

COMFORT HOTELS INTERNATIONAL LIMITED

Report and Financial Statements

31 December 2006

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# Comfort Hotels International Limited

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Registered No 320728

## **DIRECTORS**

A Bradley  
H M Taylor  
J C Philip  
M J Way  
R Shill (resigned 31 January 2006)  
H Friedman (resigned 10 January 2007)  
S R Vincent (appointed 10 January 2007)

## **SECRETARY**

HLT Secretary Limited (appointed 1 November 2007)  
Ladbroke Corporate Secretaries Limited (resigned 23 February 2006)  
B Wilson (appointed 23 February 2006, resigned 1 November 2007)

## **AUDITORS**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

## **REGISTERED OFFICE**

Maple Court  
Central Park  
Reeds Crescent  
Watford  
Hertfordshire WD24 4QQ

# Comfort Hotels International Limited

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## DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2006

### RESULTS AND DIVIDENDS

The company has not traded during the year and accordingly has made neither a profit nor a loss (2005 - £nil)

No profit and loss account has been prepared and no dividend is recommended (2005 - £nil)

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

Comfort Hotels International Limited is a parent undertaking and a list of its principal subsidiary undertakings is set out in note 6 to the financial statements. These subsidiaries principally carry on the business of hotel proprietors.

### DIRECTORS

The directors of the company during the year were as listed on page 1

### DIRECTORS' INTERESTS IN SHARES IN GROUP COMPANIES

No director at 31 December 2006 held at that date or at 31 December 2005 any interest in, or during the accounting period was granted or exercised a right to subscribe for the shares or debentures of this company or of Hilton Hotels Corporation or its subsidiaries.

By order of the Board

  
HLT SECRETARY LIMITED

Secretary

# Comfort Hotels International Limited

## BALANCE SHEET at 31 December 2006

	Notes	2006 £	2005 £
<b>FIXED ASSETS</b>			
Investments	4	115,855,385	115,855,385
<b>CURRENT ASSETS</b>			
Debtors	5	531,042	531,042
<b>TOTAL ASSETS</b>		<u>116,386,427</u>	<u>116,386,427</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	6,7	106,289,270	106,289,270
Share premium account	7	3,506,552	3,506,552
Revaluation reserve	7	4,066,504	4,066,504
Profit and loss account	7	2,524,101	2,524,101
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>116,386,427</u>	<u>116,386,427</u>

For the year ended 31 December 2006 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2)

The director acknowledges responsibility for

- (a) Ensuring the company keeps accounting records which comply with section 221
- (b) Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company

Approved by the Board on 19 December 2007 and signed on its behalf by

Director



NOTES TO THE FINANCIAL STATEMENTS  
at 31 December 2006

**1 ACCOUNTING POLICIES**

*Accounting convention*

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards, modified to include the revaluation of fixed asset investments

*Fixed asset investments*

Fixed asset investments are initially stated at cost. Certain of the investments are subject to periodic revaluation by the directors. Impairment tests are carried out as and when required by FRS 11.

*Pension fund*

Contributions were made to a Hilton Hotels Corporation pension scheme, and though the scheme was a multi-employer defined benefit scheme, it is accounted for in the books of Comfort Hotels International Limited as a defined contribution scheme, as fixed contributions were made to the scheme and any surpluses or deficits were accounted for by the ultimate parent company.

**2. DIRECTORS' REMUNERATION**

The directors of the company were also directors of other undertakings within the Hilton Group. The directors' remuneration for the period was paid by the other undertakings. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the fellow subsidiary undertakings.

**3 TAX ON PROFIT ON ORDINARY ACTIVITIES**

No provision has been made in these financial statements for UK corporation tax, as an undertaking was received from its ultimate holding company at 31 December 2006, Hilton Hotels Corporation, that the latter will assume all liability for any such taxation.

There are no amounts of deferred tax required to be indemnified in respect of any material timing differences for 2006 or 2005.

# Comfort Hotels International Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2006

### 4 INVESTMENTS

	<i>Shares in subsidiary undertakings £</i>
Cost or valuation	
At 1 January 2006	115,855,385
Additions	-
At 31 December 2006	115,855,385
Provisions	
At 31 December 2006 and 31 December 2005	-
Net book value	
At 31 December 2006	115,855,385
At 31 December 2005	115,855,385

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows

<i>Company name</i>	<i>Place of incorporation</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
<i>Subsidiary undertaking</i>				
Adda Hotels (Unlimited)	England and Wales	Ordinary shares	100%	Hotel Operator
		Deferred shares	100%	
Adda Properties Limited	England and Wales	Ordinary shares	100%	Hotel proprietor
Hilton Luxembourg Holdco SA	Luxembourg	Ordinary shares	98%	Hotel proprietor

# Comfort Hotels International Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2006

### 4. INVESTMENTS (continued)

The company has utilised the exemption under Section 231 (5), (6) of the Companies Act 1985 not to disclose all undertakings held by its direct subsidiaries as none of those undertakings principally affect the profit or assets of the company. A full list of subsidiaries and other related companies will be annexed to the next Annual Return of the company to be filed with the Registrar of Companies.

The investments are held directly by the company with holdings being of ordinary and preference share capital.

Group financial statements have not been prepared as the company was a wholly owned undertaking of Hilton Hotels Corporation, a company incorporated in England and Wales throughout the period of these financial statements.

In the opinion of the directors the aggregate value of the investment in subsidiary undertakings is not less than the amounts at which they are stated in these financial statements.

The amount of investments determined according to the historical cost accounting rules is as follows:

	2006 £	2005 £
Cost	111,788,881	111,788,881

### 5 DEBTORS

	2006 £	2005 £
Amounts due from fellow subsidiary undertakings	531,042	531,042

### 6 SHARE CAPITAL

	2006 £	2005 £
Authorised 1,100,000,000 Ordinary shares of 10p each	110,000,000	110,000,000
Allotted, called up and fully paid 1,062,892,699 Ordinary shares of 10p each	106,289,270	106,289,270

# Comfort Hotels International Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2006

### 7 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i>	<i>Share premium</i>	<i>Revaluation reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£	£	£
At 31 December 2005 and 31 December 2006	106,289,270	3,506,552	4,066,504	2,524,101	116,386,427

The revaluation reserve arises as a result of the revaluation of investments and is not distributable. No provision has been made for any tax liability which would arise if these investments were disposed of at the revalued amount.

### 8. CASH FLOW STATEMENT

The company has taken advantage of the provision within FRS 1 which exempts subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, from preparing a cash flow statement. The ultimate undertaking at 31 December 2006, Hilton Hotels Corporation, has included the required consolidated cash flow statement within its financial statements.

### 9. RELATED PARTIES

The company has taken advantage of provisions in FRS 8 which exempt subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, from disclosing transactions with other entities within the group. The ultimate parent undertaking at 31 December 2006, Hilton Hotels Corporation, has included the required related party disclosures within its group financial statements.

### 10. PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is Stakis Limited, a company registered in England.

The company's ultimate parent undertaking and controlling party at 31 December 2006 is Hilton Hotels Corporation, a company incorporated in the United States of America.