

**COCKPIT HOTEL (LONDON) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2006**

THURSDAY



\*LXUNVU3R\*

LD3

25/10/2007

138

COMPANIES HOUSE

## **COCKPIT HOTEL (LONDON) LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	Teo Cheng Woon Teo Kok Woon
<b>Secretary</b>	Tan Shang Teow
<b>Company number</b>	03405105
<b>Registered office</b>	47 Lillie Road London SW6 1UD
<b>Auditors</b>	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
<b>Bankers</b>	National Westminster Bank Plc 9th Floor 280 Bishopsgate London EC2M 4RB  Oversea-Chinese Banking Corporation Limited 111 Cannon Street London EC4N 5AS
<b>Solicitors</b>	Kilpatrick & Lockhart Nicholson Graham LLP 110 Cannon Street London EC4R 6AR

# **COCKPIT HOTEL (LONDON) LIMITED**

## **CONTENTS**

	<b>Page</b>
<b>Directors' report</b>	<b>1</b>
<b>Statement of directors' responsibilities</b>	<b>2</b>
<b>Independent auditors' report</b>	<b>3 - 4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Cash flow statement</b>	<b>7</b>
<b>Notes to the financial statements</b>	<b>8 - 16</b>

# COCKPIT HOTEL (LONDON) LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

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

### Principal activities

The principal activity of the company during the period was that of hotel operators. The company's financial position at 31 December 2006 is shown in the attached balance sheet.

### Business review, performance measure and future developments

The company has continued to operate a hotel in London and the directors are pleased to report that turnover has increased by over 13% over the past year, benefiting from similar trends with other hotels in the London area. Apart from the setting and monitoring of budgets, other key performance indicators include hotel occupancy, average achieved room rates and profit margins.

The hotel is operating in a competitive market environment and is subject to business risks facing other hoteliers in London. The company's key risks identified by the directors are the general economy, attractiveness of the UK as a visitor location, its competitiveness against its main rivals and the maintenance of high standards including complying with all laws and regulations.

The refurbishment programme is now complete and it is expected that the hotel will benefit from this investment. The company will continue to maintain the hotel's high standards to maintain its trading levels.

### Results

The profit for the year, after taxation, amounted to £340,059 (2005 - Loss £210,189).

### Directors

The directors who served during the year were

Teo Cheng Woon  
Teo Kok Woon

### Financial instruments

The company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to price risk or liquidity risk.

### Provision of information to auditors

So far as each of the directors is aware at the time the report is approved

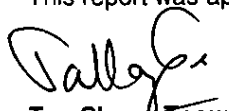
- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### Auditors

The auditors, PKF (UK) LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 3rd Oct 2007

and signed on its behalf

  
Tan Shang Teow  
Secretary

## **COCKPIT HOTEL (LONDON) LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2006**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

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 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 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.

## **COCKPIT HOTEL (LONDON) LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COCKPIT HOTEL (LONDON) LIMITED**

We have audited the financial statements of Cockpit Hotel (London) Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The 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 annual report and 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 have been 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 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.

**COCKPIT HOTEL (LONDON) LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COCKPIT HOTEL (LONDON) LIMITED**

**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,
- 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

*PKF(UK)LLP*

**PKF (UK) LLP**

Registered auditors

London, UK

Date *23 October 2007*

**COCKPIT HOTEL (LONDON) LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Note	2006 £	2005 £
<b>TURNOVER</b>	1	<b>10,164,390</b>	8,957,385
Cost of sales		<u>(695,591)</u>	<u>(614,969)</u>
<b>GROSS PROFIT</b>		<b>9,468,799</b>	8,342,416
Administrative expenses		<u>(8,922,639)</u>	<u>(8,385,636)</u>
Other operating income		<u>62,368</u>	<u>55,378</u>
<b>OPERATING PROFIT</b>	3	<b>608,528</b>	12,158
Interest receivable		7,078	6,030
Interest payable		<u>(274,315)</u>	<u>(228,633)</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>341,291</b>	(210,445)
Tax on profit/(loss) on ordinary activities	6	<u>(1,232)</u>	<u>256</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>	14	<u><b>340,059</b></u>	<u>(210,189)</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2006 or 2005 other than those included in the profit and loss account

The notes on pages 8 to 16 form part of these financial statements



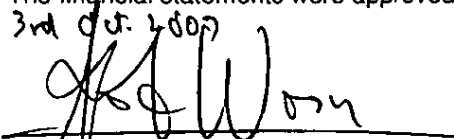
# **COCKPIT HOTEL (LONDON) LIMITED**

## **BALANCE SHEET AS AT 31 DECEMBER 2006**

	Note	£	2006 £	£	2005 £
<b>FIXED ASSETS</b>					
Intangible fixed assets	7		4		4
Tangible fixed assets	8		3,542,302		3,274,935
			<u>3,542,306</u>		<u>3,274,939</u>
<b>CURRENT ASSETS</b>					
Stocks	9	32,447		30,556	
Debtors	10	633,819		547,182	
Cash at bank		93,643		107,669	
		<u>759,909</u>		<u>685,407</u>	
<b>CREDITORS</b> amounts falling due within one year	11	(4,115,226)		(4,192,090)	
<b>NET CURRENT LIABILITIES</b>			<u>(3,355,317)</u>		<u>(3,506,683)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			186,989		(231,744)
<b>CREDITORS</b> amounts falling due after more than one year	12		<u>(4,829,201)</u>		<u>(4,750,527)</u>
<b>NET LIABILITIES</b>			<u><u>(4,642,212)</u></u>		<u><u>(4,982,271)</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		1,000,000		1,000,000
Profit and loss account	14		<u>(5,642,212)</u>		<u>(5,982,271)</u>
<b>SHAREHOLDERS' FUNDS</b>	15		<u><u>(4,642,212)</u></u>		<u><u>(4,982,271)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

3rd Oct. 2007



**Teo Kok Woon**  
Director

The notes on pages 8 to 16 form part of these financial statements

**COCKPIT HOTEL (LONDON) LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2006**

	<b>Note</b>	<b>2006 £</b>	<b>2005 £</b>
Net cash flow from operating activities	16	1,153,696	803,305
Returns on investments and servicing of finance	17	(263,737)	(222,603)
Taxation		-	(1,104)
Capital expenditure and financial investment	17	(1,207,395)	(2,374,180)
<b>CASH OUTFLOW BEFORE FINANCING</b>		<b>(317,436)</b>	<b>(1,794,582)</b>
Financing	17	94,603	1,859,675
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<b>(222,833)</b>	<b>65,093</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2006**

	<b>2006 £</b>	<b>2005 £</b>
(Decrease)/Increase in cash in the year	(222,833)	65,093
Cash inflow from increase in debt and lease financing	(94,603)	(1,859,675)
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>(317,436)</b>	<b>(1,794,582)</b>
Net debt at 1 January 2006	(6,703,647)	(4,909,065)
<b>NET DEBT AT 31 DECEMBER 2006</b>	<b>(7,021,083)</b>	<b>(6,703,647)</b>

The notes on pages 8 to 16 form part of these financial statements

## **COCKPIT HOTEL (LONDON) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

#### **1. ACCOUNTING POLICIES**

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

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

The balance sheet shows that liabilities exceed assets by £4,642,212. As detailed in note 23, the company's parent undertaking Tambusu Holdings Limited provided a new interest free loan of £8,600,000 to repay the company's bank loans and overdraft and loans due to Goodearth Hotels Limited and Cockpit International Pte Limited. Tambusu Holdings Limited has indicated its willingness to provide support to the company for the foreseeable future by not asking for repayment for a minimum period of 12 months from the date of approval of these financial statements. In addition Tambusu Holdings Limited have also indicated that they would provide any other necessary support to enable the company to continue to operate within its cash resources and bank facilities.

The directors have only prepared projected cash flow information up to 31 December 2007. No cash flow information for the subsequent financial year up to a date one year from the date of approval of these financial statements is currently unavailable. On the basis of the cash flow information prepared to 31 December 2007 the directors consider that the company will be able to operate within its cash resources referred to above and agreed bank facilities for a period not less than 12 months from the date of approving the financial statements.

On the basis of the foregoing the directors consider it appropriate to prepare the financial statements on the going concern basis.

##### **1.2 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

##### **1.3 Intangible fixed assets and amortisation**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. Goodwill purchased on acquisition of the hotel has been capitalised at cost. No amortisation is provided as the amounts are immaterial.

##### **1.4 Tangible fixed assets and depreciation**

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

Motor vehicles	-	20-50% straight line
Fixtures & fittings	-	20-50% straight line

##### **1.5 Operating leases**

Rentals under operating leases are charged on a straight line basis over the lease term.

##### **1.6 Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value.

## COCKPIT HOTEL (LONDON) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

#### 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

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

##### 1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

#### 2. TURNOVER

The whole of the turnover is attributable to one class of business

All turnover arose within the United Kingdom

#### 3. OPERATING PROFIT

The operating profit is stated after charging

	2006 £	2005 £
Depreciation of tangible fixed assets		
- owned by the company	934,132	888,365
Operating lease rentals		
- other operating leases	2,600,000	2,600,000
	<u>2,600,000</u>	<u>2,600,000</u>

During the year, no director received any emoluments (2005 - £NIL)

#### 4. AUDITORS' REMUNERATION

	2006 £	2005 £
Fees payable to the company's auditor for the audit of the company's annual accounts	12,700	12,500
	<u>12,700</u>	<u>12,500</u>

**COCKPIT HOTEL (LONDON) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**5. STAFF COSTS**

Staff costs were as follows

	2006 £	2005 £
Wages and salaries	1,435,123	1,530,657
Social security costs	153,706	144,456
	<u>1,588,829</u>	<u>1,675,113</u>

The average monthly number of employees, excluding the directors, during the year was as follows

	2006 No.	2005 No
Operational	97	100
Administrative	8	9
	<u>105</u>	<u>109</u>

**6 TAXATION**

	2006 £	2005 £
<b>Analysis of tax charge/(credit) in the year</b>		
UK corporation tax charge on profits for the year	1,232	-
Adjustments in respect of prior periods	-	(256)
	<u>1,232</u>	<u>(256)</u>
<b>Total current tax</b>	<u>1,232</u>	<u>(256)</u>
<b>Tax on profit/(loss) on ordinary activities</b>	<u>1,232</u>	<u>(256)</u>

# **COCKPIT HOTEL (LONDON) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

### **6 TAXATION (continued)**

#### **Factors affecting tax charge for the year**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2006 £	2005 £
Profit/(loss) on ordinary activities before tax	<u>341,291</u>	<u>(210,445)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 - 30%)	102,387	(63,134)
<b>Effects of.</b>		
Expenses not deductible for tax purposes	487	435
Capital allowances for year in excess of depreciation	51,118	33,226
Utilisation of tax losses	(151,869)	30,467
Marginal relief	(112)	-
Small companies rate differences	(779)	-
Adjustments to tax charge in respect of prior periods	-	(256)
Other short term timing differences	-	(994)
<b>Current tax charge/(credit) for the year (see note above)</b>	<u><u>1,232</u></u>	<u><u>(256)</u></u>

#### **Factors that may affect future tax charges**

The company has trading losses of approximately £2,800,000 (2005 £3,200,000) that are available for offset against future trading profits under current legislation The potential deferred taxation asset of approximately £1,600,000 (2005 £1,600,000) relating to trading losses and timing differences between capital allowances and depreciation has not been recognised as the recoverability of the asset is not sufficiently certain

### **7. INTANGIBLE FIXED ASSETS**

	<b>Goodwill</b> £
<b>Cost</b>	
At 1 January 2006 and 31 December 2006	<u>4</u>
At 31 December 2005	<u><u>4</u></u>

**COCKPIT HOTEL (LONDON) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**8. TANGIBLE FIXED ASSETS**

	Motor vehicles £	Furniture, fittings and equipment £	Total £
<b>Cost</b>			
At 1 January 2006	150,000	9,126,931	9,276,931
Additions	-	1,207,395	1,207,395
Disposals	-	(431,853)	(431,853)
	<hr/>	<hr/>	<hr/>
At 31 December 2006	150,000	9,902,473	10,052,473
<b>Depreciation</b>			
At 1 January 2006	149,996	5,852,000	6,001,996
Charge for the year	-	934,132	934,132
On disposals	-	(425,957)	(425,957)
	<hr/>	<hr/>	<hr/>
At 31 December 2006	149,996	6,360,175	6,510,171
<b>Net book value</b>			
At 31 December 2006	<hr/> 4	<hr/> 3,542,298	<hr/> 3,542,302
At 31 December 2005	<hr/> 4	<hr/> 3,274,931	<hr/> 3,274,935

**9 STOCKS**

	2006 £	2005 £
Food, beverage and similar	<hr/> 32,447	<hr/> 30,556

**10. DEBTORS**

	2006 £	2005 £
Trade debtors	439,575	398,225
Other debtors	16,524	-
Prepayments and accrued income	177,720	148,957
	<hr/> 633,819	<hr/> 547,182

# **COCKPIT HOTEL (LONDON) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

### **11. CREDITORS.**

#### **Amounts falling due within one year**

	2006 £	2005 £
Bank loans and overdrafts	2,645,723	2,420,987
Trade creditors	465,307	303,390
Amounts owed to group undertakings	307,973	987,994
Corporation tax	1,232	-
Social security and other taxes	80,223	77,052
Other creditors	681	2,749
Accruals and deferred income	614,087	399,918
	<u>4,115,226</u>	<u>4,192,090</u>

### **12 CREDITORS:**

#### **Amounts falling due after more than one year**

	2006 £	2005 £
Bank loans	2,274,884	2,096,210
Amounts owed to group undertakings	2,000,000	2,000,000
Other creditors	554,317	654,317
	<u>4,829,201</u>	<u>4,750,527</u>

The bank loans and overdrafts are secured by a first legal mortgage over the company's fixed assets and hotel contract

### **13 SHARE CAPITAL**

	2006 £	2005 £
<b>Authorised, allotted, called up and fully paid</b>		
1,000,000 Ordinary Shares shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

### **14. RESERVES**

	Profit and loss account £
At 1 January 2006	(5,982,271)
Profit retained for the year	340,059
	<u>(5,642,212)</u>
At 31 December 2006	



**COCKPIT HOTEL (LONDON) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

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

	2006 £	2005 £
Opening shareholders' funds	(4,982,271)	(4,772,082)
Profit/(loss) for the year	340,059	(210,189)
Closing shareholders' funds	<u>(4,642,212)</u>	<u>(4,982,271)</u>

**16. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2006 £	2005 £
Operating profit	608,528	12,158
Depreciation of tangible fixed assets	934,132	888,635
Loss/(profit) on disposal of tangible fixed assets	5,896	(42,680)
(Increase)/decrease in stocks	(1,891)	511
(Increase)/decrease in debtors	(86,637)	252,703
Decrease in creditors	(306,332)	(308,022)
<b>Net cash inflow from operations</b>	<u>1,153,696</u>	<u>803,305</u>

**17. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2006 £	2005 £
<b>Returns on investments and servicing of finance</b>		
Interest received	7,078	6,030
Interest paid	(270,815)	(228,633)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<u>(263,737)</u>	<u>(222,603)</u>
	2006 £	2005 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(1,207,395)	(2,418,722)
Sale of tangible fixed assets	-	44,542
<b>Net cash outflow from capital expenditure</b>	<u>(1,207,395)</u>	<u>(2,374,180)</u>
	2006 £	2005 £
<b>Financing</b>		
New secured loans	258,209	1,859,675
Repayment of loans	(163,606)	-
<b>Net cash inflow from financing</b>	<u>94,603</u>	<u>1,859,675</u>

# **COCKPIT HOTEL (LONDON) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

### **18. ANALYSIS OF CHANGES IN NET DEBT**

	1 January 2006 £	Cash flow £	Other non-cash changes £	31 December 2006 £
Cash at bank and in hand	107,669	(14,026)	-	93,643
Bank overdraft	(2,357,267)	(208,807)	-	(2,566,074)
	<u>(2,249,598)</u>	<u>(222,833)</u>	<u>-</u>	<u>(2,472,431)</u>
<b>Debt:</b>				
Debts due within one year	(63,720)	-	(15,929)	(79,649)
Debts falling due after more than one year	(4,390,329)	(94,603)	15,929	(4,469,003)
	<u>(6,703,647)</u>	<u>(317,436)</u>	<u>-</u>	<u>(7,021,083)</u>
<b>Net debt</b>				

### **19. CONTINGENT LIABILITIES**

The company has given a guarantee to the bankers of Goodearth Hotels Limited, a fellow subsidiary undertaking incorporated in the British Virgin Islands, in connection with facilities obtained. The balance outstanding as at 31 December 2006 was £34,557,276. This facility has been cancelled since the year ended (note 23).

### **20. CAPITAL COMMITMENTS**

At 31 December 2006 the company had capital commitments as follows

	2006 £	2005 £
Contracted for but not provided in these financial statements	<u>496,000</u>	<u>242,000</u>

### **21. OTHER COMMITMENTS**

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2006 £	2005 £
<b>Expiry date.</b>		
Between 1 and 5 years	<u>2,600,000</u>	<u>2,600,000</u>

The rent was increased to £4,500,000 with effect from 1 March 2007

## **COCKPIT HOTEL (LONDON) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

#### **22. RELATED PARTY TRANSACTIONS**

The following are related party transactions by virtue of the other party to the transaction being in the same group. No amounts due from any related parties have been written off during the period.

During the period, Goodearth Hotels Limited, a fellow group undertaking, made payments on behalf of the company totalling £90,000 (Year ended 31 December 2005: Goodearth Hotels Limited made payments on behalf of the company totalling £4,568). The company leases the hotel property from Goodearth Hotels Limited at a cost of £2,600,000 per annum. During the period the company paid rent of £2,600,000 (Year ended 31 December 2005: £2,600,000) to Goodearth Hotels Limited. At 31 December 2006, the balance due to Goodearth Hotels Limited was £2,307,973 (31 December 2005: £2,987,994).

During 2005, Mr Teo Kok Woon, the ultimate controlling party, made net advances to the company totalling £294,118. £100,000 of this was paid off during the year and at 31 December 2006, the balance due to Mr Teo Kok Woon was £194,118 (31 December 2005: £294,118).

#### **23. POST BALANCE SHEET EVENTS**

Since the year ended Goodearth Hotels Limited transferred the hotel property to Lillie Investments Limited, a wholly owned subsidiary of Tambusu Holdings Limited, as part of a group restructuring and re-financing with the bank guarantee referred to in note 19 being cancelled. A new interest free loan of £8,600,000 from Tambusu Holdings Limited was received to pay off the bank loans and overdraft and the loans due to Goodearth Hotels Limited and Cockpit International Pte Limited, amounting in the aggregate to £7,714,243 at the date of payment, with the surplus funds used as working capital.

#### **24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate and ultimate parent undertaking is Tambusu Holdings Limited, a company incorporated in British Virgin Islands.

Tambusu Holdings Limited is ultimately controlled by Mr Teo Kok Woon.