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**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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**ABBREVIATED ACCOUNTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

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**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTOR</b>	Koolesh D Shah
<b>COMPANY SECRETARY</b>	Koolesh D Shah
<b>COMPANY NUMBER</b>	02182560
<b>REGISTERED OFFICE</b>	162 Cromwell Road London SW5 0TT
<b>AUDITOR</b>	Crowe Clark Whitehill LLP St Brde's House 10 Salisbury Square London EC4Y 8EH

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## **LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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The following pages do not form part of the statutory financial statements

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## **LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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### **DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2010**

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The director presents his report and the financial statements for the year ended 31 December 2010

#### **STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company in the period under review was that of hoteliers.

#### **BUSINESS REVIEW**

The results for the period and financial position of the company are as shown on pages 6 and 8 to these financial statements.

#### **RESULTS**

The profit for the year, after taxation, amounted to £25,280 (2009 - £21,326)

#### **DIRECTOR**

The director who served during the year was

Koolesh D Shah

#### **DIVIDENDS**

Dividends of £6,024,000 were distributed for the year ended 31 December 2010

#### **FINANCIAL INSTRUMENTS**

The company's principal financial instruments comprise bank balances, trade creditors, trade debtors, loans

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## LONDON TOWN HOTELS (OPERATIONS) LIMITED

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### DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

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and hire purchase agreements. The main purpose of these instruments is to raise funds for the company's operations.

Due to the nature of financial instruments used by the company, there is no exposure to price risk. The company's approach to managing other risks applicable to financial instruments concerned is shown below.

In respect of loans, these comprise of group company loans and loans from financial institutions. The interest rate on loans from financial institutions is variable. The company manages the liquidity risk by ensuring there are sufficient funds to meet its payments. The loans from group companies are interest free and have no fixed repayment dates. The director is aware of the company's required finance and has determined that these will only be repaid, in whole or in part, when finance is available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring there are sufficient funds available to meet the amounts due.

#### PROVISION OF INFORMATION TO AUDITOR

The director at the time when this Director's report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

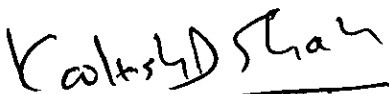
#### AUDITOR

The auditor, Crowe Clark Whitehill LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

#### FUTURE DEVELOPMENTS

The company continues to actively seek new hotel opportunities in order to enhance future growth and profitability of the group.

This report was approved by the board on 23 August 2011 and signed on its behalf



**Koolesh D Shah**  
Director

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## **LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO LONDON TOWN HOTELS (OPERATIONS) LIMITED UNDER SECTION 449 OF THE COMPANIES ACT 2006**

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We have examined the abbreviated accounts set out on pages 4 to 13, together with the financial statements of London Town Hotels (Operations) Limited for the year ended 31 December 2010 prepared under section 396 of the Companies Act 2006

This report is made solely to the company in accordance with section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special Auditor's 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, for our work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITOR**

The director is responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts on pages 4 to 13 have been properly prepared in accordance with the regulations made under that section.

*Nigel Bostock*

Nigel Bostock (Senior statutory auditor)

for and on behalf of  
**Crowe Clark Whitehill LLP**

Statutory Auditor

St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

24 August 2011

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**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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**ABBREVIATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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	Note	2010 £	2009 £
<b>TURNOVER</b>	1	<b>2,596,523</b>	<b>2,832,186</b>
<b>GROSS PROFIT</b>		<b>1,623,826</b>	<b>1,621,358</b>
Administrative expenses		<b>(1,603,105)</b>	<b>(1,599,641)</b>
<b>OPERATING PROFIT</b>	2	<b>20,721</b>	<b>21,717</b>
Interest receivable and similar income		<b>4,559</b>	-
Interest payable and similar charges	5	-	<b>(391)</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>25,280</b>	<b>21,326</b>
Tax on profit on ordinary activities	6	-	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>	13	<b>25,280</b>	<b>21,326</b>

All amounts relate to continuing operations

The notes on pages 7 to 13 form part of these financial statements

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**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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	2010 £	2009 £
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>25,280</b>	<b>21,326</b>
Unrealised surplus on revaluation of tangible fixed assets	-	1,557,500
Transfer from revaluation reserve	(123,125)	(68,750)
Transfer to profit and loss account	<u>123,125</u>	<u>68,750</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u><b>25,280</b></u>	<u><b>1,578,826</b></u>

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**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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	2010 £	2009 £
<b>REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>25,280</b>	<b>21,326</b>
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>123,125</u>	<u>68,750</u>
<b>HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u><b>148,405</b></u>	<u><b>90,076</b></u>
<b>HISTORICAL PROFIT FOR THE YEAR AFTER TAXATION</b>	<u><b>148,405</b></u>	<u><b>90,076</b></u>

The notes on pages 7 to 13 form part of these financial statements

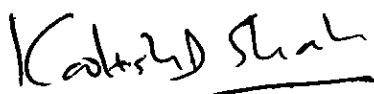


**LONDON TOWN HOTELS (OPERATIONS) LIMITED**  
**REGISTERED NUMBER: 02182560**

**ABBREVIATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2010**

	Note	£	2010 £	£	2009 £
<b>FIXED ASSETS</b>					
Tangible assets	7		2,252,470		2,338,750
Investments			1,000		1,000
			<u>2,253,470</u>		<u>2,339,750</u>
<b>CURRENT ASSETS</b>					
Stocks	8	5,000		5,000	
Debtors amounts falling due after more than one year	9	3,161,425		7,723,910	
Debtors amounts falling due within one year	9	299,457		328,377	
Cash at bank		607,261		63,643	
		<u>4,073,143</u>		<u>8,120,930</u>	
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(303,056)</u>		<u>(328,520)</u>	
<b>NET CURRENT ASSETS</b>			<u>3,770,087</u>		<u>7,792,410</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>6,023,557</u>		<u>10,132,160</u>
<b>CREDITORS: amounts falling due after more than one year</b>	11		<u>(2,349,432)</u>		<u>(459,315)</u>
<b>NET ASSETS</b>			<u><u>3,674,125</u></u>		<u><u>9,672,845</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		502,000		502,000
Revaluation reserve	13		1,846,875		1,970,000
Profit and loss account	13		1,325,250		7,200,845
<b>SHAREHOLDERS' FUNDS</b>	14		<u><u>3,674,125</u></u>		<u><u>9,672,845</u></u>

The abbreviated accounts, which have been prepared in accordance with the special provisions of section 445(3) of the Companies Act 2006 relating to medium-sized companies, were approved and authorised for issue by the board and were signed on its behalf on 23 August 2011

  
**Koolash D Shah**  
 Director

The notes on pages 7 to 13 form part of these financial statements

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## LONDON TOWN HOTELS (OPERATIONS) LIMITED

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### NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention as modified by the revaluation of leasehold property and in accordance with applicable accounting standards

##### 1.2 Turnover

Turnover represents net invoiced sales of services, exclusive of Value Added Tax

##### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Short Term Leasehold Property	-	Over term of the lease (16 years)
Plant & machinery	-	25% reducing balance
Long Term Leasehold Property	-	Over term of the lease (142 years)

Short term leasehold property is revalued at intervals no greater than five years. Interim revaluations are carried out when a material change in value has occurred

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve

##### 1.4 Investments

Investments held as fixed assets are shown at cost less provision for impairment

##### 1.5 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

##### 1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

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## LONDON TOWN HOTELS (OPERATIONS) LIMITED

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### NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

#### 2. OPERATING PROFIT

The operating profit is stated after charging

	2010 £	2009 £
Depreciation of tangible fixed assets		
- owned by the company	128,791	72,787
Auditors' remuneration	10,000	22,208
Operating lease rentals		
- land and buildings	677,267	762,267
	<u>677,267</u>	<u>762,267</u>

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**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**3. STAFF COSTS**

Staff costs, including director's remuneration, were as follows

	2010 £	2009 £
Wages and salaries	545,226	656,249
Social security costs	50,172	68,420
	<u>595,398</u>	<u>724,669</u>

The average monthly number of employees, including the director, during the year was as follows

	2010 No.	2009 No
Number of administrative staff	9	8
Number of hotel operating staff	28	44
	<u>37</u>	<u>52</u>

**4. DIRECTOR'S REMUNERATION**

	2010 £	2009 £
Emoluments	<u>45,600</u>	<u>56,778</u>

**5. INTEREST PAYABLE**

	2010 £	2009 £
On bank loans and overdrafts	<u>-</u>	<u>391</u>

# LONDON TOWN HOTELS (OPERATIONS) LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010

### 6. TAXATION

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2009 - lower than) the standard rate of corporation tax in the UK of 28% (2009 - 28%) The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before tax	<u>25,280</u>	<u>21,326</u>
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28 0% (2009 - 28%)	7,078	5,971
<b>Effects of.</b>		
Expenses not deductible for tax purposes	34,610	19,211
Capital allowances for year in excess of depreciation	(330)	(17,054)
Utilisation of tax losses	(4,096)	(8,128)
Effect of group tax relief	(37,262)	-
	<u>-</u>	<u>-</u>
<b>Current tax charge for the year</b> (see note above)	<u>-</u>	<u>-</u>

#### Factors that may affect future tax charges

There were no factors that may affect future tax charges

### 7. TANGIBLE FIXED ASSETS

	Long Term Leasehold Property £	Short Term Leasehold Property £	Plant & machinery £	Total £
<b>Cost or valuation</b>				
At 1 January 2010	366,975	1,970,000	16,000	2,352,975
Additions	-	42,511	-	42,511
At 31 December 2010	<u>366,975</u>	<u>2,012,511</u>	<u>16,000</u>	<u>2,395,486</u>
<b>Depreciation</b>				
At 1 January 2010	2,584	-	11,641	14,225
Charge for the year	2,584	125,117	1,090	128,791
At 31 December 2010	<u>5,168</u>	<u>125,117</u>	<u>12,731</u>	<u>143,016</u>
<b>Net book value</b>				
At 31 December 2010	<u>361,807</u>	<u>1,887,394</u>	<u>3,269</u>	<u>2,252,470</u>
At 31 December 2009	<u>364,391</u>	<u>1,970,000</u>	<u>4,359</u>	<u>2,338,750</u>

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**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**7. TANGIBLE FIXED ASSETS (continued)**

Short term leasehold properties have been valued by the Director at December 2009 at an open market value of £1,970,000 with reference to a valuation completed in May 2010 by GVA Grimley, an independent firm of professional chartered surveyors who are a member of RICS

If the leasehold property had not been included at valuation they would have been included under the historical cost convention as follows

	2010 £	2009 £
Cost	409,486	366,975
Accumulated depreciation	(7,160)	(2,584)
Net book value	<u>402,326</u>	<u>364,391</u>

**8. STOCKS**

	2010 £	2009 £
Stocks	<u>5,000</u>	<u>5,000</u>

**9. DEBTORS**

	2010 £	2009 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	3,161,425	7,473,910
Other debtors	-	250,000
	<u>3,161,425</u>	<u>7,723,910</u>
<b>Due within one year</b>		
Trade debtors	165,070	158,021
Other debtors	142	30,142
Prepayments and accrued income	134,245	140,214
	<u>299,457</u>	<u>328,377</u>

# LONDON TOWN HOTELS (OPERATIONS) LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010

**10. CREDITORS:**  
**Amounts falling due within one year**

	2010 £	2009 £
Trade creditors	149,407	153,123
Social security and other taxes	68,973	59,019
Other creditors	31,839	56,213
Accruals and deferred income	52,837	60,165
	<u>303,056</u>	<u>328,520</u>

**11. CREDITORS:**  
**Amounts falling due after more than one year**

	2010 £	2009 £
Amounts owed to group undertakings	<u>2,349,432</u>	<u>459,315</u>

**12. SHARE CAPITAL**

	2010 £	2009 £
<b>Allotted, called up and fully paid</b>		
502,000 Ordinary shares shares of £1 each	<u>502,000</u>	<u>502,000</u>

**13. RESERVES**

	Revaluation reserve £	Profit and loss account £
At 1 January 2010	1,970,000	7,200,845
Profit for the year		25,280
Dividends paid		(6,024,000)
Transfer between Revaluation reserve and P/L account	(123,125)	123,125
At 31 December 2010	<u>1,846,875</u>	<u>1,325,250</u>

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**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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**NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2010 £	2009 £
Opening shareholders' funds	9,672,845	8,094,019
Profit for the year	25,280	21,326
Dividends (Note 15)	(6,024,000)	-
Surplus on revaluation of leasehold property	-	1,557,500
	<u>3,674,125</u>	<u>9,672,845</u>
Closing shareholders' funds		

**15. DIVIDENDS**

	2010 £	2009 £
Dividends paid on equity capital	<u>6,024,000</u>	<u>-</u>

**16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company's immediate parent undertaking is London Town Group of Companies Holdings Limited, a company registered in England. The accounts can be obtained from the registered office at 8/14 Talbot Square, London W2 1TS.

In the director's opinion the company's ultimate parent company is Auro Trading and Investments Establishment, an Anstalt registered in Liechtenstein. The ultimate controlling party is Auro Trust, a trust outside the UK.