

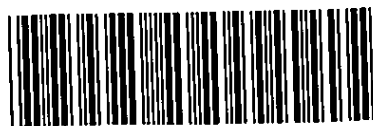
**Frasers Hospitality (UK) Limited**

**Directors' report and consolidated  
financial statements**

**Registered number 04119290**

**30 September 2008**

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## **Directors' report**

The directors present the annual report of the group together with the audited financial statements for the year ended 30 September 2008.

### **Principal activities**

The principal activity of the group is the management of serviced apartments.

### **Business review**

The results for the year are set out in the attached profit and loss account.

### **Dividend**

An interim dividend of £500,000 was paid during the year (2007: *£nil*). No final dividend was paid or proposed during the year (2007: *£nil*).

### **Directors**

The directors of the company during the year ended 30 September 2008 and to the date of this report were:

Mr SK Ng  
Mr PS Choe  
Dr SSH Quek  
Mr ES Lim  
Mr GFS Bakker

### **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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Auditors**

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

On behalf of the Board



Mr SK Ng  
*Director*

### **Registered office:**

81 Cromwell Road  
London  
SW7 5BW

20 April 2009

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

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments 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 group and the parent 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 parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



## KPMG Audit Plc

St Nicholas House  
Park Row  
Nottingham NG1 6FQ

### **Report of the independent auditors to the members of Frasers Hospitality (UK) Limited**

We have audited the group and parent company financial statements (the 'financial statements') of Frasers Hospitality (UK) Limited for the year ended 30 September 2008 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated 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 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**

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 2.

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 to you whether, in our opinion, the directors' report is consistent with the financial statements.

In addition we 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 misstatement within it.

#### **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 group's and 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.



## **Report of the independent auditors to the members of Frasers Hospitality (UK) 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 group's and the parent company's affairs as at 30 September 2008 and of the group's 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.

### ***Emphasis of matter – going concern***

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

*KPMG Audit R*

10 July 2009

*Chartered Accountants  
Registered Auditor*

**Consolidated profit and loss account**  
*for the year ended 30 September 2008*

	<i>Note</i>	<b>2008</b> <b>£'000</b>	2007 £'000
Turnover	2	4,315	3,789
Cost of sales		(2,051)	(1,819)
<b>Gross profit</b>		<b>2,264</b>	<b>1,970</b>
Administrative expenses		(1,455)	(1,574)
<b>Operating profit</b>	3	<b>809</b>	<b>396</b>
Other interest receivable and similar income	4	25	42
<b>Profit on ordinary activities before taxation</b>		<b>834</b>	<b>438</b>
Tax on profit on ordinary activities	5	(242)	(96)
<b>Profit on ordinary activities after taxation and retained for the year</b>	<b>13</b>	<b>592</b>	<b>342</b>

The group made no material acquisitions and had no discontinued operations.

**Consolidated statement of total recognised gains and losses**  
*for the year ended 30 September 2008*

	<i>Note</i>	<b>2008</b> <b>£'000</b>	2007 £'000
Profit for the year		592	342
Currency translation differences on foreign currency net investments	13	37	2
		<b>629</b>	<b>344</b>

**Consolidated balance sheet**  
*as at 30 September 2008*

	<i>Note</i>	2008	2007
		£'000	£'000
<b>Fixed assets</b>			
Tangible fixed assets	8	14	48
<b>Current assets</b>			
Debtors	10	1,386	1,209
Cash at bank and in hand		1,114	1,012
		<u>2,500</u>	<u>2,221</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(1,917)</u>	<u>(1,801)</u>
<b>Net current assets</b>		<u>583</u>	<u>420</u>
<b>Net assets</b>		<u>597</u>	<u>468</u>
<b>Capital and reserves</b>			
Called up share capital	12	-	-
Profit and loss account	13	597	468
<b>Equity shareholders' funds</b>	14	<u>597</u>	<u>468</u>

These financial statements were approved by the board of directors on 20 April 2009 and were signed on its behalf by:



**Dr SSH Quek**  
*Director*



**Company balance sheet**  
*as at 30 September 2008*

	Note	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Tangible fixed assets	8	14	48
Investments	9	26	26
		<u>40</u>	<u>74</u>
<b>Current assets</b>			
Debtors	10	668	757
Cash at bank and in hand		885	944
		<u>1,553</u>	<u>1,701</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(1,366)</u>	<u>(1,524)</u>
<b>Net current assets/(liabilities)</b>		<u>187</u>	<u>177</u>
<b>Net assets</b>		<u><u>227</u></u>	<u><u>251</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	-	-
Profit and loss account	13	227	251
<b>Equity shareholders' funds</b>	14	<u><u>227</u></u>	<u><u>251</u></u>

These financial statements were approved by the board of directors on 20 April 2009 and were signed on its behalf by:



**Dr SSH Quek**  
*Director*

## **Notes**

*(forming part of the financial statements)*

### **1 Principal accounting policies**

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

#### ***Basis of accounting***

These financial statements have been prepared in accordance with applicable accounting standards, under the historical cost accounting rules.

#### ***Going concern***

The company is a subsidiary of Frasers Property (UK) Limited which has a group banking facility of £150 million with covenant compliance requirements. In assessing its working capital requirements for the period ending twelve months from the date of approval of the financial statements, the company has assumed these facilities will continue to be available.

The group has prepared financial forecasts which indicate, whilst operating within the facility, that the group may breach one of its banking covenants during the period ending twelve months from the date of approval of the financial statements, which would mean that the bank has the option to require the group to repay the amounts drawn down under the facility. The continued availability of the banking facilities will be dependent on a number of factors including financial performance and position of the group, the economic environment and the supportable level of borrowings in the current credit market. The group's directors have commenced negotiations to waive or renegotiate the covenant prior to any breach and no matters have been drawn to the company's directors' attention which suggest that the covenants will not be waived or reset. As a result the directors are of the opinion that appropriate bank facilities will be available for the period ending twelve months from the date of approval of the financial statements

The directors consider that the use of the going concern basis of preparation is appropriate, but have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt on the company's ability to continue as a going concern. The company may therefore be unable to continue realising its assets and discharging its liabilities in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements. These financial statements do not include any adjustments that would result from the basis of preparation being inappropriate

#### ***Basis of consolidation***

The consolidated financial statements include those of the Company and its interests in its subsidiary.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account. The company's profit for the year was £476,107 (2007: £184,984).

#### ***Subsidiary undertakings***

A subsidiary undertaking is an undertaking where the Company holds, either directly or indirectly, a controlling interest. These interests are included using the acquisition method of accounting. Under this method the results of subsidiary undertakings acquired or sold during the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

#### ***Cash flow statement***

Under Financial Reporting Standard 1, the group is exempt from preparing a cash flow statement on the grounds that a parent undertaking includes the group in its own published financial statements.

## Notes (continued)

### 1 Principal accounting policies (continued)

#### **Turnover**

Turnover, which excludes value added tax, represents the income arising from the management of serviced apartments.

#### **Cost of sales**

Cost of sales represents the costs of goods and services supplied, net of value added tax and any element of the costs of the goods or services that are simply recharged, in the provision of management for serviced apartments.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on tangible fixed assets so as to write off the cost of the asset, less estimated residual value, on a straight line basis over the expected useful lives of the assets concerned as follows:

Office equipment                      - 33 $\frac{1}{3}$ %

#### **Taxation**

The charge or credit for taxation is based on the results for the year as adjusted for disallowable items. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Provision is made at the rate which is expected to be applied when the liability is expected to crystallise. Deferred tax assets are recognised only to the extent that they are regarded as recoverable in the foreseeable future.

#### **Leases**

The costs of operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

#### **Pensions**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. Contributions are included in the profit and loss account in the year in which they are incurred.

#### **Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction.

The assets and liabilities and profit and loss accounts of overseas subsidiary undertakings are translated at the closing exchange rates. Gains and losses on these transactions are taken to reserves.

#### **Dividends on shares presented within shareholders' funds**

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

## Notes (continued)

### 2 Turnover

Turnover relates to sales in the United Kingdom and France:

	2008 £'000	2007 £'000
UK	3,594	3,381
France	721	408
	<u>4,315</u>	<u>3,789</u>

### 3 Operating profit

	2008 £'000	2007 £'000
<i>Operating profit is stated after charging:</i>		
Depreciation	49	62
Operating lease payments - plant and machinery	-	5
	<u>49</u>	<u>67</u>
<i>Auditors' remuneration</i>		
Audit of these financial statements	13	14
Audit of financial statements of subsidiary	8	8
Other services relating to taxation	5	15
	<u>26</u>	<u>37</u>

### 4 Interest receivable and similar income

	2008 £'000	2007 £'000
Bank interest	25	42
	<u>25</u>	<u>42</u>

### 5 Tax on profit on ordinary activities

	2008 £'000	2007 £'000
<i>UK Corporation tax</i>		
Current tax on income for the year	248	130
Adjustments in respect of prior years	-	(14)
	<u>248</u>	<u>116</u>
Total current tax	248	116
<i>Deferred tax:</i>		
- current year	-	(3)
- prior year	(6)	(17)
	<u>(6)</u>	<u>(20)</u>
	<u>242</u>	<u>96</u>

## Notes (continued)

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

#### *Factors affecting the tax charge for the current year*

The current tax charge for the year is higher (2007: lower) than the standard rate of corporation tax in the UK of 29% (2007: 30%). The differences are explained below:

	2008 £'000	2007 £'000
<i>Current tax reconciliation:</i>		
Profit on ordinary activities before tax	834	438
	<hr/>	<hr/>
Current tax at 29% (2007: 30%)	242	131
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	2
Depreciation in excess of capital allowances	6	6
Other short term timing differences	(17)	(21)
Offset of brought forward losses	-	(4)
Tax rate differences on overseas earnings	17	16
Adjustments in respect of prior years	-	(14)
	<hr/>	<hr/>
Total current tax charge	248	116
	<hr/>	<hr/>

#### *Deferred tax*

The following deferred tax asset has been recognised:

	2008 £'000	2007 £'000
Accelerated capital allowances	19	14
Other timing differences	7	6
	<hr/>	<hr/>
Net provided deferred tax asset	26	20
	<hr/>	<hr/>
	2008 £'000	2007 £'000
At beginning of the year	20	-
Credited to profit and loss account in respect of current year	-	17
Credited to profit and loss account in respect of prior year	6	3
	<hr/>	<hr/>
	26	20
	<hr/>	<hr/>

## Notes (continued)

### 6 Directors' emoluments

The number of directors who had retirement benefits accruing under a defined contributions scheme in the year was one (2007: one).

	2008 £'000	2007 £'000
Directors' emoluments	127	42
Pensions contributions	6	2
	<hr/> 133	<hr/> 44
	<hr/> <hr/>	<hr/> <hr/>

### 7 Employee information

	2008 Number	2007 Number
<i>The average number of persons employed, including directors, during the year was as follows:</i>		
Office management and site personnel	30	30
	<hr/>	<hr/>

	£'000	£'000
<i>Staff costs during the year were:</i>		
Wages and salaries	1,014	746
Social security costs	105	76
Pension costs	-	17
	<hr/> 1,119	<hr/> 839
	<hr/> <hr/>	<hr/> <hr/>

### 8 Tangible fixed assets

	Group Office equipment £'000	Company Office equipment £'000
<i>Cost:</i>		
At 1 October 2007	254	238
Additions	15	15
	<hr/>	<hr/>
At 30 September 2008	269	253
	<hr/>	<hr/>
<i>Accumulated depreciation:</i>		
At 1 October 2007	206	190
Charge for the year	49	49
	<hr/>	<hr/>
At 30 September 2008	255	239
	<hr/>	<hr/>
<i>Net book value:</i>		
At 30 September 2008	14	14
	<hr/> <hr/>	<hr/> <hr/>
At 30 September 2007	48	48
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

### 9 Investments

Company	£'000
At 1 October 2007 and 30 September 2008	26

The investment is in 100% of the share capital of Société de Gestion Residence la Défense, a company registered in France, which specialises in the management of serviced apartments.

### 10 Debtors

	Group		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Trade debtors	930	679	249	289
Amounts owed by group undertakings	-	-	5	-
Amounts owed by related parties	214	244	214	244
Other debtors	49	74	13	11
Prepayments and accrued income	168	192	162	193
Deferred tax	26	20	26	20
	<u>1,386</u>	<u>1,209</u>	<u>668</u>	<u>757</u>

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

	Group		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Trade creditors	299	427	291	429
Amounts owed to related parties	136	290	128	288
Corporation tax	43	87	35	33
Other taxation and social security	289	203	145	141
Other creditors	287	126	285	124
Accruals and deferred income	863	668	482	509
	<u>1,917</u>	<u>1,801</u>	<u>1,366</u>	<u>1,524</u>

## Notes (continued)

### 12 Called up share capital

	2008 £	2007 £
<i>Authorised, issued and fully paid:</i>		
50 'A' ordinary shares of £1 each	50	50
50 'B' ordinary shares of £1 each	50	50
	<u>100</u>	<u>100</u>

Both classes of ordinary share capital rank *pari passu* for dividend payments and amounts receivable on a winding up. Each share carries the right to one vote.

### 13 Profit and loss account

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Opening balance	468	124	251	66
Profit for the year	592	342	476	185
Foreign exchange movements	37	2	-	-
Dividends paid	(500)	-	(500)	-
	<u>597</u>	<u>468</u>	<u>227</u>	<u>251</u>
At 30 September				

### 14 Reconciliation of movements in equity shareholders' funds

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Profit for the year	592	342	476	185
Foreign exchange movements	37	2	-	-
Dividends paid	(500)	-	(500)	-
	<u>129</u>	<u>344</u>	<u>(24)</u>	<u>185</u>
Net change in equity shareholders' funds				
Opening equity shareholders' funds	468	124	251	66
	<u>597</u>	<u>468</u>	<u>227</u>	<u>251</u>
Closing equity shareholders' funds				

### 15 Commitments

Annual commitments under operating leases:

	Group and Company	
	2008 £'000	2007 £'000
<i>Plant and machinery:</i>		
- in two to five years	<u>2</u>	<u>5</u>



**Notes (continued)**

**16 Related party transactions**

As the company is a subsidiary of Frasers Property (UK) Limited the company has taken advantage of the exemption in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

**17 Ultimate parent undertaking**

The company is a wholly owned subsidiary of Frasers Investments (UK) Limited, a company registered in England and Wales; the ultimate parent and controlling company is Frasers and Neave Limited, a company registered in Singapore. The consolidated financial statements of this entity are available from: Frasers and Neave Limited, 438 Alexandra Road, Alexandra Point, Singapore 119958.

The smallest group for which consolidated financial statements are prepared is headed by Frasers Property (UK) Limited. Copies of the financial statements of Frasers Property (UK) Limited are available from: Frasers Property (UK) Limited, 81 Cromwell Road, London, SW7 5BW.