

Hanover International Limited

Company No. 3043860

Financial Statements

For the year ended

31 December 2006

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Hanover International Limited

Company Information

Directors

S C Ackerman

K Ranjan

Secretary

K Ranjan

Registered Office

Exchange House, 13-14 Clements Court
Clements Lane
Ilford, Essex
IG1 2QY

Auditors

Kingston Smith LLP
Orbital House
20 Eastern Road
Romford
Essex, RM1 3PJ

Hanover International Limited

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Hanover International Limited

Directors' Report For the year ended 31 December 2006

The directors present their report and financial statements for the year ended 31 December 2006.

Principal activities and review of the business

There were no activities during the year.

Results and dividends

The results for the year are set out on page 3.

Directors

The following directors have held office since 1 January 2006:

S C Ackerman

K Ranjan

Directors' interests

The directors held no beneficial interests in the shares of the group at 31 December 2006, or at any time during the year. None of the directors held any beneficial interests in the Incorporated Holdings Limited group at any time during the year.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Kingston Smith LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 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;
- 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 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.

Statement of disclosure to auditor

- (a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board


K Ranjan

Director

Date 25 December 2007

Hanover International Limited

Independent Auditors' Report To the Shareholders of Hanover International Limited

We have audited the financial statements of Hanover International Limited for the year ended 31 December 2006 set out on pages 3 to 8. 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 the directors and auditors

As described in the Statement of Directors' Responsibilities on page 1 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 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, and whether in our opinion the information given in the directors' report is consistent with the financial statements. We also 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

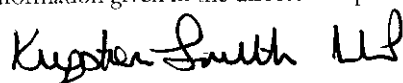
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 2006 and of its profit for the year then ended and 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.



Kingston Smith LLP

Chartered Accountants
Registered Auditors

Date: 26 October 2007

Orbital House
20 Eastern Road
Romford
Essex, RM1 3PJ

Hanover International Limited

Profit And Loss Account For the year ended 31 December 2006

	Notes	2006 £'000	2005 £'000
Administrative expenses		-	(67)
Other operating income		-	20
Operating loss	2	-	(47)
Investment income	3	-	7,721
Other interest receivable and similar income	3	-	490
Amounts written off investments	4	-	(3,681)
Interest payable and similar charges		-	(244)
Profit on ordinary activities before taxation		-	4,239
Tax on profit on ordinary activities	5	-	-
Profit for the year	11	-	4,239

The profit and loss account has been prepared on the basis that all operations are discontinued operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

Hanover International Limited

Balance Sheet As at 31 December 2006

	Notes	2006 £'000	£'000	2005 £'000	£'000
Fixed assets					
Investments	7		31,640		31,640
Current assets					
Debtors	8	1,220		13,698	
Cash at bank and in hand		70		96	
		<u>1,290</u>		<u>13,794</u>	
Creditors: amounts falling due within one year	9	(93)		(97)	
Net current assets			<u>1,197</u>		<u>13,697</u>
Total assets less current liabilities			<u>32,837</u>		<u>45,337</u>
Capital and reserves					
Called up share capital	10		7,648		7,648
Share premium account	11		21,136		21,136
Profit and loss account	11		4,053		16,553
Shareholders' funds	12		<u>32,837</u>		<u>45,337</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the Board and authorised for issue on 25 Dec 2007


K. Ranjan
Director

Hanover International Limited

Notes To The Financial Statements For the year ended 31 December 2006

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and applicable accounting standards.

1.2 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.3 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2 Operating loss

	2006 £'000	2005 £'000
Operating loss is stated after charging:		
Auditors' remuneration	1	5
	<u>1</u>	<u>5</u>

3 Investment income

	2006 £'000	2005 £'000
Income from group undertakings	-	7,721
Bank interest	-	490
	<u>-</u>	<u>8,211</u>

4 Amounts written off investments

	2006 £'000	2005 £'000
Amounts written off fixed asset investments:		
- permanent diminution in value	-	3,681
	<u>-</u>	<u>3,681</u>

Hanover International Limited

Notes To The Financial Statements (continued) For the year ended 31 December 2006

5	Taxation	2006	2005
		£'000	£'000
	Current tax charge	-	-
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	-	4,239
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2005 - 30.00%)	-	1,272
	Effects of:		
	Group relief	-	(61)
	Inter group dividends	-	(2,316)
	Investments written off	-	1,104
	Other tax adjustments	-	1
		-	(1,272)
	Current tax charge	-	-
6	Dividends	2006	2005
		£'000	£'000
	Ordinary interim paid	12,500	-

Hanover International Limited

Notes To The Financial Statements (continued) For the year ended 31 December 2006

7 Fixed asset investments

	Shares in subsidiary undertakings £'000
Cost	
At 1 January 2006 & at 31 December 2006	41,014
Provisions for diminution in value	
At 1 January 2006 & at 31 December 2006	9,374
Net book value	
At 31 December 2006	31,640
At 31 December 2005	31,640

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

The subsidiary companies, all of which are wholly owned by the company and were incorporated in the United Kingdom, were as follows:

Hanover International Hotels Limited
Hanover International Hotels Management (Daventry) Limited
Hanover International Hotels Management (Reading) Limited
Hanover Hotels No 2 Limited
Tweed Investments Limited
Tyne Limited

None of the subsidiary companies traded in the year although Hanover International Hotels Limited received interest and incurred residual expenditure following the cessation of the previous trade. The previous trade of the subsidiary companies was the provision of accommodation for hotel, training and conferencing and related services.

8 Debtors	2006 £'000	2005 £'000
Amounts owed by subsidiary undertaking- Hanover International Hotels Limited	1,220	13,698

9 Creditors: amounts falling due within one year	2006 £'000	2005 £'000
Other creditors	93	97

Hanover International Limited

Notes To The Financial Statements (continued) For the year ended 31 December 2006

10	Share capital	2006	2005
		£'000	£'000
	Authorised		
	60,000,000 Ordinary shares of 25p each	15,000	15,000
		<hr/>	<hr/>
	Allotted, called up and fully paid		
	30,592,670 Ordinary shares of 25p each	7,648	7,648
		<hr/>	<hr/>
11	Statement of movements on reserves		
		Share premium account	Profit and loss account
		£'000	£'000
	Balance at 1 January 2006	21,136	16,553
	Dividends paid	-	(12,500)
		<hr/>	<hr/>
	Balance at 31 December 2006	21,136	4,053
		<hr/>	<hr/>
12	Reconciliation of movements in shareholders' funds	2006	2005
		£'000	£'000
	Profit for the financial year	-	4,239
	Dividends	(12,500)	-
		<hr/>	<hr/>
	Net (depletion in)/addition to shareholders' funds	(12,500)	4,239
	Opening shareholders' funds	45,337	41,098
		<hr/>	<hr/>
	Closing shareholders' funds	32,837	45,337
		<hr/>	<hr/>

13 Related party transactions

Throughout the year funds were transferred between the company and Hanover International Hotels Limited (a subsidiary company). Details of the year end balances with this company are discussed in note 8.

14 Control

The company is a wholly owned subsidiary of Newforge Limited, a company resident in the Isle of Man. Newforge Limited is owned by Incorporated holdings Limited which is ultimately owned by the Bulgham Charitable Trust, an Isle of Man discretionary Trust, exclusively for the benefit of charitable beneficiaries. The trustees of The Bulgham Charitable Trust are Mr D J Morgan and Mr M F Crowe.