Churchill Group Limited

Report and Financial Statements

Year Ended

31 December 2008

BDO

BDO Stoy Hayward
Chartered Accountants

Churchill Group Limited

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

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Directors

M A Cairns
S Moatassem
J O'Shea
J Rea

Secretary and registered office

S Moatassem, 30 Portman Square, London, W1A 4ZX.

Company number

922947

Auditors

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU.

Churchill Group Limited

Report of the directors
for the year ended 31 December 2008

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

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year.

Dividends amounting to £4,759,368 have been paid during the year (2007 - £5,350,770). The directors do not recommend the payment of a final dividend.

Principal activities and future developments

The principal activity of the company is that of proprietor of the Hyatt Regency London – The Churchill, a five star deluxe Hotel with 444 bedrooms.

There have been no changes in the company's activities in the year under review.

Business review

Following a major refurbishment project undertaken from April 2006 up to July 2007 which saw the total refurbishment of all rooms and suites as well as major back-of-house infrastructure improvement works, 2008 was the first year that the hotel facilities have been fully operational and to a standard that would be considered competitive with other hotel products in our market.

The profit and loss account is set out on page 5 and shows turnover for the year of £33.8m a profit for the year of £10.2m.

Turnover shows an increase year on year of 18% which mainly reflects the increase in room inventory after the refurbishment and our focused approach in driving sales both in the National and International markets with particular attention to the more "future proof" industries and geographical sources.

After a strong start to the year, the hotel began to feel the effects of the economic downturn and, in line with the hotel industry in London, revenue fell behind budget in the final third of 2008. Despite these external pressures, we are pleased that our efforts to increase internal efficiency and undertake cost saving activities has meant that profit has increased at a greater rate than revenue.

The directors' strategy in 2009, is to continue to drive economic success through a focus on room rates while not losing occupancy, by increasing food and beverage covers whilst maintaining prices at competitive and affordable levels, by controlling costs to levels in line with our growth and by offering a first class provision of additional services and facilities.

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

Principal risks and uncertainties:

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

The refurbishment of all public area and guest-room facilities demonstrates our committment to re-establishing and re-positioning Hyatt Regency London – The Churchill as one of the leading hotels in London by 2009/10. We believe The Churchill is well placed to re-gain and sustain a definable advantage in its market place.

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

Financial instruments

Details of the financial risk management objectives and polices and the use of financial instruments by the company are provided in note 19 to the financial statements and the accounting policies.

Employment of disabled persons

The nature of the company's business is such that the duties of the majority of employees can only be performed by able-bodied people. Disabled people are not discriminated against when applying for suitable posts. Every effort is made to transfer employees becoming disabled to suitable posts within the company.

Employee involvement

The company's communications with employees are conducted informally through the established supervisory structure and also through an employee consultative committee.

Directors

The directors of the company during the year were:

M A Cairns
S Moatassem
J O'Shea
J Rea

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

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

M. A. Cart

Director

Date 0 3 SEP 2009

Churchill Group Limited

Report of the independent auditors

To the shareholders of Churchill Group Limited

We have audited the financial statements of Churchill Group Limited for the year ended 31 December 2008 which comprise the profit and loss account, the statement of total recognised gains 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 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.

Churchill Group Limited

Report of the independent auditors *(Continued)*

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

Churchill Group Limited

Profit and loss account
for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Turnover	2	**33,897**	28,625
Raw materials and consumables		**(1,529)**	(1,327)
Other external charges		**(2,443)**	(2,271)
Staff costs	3	**(9,450)**	(8,538)
Depreciation		**(2,853)**	(2,439)
Other operating charges		**(6,768)**	(6,997)
Operating profit	4	**10,854**	7,053
Interest receivable and similar income	5	**275**	125
Interest payable and similar charges	6	**(289)**	(634)
Profit on ordinary activities before taxation		**10,840**	6,544
Taxation charge on profit from ordinary activities	7	**(591)**	(88)
Profit on ordinary activities after taxation		**10,249**	6,456

All amounts relate to continuing activities.
All recognised gains and losses are included in the profit and loss account.

The notes on pages 9 to 20 form part of these financial statements

Churchill Group Limited

Statement of total recognised gains and losses
and reconciliation of movements in shareholders' funds
for the year ended 31 December 2008

	2008 £'000	2007 £'000
Statement of total recognised gains and losses		
Profit for the year	10,249	6,456
Actuarial gains and losses on defined benefit scheme	(1,527)	7,384
Deferred tax arising on actuarial gains on defined benefit scheme	211	(2,209)
Current tax relief on defined benefit scheme	216	-
Total recognised gains and losses since last financial statements	9,149	11,631
Reconciliation of movements in shareholders' funds		
Opening shareholders' funds	28,955	22,675
Profit for the year	10,249	6,456
Dividends	(4,759)	(5,351)
	5,490	1,105
Other gains and losses relating to the year	(1,100)	5,175
Net addition to shareholders' funds	4,390	6,280
Closing shareholders' funds	33,345	28,955

The notes on pages 9 to 20 form part of these financial statements

Churchill Group Limited

Balance sheet
at 31 December 2008

	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Fixed assets					
Tangible assets	9		**28,992**		29,495
Current assets					
Stocks	10	**401**		405	
Debtors - recoverable within one year	11	**3,446**		3,679	
- recoverable in more than one year	11	**86,484**		77,945	
Cash at bank and in hand		**9,380**		6,511	
		99,711		88,540	
Creditors: amounts falling due within one year	12	**95,263**		89,529	
Net current assets/(liabilities)			**4,448**		(989)
Net assets excluding pension liability			**33,440**		28,506
Pension (liability)/asset	16		**(95)**		449
			33,345		28,955
Capital and reserves					
Called up share capital	13		**3,309**		3,309
Profit and loss account	14		**30,036**		25,646
Shareholders' funds			**33,345**		28,955

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

Director

The notes on pages 9 to 20 form part of these financial statements

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Havana Holdings (UK) Limited and the company is included in consolidated financial statements.

Turnover

Turnover represents the invoiced value of goods and services, exclusive of VAT, provided to customers of Hyatt Regency London - The Churchill Hotel, Portman Square, London.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Long leasehold land and buildings	-	50 years
Fixtures, fittings, tools and equipment	-	5 to 10 years

Stocks

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

Foreign exchange

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

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.

1 Accounting policies *(Continued)*

Pensions

The company operates a defined benefit pension scheme.

For defined benefit schemes, pension scheme assets are measured using market values, and pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Financial risk management

Exposure to movements in rates of foreign exchange in relation to trading transactions between the date that a contractual obligation is entered into and the date of completion of the contract is hedged through the use of currency asset and liability matching forward exchange contracts and other financial instruments where in the opinion of the directors the expected benefit exceeds the expected cost.

Exposure to movements in interest rates is reviewed regularly by the directors. The company utilises financial instruments to limit the company's exposure to movements in interest rates where in the opinion of the directors the expected benefits of such arrangements exceed the expected costs or at the request of the company's lenders.

Gains and losses arising on derivative instruments to hedge the company's exposure to transactions in foreign currencies are recognised in the profit and loss accounts when the hedge transaction is completed.

Further information is provided in note 19 to the financial statements.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Employees

	2008 £'000	2007 £'000
Staff costs (including directors) comprise:		
Wages and salaries	**8,362**	7,199
Social security costs	**636**	629
Other pension costs	**452**	710
	9,450	8,538

The average number of employees, including directors, during the year was 291 (2007 - 268).

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

Churchill Group Limited

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

4 Operating profit

	2008 £'000	2007 £'000
This has been arrived at after charging:		
Depreciation - owned assets	2,853	2,439
Hire of other assets - operating leases	640	664
Auditors' remuneration - audit services	50	50
- taxation services	12	12
- other services	1	5

5 Other interest receivable and similar income

	2008 £'000	2007 £'000
Bank deposits	275	125

6 Interest payable and similar charges

	2008 £'000	2007 £'000
Loans from group companies	502	563
Interest on pension scheme liabilities	1,019	1,201
Expected return on pension scheme assets	(1,232)	(1,130)
	289	634

7 Taxation on profit on ordinary activities

	2008 £'000	2007 £'000
Current tax		
UK corporation tax on profits of the year	452	-
Adjustment in respect of previous years	(66)	-
Total current tax	386	-
Deferred tax - on defined benefit scheme	-	88
- other	205	-
Taxation charge on profit on ordinary activities	591	88

7 Taxation on profit on ordinary activities *(Continued)*

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
Profit on ordinary activities before tax	**10,840**	6,544
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28.5% (2007 – 30%)	**3,089**	1,963
Effects of:		
Expenses not deductible for tax purposes	**63**	54
Capital allowances for year in deficit of depreciation	**223**	354
Group relief claimed	**(1,640)**	(571)
Transfer pricing adjustment	**(1,283)**	(1,350)
Difference between pension charge and amount paid	**-**	(127)
Adjustment to tax charge in respect of previous years	**(66)**	-
Trading losses utilised	**-**	(323)
Current tax charge for year	**386**	-

8 Dividends

	2008 £'000	2007 £'000
Ordinary dividend paid 143.8p (2007 -161.7p) per share	**4,759**	5,351

9 Tangible assets

	Long leasehold land and buildings £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost			
At 1 January 2008	12,198	28,548	40,746
Additions	-	2,350	2,350
At 31 December 2008	**12,198**	**30,898**	**43,096**
Depreciation			
At 1 January 2008	1,971	9,280	11,251
Provided for the year	244	2,609	2,853
At 31 December 2008	**2,215**	**11,889**	**14,104**
Net book value			
At 31 December 2008	**9,983**	**19,009**	**28,992**
At 31 December 2007	10,227	19,268	29,495

10 Stocks

	2008 £'000	2007 £'000
Consumables	**-**	21
Goods for resale	**105**	88
Operating equipment	**296**	296
	401	405

11 Debtors

	2008 £'000	2007 £'000
Recoverable within one year:		
Trade debtors	**1,809**	1,652
Corporation tax	**-**	184
Other debtors	**52**	111
Deferred taxation	**1,114**	1,319
Prepayments and accrued income	**471**	413
	3,446	3,679
Recoverable after more than one year:		
Amounts owed by parent undertakings	**86,484**	77,945
	89,930	81,624

	Deferred taxation £'000
At 1 January 2008	1,319
Utilised in the year	(205)
At 31 December 2008	**1,114**

Deferred taxation	2008 Provided £'000	2007 Provided £'000
Decelerated capital allowances	**1,103**	1,103
Other timing difference	**11**	216
Asset	**1,114**	1,319

There is no unprovided deferred taxation.

12 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	**642**	1,264
Amounts owed to parent undertakings	**55,054**	49,336
Loans from group undertakings	**36,794**	36,002
Taxation and social security	**860**	1,299
Other creditors	**170**	151
Accruals and deferred income	**1,507**	1,477
Corporation tax	**236**	-
	95,263	89,529

13 Share capital

	Authorised, allotted, called up and fully paid			
	2008 Number	2007 Number	2008 £'000	2007 £'000
Ordinary shares of £1 each	**3,309,200**	3,309,200	**3,309**	3,309
Deferred shares of £1 each	**100**	100	**100**	100
	3,309,300	3,309,300	**3,309**	3,309

The holders of the deferred shares have no claim on the dividends or capital of the company, except for the return of the paid up amount on liquidation. Capital is returned to the holders of the deferred shares only after paying £1,000,000 per share to the holders of the ordinary shares.

14 Reserves

	Profit and loss account £'000
At 1 January 2008	25,646
Profit for the year	10,249
Dividends	(4,759)
Actuarial loss on pension scheme liability	(1,100)
At 31 December 2008	**30,036**

15 Contingent liability

On 5 May 1998, a debenture was created by the company for securing all present and future obligations and liabilities from the company, International Hoteliers (UK) 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.

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 Pension costs

The company operates a funded defined benefit pension scheme. The assets of the Scheme are held separately from those of the company. The pension cost is assessed in accordance with the advice of a professionally qualified actuary.

A full actuarial valuation of the Defined Benefit Scheme was carried out at 6 April 2007 and updated to February 2009 by a qualified independent actuary on a FRS17 basis.

Contributions of £970,000 were made in the period to 31 December 2008 (31 December 2007 - £896,000). It has been agreed with the trustees that the company will continue to contribute to the Scheme at current levels, and contributions of approximately £867,000 are expected to be paid in 2009.

Details of the Scheme are given below:

	2008 **£'000**	**2007** **£'000**
Change in benefit obligation during the year:		
Benefit obligation at 31 December 2007	**(17,782)**	(23,814)
Movement in year:		
Current service cost	**(411)**	(509)
Interest cost	**(1,019)**	(1,201)
Scheme participants contributions	**(68)**	(64)
Actuarial gains	**1,674**	7,310
Benefits paid from Scheme	**682**	496
Expenses paid	**-**	-
Benefit obligation at 31 December 2008	**(16,924)**	(17,782)

16 Pension costs *(Continued)*

	2008 £'000	2007 £'000
Change in Scheme assets during the year:		
Fair value of Scheme assets at 31 December 2007	**18,405**	16,737
Movement in year:		
Expected return on Scheme assets	**1,232**	1,130
Actuarial losses on Scheme assets	**(3,201)**	74
Employer contributions	**970**	896
Member contributions	**68**	64
Benefits paid from Scheme	**(682)**	(496)
Expenses paid	**-**	-
Fair value of Scheme assets at 31 December 2008	**16,792**	18,405
Amounts recognised in the balance sheet:		
Present value of wholly or partly funded obligations	**(16,924)**	(17,782)
Fair value of Scheme assets	**16,792**	18,405
Schemed deficit	**(132)**	623
Related deferred tax asset/(liability)	**37**	(174)
Net (liability)/asset	**(95)**	449
Components of pension cost:		
Amount recognised in profit and loss statement		
Current service cost	**(411)**	(509)
Interest on pension liabilities	**(1,019)**	(1,201)
Expected return on Scheme assets	**1,232**	1,130
Other finance expenses	**(198)**	(580)
Analysis of amount recognised in statement of total recognised gains and losses ("STRGL"):		
Actuarial (losses)/gains	**(1,527)**	7,384
Cumulative amount of actuarial losses immediately recognised	**999**	2,526

16 Pension costs *(Continued)*

	2008 £'000	2007 £'000
Principal actuarial assumptions:		
Assumptions to determine benefit obligations		
Discount rate	**5.80%**	5.10%
Rate of compensation increase	**4.30%**	4.50%
Rate of price inflation	**3.30%**	3.00%
Rate of pension increases (in-payment benefits)	**5.00%**	5.00%
Rate of pension increases (deferred benefits)	**3.30%**	3.00%
Assumptions to determine net pension cost		
Discount rate	**6.30%**	5.80%
Expected long-term rate of return on plan assets	**6.60%**	6.67%
Rate of compensation increase	**4.20%**	4.30%
Rate of price inflation	**3.20%**	3.30%
Rate of pension increases (in-payment benefits)	**5.00%**	5.00%
Rate of pension increases (deferred benefits)	**3.20%**	3.30%
Weighted average life expectancy on post-retirement mortality table used to determine benefit obligation for:		
Members aged 65 (current life expectancy)	**19.7 years**	19.7 years
Members aged 40 (life expectancy at age 65)	**20.75 years**	20.75 years

Scheme assets

	2008	2007
Percentage of Scheme assets by asset allocation		
Equities	**39.8%**	47.7%
Debt	**49.4%**	41.2%
Real estate/property	**8.4%**	9.5%
Other	**2.4%**	1.6%
Other finance expenses	**100%**	100%
Expected long term rate of return on Scheme assets during the financial year	**6.60%**	6.67%

16 Pension costs *(Continued)*

To develop the expected long term rate of return on Scheme assets assumption, the company considered the current level of expected return on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on Scheme assets assumption for the portfolio.

	2008 £'000	2007 £'000
Actual return on Scheme assets	**1,969**	1,204

	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
History of experience gains and losses					
Defined benefit obligation	**(16,924)**	(17,782)	(23,814)	(21,630)	(17,812)
Fair value of Scheme assets	**16,792**	18,405	16,737	14,740	11,836
(Deficit)/surplus	**(132)**	623	(7,077)	(6,890)	(5,976)

Balance sheet reconciliation:	2008 £'000	2007 £'000
Gross balance sheet asset/(liability) at 31 December 2007	**623**	(7,077)
Pension expense recognised in profit and loss account in the financial year	**(198)**	(580)
Amounts recognised in STRGL in the financial year	**(1,527)**	7,384
Actual contributions made by the company in the financial year	**970**	896
Gross balance sheet (liability)/asset at 31 December 2008	**(132)**	623

17 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2008 £'000	Other 2008 £'000	Land and buildings 2007 £'000	Other 2007 £'000
Operating leases which expire:				
In one to two years	-	81	56	96
In two to five years	-	14	-	29
After five years	543	-	463	-
	543	95	519	125

18 Related party disclosures

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 company, Havana Holdings (UK) Limited, prepares consolidated financial statements which are publicly available.

Balances with group undertakings at 31 December 2008 are disclosed in notes 11 and 12 to the accounts.

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.

In addition, various financial instruments such as trade debtors and trade creditors arise directly from the group's operations.

Operations are financed by a mixture of retained profits and loans from group undertaking. Working capital requirements are funded principally out of short term group loans and retained profits.

20 Ultimate parent company and ultimate controlling party

At 31 December 2008 the company's immediate parent company was International Hoteliers (UK) Limited. 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 ultimate parent company is Sandwood Worldwide Limited, registered in British Virgin Islands.

The beneficial owner of Sandwood Worldwide Limited is Sheikh Hamad bin Jassim bin Jaber Al Thani.