

**SC HOTELS & HOLIDAYS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2008**



# **SC Hotels & Holidays Limited**

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## **Officers and Professional Advisers**

### **DIRECTORS**

S Van Oosterom  
R Prince

### **SECRETARY**

Paul Hastings Administrative Services Limited

### **REGISTERED OFFICE**

10 Bishops Square  
8th Floor  
London  
E1 6EG

### **AUDITORS**

Deloitte LLP  
Chartered Accountants  
London

# **SC Hotels & Holidays Limited**

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## **Directors' Report**

### **Year to 31 December 2008**

The directors present their report and financial statements for the year ended 31 December 2008.

#### **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

The company continues to act as a parent undertaking to a group of subsidiaries operating hotels in the United Kingdom.

#### **RESULTS AND DIVIDENDS**

The profit after taxation for the year ended 31 December 2008 was £844,000 (year ended 31 December 2007 – nil).

The results for the year are stated after a write-back of impairment on investments in subsidiaries, calculated by comparing the underlying net assets of the subsidiaries with the carrying value of the investments.

The directors do not propose a dividend for this year (year ended 31 December 2007 – nil).

#### **FUTURE DEVELOPMENTS**

The directors plan to maintain the company's current status for the foreseeable future.

#### **DIRECTORS**

The directors who served the company during the year and subsequent to the year end, except as noted, were as follows:

M Newman	(Resigned 19 June 2008)
J McCarthy	(Appointed 19 June 2008; resigned 26 February 2009)
R Prince	
S Van Oosterom	(Appointed 27 February 2009)

#### **ELECTIVE RESOLUTIONS**

The company has passed Elective Resolutions to dispense with the laying of the financial statements before the company in General Meeting, the appointment of auditors annually and the holding of Annual General Meetings, pursuant to sections 252, 386 and 366A of the Companies Act 1985.

#### **SMALL COMPANY PROVISIONS**

This report has been prepared in accordance with the special provisions for small companies under Section 246(4) of the Companies Act 1985.

#### **DIRECTORS' RESPONSIBILITIES**

The Statement of Directors' Responsibilities shown on page 4 forms an integral part of the Directors' Report.

# SC Hotels & Holidays Limited

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## Directors' Report (continued)

Year to 31 December 2008

### AUDITORS

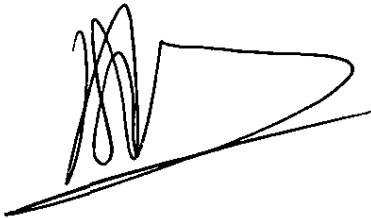
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are aware there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP.

Signed on behalf of the directors



Director

Approved on...18/5/09...

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## **Statement of Directors' Responsibilities in Respect of the Financial Statements**

**Year to 31 December 2008**

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). The financial statements are required by law to 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, as described on pages 9 to 10, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- state whether applicable accounting standards have been followed.

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.

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## **Independent Auditors' Report to the Members of SC Hotels & Holidays Limited**

**Year to 31 December 2008**

We have audited the financial statements of SC Hotels & Holidays Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 10. 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 auditors' 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 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in 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 misstatements 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 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.

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## **Independent Auditors' Report to the Members of SC Hotels & Holidays Limited**

**Year to 31 December 2008**

### **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 company's affairs 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.

*Deloitte LLP*

**Deloitte LLP**

Chartered Accountants and Registered Auditors  
London, United Kingdom

Date 18/5/9

# SC Hotels & Holidays Limited

## Profit and Loss Account

As at 31 December 2008

		<i>Year ended 31 December 2008</i>	<i>Year ended 31 December 2007</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>
Amounts written back to investments	3	844	-
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>844</u>	<u>-</u>
Tax on result on ordinary activities	4	-	-
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<u>844</u>	<u>-</u>

The company did not trade in either the current or prior period.

The company has no recognised gains and losses other than the results for the year as set out above, accordingly no statement of recognised gains and losses has been prepared.



# SC Hotels & Holidays Limited

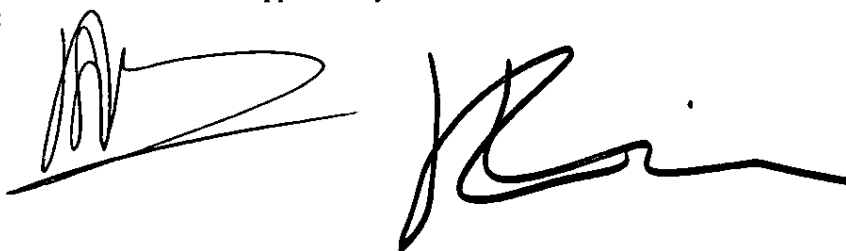
## Balance Sheet

As at 31 December 2008

	Notes	2008 £000	2007 £000
<b>FIXED ASSETS</b>			
Investments	5	24,726	23,882
		<u>24,726</u>	<u>23,882</u>
<b>CURRENT ASSETS</b>			
Debtors – amounts falling due after more than one year	6	18,515	18,515
		<u>18,515</u>	<u>18,515</u>
<b>CREDITORS: amounts falling due within one year</b>	7	(1,004)	(1,004)
<b>NET CURRENT ASSETS</b>		<u>17,511</u>	<u>17,511</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>42,237</u>	<u>41,393</u>
<b>NET ASSETS</b>		<u>42,237</u>	<u>41,393</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	24,329	24,329
Revaluation reserve	9	19,239	19,239
Profit and loss reserve	9	(1,331)	(2,175)
<b>SHAREHOLDERS' FUNDS</b>	9	<u>42,237</u>	<u>41,393</u>

These financial statements were approved by the directors on the 18/1/09 and are signed on their behalf by:

Director



# SC Hotels & Holidays Limited

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## Notes to the Financial Statements

Year to 31 December 2008

### 1. ACCOUNTING POLICIES

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets. They have been drawn up to comply with applicable United Kingdom accounting standards, which have been applied consistently throughout the current and prior period.

#### *Going concern*

The company is a part of the LRG Holdings Limited group and the group's business activities, together with the factors likely to affect its future development, performance and position are set out in the financial statements of LRG Holdings Limited.

The group meets its day to day working capital requirements from normal trading activities through its 61 hotels. The group is financed through medium-term external loans to finance the purchase of the hotel portfolio in May 2005 with initial maturity dates varying between 5 and 12 years. The directors believe that the group is adequately placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the director's report and accounts.

#### *Consolidation*

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts. These accounts give information about the company as an individual undertaking and not about its group.

#### *Investments*

Fixed asset investments are stated at cost or valuation less any provision for impairment.

#### *Impairments*

At each balance sheet date, the company reviews carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The impairment review is completed on a cash-generating unit basis.

Recoverable amount is the higher of fair value less the 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 a market assessment of the time value of money.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of impairment loss is recognised as income immediately.

# SC Hotels & Holidays Limited

## Notes to the Financial Statements

### Year to 31 December 2008

#### 1. ACCOUNTING POLICIES (CONTINUED)

##### *Statement of cash flows*

The directors have taken advantage of the exemption in FRS 1 "Cash Flow Statements" (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes consolidated financial statements.

##### *Financial instruments*

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### 2. COSTS AND OVERHEADS, LESS OTHER INCOME

Directors' emoluments for the current and prior period were nil.

There were no staff employed by the company in either the current or prior period.

Auditors' remuneration of £1,600 (2007: £1,600) has been borne by a fellow group undertaking in both the current and prior period.

#### 3. AMOUNTS WRITTEN BACK TO INVESTMENTS

	<i>Year ended 31 December 2008 £000</i>	<i>Year ended 31 December 2007 £000</i>
Amounts written back to investments	844	-

#### 4. TAX ON ORDINARY ACTIVITIES

##### (a) Analysis of tax charge in the year

	<i>Year ended 31 December 2008 £000</i>	<i>Year ended 31 December 2007 £000</i>
Current tax:		
UK Corporation tax based on the results for the period at 28.5% (to 31 Dec 2007 - 30%)	-	-
Total Current Tax	-	-

# SC Hotels & Holidays Limited

## Notes to the Financial Statements

### Year to 31 December 2008

#### 4. TAX ON ORDINARY ACTIVITIES

##### (b) Factors affecting current tax charge

	<i>Year ended 31 December 2008</i>	<i>Year ended 31 December 2007</i>
	<i>£000</i>	<i>£000</i>
Profit on ordinary activities before taxation	844	-
	<u>          </u>	<u>          </u>
	<i>%</i>	<i>%</i>
UK corporation tax standard rate	28.5	30.0
Permanent differences	(28.5)	(30.0)
	<u>          </u>	<u>          </u>
	-	-
	<u>          </u>	<u>          </u>

#### 5. INVESTMENTS

	<i>Shares in group undertakings</i>
	<i>£000</i>
<b>COST</b>	
At 1 January 2008 and 31 December 2008	<u>26,206</u>
<b>ACCUMULATED PROVISIONS FOR IMPAIRMENT</b>	
At 1 January 2008	(2,324)
Amounts written back	844
At 31 December 2008	<u>(1,480)</u>
<b>NET BOOK VALUE</b>	
At 31 December 2008	<u><b>24,726</b></u>
At 31 December 2007	<u>23,882</u>

Following a review of the value of the company's investments at the year end which took into account the underlying net asset values of the subsidiary companies, a write-back from the accumulated provisions for impairment of £844,000 has been credited to the Profit and Loss account.

In the opinion of the directors, the value of the subsidiaries is at least equal to the amount shown above, and the principal subsidiaries included therein are:

<i>Company</i>	<i>Country of Incorporation</i>	<i>Main Activity</i>	<i>Proportion of shares held Ordinary shares</i>
LRG Hotels Group (UK) Limited	Great Britain	Hotel Operator	100%
HI GC Limited	Great Britain	Non trading	99%
Pendigo Hotels Limited	Great Britain	Hotel operator	100%

Comparable amounts under the historical cost convention would be:

At 31 December 2007 and 31 December 2008	£6,750,100
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# SC Hotels & Holidays Limited

## Notes to the Financial Statements

### Year to 31 December 2008

**6. DEBTORS:** Amounts falling due after more than one year

	2008 £000	2007 £000
Amounts owed by fellow subsidiary undertakings	18,515	18,515

There are no specific repayment terms and no interest is charged on the balance.

**7. CREDITORS:** Amounts falling due within one year

	2008 £000	2007 £000
Amounts owed to fellow subsidiary undertakings	1,004	1,004

There are no specific repayment terms and no interest is charged on the balance.

**8. SHARE CAPITAL**

	2008 £000	2007 £000
Authorised:		
125,000,000 5% non cumulative preference shares of 10p each	12,500	12,500
125,000,000 ordinary shares of 10p each	12,500	12,500
	25,000	25,000

	2008 £000	2007 £000
Authorised, Allotted, Called Up and Fully Paid		
121,644,721 5% non cumulative preference shares of 10p each	12,164	12,164
121,644,721 ordinary shares of 10p each	12,165	12,165
	24,329	24,329

***Preference shares rights***

The holders of preference shares rights are entitled to a fixed non-cumulative preferential dividend at the rate shown and, on winding up of the company, to priority over the ordinary shareholders as regards payment of capital.

The holders of preference shares are not entitled to receive notice of, or to attend or vote at, any general meeting.

# SC Hotels & Holidays Limited

## Notes to the Financial Statements

Year to 31 December 2008

### 9. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share Capital</i>	<i>Revaluation Reserve</i>	<i>Profit and loss Account</i>	<i>Total shareholders' Funds</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 31 December 2007	24,329	19,239	(2,175)	41,393
Profit for the year	-	-	844	844
At 31 December 2008	<u>24,329</u>	<u>19,239</u>	<u>(1,331)</u>	<u>42,237</u>

### 10. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions available under FRS 8 "Related Party Transactions", and has not disclosed transactions with group companies and related parties on the basis that the group accounts, in which the company is included, are publicly available.

### 11. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking and controlling party is LRG Holdings Limited. The immediate parent undertaking is LRG Acquisition Limited.

The smallest and largest group of companies for which consolidated financial statements are prepared is LRG Holdings Limited. Copies of the consolidated financial statements of LRG Holdings Limited may be obtained from the registered office located at 10 Bishops Square, 8<sup>th</sup> Floor, London, E1 6EG.