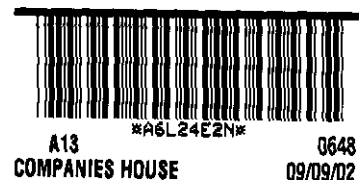


Small Luxury Hotels of the World Limited  
(a company limited by guarantee not having a share capital)  
Annual report  
for the year ended 31 December 2001

Registered Number 02547272



# Small Luxury Hotels of the World Limited

## Annual report

for the year ended 31 December 2001

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# Small Luxury Hotels of the World Limited

## Directors' report for the year ended 31 December 2001

The directors present their report and the audited financial statements of the company for the year ended 31 December 2001.

### Principal activities

The profit and loss account for the year is set out on page 4.

The principal activities of the company are those of the marketing of independently managed hotels and of the provision of an international reservation service.

### Review of business and future developments

Both the level of business and the year end financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

### Dividends and transfers to reserves

The directors do not recommend the payment of a dividend (1999: £nil). The profit for the financial year will be transferred to reserves.

### Directors and their interests

The directors who held office during the year are listed below:

F Brennan  
J J Cope  
H Crawford  
T Holmes  
J W Sharman  
J W Slater  
P Burke  
P Jenkins  
V Oberoi  
J Schroeder (appointed 21<sup>st</sup> April 2001)  
C Gross (appointed 21<sup>st</sup> April 2001)  
G Irondelle (resigned 21<sup>st</sup> April 2001)  
J Kalach (resigned 21<sup>st</sup> April 2001)

The company is limited by guarantee and has no share capital.

# Small Luxury Hotels of the World Limited

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2001 and that applicable accounting standards have been followed.

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.

The directors are responsible for the maintenance and integrity of the company's website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

Director  
17 April

2002



# Small Luxury Hotels of the World Limited

## Independent Auditors' report to the members of Small Luxury Hotels of the World Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

### Basis of audit opinion

We conducted our audit in accordance with 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 at 31 December 2001 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

London

18 April 2002

# Small Luxury Hotels of the World Limited

## Profit and loss account for the year ended 31 December 2001

	Notes	2001 £	2000 £
Turnover	2	6,060,605	5,930,116
Cost of sales		(3,126,270)	(3,092,906)
<b>Gross profit</b>		<b>2,934,335</b>	<b>2,837,210</b>
Administrative expenses		(2,700,822)	(2,624,459)
<b>Operating profit</b>	5	<b>233,513</b>	<b>212,751</b>
Interest receivable and similar income		24,949	31,319
Interest payable and similar charges	6	(214)	(3,316)
<b>Profit on ordinary activities before taxation</b>		<b>258,248</b>	<b>240,754</b>
Tax on profit on ordinary activities	7	(4,013)	(3,374)
<b>Retained profit for the financial year</b>	11	<b>254,235</b>	<b>237,380</b>

All of the Company's activities relate to continuing activities.

The Company has no recognised gains or losses other than those disclosed in the profit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above, and their historical cost equivalents.

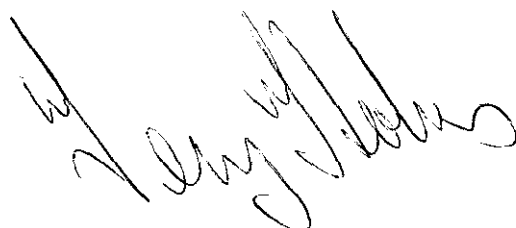
# Small Luxury Hotels of the World Limited

## Balance sheet as at 31 December 2001

	Notes	2001 £	2000 £
<b>Fixed assets</b>			
Tangible assets	8	124,433	273,737
<b>Current assets</b>			
Debtors	9	2,007,168	2,071,825
Cash at bank and in hand		1,717,202	1,225,020
		3,724,370	3,296,845
<b>Creditors: amounts falling due within one year</b>	10	(2,894,357)	(2,870,371)
<b>Net current assets</b>		830,013	426,474
<b>Net assets</b>		954,446	700,211
<b>Members' funds</b>			
Profit and loss account	11	954,446	700,211

The financial statements on pages 4 to 10 were approved by the board of directors on 17 April 2002 and were signed on its behalf by:

Director



# Small Luxury Hotels of the World Limited

## Cash flow statement for the year ended 31 December 2001

	Notes	2001 £	2000 £
Net cash inflow from operating activities	12	473,360	124,854
Return on investments and servicing of finance			
Interest received		24,949	31,319
Interest paid		(214)	(3,316)
		24,735	28,003
Taxation		(5,913)	(6,614)
Increase in cash during the year	13	492,182	146,243



# Small Luxury Hotels of the World Limited

## Notes to the financial statements for the year ended 31 December 2001

### 1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### Accounting policies

Financial Reporting Standard 18 - Accounting Policies, effective for accounting periods ending on or after 22 June 2001, has been adopted. The directors have reviewed the company's accounting policies and consider that the accounts are prepared in accordance with FRS18.

#### Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

#### Turnover

Turnover which excludes value added tax and trade discounts, represents annual membership fees received from hotels, commissions on reservations and fees in respect of other services received for the marketing of member hotels.

Annual membership fee is recognised evenly over the period of membership.

Commissions on reservation income are recognised on the booking of a member hotel via the company's reservation system. An allowance of 10% is made against all bookings representing the estimated level of cancellations.

All other services are invoiced on supply.

#### Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected lives of the assets concerned. The principal annual rates used for this purpose are:

Computer database	33%
-------------------	-----

#### Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise. Full provision is made for deferred taxation on timing differences arising from the provision of employee pensions.

#### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. All exchange differences are dealt with in the profit and loss account

# Small Luxury Hotels of the World Limited

## 2 Turnover

In the opinion of the directors, it would be detrimental to the company's interest to disclose turnover, which relates entirely to this company's principal activity, by geographical area.

## 3 Directors' emoluments

None of the directors received any emoluments during the year (2000: £Nil).

## 4 Employee information

The company had no employees during the year (2000: None).

## 5 Operating profit

Operating profit is stated after charging/(crediting):

	2001 £	2000 £
Depreciation of tangible fixed assets	149,304	149,294
Auditors' remuneration for audit services	12,000	12,975
Foreign exchange gains	(105,243)	(154,391)

## 6 Interest payable

	2001 £	2000 £
Interest payable on bank overdraft	214	3,316

## 7 Tax on profit on ordinary activities

	2001 £	2000 £
United Kingdom corporation tax at 20% (2000: 20%)		
- Current	4,364	6,264
- Over provision in prior years	(351)	(2,890)
	4,013	3,374

The tax charge relates to interest receivable. All other trading profits are exempt from corporation tax.

# Small Luxury Hotels of the World Limited

## 8 Fixed assets

	Computer database £'000
<b>Cost</b>	
At 1 January 2001	447,915
<b>At 31 December 2001</b>	<b>447,915</b>
<b>Depreciation</b>	
At 1 January 2001	174,178
Charge for the year	149,304
<b>At 31 December 2001</b>	<b>323,482</b>
<b>Net book value</b>	
<b>At 31 December 2001</b>	<b>124,433</b>
At 31 December 2000	273,737

## 9 Debtors

	2001 £	2000 £
<b>Amounts falling due within one year</b>		
Trade debtors	915,650	1,126,730
Other debtors	235,681	182,906
Prepayments and accrued income	855,837	762,189
	<b>2,007,168</b>	<b>2,071,825</b>

## 10 Creditors: amounts falling due within one year

	2001 £	2000 £
Trade creditors	569,745	784,184
Corporation tax	4,860	6,760
Accruals and deferred income	2,319,752	2,079,427
	<b>2,894,357</b>	<b>2,870,371</b>

# Small Luxury Hotels of the World Limited

## 11 Profit and loss account

	£
At 1 January 2001	700,211
Retained profit for the year	254,235
At 31 December 2001	954,446

## 12 Reconciliation of operating profit to net cash outflow from operating activities

	2001 £	2000 £
Operating profit	233,513	212,751
Depreciation charge	149,304	149,294
Decrease/(Increase) in debtors	64,657	(365,245)
Increase in creditors	25,886	128,054
Net cash inflow from operating activities	473,360	124,854

## 13 Reconciliation of net cash flow to movements in net funds

	2001 £	2000 £
Cash at bank and in hand at beginning of year	1,225,020	1,078,777
Increase in cash	492,182	146,243
Cash at bank and in hand at end of year	1,717,202	1,225,020