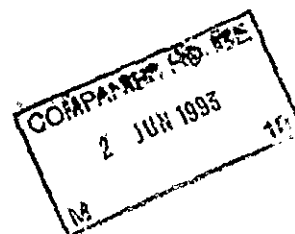


**London Portman Hotel Limited**

**Directors' report and financial statements**

**31 December 1992**

**Registered number 932874**



# London Portman Hotel Limited

## Directors' report and financial statements

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# London Portman Hotel Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1992.

### Principal activities and business review

The principal activity of the company is that of a hotelier. The directors expect the company to continue trading satisfactorily. During the year the previous hotel owners sold their interests to SAS International Hotels A/S, a subsidiary of Scandanavian Airline Systems.

### Proposed dividend and transfer to reserves

The results for the year are set out on page 4.

During the year the company paid an interim ordinary dividend of £1,000,000 (156.235p per share). No final dividend is proposed.

After deducting the ordinary dividend, the deficit for the year is £2,548,000.

### Significant changes in fixed assets

Information relating to changes in fixed assets is given in note 8 to the accounts.

### Directors and directors' interests

The directors who held office during the year were as follows:

WW Bartle	(resigned 30 April 1992)
MA Cairns	(resigned 30 April 1992)
JM Wright	(resigned 30 April 1992)
P Kjellstrom	(appointed 30 April 1992, resigned 30 November 1992)
KE Ritter	(appointed 30 April 1992)
KJ Kleiven	(appointed 30 April 1992)

Since the year end W Knechtli has been appointed as a director.

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

### Employee consultation

The company is committed to the development of employee consultation and, thereby, to their greater involvement in the company's operations. Consultation is achieved on a formal basis in employee committees and also through more informal briefing sessions and discussions with wider groups of employees.

## Directors' report

# London Portman Hotel Limited

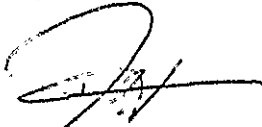
## Disabled employees

The company recognises its obligations towards disabled people and endeavours to provide as much employment as the demands of the company's operations and the abilities of the disabled persons allow. Applications for employment from disabled people are studied with care. Every effort is made to find them, and any existing employees who become disabled, appropriate work and training where it is needed. Opportunities are offered to disabled employees to develop their knowledge and skills and to undertake greater responsibilities.

## Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



D. Adam  
Company Secretary

22 Portman Square  
London W1F 9FL

23 February 1992

PO Box 486  
1 Puddle Dock  
Blackfriars  
London EC4V 3PD

Report of the auditors to the members of London Portman Hotel Limited

We have audited the financial statements on pages 4 to 13 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1992 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Peat Marwick*

23 February 1993

*Chartered Accountants  
Registered Auditors*

# London Portman Hotel Limited

## Profit and loss account for the year ended 31 December 1992

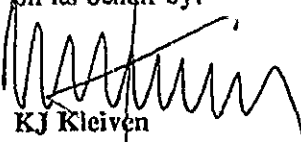
	Note	1992 £000	1991 £000
Turnover	1	10,378	11,706
Operating costs		<u>(10,866)</u>	<u>(9,586)</u>
Trading (loss)/profit		(488)	2,120
Investment income	5	<u>105</u>	<u>569</u>
(Loss)/profit on ordinary activities before taxation	2-4	(383)	2,689
Tax on (loss)/profit on ordinary activities	6	<u>(1,165)</u>	<u>(2,481)</u>
(Loss)/profit on ordinary activities after taxation		(1,548)	208
Dividends paid	7	<u>(1,000)</u>	<u>-</u>
Retained (loss)/profit for the year		(2,548)	208
Retained profit brought forward		<u>6,873</u>	<u>6,665</u>
Retained profit carried forward		<u>4,325</u>	<u>6,873</u>

# London Portman Hotel Limited

Balance sheet  
at 31 December 1992

	Note	1992		1991	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	8		68,726		70,722
<b>Current assets</b>					
Stocks		378		428	
Debtors	9	1,502		1,755	
Cash at bank and in hand		576		1,466	
		<u>2,456</u>		<u>3,649</u>	
Creditors: amounts falling due within one year	10	<u>(1,047)</u>		<u>(1,688)</u>	
<b>Net current assets</b>			<u>1,409</u>		<u>1,961</u>
<b>Total assets less current liabilities</b>			<u>70,135</u>		<u>72,683</u>
<b>Provisions for liabilities and charges</b>	11		<u>(450)</u>		<u>(450)</u>
<b>Net assets</b>			<u>69,685</u>		<u>72,233</u>
<b>Capital and reserves</b>					
Called up share capital	12		640		640
Revaluation reserve			64,720		64,720
Profit and loss account			4,325		6,873
			<u>69,685</u>		<u>72,233</u>

These financial statements were approved by the board of directors on 23 February 1992 and were signed on its behalf by:

  
KJ Kleiven  
Director

# London Portman Hotel Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

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

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards except for the treatment of fixed assets and under the historical cost accounting rules, modified to include the revaluation of long leasehold buildings. The company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of a parent company that produces a consolidated cash flow statement.

#### *Fixed assets and depreciation*

Long leasehold land and buildings are shown at revalued amounts as set out in note 8. Other fixed assets are shown at cost. No depreciation was provided on long leasehold land and buildings for the first 4 months of the year. It was the company's policy to maintain its hotel to a high standard in order to protect its trade and value. As a result of this such properties maintain residual disposal values at least equal to their book value and accordingly no provision for depreciation was made. Since SAS International Hotels A/S took over the company on 1 May 1992, depreciation is provided on long leasehold land and buildings on a straight line basis over 40 years in order to comply with SAS International Hotels A/S group accounting policies.

Depreciation on other fixed assets is provided at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful life as follows:

Plant and machinery	-	10 years
Furniture, fittings and equipment	-	5 years

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Operating leases*

Rental charges on operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

#### *Pension costs*

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.



# London Portman Hotel Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Stocks*

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

#### *Taxation*

The taxation liabilities of certain group companies are reduced wholly or in part by the surrender or losses by fellow group companies. The tax benefits arising from group relief are recognised in the accounts of both the surrendering and recipient companies, being paid at up to one pound for every one pound of loss surrendered. The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Turnover*

Turnover represents the amounts (excluding value added tax) derived from the provision of services in the United Kingdom to customers during the year.

### 2 (Loss)/profit on ordinary activities before taxation

	1992 £000	1991 £000
<i>(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting) the following:</i>		
Auditors' remuneration:		
- as auditors	15	21
- other services	9	
Depreciation	2,198	803
Hire of plant and machinery - rentals payable under operating leases	66	46
Exchange gains	(17)	-
Rents receivable from property	(13)	-
	<hr/>	<hr/>

# London Portman Hotel Limited

## Notes (continued)

### 3 Remuneration of directors

	1992 £000	1991 £000
Directors' emoluments	120	-

The emoluments of the highest paid director, excluding pension contributions, was £120,000 (1991:£Nil).

No other directors received emoluments in respect of services to the company during the year (1991:nil).

### 4 Staff numbers and costs

The average weekly number of persons employed by the company during the year was 220 (1991:240). The aggregate payroll costs of these persons were as follows:

	1992 £000	1991 £000
Wages and salaries	3,558	3,321
Social security costs	300	278
Other pension costs (see note 13)	163	37
	<u>4,021</u>	<u>3,636</u>

### 5 Investment income

	1992 £000	1991 £000
(Expenses)/income from loans to group undertakings	(1)	289
Other interest receivable	106	280
	<u>105</u>	<u>560</u>

# London Portman Hotel Limited

## Notes (continued)

### 6 Taxation

	1992 £000	1991 £000
UK corporation tax at 33 % (1991: 33.25%) on the loss/profit for the year on ordinary activities	<u>1,165</u>	<u>2,481</u>

The corporation tax liability for the year has been reduced by £1,165,000 as a result of group relief for the parent company's losses.

### 7 Dividends

	1992 £000	1991 £000
Interim dividend	<u>1,000</u>	<u>-</u>

### 8 Tangible fixed assets

	Long leasehold land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Total £000
<i>Cost or valuation</i>				
At beginning of year	65,386	3,446	6,285	75,117
Additions	<u>1</u>	<u>39</u>	<u>162</u>	<u>202</u>
At end of year	<u>65,387</u>	<u>3,485</u>	<u>6,447</u>	<u>75,319</u>
<i>Depreciation</i>				
At beginning of year	-	891	3,504	4,395
Charge for year	<u>1,072</u>	<u>267</u>	<u>859</u>	<u>2,198</u>
At end of year	<u>1,072</u>	<u>1,158</u>	<u>4,363</u>	<u>6,593</u>
<i>Net book value</i>				
At 31 December 1992	<u>64,315</u>	<u>2,327</u>	<u>2,084</u>	<u>68,726</u>
At 31 December 1991	<u>65,386</u>	<u>2,555</u>	<u>2,781</u>	<u>70,722</u>

# London Portman Hotel Limited

## Notes (continued)

### 8 Tangible fixed assets (continued)

The long leasehold land and buildings were valued at £65,000,000 on an open market basis by Messrs Richard Ellis (Chartered Surveyor) as at 23 November 1988. In the view of the uncertain nature of the current property market the current value of the property may be less than the 1988 valuation. However, in the opinion of the directors, no permanent diminution in value has occurred.

The original cost of long leasehold land and buildings included in the valuation:

	1992 £000	1991 £000
Historical cost of revalued assets	1,093	1,093
Aggregate depreciation based on historical cost	(448)	(448)
Historical cost net book value	<u>645</u>	<u>645</u>

### 9 Debtors: amounts falling due within one year

	1992 £000	1991 £000
Trade debtors	556	749
Amounts owed by parent and fellow subsidiary undertaking	770	804
Other debtors	-	63
Prepayments and accrued income	176	139
	<u>1,502</u>	<u>1,755</u>

# London Portman Hotel Limited

## Notes (continued)

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

	1992 £000	1991 £000
Trade creditors	527	412
Amounts owed to group undertakings	54	97
Corporation tax	6	121
Other taxes and social security	153	516
Other creditors	229	175
Accruals and deferred income	78	367
	<u>1,047</u>	<u>1,688</u>

### 11 Provisions for liabilities and charges

	Deferred taxation £000
At beginning and end of year	<u>450</u>

The amounts provided for deferred taxation and the amounts not provided are set out below:

	1992		1991	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Difference between accumulated depreciation and capital allowances	450	300	450	1,317
On revaluation of land and buildings	-	21,500	-	21,000
Other timing differences	-	200	-	11-
	<u>450</u>	<u>22,000</u>	<u>450</u>	<u>22,317</u>

# London Portman Hotel Limited

Notes (continued)

## 12 Called up share capital

	1992 £	1991 £
<i>Authorised</i>		
Ordinary shares of £1 each	<u>640,064</u>	<u>640,064</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>640,064</u>	<u>640,064</u>

## 13 Pension scheme

The company has changed its defined benefits pension scheme to a defined contribution pension scheme during the year. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £163,000 (1991: £37,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

## 14 Commitments

- (i) There were no capital commitments contracted or authorised at 31 December 1992 (1991: £nil).
- (ii) Annual commitments under non-cancellable operating leases are as follows:

	1992 £000	1991 £000
<i>Operating leases other than land and buildings which expire:</i>		
Within one year	33	-
In the second to fifty years inclusive	61	-
Over five years	10	-
	<u>104</u>	<u>-</u>

# London Portman Hotel Limited

## Notes (continued)

- 15 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company's parent company is SAS Portman (Holdings) Limited and is registered in England and Wales. The ultimate parent company is Scandinavian Airlines Systems, a consortium representing Swedish, Danish and Norwegian interests.

The largest group in which the results of the company are consolidated is that headed by Scandinavian Airlines Systems. The smallest group in which they are consolidated is that headed by SAS International Hotels A/S, a company incorporated in Norway. The consolidated accounts of both groups are available to the public and may be obtained from Frosundariks, Alle 1, Solna, Sweden.