

**ELLERSLIE UK LIMITED**

**Report and Financial Statements**

**Year ended 31 December 2005**



**REPORT AND FINANCIAL STATEMENTS 2005**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

J Jinnah  
S Jinnah  
T Watson

**SECRETARY**

T Watson

**REGISTERED OFFICE**

The Comfort Inn  
Bishopgate Street  
Leeds  
LS1 5DF

**BANKERS**

The Royal Bank of Scotland plc  
Manchester Business Centre  
P O Box 356  
38 Mosley Street  
Manchester  
M60 2BE

**SOLICITORS**

Davidson Webber plc  
Royal House  
110 Station Parade  
Harrogate  
North Yorkshire  
HG1 1EP

**AUDITORS**

Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
Leeds

## **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the company together with the financial statements and auditors' report for the year ended 31 December 2005.

### **ACTIVITIES**

The principal activity of the company is as the UK agent of its parent company.

### **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

There have been no significant developments in the company's activities during the year or since the balance sheet date.

### **DIVIDENDS AND TRANSFERS TO RESERVES**

The result for the year is set out on page 5. The directors do not recommend the payment of a dividend (2004: Nil). The retained profit for the year of £10,917 (2004: £11,113) has been transferred to reserves.

### **DIRECTORS AND THEIR INTERESTS**

The directors who served during the year are listed on page 1. No director had any interest in the share capital of the company during the year.

### **CLOSE COMPANY STATUS**

So far as the directors are aware, the company is a close company for taxation purposes.

### **AUDITORS**

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



T Watson  
Director

27 October 2006

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare the accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the company and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. 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;
- 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 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 ELLERSLIE UK LIMITED**

We have audited the financial statements of Ellerslie UK Limited for the year ended 31 December 2005, 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**

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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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 in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 other transactions 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 or material inconsistencies with the financial statements.

### **Basis of 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 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 in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 31 December 2005, and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

  
**Deloitte & Touche LLP**

Chartered Accountants and  
Registered Auditors

Leeds

United Kingdom

30 October 2006

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2005**

	Note	2005 £	2004 £
<b>TURNOVER: continuing operations</b>	2	9,142	9,202
Administrative expenses		(1,205)	(1,793)
<b>OPERATING PROFIT: continuing operations</b>	4	7,937	7,409
Interest receivable and similar income		6,140	4,205
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		14,077	11,614
Tax charge on profit on ordinary activities	5	(3,160)	(501)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	8	10,917	11,113
Retained profit brought forward		92,533	81,420
Retained profit carried forward		103,450	92,533

There are no recognised gains and losses for the current financial year and previous financial year other than as stated in the profit and loss account. Accordingly no Statement of Recognised Gains and Losses has been prepared.

**BALANCE SHEET**  
**31 December 2005**

	Note	2005 £	2004 £
<b>CURRENT ASSETS</b>			
Cash at bank and in hand		380,160	240,662
		<u>380,160</u>	<u>240,662</u>
<b>CREDITORS: amounts falling due within one year</b>	6	(276,708)	(148,127)
<b>NET CURRENT ASSETS</b>		<u>103,452</u>	<u>92,535</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	2	2
Profit and loss account		<u>103,450</u>	<u>92,533</u>
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	8	<u>103,452</u>	<u>92,535</u>

These financial statements were approved by the Board of Directors on 27 October 2006

Signed on behalf of the Board of Directors



T Watson

Director

## NOTES TO THE ACCOUNTS

### Year ended 31 December 2005

#### 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

##### Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

##### Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessment in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, 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 is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### 2. TURNOVER AND PROFIT

The whole of the turnover and pre-tax profit, all of which arise in the United Kingdom, are attributable to the company's principal activity.

#### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The only employees of the company were its directors, who did not receive any emoluments in the two years ended 31 December 2005.

#### 4. OPERATING PROFIT

	2005 £	2004 £
Operating profit is after charging:		
Auditors' remuneration	<u>1,175</u>	<u>1,175</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2005**

**5. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2005 £	2004 £
United Kingdom corporation tax at 19% (2004		
- 19%) based on the profit for the year	2,552	501
- underprovision in prior year	608	-
	<u>3,160</u>	<u>501</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2004: 19%). The actual tax charge for the current year and previous year differs from the standard rate for the reasons set out in the following reconciliation.

	2005 £	2004 £
Profit on ordinary activities before tax	<u>14,077</u>	<u>11,614</u>
Expected tax charge at 19% (2004: 19%)	2,675	2,207
<b>Factors affecting charge for the year:</b>		
Group relief	-	(1,331)
Starting rate relief	<u>(123)</u>	<u>(375)</u>
	<u>2,552</u>	<u>501</u>

**6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2005 £	2004 £
Amounts owed to parent undertaking	268,867	142,338
Current corporation tax	2,552	501
Accruals and deferred income	5,289	5,288
	<u>276,708</u>	<u>148,127</u>

**7. CALLED UP SHARE CAPITAL**

	2005 £	2004 £
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2005**

**8. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS**

	2005 £	2004 £
Profit attributable to members of the company	10,917	11,113
Opening equity shareholders' funds	92,535	81,422
Closing equity shareholders' funds	<u>103,452</u>	<u>92,535</u>

**9. ULTIMATE PARENT COMPANY**

In the opinion of the directors, the company's ultimate parent company is Ellerslie Investments Limited, a company incorporated in Gibraltar, whose accounts are available from Suite E, Regal House, Queens Way, PO Box 246, Gibraltar.

**10. RELATED PARTY TRANSACTIONS**

*The company acts as collecting agent of its parent company, Ellerslie Investments Limited, in respect of a lease of land and buildings between the company and its fellow subsidiary, Discovery Hotels Limited. The annual rent, set at £180,000 for the year ended 31 December 2005 is on normal commercial terms and subject to a triennial review. Management fees and commissions charged to the parent company are disclosed as turnover in the profit and loss account.*