

Company Registration No. 932874

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LONDON PORTMAN HOTEL LIMITED

Report and Financial Statements

Year ended 31 December 2004



LONDON PORTMAN HOTEL LIMITED

REPORT AND FINANCIAL STATEMENTS 2004

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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 2004.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE PROSPECTS

The principal activity of the company is that of a hotelier. The directors view the result for the year and the future prospects of the company as satisfactory.

RESULTS AND DIVIDENDS

The results for the year are set out on page 4. The directors propose no dividend for 2004 (2003 - £3,971,000).

DIRECTORS AND THEIR INTERESTS

The directors who held office throughout the year and subsequently were as follows:

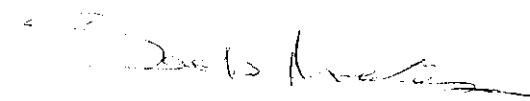
J Rea
S Moatassem
M Cairns
J O'Shea

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

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Director

22 Portman Square
London W1H 9FL

20 / 1 / 2006

LONDON PORTMAN HOTEL LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 proper accounting records which 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 1985. They are also responsible for the system of internal control, 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 LONDON PORTMAN HOTEL LIMITED

We have audited the financial statements of London Portman Hotel Limited for the year ended 31 December 2004 which comprise the profit and loss account, the note of historical cost profit and losses, the balance sheet and the related notes 1 to 15. 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

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 United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

8th May 2006

LONDON PORTMAN HOTEL LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2004

	Note	2004 £'000	2003 £'000
TURNOVER	1	13,598	12,449
Cost of sales		(4,950)	(4,539)
Gross profit		8,648	7,910
Other operating income		1,601	1,571
Administration and distribution expenses		(8,113)	(7,429)
OPERATING PROFIT		2,136	2,052
Net interest receivable/(payable)	5	(205)	14
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	1,931	2,066
Tax on profit on ordinary activities	6	(1,595)	(246)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		336	1,820
Equity dividend - interim paid		-	(2,400)
- final proposed		-	(1,571)
RETAINED PROFIT FOR THE FINANCIAL YEAR	12	336	(2,151)

All the activities of the company are of a continuing nature.

There are no recognised gains or losses other than those recognised in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

Year ended 31 December 2004

	2004 £'000	2003 £'000
Reported profit on ordinary activities before taxation	1,931	2,066
Difference between the historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	1,591	1,591
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3,522	3,657
Historical cost Profit/(loss) for the year retained after taxation and dividends	1,927	(560)

LONDON PORTMAN HOTEL LIMITED

BALANCE SHEET 31 December 2004

	Note	2004 £'000	2003 £'000
FIXED ASSETS			
Tangible assets	7	48,368	51,372
CURRENT ASSETS			
Stocks		237	166
Debtors	8	2,013	3,136
Cash at bank and in hand		1,195	907
		<u>3,445</u>	<u>4,209</u>
CREDITORS: amounts falling due within one year	9	<u>(2,018)</u>	<u>(3,187)</u>
NET CURRENT ASSETS		<u>1,427</u>	<u>1,022</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		49,795	52,394
CREDITORS: amounts falling due after more than one year	10	<u>(1,524)</u>	<u>(4,460)</u>
NET ASSETS		<u>48,271</u>	<u>47,934</u>
CAPITAL AND RESERVES			
Called up share capital	11	640	640
Revaluation reserve	12	45,581	47,171
Profit and loss account	12	2,050	123
Equity shareholders' funds	12	<u>48,271</u>	<u>47,934</u>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

30 /4/ 2006.


Director

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the year and the previous year.

Basis of preparation

The financial statements are prepared under the historical cost convention as modified by the revaluation of long leasehold land and buildings.

The company is exempt from the requirements of FRS 1 to prepare a cash flow statement because it is a wholly owned subsidiary of a parent undertaking which is established under the law of a member state of the European Community and whose consolidated financial statements are publically available.

Fixed assets and depreciation

Depreciation 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:

Long leasehold land and buildings	-	40 years
Plant and machinery	-	10 years
Fixtures, fittings and equipment	-	3-7 years

Foreign currencies

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

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. Differences between the contributions payable in the year and contributions actually paid are shown in either accruals or prepayments in the balance sheet.

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Turnover

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

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2004 £'000	2003 £'000
Profit on ordinary activities before taxation is stated after charging the following:		
Auditors' remuneration:		
- as auditors	16	16
- other services	15	14
Depreciation	3,548	3,372
	<u> </u>	<u> </u>

3. REMUNERATION OF DIRECTORS

	2004 £'000	2003 £'000
Directors' emoluments	58	67
	<u> </u>	<u> </u>

4. STAFF NUMBERS AND COSTS

The average number of persons employed by the company including directors during the year was 181 (2003: 167). The aggregate payroll costs of these persons were as follows:

	2004 £'000	2003 £'000
Wages and salaries	3,748	3,590
Social security costs	264	197
Pension costs	70	64
	<u> </u>	<u> </u>
	4,082	3,851
	<u> </u>	<u> </u>

5. NET INTEREST RECEIVABLE /(PAYABLE)

	2004 £'000	2003 £'000
Foreign exchange gain	2	2
Bank interest receivable	20	14
	<u> </u>	<u> </u>
	22	16
Bank interest payable	(1)	(2)
Interest payable to Parent Company	(226)	-
	<u> </u>	<u> </u>
	(205)	14
	<u> </u>	<u> </u>

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2004 £'000	2003 £'000
Current tax:		
UK corporation tax at 30% (2003: 30%)	461	303
Adjustment in respect of prior years	19	(43)
Total current tax	480	260
Group Relief	858	-
	1,338	260
Deferred tax:		
Origination and reversal of timing differences	-	(30)
Deferred Tax Assets arising in previous periods	257	-
Adjustment in respect of prior years	-	16
Total deferred tax	257	(14)
Tax charge for year on profit on ordinary activities	1,595	246

	2004 £'000	2003 £'000
Factors affecting the tax charge for the period:		
Profit on ordinary activities before tax	1,931	2,066
Tax on profit on ordinary activities at standard rate	579	620
Effects of:		
Expenses not deductible for tax purposes	611	603
Capital allowances in excess of depreciation	132	28
Movement in short term timing differences	(3)	2
Group relief	-	(950)
Adjustment in respect of prior years	19	(43)
Current tax charge for year on profit from ordinary activities	1,338	260

The amounts provided for deferred taxation (see note 8) and the amounts not provided are set out below:

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

	2004		2003	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Difference between accumulated depreciation and capital allowances	-	(386)	(257)	-
On revaluation of land and buildings	-	12,776	-	13,847
	<u>-</u>	<u>12,390</u>	<u>(257)</u>	<u>13,847</u>

Deferred tax has not been provided on revaluations of fixed assets. This tax will only become payable if the assets are sold and rollover relief is not obtained.

A deferred tax asset has not been recognised in respect of timing differences relating to depreciation in excess of capital allowances as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £383,000. The asset would be recovered if sufficient future taxable profits were to be made.

7. TANGIBLE FIXED ASSETS

	Land and buildings £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost or valuation:				
At beginning of year	66,771	11,410	14,062	92,243
Additions	-	98	446	544
At 31 December 2004	<u>66,771</u>	<u>11,508</u>	<u>14,508</u>	<u>92,787</u>
Depreciation:				
At beginning of year	20,072	8,228	12,571	40,871
Charge for the year	2,009	864	675	3,548
At 31 December 2004	<u>22,081</u>	<u>9,092</u>	<u>13,246</u>	<u>44,419</u>
Net book value:				
At 31 December 2004	<u>44,690</u>	<u>2,416</u>	<u>1,262</u>	<u>48,368</u>
At 31 December 2003	<u>46,699</u>	<u>3,182</u>	<u>1,491</u>	<u>51,372</u>

The land and buildings were valued at £64,720,000 on an open market basis by Messrs Richard Ellis (Chartered Surveyors) as at 23 November 1988. Subsequent additions of £2,051,000 have been included at cost.

The net book value of land and buildings comprises:

	2004 £'000	2003 £'000
Long leasehold	<u>44,690</u>	<u>46,699</u>

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2004

7. TANGIBLE FIXED ASSETS (CONTINUED)

Particulars relating to revalued assets are given below:

	2004 £'000	2003 £'000
Land and buildings:		
At 1988 open market value	64,720	64,720
Aggregate depreciation thereon	(20,263)	(18,645)
Net book value	<u>44,457</u>	<u>46,075</u>
Historical cost of revalued assets	1,093	1,093
Aggregate depreciation based on historical cost	(502)	(475)
Historical cost net book value	<u>591</u>	<u>618</u>

8. DEBTORS

	2004 £'000	2003 £'000
Amounts falling due within one year		
Trade debtors	1,053	1,066
Other debtors	839	1,737
Prepayments and accrued income	121	76
Deferred tax asset	-	257
	<u>2,013</u>	<u>3,136</u>
Deferred tax asset		
Balance at 1 January	257	243
Credit to profit and loss account	(257)	14
Balance at 31 December	<u>-</u>	<u>257</u>
Deferred tax consists of the following:		
Capital allowances in excess of depreciation	-	252
Short term timing differences	-	5
Deferred tax asset	<u>-</u>	<u>257</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £'000	2003 £'000
Trade creditors	748	480
Corporation tax	359	233
Other taxes and social security	641	567
Amount owed to parent company	77	1,571
Accruals and deferred income	193	336
	<u>2,018</u>	<u>3,187</u>

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004 £'000	2003 £'000
Amounts owed to parent company	1,524	4,460

Interest is charged on intercompany loans at a rate of 7.7%.

11. CALLED UP SHARE CAPITAL

	2004 £'000	2003 £'000
Authorised, allotted, called up and fully paid: 640,064 (2003: 640,064) Ordinary shares of £1 each	640	640

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £'000	Revaluation reserve £'000	Profit and loss account £'000	2004 Shareholders' funds £'000	2003 Shareholders' funds £'000
At beginning of year	640	47,171	123	47,934	50,085
Retained profit/(loss) for year	-	-	336	336	(2,151)
Depreciation transfer	-	(1,591)	1,591	-	-
At end of year	640	45,581	2,050	48,271	47,934

13. RELATED PARTY TRANSACTIONS

The company meets the exemption requirements of paragraph 3(c) of FRS 8: Related Party Transactions, in that 90% or more of its voting rights are controlled within the Rosewood Universal Limited group of companies. The company has therefore not separately disclosed all transactions with other group companies and investees of the group qualifying as related parties.

14. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

As at 31 December 2004 the company's immediate parent undertaking is George Holdings (UK) Limited, which is incorporated in Great Britain and is both the smallest and largest group to consolidate these financial statements. The ultimate parent undertaking and controlling entity is Rosewood Universal Limited, incorporated and registered in the British Virgin Islands. The financial statements of the ultimate parent undertaking and the immediate parent undertaking may be obtained by writing to George Holdings (UK) Limited, 22 Portman Square, London W1H 7BG.

15. PENSION SCHEME

The company has a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £70,331 (2003: £64,313).

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