

Registered number: 03405105

COCKPIT HOTEL (LONDON) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

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COCKPIT HOTEL (LONDON) LIMITED

COMPANY INFORMATION

Directors	Teo Cheng Woon Teo Kok Woon
Company 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 2008

The directors present their report and the financial statements for the year ended 31 December 2008.

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 7% 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 £353,063 (2007 - loss £446,914).

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
- that 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.

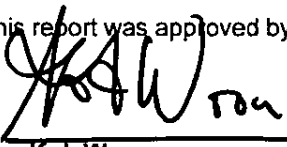
COCKPIT HOTEL (LONDON) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008**

Auditors

Under section 487 of the Companies Act 2006, PKF (UK) LLP will be deemed to have been reappointed as auditor(s) 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 22nd Sept 2009 and signed on its behalf.


Teo Kok Woon
Director

COCKPIT HOTEL (LONDON) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2008

The directors are responsible for preparing the Annual report and the financial statements and other information included in Annual reports in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements and other information included in Annual reports for each financial year. Under that law the directors have elected to prepare the financial statements and other information included in Annual reports in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements and other information included in Annual reports 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 and other information included in Annual reports, 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 and other information included in Annual reports 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 and other information included in Annual reports 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 2008 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 2008 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: *30 September 2009.*

COCKPIT HOTEL (LONDON) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	2008 £	2007 £
TURNOVER	1	12,130,154	11,347,048
Cost of sales		<u>(759,619)</u>	<u>(747,836)</u>
GROSS PROFIT		11,370,535	10,599,212
Administrative expenses		<u>(11,882,277)</u>	<u>(11,093,250)</u>
Other operating income	3	<u>118,081</u>	<u>64,139</u>
OPERATING LOSS	4	(393,661)	(429,899)
Interest receivable	7	40,598	40,959
Interest payable	8	<u>-</u>	<u>(57,974)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(353,063)	(446,914)
Tax on loss on ordinary activities	9	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR	17	<u>(353,063)</u>	<u>(446,914)</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2008 or 2007 other than those included in the profit and loss account.

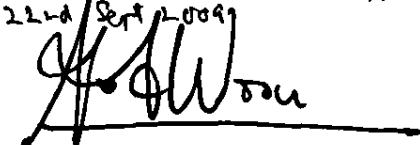
The notes on pages 9 to 17 form part of these financial statements.

COCKPIT HOTEL (LONDON) LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	£	2008 £	£	2007 £
FIXED ASSETS					
Intangible fixed assets	10		4		4
Tangible fixed assets	11		2,402,175		3,094,177
			<u>2,402,179</u>		<u>3,094,181</u>
CURRENT ASSETS					
Stocks	12	31,823		29,323	
Debtors	13	653,265		688,895	
Cash at bank and in hand		1,146,806		1,118,511	
		<u>1,831,894</u>		<u>1,836,729</u>	
CREDITORS: amounts falling due within one year	14	(1,726,262)		(1,420,036)	
NET CURRENT ASSETS			<u>105,632</u>		<u>416,693</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,507,811</u>		<u>3,510,874</u>
CREDITORS: amounts falling due after more than one year	15		(7,950,000)		(8,600,000)
NET LIABILITIES			<u>(5,442,189)</u>		<u>(5,089,126)</u>
CAPITAL AND RESERVES					
Called up share capital	16		1,000,000		1,000,000
Profit and loss account	17		(6,442,189)		(6,089,126)
SHAREHOLDERS' DEFICIT	18		<u>(5,442,189)</u>		<u>(5,089,126)</u>

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

22nd Sept 2009


Teo Kok 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 2008**

	Note	2008 £	2007 £
Net cash flow from operating activities	19	371,362	188,317
Returns on investments and servicing of finance	20	40,598	(20,515)
Taxation	20	-	(1,232)
Capital expenditure and financial investment	20	(368,165)	(626,976)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		43,795	(460,406)
Financing	20	(15,500)	4,051,348
INCREASE IN CASH IN THE YEAR		28,295	3,590,942

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	2008 £	2007 £
Increase in cash in the year	28,295	3,590,942
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	15,500	(4,051,348)
MOVEMENT IN NET DEBT IN THE YEAR	43,795	(460,406)
Net debt at 1 January 2008	(7,481,489)	(7,021,083)
NET DEBT AT 31 DECEMBER 2008	(7,437,694)	(7,481,489)

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 2008

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 £5,442,189. Tambusu Holdings Limited has indicated its willingness to provide support to the company for the foreseeable future, being a period of at least 12 months from the date of authorisation of these financial statements and has confirmed to the company that it will not seek repayment of the amount due to it of £7,950,000 before, at the earliest, 31 December 2010.

The company made a profit for the financial year, prior to the charging of depreciation of £757,100 (2007: £628,187).

Taking the above matters into account the directors are of the view that the company will be able to meet its liabilities as they fall due over the 12 months from the date of authorisation of these financial statements. Accordingly, the financial statements have been prepared 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	- 5-33% 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 are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

COCKPIT HOTEL (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

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

	2008	2007
	£	£
Other operating income	118,081	64,139

4. OPERATING LOSS

The operating loss is stated after charging:

	2008	2007
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	1,110,163	1,075,101
Operating lease rentals:		
- other operating leases	4,589,836	4,283,333

During the year, no director received any emoluments (2007 - £NIL).

5. AUDITORS' REMUNERATION

	2008	2007
	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	14,450	13,750

COCKPIT HOTEL (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

6. STAFF COSTS

Staff costs were as follows:

	2008	2007
	£	£
Wages and salaries	1,543,453	1,454,375
Social security costs	160,387	157,513
	<u>1,703,840</u>	<u>1,611,888</u>

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

	2008	2007
	No.	No.
Operational	96	95
Administrative	8	7
	<u>104</u>	<u>102</u>

7. INTEREST RECEIVABLE

	2008	2007
	£	£
Other interest receivable	<u>40,598</u>	<u>40,959</u>

8. INTEREST PAYABLE

	2008	2007
	£	£
On bank loans and overdrafts	<u>-</u>	<u>57,974</u>

COCKPIT HOTEL (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

9. TAXATION

Factors affecting tax charge for the year

The tax charged for the year is at variance to the standard rate of corporation tax in the UK. The differences are explained below:

	2008 £	2007 £
Loss on ordinary activities before tax	<u>(353,063)</u>	<u>(446,914)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2007 - 30%)	(98,858)	(134,074)
Effects of:		
Expenses not deductible for tax purposes	(13,240)	2,894
Capital allowances for year in excess of depreciation	81,514	121,290
Losses in year carried forward	30,584	9,890
	<u> </u>	<u> </u>
Current tax charge for the year (see note above)	<u> - </u>	<u> - </u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

The company has trading losses of approximately £3,100,000 (2007:£2,800,000) that are available for offset against future trading profits under current legislation. The potential deferred taxation asset of approximately £940,000 (2007: £330,000) 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.

10. INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
At 1 January 2008 and 31 December 2008	<u>4</u>
Net book value	
At 31 December 2008	<u>4</u>
At 31 December 2007	<u>4</u>

COCKPIT HOTEL (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

11. TANGIBLE FIXED ASSETS

	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost			
At 1 January 2008	150,000	10,324,574	10,474,574
Additions	-	418,165	418,165
Disposals	(150,000)	-	(150,000)
	<hr/>	<hr/>	<hr/>
At 31 December 2008	-	10,742,739	10,742,739
Depreciation			
At 1 January 2008	149,996	7,230,401	7,380,397
Charge for the year	-	1,110,163	1,110,163
On disposals	(149,996)	-	(149,996)
	<hr/>	<hr/>	<hr/>
At 31 December 2008	-	8,340,564	8,340,564
Net book value			
At 31 December 2008	-	2,402,175	2,402,175
	<hr/>	<hr/>	<hr/>
At 31 December 2007	4	3,094,173	3,094,177
	<hr/>	<hr/>	<hr/>

12. STOCKS

	2008 £	2007 £
Food and beverage	31,823	29,323
	<hr/>	<hr/>

13. DEBTORS

	2008 £	2007 £
Trade debtors	428,292	494,103
Amounts owed by group undertakings	8,863	8,935
Prepayments and accrued income	216,110	185,857
	<hr/>	<hr/>
	653,265	688,895
	<hr/>	<hr/>

COCKPIT HOTEL (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

14. CREDITORS:

Amounts falling due within one year

	2008	2007
	£	£
Trade creditors	330,122	298,905
Amounts owed to group undertakings	634,500	442,517
Social security and other taxes	4,761	102,935
Other creditors	6,266	-
Accruals and deferred income	750,613	575,679
	<u>1,726,262</u>	<u>1,420,036</u>

15. CREDITORS:

Amounts falling due after more than one year

	2008	2007
	£	£
Amounts owed to group undertakings	<u>7,950,000</u>	<u>8,600,000</u>

16. SHARE CAPITAL

	2008	2007
	£	£
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 2008	(6,089,126)
Loss for the year	(353,063)
At 31 December 2008	<u>(6,442,189)</u>

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2008	2007
	£	£
Opening shareholders' deficit	(5,089,126)	(4,642,212)
Loss for the year	(353,063)	(446,914)
Closing shareholders' deficit	<u>(5,442,189)</u>	<u>(5,089,126)</u>

COCKPIT HOTEL (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2008	2007
	£	£
Operating loss	(393,661)	(429,899)
Depreciation of tangible fixed assets	1,110,163	1,075,101
Profit on disposal of tangible fixed assets	(49,996)	-
(Increase)/decrease in stocks	(2,500)	3,124
Decrease/(increase) in debtors	35,630	(55,076)
Decrease in creditors	(328,274)	(404,933)
Net cash inflow from operations	371,362	188,317

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

	2008	2007
	£	£
Returns on investments and servicing of finance		
Interest received	40,598	40,959
Interest paid	-	(61,474)
Net cash inflow/(outflow) from returns on investments and servicing of finance	40,598	(20,515)
	2008	2007
	£	£
Taxation		
Corporation tax repaid/(paid)	-	(1,232)
	2008	2007
	£	£
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(418,165)	(626,976)
Sale of tangible fixed assets	50,000	-
Net cash outflow from capital expenditure	(368,165)	(626,976)
	2008	2007
	£	£
Financing		
Repayment of loans	(15,500)	(4,548,652)
Other new loans	-	8,600,000
Net cash (outflow)/inflow from financing	(15,500)	4,051,348

COCKPIT HOTEL (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

21. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2008 £	Cash flow £	Other non-cash changes £	31 December 2008 £
Cash at bank and in hand:	1,118,511	28,295	-	1,146,806
Debt:				
Debts due within one year	-	15,500	(650,000)	(634,500)
Debts falling due after more than one year	(8,600,000)	-	650,000	(7,950,000)
Net debt	(7,481,489)	43,795	-	(7,437,694)

£650,000 of the loan due to group undertakings was transfer to current liabilities as it was repaid after the year ended.

22. OTHER COMMITMENTS

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2008	2007
	£	£
Expiry date:		
Within 1 year	90,000	-
After more than 5 years	4,650,000	4,500,000

23. 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 prior year, Tambusu Holdings Limited provided a new interest free loan of £8,600,000 to the company. This balance at the year end was £8,584,500 (2007: £8,600,000), following repayments of £15,500 in the year.

The company leases the hotel property from Lille Investments Limited, a fellow group undertaking. During the year the company was charged rent of £4,559,836 (2007: £3,750,000) by Lillie Investments Limited, and £nil (2007: £533,333) to Goodearth Hotels Limited. The year end balance due to Lillie Investments Limited was £nil (2007: £442,517).

During the year the company entered into a lease agreement with Favor Well Limited, a fellow group undertaking, for use of the land adjacent to the hotel. The rent charged and paid during the year was £30,000 (2007: £nil). The year end balance due to Favor Well Limited was £8,863 (2007: £8,935).

COCKPIT HOTEL (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

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.