

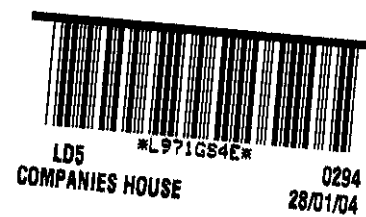
Company Registration No. 932874

LONDON PORTMAN HOTEL LIMITED

Report and Financial Statements

Year ended 31 December 2002

**Deloitte & Touche LLP
London**



LONDON PORTMAN HOTEL LIMITED

REPORT AND FINANCIAL STATEMENTS 2002

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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 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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 a dividend of £5,017,067 (2001 - £4,716,891).

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

On 1 August 2003, Deloitte & Touche, the company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the company's auditor 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

23RD JANUARY 2003

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 to 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 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. 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 2002 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

23rd January 2004

LONDON PORTMAN HOTEL LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2002

	Note	2002 £'000	2001 £'000
TURNOVER	1	13,323	13,135
Cost of sales		(4,670)	(4,141)
Gross profit		8,653	8,994
Other operating income		1,317	1,067
Administration and distribution expenses		(7,762)	(7,842)
OPERATING PROFIT		2,208	2,219
Other interest receivable and similar income	5	24	28
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	2,232	2,247
Tax on profit on ordinary activities	6	(231)	(83)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,001	2,164
Dividend proposed on equity shares		(5,017)	(4,717)
RETAINED LOSS FOR THE YEAR	13	(3,016)	(2,553)

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 December 2002

	2002 £'000	2001 £'000
Profit attributable to shareholders of the company and total recognised gains and losses relating to the year	(3,016)	(2,553)
Prior period adjustment (see note 12)	194	
Total gains and losses recognised since the last annual report	(2,822)	

LONDON PORTMAN HOTEL LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES **Year ended 31 December 2002**

	2002 £'000	2001 £'000
Reported profit on ordinary activities before taxation	2,232	2,247
Difference between the historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	<u>1,591</u>	<u>1,591</u>
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>3,823</u>	<u>3,838</u>
Historical cost loss for the year retained after taxation and dividends	<u>(1,425)</u>	<u>(879)</u>

LONDON PORTMAN HOTEL LIMITED

BALANCE SHEET 31 December 2002

	Note	2002 £'000	2001 £'000 *Restated
FIXED ASSETS			
Tangible assets	7	53,728	56,533
CURRENT ASSETS			
Stocks		175	176
Debtors	8	2,592	2,068
Cash at bank and in hand		784	1,138
		<u>3,551</u>	<u>3,382</u>
CREDITORS: amounts falling due within one year	9	<u>(2,734)</u>	<u>(2,354)</u>
NET CURRENT ASSETS		<u>817</u>	<u>1,028</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		54,545	57,561
CREDITORS: amounts falling due after more than one year	10	<u>(4,460)</u>	<u>(4,460)</u>
NET ASSETS		<u>50,085</u>	<u>53,101</u>
CAPITAL AND RESERVES			
Called up share capital	11	640	640
Revaluation reserve	13	48,762	50,353
Profit and loss account	13	683	2,109
Equity shareholders' funds	13	<u>50,085</u>	<u>53,101</u>

* The balance sheet as at 31 December 2001 has been restated for the adoption of FRS 19 Deferred Taxation (as explained in note 12).

These financial statements were approved by the Board of Directors on 23RD JANUARY 2003/4.

Signed on behalf of the Board of Directors



Director

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

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 FRS1 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.

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.

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.

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

As a result of the adoption of FRS 19 Deferred Taxation, the accounting policy has changed and the prior year balances have been restated.

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 in the United Kingdom to customers during the year.

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002 £'000	2001 £'000
Profit on ordinary activities before taxation is stated after charging the following:		
Auditors' remuneration:		
- as auditors	15	16
- other services	6	15
Depreciation	3,298	3,212
	<u> </u>	<u> </u>

3. REMUNERATION OF DIRECTORS

	2002 £'000	2001 £'000
Directors' emoluments	61	61
	<u> </u>	<u> </u>

4. STAFF NUMBERS AND COSTS

The average number of persons employed by the company including directors during the year was 193 (2001: 184). The aggregate payroll costs of these persons were as follows:

	2002 £'000	2001 £'000
Wages and salaries	3,748	3,616
Social security costs	218	243
Pension costs	55	48
	<u> </u>	<u> </u>
	4,021	3,907
	<u> </u>	<u> </u>

5. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2002 £'000	2001 £'000
Foreign exchange gain	4	2
Bank interest receivable	20	26
	<u> </u>	<u> </u>
	24	28
	<u> </u>	<u> </u>

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

6. TAXATION

	2002 £'000	2001 £'000
Current tax:		
UK corporation tax at 30% (2001: 30%)	285	110
Adjustment in respect of prior years	(5)	(27)
Deferred tax:		
Origination and reversal of timing differences	(116)	-
Adjustment in respect of prior years	67	-
	<u>231</u>	<u>83</u>
Tax charge for year on profit from ordinary activities		

The low taxation charge is due to non-payment for group relief from the parent company, George Holdings (UK) Limited.

	2002 £'000	2001 £'000
Factors affecting the tax charge for the period:		
Profit on ordinary activities before tax	2,232	2,247
	<u>670</u>	<u>674</u>
Tax on profit on ordinary activities at standard rate		
Effects of:		
Expenses not deductible for tax purposes	489	573
Capital allowances in excess of depreciation	118	(58)
Movement in short term timing differences	(2)	2
Small companies relief	-	(3)
Group relief	(990)	(1,078)
Adjustment in respect of prior years	(5)	(27)
	<u>280</u>	<u>83</u>
Tax charge for year on profit from ordinary activities		

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

	2002		2001	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
			Restated	Restated
Difference between accumulated depreciation and capital allowances	(243)	-	(194)	-
On revaluation of land and buildings	-	14,114	-	18,904
	<u>(243)</u>	<u>14,114</u>	<u>(194)</u>	<u>18,904</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.

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

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	11,231	12,733	90,735
Additions	-	9	483	492
At 31 December 2002	66,771	11,240	13,216	91,227
Depreciation				
At beginning of year	16,055	6,591	11,556	34,202
Charge for the year	2,008	803	486	3,297
At 31 December 2002	18,063	7,394	12,042	37,499
Net book value				
At 31 December 2002	48,708	3,846	1,174	53,728
At 31 December 2001	50,716	4,640	1,177	56,533

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:

	2002 £'000	2001 £'000
Long leasehold	48,708	50,716

Particulars relating to revalued assets are given below:

	2002 £'000	2001 £'000
Land and buildings:		
At 1988 open market value	64,720	64,720
Aggregate depreciation thereon	(17,027)	(15,409)
Net book value	47,693	49,311
Historical cost of revalued assets	1,093	1,093
Aggregate depreciation based on historical cost	(448)	(475)
Historical cost net book value	645	618

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

8. DEBTORS

	2002 £'000	2001 £'000 Restated
Amounts falling due within one year		
Trade debtors	760	479
Other debtors	1,374	1,105
Prepayments and accrued income	215	290
Deferred taxation	243	194
	<u>2,592</u>	<u>2,068</u>
Deferred taxation asset		
Balance at 1 January	194	194
Credit to profit and loss account	49	-
	<u>243</u>	<u>194</u>
Deferred tax consists of the following:		
Capital allowances in excess of depreciation	242	190
Short term timing differences	1	4
	<u>243</u>	<u>194</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £'000	2001 £'000
Trade creditors	397	376
Corporation tax	213	47
Other taxes and social security	597	579
Dividend payable	1,316	1,067
Accruals and deferred income	211	285
	<u>2,734</u>	<u>2,354</u>

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

	2002 £'000	2001 £'000
Amounts owed to parent company	<u>4,460</u>	<u>4,460</u>

11. CALLED UP SHARE CAPITAL

	2002 £'000	2001 £'000
Authorised, allotted, called up and fully paid:		
640,064 Ordinary shares of £1 each	<u>640</u>	<u>640</u>

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

12. PRIOR YEAR ADJUSTMENT AND RESTATEMENT OF COMPARATIVES

In 2002, the Company changed its accounting policy in respect of deferred tax and adopted a policy of accounting for deferred tax on a full provision basis in accordance with FRS 19. Full details of the policy are set out in note 1.

As a result of the change in the accounting policy it was necessary to restate the figures for the previous year. The prior year adjustment gives rise to a prior period deferred tax asset as at 31 December 2000 and 2001 of £194,209. Opening reserves at 1 January 2000 and 2001 are increased by £194,209.

The impact of adopting FRS19 on the 2002 results amounted to a reduction in tax on profits on ordinary activities of £49,495.

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital	Revaluation reserve	Profit and loss account	2002 Shareholders' funds	2001 Shareholders' funds
	£'000	£'000	£'000	£'000	£'000
At beginning of year	640	50,353	2,108	53,101	55,654
Retained loss for year	-	-	(3,016)	(3,016)	(2,553)
Transfer	-	(1,591)	1,591	-	-
At end of year	640	48,762	683	50,085	53,101

14. 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 George Investments 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.

15. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

As at 31 December 2002 the company's immediate parent company is George Holdings (UK) Limited, Media House, 4 Stratford Place, London W1N 9AE, which is incorporated in Great Britain and the smallest group to consolidate these financial statements. The ultimate parent undertaking, the largest group to consolidate these financial statements and controlling entity is George Investments Limited, incorporated in Great Britain. The financial statements of the ultimate parent company and the immediate parent company may be obtained by writing to George Holdings (UK) Limited, Media House, 4 Stratford Place, London W1N 9AE.

16. 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 £55,024 (2001: £48,000).

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