

The Abbey Hotel Limited

Report and Financial Statements

Year Ended

30 September 2010

Company Number 3389220



The Abbey Hotel Limited

Report and financial statements for the year ended 30 September 2010

Contents

Page:

1	Report of the directors
3	Independent auditor's report
5	Profit and loss account
6	Balance sheet
7	Notes forming part of the financial statements

Directors

R S Vohra
A S Vohra
K S Mahindru

Secretary and registered office

R S Vohra, 11 Thurloe Place, London, SW7 2RS

Company number

3389220

Auditors

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

The Abbey Hotel Limited

Report of the directors for the year ended 30 September 2010

The directors present their report together with the audited financial statements for the year ended 30 September 2010

Results and dividends

The profit and loss account is set out on page 5 and shows the loss for the year

The directors do not recommend the payment of any dividends

Principal activity and future developments

The principal activity of the company is that of hoteliers and this will continue for the foreseeable future

Directors

The directors of the company during the year were

R S Vohra
A S Vohra
K S Mahindru

Directors' responsibilities

The directors are responsible for preparing 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, 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 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.

The Abbey Hotel Limited

Report of the directors for the year ended 30 September 2010 (continued)

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.

Ernst & Young LLP resigned as auditors of the company during the year and BDO LLP were appointed as auditors of the company by the directors. BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

In preparing this directors' report advantage has been taken of the small companies' exemption.

By order of the Board

Rajesh Singh Vohra



Secretary

Date 30 MARCH 2011

The Abbey Hotel Limited

Independent auditor's report

TO THE MEMBERS OF THE ABBEY HOTEL LIMITED

We have audited the financial statements of The Abbey Hotel Limited for the year ended 30 September 2010 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2010 and of its loss 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

The Abbey Hotel Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

BDO LLP

Marc Reinecke, (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date *30/3/2011*

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

The Abbey Hotel Limited

Profit and loss account for the year ended 30 September 2010

	Note	2010 £	2009 £
Turnover	2	2,465,915	2,458,123
Cost of sales		<u>(1,577,196)</u>	<u>(1,573,522)</u>
Gross profit		888,719	884,601
Administrative expenses		<u>(874,846)</u>	<u>(734,780)</u>
Operating profit	5	13,873	149,821
Bank interest receivable		3,884	463
Interest payable and similar charges	6	<u>(1,621)</u>	<u>(3,369)</u>
Profit on ordinary activities before taxation		16,136	146,915
Tax on profit on ordinary activities	7	<u>(56,272)</u>	<u>(68,293)</u>
(Loss)/profit for the financial year transferred to reserves		<u>(40,136)</u>	<u>78,622</u>

All amounts relate to continuing activities

There are no recognised gains or losses other than the profit of £16,136 (2009 – £78,622) attributable to the shareholders for the year ended 30 September 2010

The notes on pages 7 to 15 form part of these financial statements

The Abbey Hotel Limited

Balance sheet at 30 September 2010

Company number 3389220	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Tangible assets	8		936,704		698,148
Current assets					
Stocks	9	20,497		20,284	
Debtors	10	147,582		216,377	
Cash at bank and in hand		34,274		341,173	
		<u>202,353</u>		<u>577,834</u>	
Creditors. amounts falling due within one year	11	(1,084,897)		(1,237,958)	
Net current liabilities			(882,544)		(660,124)
			<u></u>		<u></u>
Total assets less current liabilities			54,160		38,014
Creditors. amounts falling due after more than one year	12		(137,414)		(137,414)
Provisions for liabilities					
Deferred tax			(142,242)		(85,970)
			<u>(225,496)</u>		<u>(185,360)</u>
Capital and reserves					
Called up share capital	16		2		2
Profit and loss account	17		(225,498)		(185,362)
			<u></u>		<u></u>
Shareholders' funds	17		(225,496)		(185,360)
			<u></u>		<u></u>

The financial statements were approved by the Board of Directors and authorised for issue on **30 MARCH 2011**

R S Vohra
Director



The notes on pages 7 to 15 form part of these financial statements

The Abbey Hotel Limited

Notes forming part of the financial statements for the year ended 30 September 2010

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

Fundamental accounting concept - going concern

The company is dependent on support from related group companies which share the same ultimate controlling party in order to meet its liabilities as they fall due. The company's related group companies have committed to provide the company with financial support, if required, for a period of at least twelve months from the date the financial statements are approved and therefore the directors consider that it is appropriate to prepare the accounts on a going concern basis

Statement of cash flows

The directors have taken advantage of the exemption available to small companies under FRS 1 - Statement of cash flows, and have not included a cash flow statement as part of these financial statements

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows

Leasehold buildings	-	Over the term of the lease
Hotel renovations	-	Over 5 to 10 years
Furniture, fittings and equipment	-	Over 5 to 10 years

Impairment

The carrying amount of the company's assets and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists the assets recoverable amount is estimated

The recoverable amount of an asset is the greater of its selling price less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account

Stocks

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

The Abbey Hotel Limited

Notes forming part of the financial statements for the year ended 30 September 2010 (*continued*)

1 Accounting policies (*continued*)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme

2 Turnover

Turnover, which is stated net of value added tax, represents amounts received and receivable from the company's continuing principal activity in the UK

3 Employees

	2010 £	2009 £
Staff costs consist of		
Wages and salaries	896,157	913,318
Social security costs	61,051	61,510
Other pension costs (note 14)	2,111	4,683
	959,319	979,511
The monthly average number of employees during the year was	Number	Number
Administration	14	14
Hotel operations	61	60
	75	74

The Abbey Hotel Limited

Notes forming part of the financial statements
for the year ended 30 September 2010 (*continued*)

4 Directors' remuneration

The directors of The Abbey Hotel Limited are also the directors of Sarova Hotels Limited, Rembrandt Hotel Limited and The Bull Hotel Limited which are related group companies. The directors' remuneration in respect of services provided to this company was paid by Sarova Hotels Limited (a sister company).

5 Operating profit

	2010 £	2009 £
This has been arrived at after charging		
Depreciation of own fixed assets	110,088	87,739
Auditors' remuneration		
- audit services	12,000	12,750
- tax services	3,000	-
Operating lease rentals		
- land and buildings	250,000	150,000
- other	77	3,569
	<hr/>	<hr/>

6 Interest payable and similar charges

	2010 £	2009 £
Bank interest payable	1,621	3,369
	<hr/>	<hr/>

7 Taxation on profit from ordinary activities

	2010 £	2009 £
a) Tax on profit on ordinary activities		
<i>Current tax</i>		
UK corporation tax on the profit for the year	-	2,966
Adjustment in respect of prior years	-	(4,954)
	<hr/>	<hr/>
Total current tax (note 7(b))	-	(1,988)
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	33,230	45,666
Reversal of provision of Industrial Buildings Allowances		24,615
Adjustment in respect of prior years	23,043	
	<hr/>	<hr/>
Total deferred tax (note 7(c))	56,272	70,281
	<hr/>	<hr/>
Total tax on profit on ordinary activities	56,272	68,293
	<hr/>	<hr/>

The Abbey Hotel Limited

Notes forming part of the financial statements for the year ended 30 September 2010 (*continued*)

7 Taxation on profit from ordinary activities (*continued*)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below

	2010 £	2009 £
b) Profit on ordinary activities before tax	16,136	146,915
Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2009 - 28%)	4,518	41,136
Effect of		
Expenses not deductible for tax purposes	539	3,202
Capital allowances in excess of depreciation	(12,202)	-
Depreciation in excess of capital allowances		18
Group relief surrendered for nil payment	2,024	-
Utilisation of tax losses	5,253	(41,390)
Adjustment in respect of prior years	-	(4,594)
Other timing differences	(132)	-
Total current tax	-	(1,988)
c) Deferred tax		
	2010 £	2009 £
The deferred taxation liability included in the balance sheet is as follows		
Balance at start of year	85,970	85,970
Movement in year	56,272	-
Balance at end of year	142,242	85,970

The Abbey Hotel Limited

Notes forming part of the financial statements
for the year ended 30 September 2010 (*continued*)

8 Tangible assets

	Short Leasehold £	Hotel Renovations £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>				
At 30 September 2009	36,156	662,184	1,458,833	2,157,173
Additions	-	2,328	346,316	348,644
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2010	36,156	664,512	1,805,149	2,505,817
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 30 September 2009	36,156	599,681	823,188	1,459,025
Provided for the year	-	14,771	95,317	110,088
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2010	36,156	614,452	918,505	1,569,113
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 September 2010	-	50,060	886,644	936,704
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2009	-	62,503	635,645	698,148
	<hr/>	<hr/>	<hr/>	<hr/>

9 Stocks

	2010 £	2009 £
Food and beverage stock	20,497	20,284
	<hr/>	<hr/>

The Abbey Hotel Limited

Notes forming part of the financial statements
for the year ended 30 September 2010 (*continued*)

10 Debtors

	2010 £	2009 £
Trade debtors	68,028	72,536
Prepayments and accrued income	79,554	77,342
Amounts due from related parties	-	66,499
	<u>147,582</u>	<u>216,377</u>

11 Creditors: amounts falling due within one year

	2010 £	2009 £
Trade creditors	98,323	131,524
Amounts owed to related parties	724,862	799,874
Other taxation and social security	58,064	94,402
Other creditors	-	4,706
Accruals and deferred income	200,812	204,486
Corporation tax	2,836	2,966
	<u>1,084,897</u>	<u>1,237,958</u>

12 Creditors: amounts falling due after more than one year

	2010 £	2009 £
Bank loan (note 13)	87,414	87,414
Amounts owed to related parties (note 19)	50,000	50,000
	<u>137,414</u>	<u>137,414</u>

Amounts owed to related parties include £50,000 (2009 - £50,000) which is subordinated to the bank

The Abbey Hotel Limited

Notes forming part of the financial statements
for the year ended 30 September 2010 (*continued*)

13 Loans

	2010 £	2009 £
Amounts payable		
In one year or less or on demand	-	50,000
In more than one year but not more than two years	2,914	-
In more than two years but not more than five years	17,482	12,355
	<hr/>	<hr/>
	20,396	62,355
In more than five years	117,018	125,059
	<hr/>	<hr/>
	137,414	187,414
	<hr/>	<hr/>
Not wholly repayable within five years		
The company has negotiated a £87,414 bank loan at 3 month LIBOR plus 1%, repayable in quarterly instalments commencing 15 June 2012		
Other loans - interest free, £50,000 after five years	87,414	87,414
	50,000	50,000
	<hr/>	<hr/>
	137,414	137,414
Wholly repayable within five years		
Unsecured short term loan	-	50,000
	<hr/>	<hr/>
	137,414	187,414
Less included in creditors amounts falling due within one year (note 11)	-	(50,000)
	<hr/>	<hr/>
	137,414	137,414
	<hr/>	<hr/>

The bank loan is secured by way of a first and only debenture over the assets and undertaking of the company

14 Pensions

The company operates a group personal pension scheme Contributions during the year amounted to £2,111 (2009 - £4,683)

The Abbey Hotel Limited

Notes forming part of the financial statements
for the year ended 30 September 2010 (*continued*)

15 Share capital

	2010 Number	Authorised 2009 Number	2010 £	2009 £
Ordinary shares of £1 each	100	100	100	100
	2010 Number	Allotted, called up and fully paid 2009 Number	2010 £	2009 £
Ordinary shares of £1 each	2	2	2	2

16 Reconciliation of shareholders' deficit and movement on reserves

	Share capital £	Profit and loss account £	Total shareholders' funds £
At 30 September 2008	2	(263,984)	(263,982)
Profit for the year	-	78,622	78,622
At 30 September 2009	2	(185,362)	(185,360)
Loss for the year	-	(40,136)	(40,136)
At 30 September 2010	2	(225,498)	(225,498)

17 Commitments under operating leases

As at 30 September 2010, the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2010 £	Other 2010 £	Land and buildings 2009 £	Other 2009 £
Operating leases which expire				
Within one year	-	-	-	595
In two to five years	-	-	-	-
Over five years	250,000	-	150,000	-
	250,000	-	150,000	595

The Abbey Hotel Limited

Notes forming part of the financial statements for the year ended 30 September 2010 (*continued*)

18 Related party transactions

During the year the company was charged management fees of £51,327 (2009 - £54,245) by Sarova Hotels Limited and rent of £250,000 (2008 - £150,000) by Sparco International Limited, a company incorporated in Tortola, British Virgin Islands. All the companies are ultimately controlled by Vohra family interests.

At the year end, the company had outstanding amounts receivable of £Nil (2009 - £66,499), relating to an amount due from Sarova Hotels Limited, a sister company, in respect of management fees.

At the year end, the company had outstanding amounts of £774,862 due to related group companies (2009 - £849,874). £50,000 (2009 - £50,000) relates to a loan from Sparco International Limited, a company ultimately controlled by Vohra family interests. £717,686 (2009 - £749,874) is due to Sparco International Limited in respect of rent.

£7,176 (2009 - £Nil) is owed to Sarova Hotels a sister company in respect of management fees.

19 Ultimate parent undertaking and controlling party

The shares in the company are held on behalf of the ultimate controlling party by the immediate parent, a nominee company, which has no beneficial interest in the shares of the company.

The ultimate controlling party is Vohra family interests.