" are met and the Company has therefore not prepared a cash flow statement

### **Group accounts**

The company is exempt from the obligation to prepare consolidated accounts by virtue of S228 of the Companies Act 1985 in that it is a wholly owned subsidiary of its ultimate parent and controlling undertaking which itself prepares group accounts which are publicly available. These financial statements are therefore entity financial statements and are not consolidated financial statements

### **Turnover**

Turnover represents income from hotel and restaurant operations, excludes value added tax and is recognised on provision of the related service. Turnover is derived solely from UK operations.

### **Interest**

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

### **Stocks**

Stocks are valued at the lower of cost and net realisable value

### **Tangible Fixed assets**

Tangible fixed assets are held at cost. Expenditure on development of the company's hotel and restaurants, including major replacement and improvement of assets, is disclosed as Land and Buildings, Plant, Machinery, Fixtures and Fittings. Land and Buildings includes the costs associated with structural improvements to freehold and long-term leasehold properties. The cost of replacement of glass and china and other certain loose equipment of hotels and restaurants is charged to revenue in the year in which it is incurred

## Claridge's Hotel Limited

### Statement of accounting policies (*continued*)

#### **Depreciation**

Depreciation is not charged on freehold property as the group has a policy and practice of disposing of assets well before the end of their economic lives and the disposal proceeds of similar assets have not been materially less than their carrying amounts

As a result, on an annual basis the Group estimates the recoverable amount of its hotel properties based on the higher of their net realisable values or the present values of future cash flows expected to result from their use. Where the recoverable amount is less than the carrying amount of the hotel properties the Group recognises an impairment loss in the profit and loss account.

Other fixed assets are stated at cost less accumulated depreciation. No depreciation is charged on archive materials and manuscripts however as they are maintained in good condition and they are expected to have a high residual value.

Depreciation of other tangible assets is provided on a straight-line basis over the following useful lives:

Plant and machinery	between 4 and 20 years
Fixtures and fittings	between 5 and 20 years

#### **Investment in subsidiary undertakings**

Investments in subsidiary undertakings are stated at cost less any provision for impairment in value.

#### **Deferred taxation**

Deferred taxation is provided in full on an undiscounted basis on timing differences that result in an obligation to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law and on an undiscounted basis. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

#### **Leasing**

Assets acquired under finance leases are included under the relevant category of tangible fixed assets and depreciated accordingly. The capital element of future lease rentals payable is included as appropriate under creditors due within or after more than one year. The interest element of lease rentals is charged to the profit and loss account. Rentals under operating leases are charged to the profit and loss account, as incurred, over the terms of the leases.



## Claridge's Hotel Limited

### Statement of accounting policies (*continued*)

#### **Pension and other post retirement benefits**

The Company is a participating employer in the Maybourne Hotels Group pension and life insurance scheme, providing benefits based on final pensionable pay. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result the amount charged to the profit and loss accounts represents the contributions payable to the scheme in respect of the accounting period.



# Claridge's Hotel Limited

## Profit and loss account for the year ended 30 June 2006

		Year ended 30 June 2006 £'000	18 months ended 30 June 2005 £'000
	<i>Note</i>		
<b>Turnover</b>	<i>1</i>	<b>42,627</b>	<b>56,824</b>
Cost of sales		<b>(12,282)</b>	<b>(17,103)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>30,345</b>	<b>39,721</b>
Administrative expenses		<b>(14,456)</b>	<b>(20,470)</b>
		<hr/>	<hr/>
<b>Operating profit – continuing operations</b>	<i>3</i>	<b>15,889</b>	<b>19,251</b>
Gain on disposal of current asset investment	<i>4</i>	<b>1</b>	<b>-</b>
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>15,890</b>	<b>19,251</b>
Tax credit on profit on ordinary activities	<i>5</i>	<b>214</b>	<b>(147)</b>
		<hr/>	<hr/>
<b>Profit for the financial year/period</b>	<i>14/15</i>	<b>16,104</b>	<b>19,104</b>
		<hr/>	<hr/>

The company had no recognised gains or losses in the financial period or in the preceding financial period other than those dealt with in the profit and loss account. All activities in the current and preceding periods are derived from continuing operations.



# Claridge's Hotel Limited

## Balance Sheet

at 30 June 2006

	<i>Note</i>	<b>2006 £'000</b>	<b>2005 £'000</b>
<b>Fixed assets</b>			
Tangible assets	6	188,001	187,883
Financial assets	7	150	150
		<hr/>	<hr/>
		188,151	188,033
<b>Current assets</b>			
Stocks	8	1,036	972
Debtors	9	44,865	29,357
Cash at bank and in hand		129	31
		<hr/>	<hr/>
		46,030	30,360
<b>Creditors: amounts falling due within one year</b>	10	(9,359)	(9,461)
		<hr/>	<hr/>
<b>Net current assets</b>		36,671	20,899
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		224,822	208,932
<b>Provisions for liabilities and charges</b>			
Deferred taxation	11	(7,674)	(7,888)
		<hr/>	<hr/>
<b>Net assets</b>		217,148	201,044
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	12	2,862	2,862
Share premium account	13	3,128	3,128
Revaluation reserve	13	137,423	137,423
Other reserves	13	24,611	24,611
Profit and loss account	13	49,124	33,020
		<hr/>	<hr/>
<b>Total shareholders' funds</b>	15	217,148	201,044
		<hr/>	<hr/>

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

Signed on behalf of the Board of Directors

Director

25<sup>th</sup> April 2007



# Claridge's Hotel Limited

## Notes

*forming part of the financial statements*

### 1 Turnover

	Year ended 30 June 2006 £'000	18 months ended 30 June 2005 £'000
Hotel, restaurant and ancillary business receipts	42,627	56,824
All turnover arises in the U.K		

### 2 Information regarding directors and employees

	Year ended 30 June 2006 No.	18 months ended 30 June 2005 No
Average monthly number of persons employed (excluding directors)		
Hotel and administration	387	354

	Year ended 30 June 2006 £'000	18 months ended 30 June 2005 £'000
<b>Staff costs during the year (excluding directors)</b>		
Wages and salaries	7,000	9,797
Social security costs	656	863
Pension costs	157	196
	7,813	10,856

The directors receive no remuneration for their services to this company

# Claridge's Hotel Limited

## Notes (continued)

### 3 Operating profit

	Year ended 30 June 2006 £'000	18 months ended 30 June 2005 £'000
Operating profit is stated after charging		
Operating leases		
Plant and machinery	55	42
Other assets	57	54
Auditors' remuneration – audit services	25	15
Depreciation – owned assets	1,200	2,056
	<hr/>	<hr/>

### 4 Gain made on disposal of investments

	Year ended 30 June 2006 £'000
During the year the company sold its shares in Edward Goodyear Ltd:	
(i) Proceeds	1
Carrying value (note 8)	-
	<hr/>
Gain on sale of investments	1
	<hr/>

### 5 Tax credit/(charge) on profit on ordinary activities

	Year ended 30 June 2006 £'000	18 months ended 30 June 2005 £'000
UK corporation tax for the year at 30% (2005 30%) based on the profit for the period	-	-
Deferred tax charge		
Timing differences origination and reversal		
Current year	90	176
Adjustment in respect of prior years	124	(323)
	<hr/>	<hr/>
Tax credit/(charge) on profit on ordinary activities	214	(147)
	<hr/>	<hr/>

# Claridge's Hotel Limited

## Notes (continued)

### 5 Tax charge on profit on ordinary activities (continued)

#### Factors affecting corporation tax charge for the current period

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

The differences are explained below

	Year ended 30 June 2006 £'000	18 months ended 30 June 2005 £'000
Profit on ordinary activities before tax	15,890	19,251
Tax at 30% thereon.	4,767	5,775
Effect of:		
Capital allowances in excess of qualifying depreciation	64	176
Group relief received for nil consideration	(5,471)	(5,997)
Non qualifying depreciation	-	35
Other timing differences	26	11
Other permanent differences	614	-
Current tax charge for the period	-	-

#### Factors that may affect the future tax charge

Deferred tax has not been provided on the difference between the carrying value and the tax basis of fixed assets. This tax will only become payable if the assets are sold and rollover relief is not obtained. The estimated amount of tax that would become payable in these circumstances is £38.4m.

Deferred tax has not been provided in respect of gains realised that have been rolled over into the acquisition cost of replacement assets. This tax will become payable if the replacement assets are sold and further rollover relief is not available. The estimated amount of tax that would become payable in these circumstances is £1m.



# Claridge's Hotel Limited

## Notes (continued)

### 6 Tangible fixed assets

	Freehold land and buildings £'000	Assets under course of construction £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
<b>Cost or valuation</b>				
As at 1 July 2005	178,553	301	23,795	202,649
Additions	-	1,318	-	1,318
Reclassification	74	(431)	357	-
<b>At 30 June 2006</b>	<b>178,627</b>	<b>1,188</b>	<b>24,152</b>	<b>203,967</b>
<b>Accumulated depreciation</b>				
As at 1 July 2005	-	-	14,766	14,766
Charge for the year	-	-	1,200	1,200
<b>At 30 June 2006</b>	<b>-</b>	<b>-</b>	<b>15,966</b>	<b>15,966</b>
<b>Net book value</b>				
<b>At 30 June 2006</b>	<b>178,627</b>	<b>1,188</b>	<b>8,186</b>	<b>188,001</b>
<b>At 30 June 2005</b>	<b>178,553</b>	<b>301</b>	<b>9,029</b>	<b>187,883</b>

The hotel property which the company occupies is carried at the value attributed to it at 31 December 1998 as adjusted for any additions at historic cost

Borrowings of the company's ultimate parent, Coroin Limited, and other group companies, are secured by a fixed and floating charge over the assets of the company

# Claridge's Hotel Limited

## Notes (continued)

### 7 Financial fixed assets - Investment in subsidiary undertakings

	2006 £'000	2005 £'000
<i>At cost and net book value</i>		
At beginning and end of year/period	150	150

The subsidiary undertakings are as follows.

Subsidiary undertaking	Country of incorporation	Activity	Shareholding
A Goody Rewarded Ltd	Great Britain	Dormant Company	100%
Claridge's Hotel (42000) Ltd	Great Britain	Dormant Company	100%

During the year the company sold its shares in Edward Goodyear Ltd to Goodyear Florist Limited (see note 4) The carrying value of these shares was Nil

### 9 Stocks

	2006 £'000	2005 £'000
Raw materials and consumables	1,036	972

The directors are of the opinion that the net realisable value of stock is greater than the carrying value.

### 10 Debtors

	2006 £'000	2005 £'000
Trade debtors	3,181	2,996
Other debtors	533	190
Amounts owed by group companies	40,930	25,947
Prepayments and accrued income	221	224
	44,865	29,357
All amounts are due within one year		

# Claridge's Hotel Limited

## Notes (continued)

### 11 Creditors: amounts falling due within one year

	2006 £'000	2005 £'000
Bank overdraft	204	-
Trade creditors	1,054	2,588
Amounts owed to group companies	794	4,150
Amounts owed to subsidiary undertakings	150	-
Amounts owed to parent undertaking	4,000	-
Other taxes and social security	1,524	1,575
Other creditors	239	214
Accruals and deferred income	1,394	934
	<u>9,359</u>	<u>9,461</u>

### 12 Deferred tax

	2006 £'000	2005 £'000
<b>Movement in deferred tax provision</b>		
Opening deferred tax liability	7,888	7,741
Charge/(credit) to the profit and loss account (Note 4)	(214)	147
	<u>7,674</u>	<u>7,888</u>
<b>At end of year/period</b>		
	<u>7,674</u>	<u>7,888</u>
	2006 £'000	2005 £'000
<b>Analysis of deferred tax balance</b>		
Capital allowances in excess of depreciation	7,706	7,888
Short term timing differences	(32)	-
	<u>7,674</u>	<u>7,888</u>
<b>Provision for deferred tax</b>		
	<u>7,674</u>	<u>7,888</u>

# Claridge's Hotel Limited

## Notes (continued)

### 13 Called up share capital

	2006 £'000	2005 £'000
<b>Authorised:</b>		
50,000,000 ordinary shares of 10p each	5,000	5,000
<b>Called up, allotted and fully paid</b>		
28,615,873 ordinary shares of 10p each	2,862	2,862

### 14 Reserves

	Share Premium £'000	Revaluation reserve £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1 July 2005	3,128	137,423	24,611	33,020	198,182
Profit for the period	-	-	-	16,104	16,104
<b>At 30 June 2006</b>	<b>3,128</b>	<b>137,423</b>	<b>24,611</b>	<b>49,124</b>	<b>214,286</b>

### 15 Reconciliation of movement in shareholders' funds

	2006 £'000	2005 £'000
At start of year/period	201,044	181,940
Profit for the financial year/period	16,104	19,104
<b>At end of year/period</b>	<b>217,148</b>	<b>201,044</b>

# Claridge's Hotel Limited

## Notes (continued)

### 16 Capital commitments

	2006 £'000	2005 £'000
Capital commitments (land and buildings) Contracted but not provided for in the accounts	-	55

### 17 Operating lease commitments

At 30 June 2006 the company was committed to making the following payments during the next period in respect of operating leases.

	2006 £'000	2005 £'000
Operating lease commitments (other assets) Expiring.		
- within one year	69	25
- in two to five years	35	22
	<u>104</u>	<u>47</u>
<b>Commitments under non-cancellable leases</b>	<u>104</u>	<u>47</u>

## Claridge's Hotel Limited

### Notes (continued)

#### **18 Pensions and similar obligations**

Claridge's Hotel Limited is a participating employer in the Maybourne Hotels Group pension and life insurance scheme. The scheme has three sections: staff and senior staff which are defined benefit schemes and directors, which is a money purchase scheme. The staff scheme is open to all staff if they meet the eligibility criteria. The company actively encourages staff to join the scheme as it believes that it is an important element of the remuneration package.

The directors are unable to identify Claridge's Hotel Limited's share of the underlying assets and liabilities of the scheme. As a result it is accounted for as a defined contribution scheme. The scheme is currently in deficit and it is expected that contributions will be increased to reduce the deficit. At 30 June 2006 this deficit, calculated in accordance with FRS 17, amounted to £7.8m (30 June 2005 £13.5m as restated). Full details of the scheme are disclosed in the accounts of Coroin Limited.

#### **19 Related party disclosures**

The company is exempt under the provisions of paragraph 3, Financial Reporting Standard 8 "Related Party Disclosures" from disclosing details of transactions with Group related parties.

#### **20 Ultimate parent company**

The company's ultimate parent company is Coroin Limited, a company incorporated in Great Britain and registered in England and Wales. This is the smallest and largest group in which the results of the company are consolidated. Copies of those statutory accounts will be available from its registered office, 30 Old Burlington Street, Mayfair, London, W1S 3AR.