

**REGISTRAR OF  
COMPANIES**

**International Hoteliers (UK) Limited**

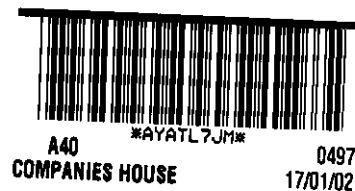
Report and Financial Statements

Year ended

30 September 2000



**BDO Stoy Hayward**  
Chartered Accountants



# **INTERNATIONAL HOTELIERS (UK) LIMITED**

**Annual report and financial statements for the year ended 30 September 2000**

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Directors

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## **Directors**

M A Cairns  
J O'Shea  
S Moatassef

## **Secretary and registered office**

S Moatassef, 93 Park Lane, London, W1Y 3TA.

## **Company number**

1698769

## **Auditors**

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

## **INTERNATIONAL HOTELIERS (UK) LIMITED**

### **Report of the directors for the year ended 30 September 2000**

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The directors present their report together with the audited financial statements for the year ended 30 September 2000.

#### **Principal activities**

The principal activity of the company consists of the ownership of, and investment in the Churchill Inter-Continental Hotel, Portman Square, London.

#### **Review of the business**

During the year the company continued to receive rental income under the sub-lease with Churchill Group Limited and will do so during 2000-2001.

#### **Results and dividends**

The results of the company for the year are set out on page 5 and show profit for the year on ordinary activities after taxation of £579,000 (1999 - £4,642,000).

The directors do not recommend the payment of a dividend for the year.

#### **Fixed assets**

The directors have released part of the provision in the company's balance sheet against its investment in the subsidiary undertaking.

The directors are of the opinion that the market value of the fixed assets is not less than that shown in the financial statements.

#### **Directors**

The directors of the company during the year were:

M A Cairns  
J O'Shea  
S Moatassem

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 30 September 2000 (*Continued*)

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#### Directors' responsibilities

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:

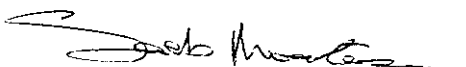
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare 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 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 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

BDO Stoy Hayward 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

  
S Moatassem

#### Director

Date 5 December 2001

## INTERNATIONAL HOTELIERS (UK) LIMITED

### Report of the independent auditors

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#### To the shareholders of International Hoteliers (UK) Limited

We have audited the financial statements of International Hoteliers (UK) Limited on pages 5 to 13 which have been prepared under the accounting policies set out on page 8.

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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

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 to you 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 within it.

#### *Basis of opinion*

We conducted our audit in accordance with United Kingdom Auditing Standards 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.

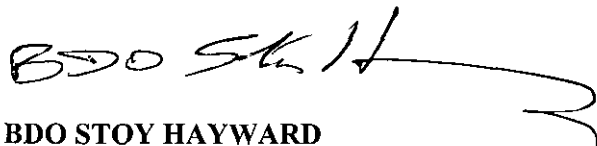
**INTERNATIONAL HOTELIERS (UK) LIMITED**

**Report of the independent auditors (*Continued*)**

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*Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'BDO Stoy Hayward', with a long horizontal flourish extending to the right.

**BDO STOY HAYWARD**

*Chartered Accountants  
and Registered Auditors*  
London

5 December 2001

# INTERNATIONAL HOTELIERS (UK) LIMITED

## Profit and loss account for the year ended 30 September 2000

	Note	Year ended 30 September 2000 £'000	Period ended 30 September 1999 £'000
Turnover	2	463	347
Other operating charges		(2,155)	(5)
<b>Operating profit</b>	3	<b>(1,692)</b>	<b>342</b>
Income from shares in group undertakings		5,567	3,345
Exceptional release	5	2,271	4,300
Interest payable and similar charges	6	(5,567)	(3,345)
<b>Retained profit on ordinary activities before and after taxation</b>	7,15	<b>579</b>	<b>4,642</b>

All amounts relate to continuing activities.

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

The notes on pages 8 to 13 form part of these financial statements

# **INTERNATIONAL HOTELIERS (UK) LIMITED**

## **Note of historical cost profits and losses for the year ended 30 September 2000**

	<b>Year ended 30 September 2000 £'000</b>	<b>Period ended 30 September 1999 £'000</b>
<b>Note of historical cost profits and losses</b>		
Reported profit on ordinary activities before taxation	579	4,642
Difference between actual and historical cost depreciation	1,706	-
	<hr/>	<hr/>
<b>Historical cost profit on ordinary activities before taxation</b>	<b>2,285</b>	<b>4,642</b>
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The notes on pages 8 to 13 form part of these financial statements



# INTERNATIONAL HOTELIERS (UK) LIMITED

## Balance sheet at 30 September 2000

	Note	2000 £'000	2000 £'000	2000 £'000	1999 £'000
<b>Fixed assets</b>					
Tangible assets	8		105,350		107,500
Investments	9		22,810		18,539
			<u>126,160</u>		<u>126,039</u>
<b>Current assets</b>					
Debtors	10	11,091		5,066	
		<u>11,091</u>		<u>5,066</u>	
<b>Net current assets</b>			11,091		5,066
			<u>11,091</u>		<u>5,066</u>
<b>Total assets less current liabilities</b>			137,251		131,105
			<u>137,251</u>		<u>131,105</u>
<b>Creditors: amounts falling due after more than one year</b>	11		79,969		74,402
			<u>79,969</u>		<u>74,402</u>
			<u>57,282</u>		<u>56,703</u>
<b>Capital and reserves</b>					
Called up share capital	13		2,000		2,000
Revaluation reserve	14		98,625		98,625
Profit and loss account	14		(43,343)		(43,922)
			<u>57,282</u>		<u>56,703</u>
<b>Shareholders' funds</b>	15		57,282		56,703
			<u>57,282</u>		<u>56,703</u>

All items within shareholders' funds are equity.

The financial statements were approved by the board on 5 December 2001

S Moatassem )  
J O'Shea ) **Directors**

*S. Moatassem*

The notes on pages 8 to 13 form part of these financial statements

# INTERNATIONAL HOTELIERS (UK) LIMITED

Notes forming part of the financial statements for the year ended 30 September 2000

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## 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.

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

### *Revaluation of land and buildings*

FRS15 requires fixed assets which are carried at revalued amounts to be shown at their current value at the balance sheet date. To achieve this freehold and long leasehold land and buildings are subject to a full valuation every 5 years with an interim valuation carried out in the third year of this cycle.

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.

### *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.

### *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.

## 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.

## INTERNATIONAL HOTELIERS (UK) LIMITED

Notes forming part of the financial statements for the year ended 30 September 2000 (*Continued*)

### 3 Operating profit

Year ended 30 September 2000 £'000	Period ended 30 September 1999 £'000
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This is arrived at after charging:

Depreciation	2,150	-
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### 4 Directors and employees

The average number of employees, including directors, during the year was 3 (1999 - 3).

No directors received any remuneration during the year.

### 5 Exceptional item

Year ended 30 September 2000 £'000	Period ended 30 September 1999 £'000
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Release of provision against the cost of investment in Churchill Group Limited	2,271	4,300
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### 6 Interest payable

Year ended 30 September 2000 £'000	Period ended 30 September 1999 £'000
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Interest payable on loans repayable within five years:

Loans from parent undertaking (note 10)	5,567	3,345
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### 7 Taxation on ordinary activities

No taxation is payable due to the availability of tax losses (1999 - £Nil).

# INTERNATIONAL HOTELIERS (UK) LIMITED

Notes forming part of the financial statements for the year ended 30 September 2000 (*Continued*)

## 8 Tangible fixed assets

	Long leasehold land and buildings £'000
<i>Cost or valuation</i>	
At 1 October 1999 and at 30 September 2000	107,500
<i>Depreciation</i>	
At 1 October 1999	-
Provision for the year	2,150
<i>Net book value</i>	
At 30 September 2000	105,350
At 30 September 1999	107,500

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:

<i>Cost</i>	£'000
At 30 September 2000	8,698
At 1 October 1999	8,875

## 9 Fixed asset investments

	£'000
<i>Cost</i>	
At 1 October 1999 and at 30 September 2000	46,661
<i>Amounts provided</i>	
At 1 October 1999	28,122
Released during the year	(2,271)
At 30 September 2000	25,851
<i>Net book amount</i>	
At 30 September 2000	20,810
At 30 September 1999	18,539

# INTERNATIONAL HOTELIERS (UK) LIMITED

Notes forming part of the financial statements for the year ended 30 September 2000 *(Continued)*

## 9 Fixed asset investments *(Continued)*

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

The investment is unlisted and has been adjusted by the directors to the net asset value of Churchill Group Limited at 30 September 2000.

10 Debtors	2000 £'000	1999 £'000
Amounts owed by subsidiary undertaking	10,793	4,768
Amounts owed by parent undertakings	298	298
	<u>11,091</u>	<u>5,066</u>
11 Creditors: amounts falling due after more than one year	2000 £'000	1999 £'000
Loans from parent undertaking	79,969	74,402
	<u>79,969</u>	<u>74,402</u>

Interest of £4,134,000 (1999 - £3,345,000) was incurred in respect of these loans.

## 12 Provision for liabilities and charges

An analysis of the closing balance of deferred taxation is shown below:

	2000 Unprovided £'000	2000 Provided £'000	1999 Unprovided £'000	1999 Provided £'000
Unrelieved tax losses carried forward	(5,821)	-	(4,398)	-
Revaluation of fixed assets	26,746	-	26,888	-
	<u>20,925</u>	<u>-</u>	<u>22,490</u>	<u>-</u>

# INTERNATIONAL HOTELIERS (UK) LIMITED

Notes forming part of the financial statements for the year ended 30 September 2000 *(Continued)*

## 13 Share capital

	Authorised, allotted, called up and fully paid			
	2000 Number	1999 Number	2000 £'000	1999 £'000
Ordinary shares of £1 each	2,000,000	2,000,000	2,000	2,000

## 14 Reserves

	Revaluation reserve £	Profit and loss account £
Revaluation reserve		
At 1 October 1999	98,625	(43,922)
Profit for the year	-	579
At 30 September 2000	98,625	(43,343)

## 15 Reconciliation of movement in shareholders' funds

	2000 £'000	1999 £'000
Profit for the financial year	579	4,642
Opening shareholders' funds	56,703	52,061
Closing shareholders' funds	57,282	56,703

## 16 Contingent liabilities

On the 5 May 1999, a debenture and mortgage of shares were created by the company for securing all present and future obligations and liabilities from the company, Churchill Group Limited, Primeairo Limited and Havana Holdings (UK) Limited to Deutsche Pfandbrief-und Hypothekenbank Aktiengesellschaft ("DePfa"). This was later amended by a supplemental debenture created on 10 August 1999.

Under the debenture, a charge was placed on the assets and leasehold property, The Churchill Hotel.

Under the mortgage, a charge was placed on the shares and securities of the company and any income derived therefrom.

At 30 September 2000, the balance due from Havana Holdings (UK) Limited to DePfa was £87,000,000.

## **INTERNATIONAL HOTELIERS (UK) LIMITED**

**Notes forming part of the financial statements for the year ended 30 September 2000 *(Continued)***

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### **17 Ultimate parent company**

At 30 September 2000, the company's ultimate parent company is Havana Investments Limited, a company incorporated under the laws of the state of Jersey. 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 Channel Islands

Copies of the consolidated accounts may be obtained from Media House, 93 Park Lane, London, W1Y 3TA.

The ultimate controlling party is unknown.

### **18 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.

### **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 90% or more controlled within the group and its parent undertaking, Havana Holdings (UK) Limited, prepares consolidated financial statements which are publicly available.

There were no other related party transactions during the year.