

**Company Registration No. 1065868**

**HAPPY EATER LIMITED**

**Report and financial statements**

**Year ended 31 December 2006**

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**HAPPY EATER LIMITED**  
**REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

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## **HAPPY EATER LIMITED**

### **REPORT AND FINANCIAL STATEMENTS 2006**

#### **OFFICERS AND PROFESSIONAL ADVISERS**

##### **DIRECTORS**

Paul Harvey  
Grant Hearn  
Jon Mortimore  
Guy Parsons

##### **COMPANY SECRETARIES**

Jon Mortimore  
AG Secretarial Limited

##### **REGISTERED OFFICE**

100 Barbirolli Square  
Manchester  
M2 3AB

##### **BANKERS**

The Royal Bank of Scotland PLC  
135 Bishopsgate  
LONDON  
EC2M 3UR

Barclays Bank PLC  
5 The North Colonnade  
Canary Wharf  
LONDON  
E14 4BB

##### **SOLICITORS**

Addleshaw Goddard  
150 Aldersgate Street  
LONDON  
EC1A 4EJ

##### **AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants  
LONDON

## **HAPPY EATER LIMITED**

### **DIRECTORS' REPORT**

The Directors present their report and accounts for the year ended 31 December 2006

### **PRINCIPAL ACTIVITIES**

The Company did not trade during the year

### **TRADING RESULTS**

During the year the company waived intercompany debt owed by its immediate parent company of £22,947. No key performance indicators have been provided as the Directors do not expect the Company to trade in 2007

### **DIVIDEND**

The Directors do not recommend the payment of a dividend for the year ended 31 December 2006 (2005 £nil)

### **DIRECTORS**

The Directors, who served throughout the year, except as noted, were as follows

Paul Harvey (appointed 6 November 2006)

Grant Hearn

Jon Mortimore

Guy Parsons

Harry Turner (resigned 11 September 2006)

### **DIRECTORS' INTERESTS**

There were no other beneficial interests of the Directors and their immediate families in the Company or any other companies in the Group, other than those disclosed in the accounts of the ultimate parent holding company, Travelodge Limited

No Director has had a material interest, directly or indirectly, at any time during the year in any contract significant to the business in the Company other than the above

### **PRINCIPAL RISKS AND UNCERTAINTIES**

Group risks are discussed within the Annual Report of the ultimate parent company, Travelodge Limited, which does not form part of this report

### **AUDITORS**

In the case of each of the persons who are Directors of the Company at the date when this report is approved

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unaware, and
- each of the Directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the Company's 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

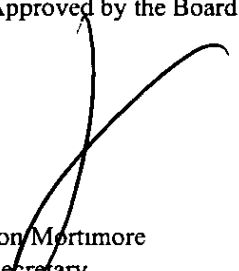
**HAPPY EATER LIMITED**

**DIRECTORS' REPORT (CONTINUED)**

**ELECTIVE RESOLUTIONS**

The Company has passed Elective resolutions to dispense with the laying of the Annual Report and Accounts before the Company in a General Meeting, the appointment of auditors annually and the holding of Annual General Meetings, pursuant to sections 252, 386 and 366a respectively of the Companies Act 1985

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



Jon Mortimore  
Secretary  
4 June 2007

## **HAPPY EATER LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

United Kingdom 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 period. In preparing these 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 UK 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 that 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 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 HAPPY EATER LIMITED**

We have audited the financial statements of Happy Eater Limited for the year ended 31 December 2006 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 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
HAPPY EATER LIMITED (CONTINUED)**

**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 2006 and of its loss 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

**Emphasis of matter - going concern**

Without qualifying our opinion, we draw attention to the disclosures made in note 1 of the financial statements. The Company no longer trades and therefore, as required by FRS 18 Accounting Policies, the Directors have prepared the financial statements on the basis that the Company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

*Deloitte + Touche LLP*

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

London

5 June 2007



# **HAPPY EATER LIMITED**

## **PROFIT AND LOSS ACCOUNT** **year ended 31 December 2006**

|  | <i>Notes</i> | <b>Year ended 31<br/>December 2006<br/>£</b> | <b>Year ended 31<br/>December 2005<br/>£</b> |
|--|--------------|--|--|
| <b>OPERATING PROFIT AND PROFIT ON ORDINARY<br/>ACTIVITIES AFTER TAXATION</b> |              | <u>-</u>                                     | <u>-</u>                                     |
| Intercompany loan waiver   | 4            | (22,947)                                     | -  |
| <b>RETAINED LOSS CARRIED FORWARD</b>   |              | <u>(22,947)</u>                              | <u>-</u>                                     |

There are no recognised gains or losses other than stated above for the current or preceding financial year and accordingly no separate statement of total recognised gains and losses is presented


All activities relate to discontinued operations

# HAPPY EATER LIMITED

## BALANCE SHEET - As at 31 December 2006

|                                    | <i>Notes</i> | <b>2006</b><br>£ | <b>2005</b><br>£ |
|------------------------------------|--------------|------------------|------------------|
| <b>DEBTORS</b>                     |              |                  |                  |
| Amounts due from group undertaking | 6            | 1,133,999        | 1,156,946        |
| <b>NET CURRENT ASSETS</b>          |              | <u>1,133,999</u> | <u>1,156,946</u> |
| <b>NET ASSETS</b>                  |              | <u>1,133,999</u> | <u>1,156,946</u> |
| <b>CAPITAL &amp; RESERVES</b>      |              |                  |                  |
| Called up share capital            | 7            | 418,500          | 418,500          |
| Share premium                      |              | 378,950          | 378,950          |
| Capital reserve                    |              | 134              | 134              |
| Profit and loss reserve            | 8            | 336,415          | 359,362          |
| <b>EQUITY SHAREHOLDER'S FUNDS</b>  | 9            | <u>1,133,999</u> | <u>1,156,946</u> |

These financial statements were approved by the Board of Directors and signed on their behalf by



Jon Mortimore  
Director  
4 June 2007

## **HAPPY EATER LIMITED**

### **NOTES TO THE ACCOUNTS**

**year ended 31 December 2006**

#### **1 ACCOUNTING POLICIES**

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The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Accounting policies have been consistently applied throughout the current and preceding year and a summary of the principal accounting policies is set out below.

##### **Basis of accounting**

These financial statements were prepared under the historical cost convention.

##### **Cash flow statement**

Under Financial Reporting Standard 1 (Revised), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent company includes the Company's cash flows in its own published consolidated accounts.

##### **Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on all 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 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.

##### **Going concern**

The Company no longer trades and therefore, as required by FRS 18 Accounting Policies, the Directors have prepared the financial statements on the basis that the Company is no longer a going concern. No material adjustments arose as a result of ceasing to apply the going concern basis.

#### **2 INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

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Information regarding Directors' emoluments is disclosed in the accounts of Travelodge Limited, a parent company. Directors of the Company received no remuneration for services to this Company for the current or preceding year. There were no employees in the current or preceding year.

#### **3 PROFIT ON ORDINARY ACTIVITIES**

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The audit fee of £4,000 (2005 - £4,000) is borne by a fellow group company for the current and preceding year.

#### **4 INTERCOMPANY DEBT WAIVER**

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On 31 August 2006, the Company waived intercompany debt comprising original capital of £22,947 (2005: £nil) due from the Company's immediate parent company, Anchor Hotels Limited.

# **HAPPY EATER LIMITED**

## **NOTES TO THE ACCOUNTS** **year ended 31 December 2006**

### **5 TAX ON LOSS ON ORDINARY ACTIVITIES**

|  | Year ended 31<br>December 2006<br>£ | Year ended 31<br>December 2005<br>£ |
|--|-------------------------------------|-------------------------------------|
| Current Tax                                    |                                     |                                     |
| UK corporation tax                             | -                                   | -                                   |
| Total current taxes                            | -                                   | -                                   |
| Deferred Tax                                   |                                     |                                     |
| Origination and reversal of timing differences | -                                   | -                                   |
| <b>Tax on loss on ordinary activities</b>      | <b>-</b>                            | <b>-</b>                            |

The difference between the total current tax shown and the amount calculated by applying the standard rate of UK corporation of 30% tax to the profit/(loss) before tax is as follows

|   | Year ended 31<br>December 2006<br>£ | Year ended 31<br>December 2005<br>£ |
|---|-------------------------------------|-------------------------------------|
| Loss on ordinary activities   | <u>(22,947)</u>                     | -                                   |
| UK corporation tax rate of 30%  | (6,884)                             | -                                   |
| Effects of  |                                     |                                     |
| Expenses not deductible for tax purposes  | 6,884                               | -                                   |
| Tax losses surrendered to group companies for nil consideration /<br>(relieved by group losses) | -                                   | -                                   |
| <b>Current tax charge for the year</b>  | <b>-</b>                            | <b>-</b>                            |

No provision for UK corporation tax has been made for the year ended 31 December 2006 since the Company made neither a profit nor a loss for tax purposes for the year. The Company is not expected to have any future tax liabilities as it is anticipated to be dormant. There is no unprovided deferred tax.

### **6 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                     | 2006<br>£        | 2005<br>£        |
|-------------------------------------|------------------|------------------|
| Amounts due from group undertakings | <b>1,133,999</b> | <b>1,156,946</b> |

Capital amounts due from group undertakings are repayable on demand and are non interest bearing

# HAPPY EATER LIMITED

## NOTES TO THE ACCOUNTS year ended 31 December 2006

### 7 CALLED UP SHARE CAPITAL

|  | 2006<br>£ | 2005<br>£ |
|--|-----------|-----------|
| <b>Authorised:</b>                         |           |           |
| 1 Ordinary share of £1                     | 418,500   | 418,500   |
| <b>Called up, allotted and fully paid:</b> |           |           |
| 1 Ordinary share of £1                     | 418,500   | 418,500   |

### 8 RESERVES

|                            | Capital<br>Reserve | Share<br>Premium | Profit & Loss<br>£ | Total<br>£     |
|----------------------------|--------------------|------------------|--------------------|----------------|
| As at 1 January 2006       | 134                | 378,950          | 359,362            | 738,446        |
| Retained loss for the year | -                  | -                | (22,947)           | (22,947)       |
| <b>At 31 December 2006</b> | <b>134</b>         | <b>378,950</b>   | <b>336,415</b>     | <b>715,499</b> |

### 9 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

|   | 2006<br>£        | 2005<br>£        |
|---|------------------|------------------|
| Opening equity shareholders' funds        | 1,156,946        | 1,156,946        |
| Retained loss for the year                | (22,947)         | -                |
| <b>Closing equity shareholders' funds</b> | <b>1,133,999</b> | <b>1,156,946</b> |

### 10 RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY

As a subsidiary of Travelodge Limited, the Company has taken advantage of the exemption in FRS 8 'Related Party Transactions' not to disclose transactions with other members of the Group

The immediate parent company is Anchor Hotels Limited

The Directors regard Dubai International Capital LLC ("DIC"), a Company incorporated in the United Arab Emirates, as the ultimate controlling party and the parent company of the largest group of which the Company is a member and for which Group financial statements are drawn up. DIC invested in Travelodge Limited on 5 September 2006. Travelodge Limited is the parent company of the smallest group of which the Company is a member and for which the Group financial statements are drawn up. Copies of the Group financial statements are available from its registered office: Sleepy Hollow, Aylesbury Road, Thame, OX9 3AT