

Registered number: 03405105

COCKPIT HOTEL (LONDON) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

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COCKPIT HOTEL (LONDON) LIMITED

COMPANY INFORMATION

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

COCKPIT HOTEL (LONDON) LIMITED

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COCKPIT HOTEL (LONDON), LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and the financial statements for the year ended 31 December 2007

Principal activities

The principal activity of the company during the period was that of hotel operators

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 was completed in the year 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 loss for the year, after taxation, amounted to £446,914 (2006 - profit £340,059)

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

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each 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 auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

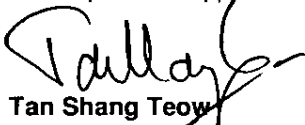
COCKPIT HOTEL (LONDON) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2007**

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 24th June 2008 and signed on its behalf


Tan Shang Teow
Secretary

COCKPIT HOTEL (LONDON) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2007

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 the 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 2007 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 2007 and of its loss 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 *27 June 2008*

COCKPIT HOTEL (LONDON) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007 £	2006 £
TURNOVER	1,2	11,347,048	10,164,390
Cost of sales		<u>(747,836)</u>	<u>(695,591)</u>
GROSS PROFIT		10,599,212	9,468,799
Administrative expenses		<u>(11,093,250)</u>	<u>(8,922,639)</u>
Other operating income	3	<u>64,139</u>	<u>62,368</u>
OPERATING (LOSS)/PROFIT	4	(429,899)	608,528
Interest receivable	7	40,959	7,078
Interest payable	8	<u>(57,974)</u>	<u>(274,315)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(446,914)	341,291
Tax on (loss)/profit on ordinary activities	9	<u>-</u>	<u>(1,232)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	17	<u>(446,914)</u>	<u>340,059</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2007 or 2006 other than those included in the profit and loss account

The notes on pages 9 to 17 form part of these financial statements

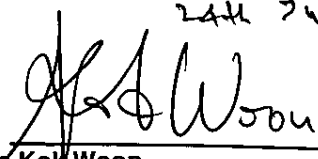
COCKPIT HOTEL (LONDON) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	£	2007 £	£	2006 £
FIXED ASSETS					
Intangible fixed assets	10		4		4
Tangible fixed assets	11		<u>3,094,177</u>		<u>3,542,302</u>
			3,094,181		3,542,306
CURRENT ASSETS					
Stocks	12	29,323		32,447	
Debtors	13	688,895		633,819	
Cash at bank		<u>1,118,511</u>		<u>93,643</u>	
		1,836,729		759,909	
CREDITORS: amounts falling due within one year	14	<u>(1,420,036)</u>		<u>(4,115,226)</u>	
NET CURRENT ASSETS/(LIABILITIES)			416,693		(3,355,317)
TOTAL ASSETS LESS CURRENT LIABILITIES			3,510,874		186,989
CREDITORS: amounts falling due after more than one year	15		<u>(8,600,000)</u>		<u>(4,829,201)</u>
NET LIABILITIES			<u>(5,089,126)</u>		<u>(4,642,212)</u>
CAPITAL AND RESERVES					
Called up share capital	16		1,000,000		1,000,000
Profit and loss account	17		<u>(6,089,126)</u>		<u>(5,642,212)</u>
SHAREHOLDERS' DEFICIT	18		<u>(5,089,126)</u>		<u>(4,642,212)</u>

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

24th June 2008



Ted Koi Woon
Director

The notes on pages 9 to 17 form part of these financial statements

COCKPIT HOTEL (LONDON) LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007 £	2006 £
Net cash flow from operating activities	19	188,317	1,153,696
Returns on investments and servicing of finance	20	(20,515)	(263,737)
Taxation		(1,232)	-
Capital expenditure and financial investment	20	(626,976)	(1,207,395)
CASH OUTFLOW BEFORE FINANCING		(460,406)	(317,436)
Financing	20	4,051,348	94,603
INCREASE/(DECREASE) IN CASH IN THE YEAR		3,590,942	(222,833)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007 £	2006 £
Increase/(Decrease) in cash in the year	3,590,942	(222,833)
Cash inflow from increase in debt and lease financing	(4,051,348)	(94,603)
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	(460,406)	(317,436)
MOVEMENT IN NET DEBT IN THE YEAR	(460,406)	(317,436)
Net debt at 1 January 2007	(7,021,083)	(6,703,647)
NET DEBT AT 31 DECEMBER 2007	(7,481,489)	(7,021,083)

The notes on pages 9 to 17 form part of these financial statements

COCKPIT HOTEL (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

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 £5,089,126. 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 other creditors. 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.

The directors have only prepared profit projections to 31 December 2008 and cashflow forecast to 31 August 2008. Cash flow information for the subsequent period up to a date one year from the date of approval of these financial statements is currently unavailable. On the basis of the profit projections and cash flow information prepared, and their knowledge, the directors consider that the company will be able to operate within its cash resources 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 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.

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 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 2007

2. TURNOVER

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

All turnover arose within the United Kingdom

3 OTHER OPERATING INCOME

	2007 £	2006 £
Other operating income	<u>64,139</u>	<u>62,368</u>

4 OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging

	2007 £	2006 £
Depreciation of tangible fixed assets		
- owned by the company	1,075,101	934,132
Operating lease rentals		
- other operating leases	<u>4,283,333</u>	<u>2,600,000</u>

During the year, no director received any emoluments (2006 - £NIL)

5. AUDITORS' REMUNERATION

	2007 £	2006 £
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>12,700</u>	<u>12,500</u>

COCKPIT HOTEL (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

6 STAFF COSTS

Staff costs were as follows

	2007 £	2006 £
Wages and salaries	1,454,375	1,435,123
Social security costs	157,513	153,706
	<u>1,611,888</u>	<u>1,588,829</u>

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

	2007 No.	2006 No
Operational	95	97
Administrative	7	8
	<u>102</u>	<u>105</u>

7 INTEREST RECEIVABLE

	2007 £	2006 £
Other interest receivable	<u>40,959</u>	<u>7,078</u>

8. INTEREST PAYABLE

	2007 £	2006 £
On bank loans and overdrafts	<u>57,974</u>	<u>274,315</u>

9 TAXATION

	2007 £	2006 £
UK corporation tax charge on (loss)/profit for the year	<u>-</u>	<u>1,232</u>

COCKPIT HOTEL (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

9. TAXATION (continued)

Factors affecting tax charge for the year

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

	2007	2006
	£	£
(Loss)/profit on ordinary activities before tax	(446,914)	341,291
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	(134,074)	102,387
Effects of:		
Expenses not deductible for tax purposes	2,894	487
Capital allowances for year in excess of depreciation	121,290	51,118
Utilisation of tax losses	-	(151,869)
Marginal relief	-	(112)
Small companies rate differences	-	(779)
Losses in year carried forward	9,890	-
Current tax charge for the year (see note above)	-	1,232

Factors that may affect future tax charges

There were no factors that may affect future tax charges

The company has trading losses of approximately £2,800,000 (2006 £2,800,000) that are available for offset against future trading profits under current legislation The potential deferred taxation asset of approximately £330,000 (2006 £314,000 as restated following the abolition of Industrial Buildings Allowances) 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

10. INTANGIBLE FIXED ASSETS

	Goodwill
	£
Cost	
At 1 January 2007 and 31 December 2007	4
Net book value	
At 31 December 2007	4
At 31 December 2006	4

COCKPIT HOTEL (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

11. TANGIBLE FIXED ASSETS

	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost			
At 1 January 2007	150,000	9,902,473	10,052,473
Additions	-	626,976	626,976
Disposals	-	(204,875)	(204,875)
	<hr/>	<hr/>	<hr/>
At 31 December 2007	150,000	10,324,574	10,474,574
Depreciation			
At 1 January 2007	149,996	6,360,175	6,510,171
Charge for the year	-	1,075,101	1,075,101
On disposals	-	(204,875)	(204,875)
	<hr/>	<hr/>	<hr/>
At 31 December 2007	149,996	7,230,401	7,380,397
Net book value			
At 31 December 2007	4	3,094,173	3,094,177
	<hr/>	<hr/>	<hr/>
At 31 December 2006	4	3,542,298	3,542,302
	<hr/>	<hr/>	<hr/>

12. STOCKS

	2007 £	2006 £
Food, beverage and similar	29,323	32,447
	<hr/>	<hr/>

13. DEBTORS

	2007 £	2006 £
Trade debtors	494,103	439,575
Amounts owed by group undertakings	8,935	-
Other debtors	-	16,524
Prepayments and accrued income	185,857	177,720
	<hr/>	<hr/>
	688,895	633,819
	<hr/>	<hr/>

COCKPIT HOTEL (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

14. CREDITORS: Amounts falling due within one year

	2007 £	2006 £
Bank loans and overdrafts	-	2,645,723
Trade creditors	298,905	465,307
Amounts owed to group undertakings	442,517	307,973
Corporation tax	-	1,232
Social security and other taxes	102,935	80,223
Other creditors	-	681
Accruals and deferred income	575,679	614,087
	<u>1,420,036</u>	<u>4,115,226</u>

15. CREDITORS: Amounts falling due after more than one year

	2007 £	2006 £
Bank loans	-	2,274,884
Amounts owed to group undertakings	8,600,000	2,000,000
Other creditors	-	554,317
	<u>8,600,000</u>	<u>4,829,201</u>

16. SHARE CAPITAL

	2007 £	2006 £
Authorised, allotted, called up and fully paid		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

17. RESERVES

	Profit and loss account £
At 1 January 2007	(5,642,212)
Loss for the year	(446,914)
	<u>(6,089,126)</u>
At 31 December 2007	

COCKPIT HOTEL (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007**

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2007 £	2006 £
Opening shareholders' deficit	(4,642,212)	(4,982,271)
(Loss)/profit for the year	(446,914)	340,059
	<u>(5,089,126)</u>	<u>(4,642,212)</u>
Closing shareholders' deficit		

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2007 £	2006 £
Operating (loss)/profit	(429,899)	608,528
Depreciation of tangible fixed assets	1,075,101	934,132
Loss on disposal of tangible fixed assets	-	5,896
Decrease/(increase) in stocks	3,124	(1,891)
Increase in debtors	(55,076)	(86,637)
Decrease in creditors	(404,933)	(306,332)
	<u>188,317</u>	<u>1,153,696</u>
Net cash inflow from operations		

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2007 £	2006 £
Returns on investments and servicing of finance		
Interest received	40,959	7,078
Interest paid	(61,474)	(270,815)
	<u>(20,515)</u>	<u>(263,737)</u>
Net cash outflow from returns on investments and servicing of finance		
	<u>(20,515)</u>	<u>(263,737)</u>
	2007 £	2006 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(626,976)	(1,207,395)
	<u>(626,976)</u>	<u>(1,207,395)</u>
	2007 £	2006 £
Financing		
New secured loans	-	258,209
Repayment of loans	(4,548,652)	(163,606)
Other new loans	8,600,000	-
	<u>4,051,348</u>	<u>94,603</u>
Net cash inflow from financing		

COCKPIT HOTEL (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

21. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2007 £	Cash flow £	Other non-cash changes £	31 December 2007 £
Cash at bank and in hand	93,643	1,024,868	-	1,118,511
Bank overdraft	(2,566,074)	2,566,074	-	-
	<u>(2,472,431)</u>	<u>3,590,942</u>	<u>-</u>	<u>1,118,511</u>
Debt:				
Debts due within one year	(79,649)	79,649	-	-
Debts falling due after more than one year	(4,469,003)	(4,130,997)	-	(8,600,000)
Net debt	<u>(7,021,083)</u>	<u>(317,436)</u>	<u>-</u>	<u>(7,481,489)</u>

22. CAPITAL COMMITMENTS

At 31 December 2007 the Company had capital commitments as follows

	2007 £	2006 £
Contracted for but not provided in these financial statements	<u>-</u>	<u>496,000</u>

23. OTHER COMMITMENTS

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2007 £	2006 £
Expiry date:		
Between 1 and 5 years	-	2,600,000
After more than 5 years	<u>4,500,000</u>	<u>-</u>

COCKPIT HOTEL (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

24. 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 year.

During the year, Tambusu Holdings Limited provided a new interest free loan of £8,600,000 to the company. This balance was outstanding at the end of the year.

During the year, Goodearth Hotels Limited, a fellow group undertaking, made payments on behalf of the company totalling £nil (2006: £90,000). The company leases the hotel property from Goodearth Hotels Limited until 1 March 2007 when Goodearth Hotels Limited transferred the lease to Lillie Investments Limited, a fellow group undertaking. During the year the company paid rent of £533,333 (2006: £2,600,000) to Goodearth Hotels Limited, and £3,750,000 (2006: £nil) to Lillie Investments Limited. The balance due to Goodearth Hotels Limited was fully repaid in the year (2006: £2,307,973). At 31 December 2007, the balance due to Lillie Investments Limited was £442,517 (2006: £nil).

During the year the company made net advances of £8,935 (2006: £nil) to Favor Well Limited, a fellow group undertaking. At 31 December 2007, the balance due to the company was £8,935 (2006: £nil).

The loan of £194,118 due to Mr Teo Kok Woon, the ultimate controlling party, as at 31 December 2006 was fully repaid during the year.

25. 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.