

712924

INTERSECTION HOTELS LIMITED

Report and Accounts

31 December 2002



# Intersection Hotels Limited

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Registered No. 712924

## **DIRECTORS**

G D Hearn (resigned 31 January 2003)  
D L M Taljaard (resigned 6 May 2003)  
I Hughes-Rixham  
M Way  
A Bradley (appointed 6 May 2003)  
G W Lyle (appointed 6 May 2003)  
W Neumann (appointed 31 January 2003)  
R Shill (appointed 6 May 2003)

## **SECRETARY**

Ladbroke Corporate Secretaries Limited

## **AUDITORS**

Ernst & Young LLP  
Becket House  
1 Lambeth Palace Road  
London SE1 7EU

## **REGISTERED OFFICE**

Maple Court  
Central Park  
Reeds Crescent  
Watford  
Hertfordshire WD24 4QQ

# Intersection Hotels Limited

## DIRECTORS' REPORT

The directors present their report and audited accounts for the year ended 31 December 2002.

### RESULTS AND DIVIDENDS

The profit for the year was £51 (2001 –£196,428).

No dividend is recommended by the directors.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company has not traded for the year and the company will expand when opportunities arise.

### DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were as listed on page 1.

According to the register kept by the company pursuant to section 325 of the Companies Act 1985, the directors at 31 December 2002 and their families:

(a) had the following interests in the shares of Hilton Group plc.

	2002	2001
<b>10p ordinary shares ("Shares")</b>		
G D Hearn	5,103	5,103
D L M Taljaard	28,427	16,019
I Hughes-Rixham	33,542	33,542
<b>Options to purchase shares under the terms of the 1978 share option scheme ("1978 Scheme")</b>		
G D Hearn	11,156	11,156
D L M Taljaard	10,319	10,319
I Hughes-Rixham	9,499	9,499
M Way	9,515	9,515
<b>Options to purchase shares under the terms of the 1983 savings related share option scheme ("1983 Scheme")</b>		
D L M Taljaard	4,787	4,787
I Hughes-Rixham	8,012	8,012
M Way	7,181	7,181
<b>Options to purchase shares under the terms of the International share option scheme ("International Scheme")</b>		
G D Hearn	421,010	271,010
D L M Taljaard	618,965	548,965
I Hughes-Rixham	244,036	204,036
M Way	126,143	86,143
<b>Own share plan</b>		
G D Hearn	929	258
D L M Taljaard	929	258
I Hughes-Rixham	929	258
M Way	929	258

# Intersection Hotels Limited

## DIRECTORS' REPORT

### DIRECTORS AND THEIR INTERESTS (continued)

	2002 £	2001 £
<b>Conditional right to receive shares under the Hilton Group performance share plan ("The Plan")</b>		
G D Hearn	200,012	95,012
D L M Taljaard	289,480	186,480

- (b) were granted, or exercised during the year (or during the period since appointment), options over shares as follows:

	<i>Performance share plan</i>		<i>International scheme</i>	
	<i>granted</i>	<i>exercised</i>	<i>granted</i>	<i>exercised</i>
G D Hearn	105,000	—	150,000	—
D L M Taljaard	103,000	—	70,000	—
I Hughes-Rixham	—	—	40,000	—
M Way	—	—	40,000	—

Except as shown above, no director at 31 December 2002 held at that date or at 31 December 2001 (or on appointment) any interest in, or during the year (or period since appointment) was granted or exercised a right to subscribe for, the shares or debentures of this company or of Hilton Group plc or its subsidiaries.

### DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year Hilton Group plc purchased and maintained on behalf of the company, liability insurance for its directors and officers as permitted by section 310 (3) of the Companies Act 1985.

### AUDITORS

Ernst & Young LLP will be re-appointed as the company's auditor in accordance with the elective resolution passed by the company under section 386 of the Companies Act 1985.

By order of the Board

  
Secretary

FOR AND ON BEHALF OF  
LADBROKE CORPORATE  
SECRETARIES LIMITED

17 JUL 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 accounts 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTERSECTION HOTELS LIMITED**

We have audited the company's financial statements for the year ended 31 December 2002 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 15. These financial statements have been prepared on the basis of 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**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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 audit 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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
London

*23 July 2003*

## Intersection Hotels Limited

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### PROFIT AND LOSS ACCOUNT for the year ended 31 December 2002

	<i>Notes</i>	<i>2002</i> £	<i>2001</i> £
<b>OPERATING PROFIT</b>		—	—
Interest receivable	5	51	196,428
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION</b>	6	<u>51</u>	<u>196,428</u>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	11	<u>51</u>	<u>196,428</u>

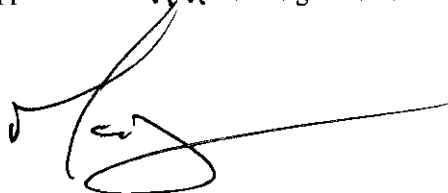
There are no recognised gains or losses other than those recognised in the profit and loss account.

# Intersection Hotels Limited

## BALANCE SHEET at 31 December 2002

	Notes	2002 £	2001 £
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	7	3,005,059	3,005,059
		<u>3,005,059</u>	<u>3,005,059</u>
<b>CREDITORS: amounts falling due within one year</b>	8	57,519	57,570
		<u>57,519</u>	<u>57,570</u>
<b>NET CURRENT ASSETS</b>		<u>2,947,540</u>	<u>2,947,489</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,947,540</u>	<u>2,947,489</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10,11	1,000	1,000
Profit and loss account	11	2,946,540	2,946,489
		<u>2,947,540</u>	<u>2,946,489</u>
<b>EQUITY AND NON-EQUITY SHAREHOLDERS' FUNDS</b>	11	<u>2,947,540</u>	<u>2,947,489</u>

Approved on 17/1/03 and signed on behalf of the Board by:



Director



# Intersection Hotels Limited

## NOTES TO THE ACCOUNTS

at 31 December 2002

### 1. ACCOUNTING POLICY

#### *Accounting convention*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

### 2. OPERATING PROFIT

The remuneration of auditors was borne entirely by other undertakings within the Hilton Group and is disclosed as appropriate in the accounts of those undertakings.

### 3. DIRECTORS' REMUNERATION

The directors of the company are also directors of other undertakings within the Hilton Group. The directors' remuneration for the year was paid by the other undertakings. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the fellow subsidiary undertakings.

### 4. STAFF COSTS

All operations of the company during 2002 have been undertaken by employees of other group undertakings. No charge has been included in these accounts in respect of their services (2001 – £ nil).

### 5. INTEREST RECEIVABLE

	2002	2001
	£	£
On balances due from fellow subsidiary undertakings	51	196,428
	<u>51</u>	<u>196,428</u>

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

No provision has been made in these accounts for UK corporation tax, as an undertaking has been received from its ultimate parent undertaking, Hilton Group plc, that the latter will assume all liability for any such taxation.

### 7. DEBTORS

	2002	2001
	£	£
Amounts due from subsidiary undertakings (note 9)	3,005,059	3,005,059
	<u>3,005,059</u>	<u>3,005,059</u>

### 8. CREDITORS: amounts falling due within one year:

	2002	2001
	£	£
Accruals and other creditors	57,519	57,570
	<u>57,519</u>	<u>57,570</u>

# Intersection Hotels Limited

## NOTES TO THE ACCOUNTS

at 31 December 2002

### 9. AMOUNTS DUE FROM FELLOW SUBSIDIARY UNDERTAKINGS

Amounts due from fellow subsidiary undertakings are included under amounts falling due within one year where there are no specified repayment terms. While amounts due from fellow subsidiary undertakings are technically repayable on demand and hence are included in debtors falling due within one year, the directors are of the opinion that in the ordinary course of business repayment within such a time scale would not be required.

### 10. SHARE CAPITAL

	2002 £	2001 £
Authorised, allotted, called up and fully paid:		
500 ordinary shares of £1 each	500	500
500 deferred shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>

The deferred shares are entitled to dividends as recommended by the directors provided that no such dividend shall be paid unless £10,000,000 has been distributed by way of dividend to the holders of the ordinary shares in each financial year.

On liquidation or otherwise the assets of the company remaining after payment of its liabilities shall belong to, and be distributed among, the holders of the ordinary shares in proportion to the amounts paid up or credited as paid up on the ordinary shares held by them respectively.

The holders of the deferred shares have the right to receive notice and to be present but no right to speak or vote either in person or by proxy at any general meeting of the company by virtue of their holding such deferred shares.

### 11. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 January 2001	1,000	2,750,061	2,751,061
Profit for the year	–	196,428	196,428
At 1 January 2002	1,000	2,946,489	2,947,489
Profit for the year	–	51	51
At 31 December 2002	1,000	2,946,540	2,947,540
			£
Shareholders' funds attributable to:			
Equity			2,947,040
Non-equity			500
			<u>2,947,540</u>

NOTES TO THE ACCOUNTS  
at 31 December 2002

**12. CASH FLOW STATEMENT**

The company has taken advantage of provision within FRS 1 which exempt subsidiary undertakings 90% or more of whose voting rights are controlled within the group from preparing a cash flow statement. The ultimate parent undertaking Hilton Group plc has included the required consolidated cash flow statement within its group accounts.

**13. CONTINGENT LIABILITIES**

The company has jointly and severally guaranteed the value added tax liability of certain other Hilton Group undertakings within the group registration, amounting to £10,924,940 at 31 December 2002 (2001 – £13,043,347).

**14. RELATED PARTIES**

The company has taken advantage of provisions in FRS 8 which exempt subsidiary undertakings 90% or more of whose voting rights are controlled within the group from disclosing transactions with other entities within the group. The ultimate parent undertaking, Hilton Group plc, has included the required related party disclosures within its group accounts.

**15. PARENT UNDERTAKING AND CONTROLLING PARTY**

The company's immediate parent undertaking is Hilton UK Hotels Limited (formerly Ladbroke Hotels Limited), a company registered in England and Wales. The ultimate parent undertaking and the only undertaking for which group accounts are prepared is Hilton Group plc, a company registered in England and Wales, accounts for which can be obtained from the following address:

Maple Court, Central Park, Reeds Crescent, Watford, Hertfordshire WD24 4QQ.