

## **Havana Holdings (UK) Limited**

Report and Financial Statements

Year Ended

31 December 2008



**BDO**

**BDO Stoy Hayward**  
Chartered Accountants

# Havana Holdings (UK) Limited

Annual report and financial statements  
for the year ended 31 December 2008

---

## Contents

### Page:

1	Report of the directors
4	Report of the independent auditors
6	Consolidated profit and loss account
7	Consolidated statement of total recognised gains and losses
8	Consolidated reconciliation of movement in shareholders' funds
8	Company reconciliation of movement in shareholders' funds
9	Consolidated balance sheet
10	Company balance sheet
11	Consolidated cash flow statement
12	Notes forming part of the financial statements

---

## Directors

M A Cairns  
J O'Shea  
S Moatassem  
J Rea

## Secretary and registered office

S Moatassem, 30 Portman Square, London, W1A 4ZX.

## Company number

3513344

## Auditors

BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU.

-----

# Havana Holdings (UK) Limited

## Report of the directors for the year ended 31 December 2008

The directors present their report together with the audited financial statements for the year ended 31 December 2008.

### Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year.

The directors do not recommend an ordinary dividend (2007 - £Nil).

### Principal activities and future developments

The principal activity of the company is that of proprietor of the Hyatt Regency London – The Churchill, a five star deluxe Hotel with 444 bedrooms.

There have been no changes in the company's activities in the year under review.

### Business review

Following a major refurbishment project undertaken from April 2006 up to July 2007 which saw the total refurbishment of all rooms and suites as well as major back-of-house infrastructure improvement works, 2008 was the first year that the hotel facilities have been fully operational and to a standard that would be considered competitive with other hotel products in our market.

The profit and loss account is set out on page 5 and shows turnover for the year of £33.8m a profit for the year of £10.2m.

Turnover shows an increase year on year of 18% which mainly reflects the increase in room inventory after the refurbishment and our focused approach in driving sales both in the National and International markets with particular attention to the more "future proof" industries and geographical sources.

After a strong start to the year, the hotel began to feel the effects of the economic downturn and, in line with the hotel industry in London, revenue fell behind budget in the final third of 2008. Despite these external pressures, we are pleased that our efforts to increase internal efficiency and undertake cost saving activities has meant that profit has increased at a greater rate than revenue.

The directors' strategy in 2009, is to continue to drive economic success through a focus on room rates while not losing occupancy, by increasing food and beverage covers whilst maintaining prices at competitive and affordable levels, by controlling costs to levels in line with our growth and by offering a first class provision of additional services and facilities.

There have been no events since the balance sheet date which materially affect the position of the company.

### Principal risks and uncertainties:

The hospitality industry in London remains highly competitive and the company seeks to manage the risk of losing customers to key competitors by focusing on anticipating, meeting and exceeding the expectations of our customers, encouraging client loyalty and extending retention.

The refurbishment of all public area and guest-room facilities demonstrates our commitment to re-establishing and re-positioning Hyatt Regency London – The Churchill as one of the leading hotels in London by 2009/10. We believe The Churchill is well placed to re-gain and sustain a definable advantage in its market place.

The company credit risk is primarily attributable to its trade debtors. Credit risk is well managed by running credit checks on new and existing customers and by monitoring payments against contractual agreements.

# Havana Holdings (UK) Limited

## Report of the directors for the year ended 31 December 2008 (*Continued*)

---

### Financial instruments

Details of the financial risk management objectives and policies and the use of financial instruments by the company are provided in note 22 to the financial statements.

### Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

M A Cairns  
J O'Shea  
S Moatassem  
J Rea

No director had any beneficial interest in the ordinary shares of the company at any time during the year.

### Employment of disabled persons

The nature of the group's business is such that the duties of the majority of employees can only be performed by able-bodied people. Disabled people are not discriminated against when applying for suitable posts. Every effort is made to transfer employees becoming disabled to suitable posts within the groups.

### Employee involvement

The group's communications with employees are conducted informally through the established supervisory structure.

### Directors' responsibilities

The directors are responsible for preparing the Annual Report and Financial instruments 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 the group and of the profit or loss of the group for that year. 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;
- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements; and
- 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 the group and to 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.

# Havana Holdings (UK) Limited

## Report of the directors for the year ended 31 December 2008 (*Continued*)

---

### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

### On behalf of the Board



Director

Date 03 SEP 2009

# Havana Holdings (UK) Limited

## Report of the Independent auditors

---

### To the shareholders of Havana Holdings (UK) Limited

We have audited the financial statements of Havana Holdings (UK) Limited for the year ended 31 December 2008 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, consolidated reconciliation of movement in shareholders funds, company reconciliation of movement in shareholders' funds, consolidated balance sheet, company balance sheet, consolidated cash flow statement and related notes. These financial statements have been prepared under the accounting policies set out therein.

#### *Respective responsibilities of directors and auditors*

The directors' responsibilities for preparing 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 and whether the information given in the directors' report is consistent with those 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *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 group'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.

# Havana Holdings (UK) Limited

## Report of the independent auditors (*Continued*)

---

### *Opinion*

In our opinion:

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 December 2008 and of its profit for the year then ended;
- the parent company financial statements gives a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practise, of the state of the parent company's affairs as at 31 December 2008;
- 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.



**BDO STOY HAYWARD LLP**

*Chartered Accountants  
and Registered Auditors  
London*

4 September 2009

# Havana Holdings (UK) Limited

## Consolidated profit and loss account for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
<b>Turnover</b>	2	33,898	28,625
Raw materials and consumables		(1,528)	(1,327)
Other external charges		(1,981)	(1,853)
Staff costs	3	(9,540)	(8,621)
Depreciation		(5,003)	(4,589)
Other operating charges		(7,109)	(7,241)
<b>Operating profit</b>	4	8,737	4,994
Interest receivable and similar income		276	126
Interest payable and similar charges	5	(5,622)	(6,177)
<b>Profit/(loss) on ordinary activities before taxation</b>		3,391	(1,057)
Taxation charge on profit/(loss) from ordinary activities	6	(591)	(88)
<b>Profit/(loss) on ordinary activities after taxation</b>	14	2,800	(1,145)

All amounts relate to continuing activities.

The notes on pages 12 to 26 form part of these financial statements.



## Havana Holdings (UK) Limited

### Consolidated statement of total recognised gains and losses for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Profit/(loss) for the year		2,800	(1,145)
Actuarial gains and losses on defined benefit scheme	15	(1,527)	7,384
Deferred tax arising on actuarial gain and losses on defined benefit scheme		211	(2,209)
Current tax relief on defined benefit scheme		216	-
		<hr/>	<hr/>
Total recognised gains and losses since last financial statements		1,700	4,030
		<hr/>	<hr/>

The notes on pages 12 to 26 form part of these financial statements.

# Havana Holdings (UK) Limited

## Consolidated reconciliation of movements in shareholders' funds for the year ended 31 December 2008

	2008 £'000	2007 £'000
<b>Consolidated reconciliation of movements in shareholders' funds</b>		
Opening shareholders' funds	31,334	27,304
Profit/(loss) for the year	2,800	(1,145)
Actuarial (losses)/gains on defined benefit scheme	(1,527)	7,384
Deferred tax arising on actuarial gains on defined benefit scheme	211	(2,209)
Current tax relief on defined benefit scheme	216	-
Net increase in shareholders' funds	1,700	4,030
Closing shareholders' funds	33,034	31,334
<b>Company reconciliation of movements in shareholders' funds</b>		
Opening shareholders' funds	22,040	22,551
Loss for the year	(965)	(511)
Closing shareholders' funds	21,075	22,040

The notes on pages 12 to 26 form part of these financial statements.

# Havana Holdings (UK) Limited

## Consolidated balance sheet at 31 December 2008

	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
<b>Fixed assets</b>					
Tangible assets	7		146,388		149,041
<b>Current assets</b>					
Stocks	9	401		405	
Debtors	10	3,448		3,681	
Cash at bank and in hand		11,287		7,480	
		15,136		11,566	
<b>Creditors: amounts falling due within one year</b>	11	6,787		6,438	
<b>Net current assets</b>			8,349		5,128
<b>Total assets less current liabilities</b>			154,737		154,169
<b>Creditors: amounts falling due after more than one year</b>	12		121,608		123,284
<b>Net assets excluding pension liability</b>			33,129		30,885
<b>Pension (liability)/asset</b>			(95)		449
			33,034		31,334
<b>Capital and reserves</b>					
Called up share capital	13		42,500		42,500
Share premium	14		5,000		5,000
Profit and loss account	14		(14,466)		(16,166)
<b>Shareholders' funds</b>			33,034		31,334

The financial statements were approved by the Board of Directors and authorised for issue on **03 SEP 2009**

Director



The notes on pages 12 to 26 form part of these financial statements.

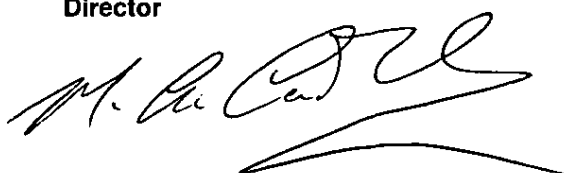
# Havana Holdings (UK) Limited

## Company balance sheet at 31 December 2008

	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
<b>Fixed assets</b>					
Investments	8		72,838		72,838
<b>Current assets</b>					
Debtors					
- recoverable within one year	10	2		2	
- recoverable in more than one year	10	157,251		151,197	
Cash at bank and in hand		1,906		968	
		<u>159,159</u>		<u>152,167</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>86,564</u>		<u>79,681</u>	
<b>Net current assets</b>			<u>72,595</u>		<u>72,486</u>
<b>Total assets less current liabilities</b>			<u>145,433</u>		<u>145,324</u>
<b>Creditors: amounts falling due after more than one year</b>	12		<u>124,358</u>		<u>123,284</u>
			<u>21,075</u>		<u>22,040</u>
<b>Capital and reserves</b>					
Called up share capital	13		42,500		42,500
Share premium	14		5,000		5,000
Profit and loss account	14		(26,425)		(25,460)
<b>Shareholders' funds</b>			<u>21,075</u>		<u>22,040</u>

The financial statements were approved by the Board of Directors and authorised for issue on **03 SEP 2009**

Director



The notes on pages 12 to 26 form part of these financial statements.

# Havana Holdings (UK) Limited

## Consolidated cash flow statement for the year ended 31 December 2008

	Note	2008 £'000	2008 £'000	2007 £'000	2007 £'000
<b>Net cash inflow from operating activities</b>	18		11,427		11,781
<b>Returns on investments and servicing of finance</b>					
Interest received		276		126	
Interest paid		(5,610)		(6,149)	
<b>Net cash outflow from returns on investment and servicing finance</b>			(5,334)		(6,023)
<b>Taxation</b>					
UK Corporation tax			250		-
<b>Capital expenditure</b>					
Purchase of tangible fixed assets			(2,360)		(9,306)
<b>Cash inflow/(outflow) before use of liquid resources and financing</b>			3,983		(3,548)
<b>Financing</b>					
Bank loans repaid		(1,250)		-	
Bank loans received		1,337		7,439	
Funds received from parent undertaking		-		712	
Payments made on behalf of parent		(263)		(272)	
<b>Net cash flow from financing</b>			(176)		7,879
<b>Increase in cash</b>	19		3,807		4,331

The notes on pages 12 to 26 form part of these financial statements.

# Havana Holdings (UK) Limited

## Notes forming part of the financial statements for the year ended 31 December 2008

### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

#### *Consolidation*

The consolidated financial statements incorporate the financial statements of Havana Holdings (UK) Limited and all of its subsidiaries. The results of companies acquired are included in the profit and loss account from the date of acquisition.

In accordance with the exemption allowed in Section 230 (3) of Companies Act 1985, a separate profit and loss account dealing with the results of the company has not been prepared. The group profit for the year includes a loss of £965,000 (2007 - £511,000) which is dealt with in the financial statements of the company.

#### *Turnover*

Turnover represents the invoiced value of goods and services, exclusive of VAT, provided to customers of the Hyatt Regency London - The Churchill, Portman Square, London.

#### *Depreciation*

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets, except for investment properties and freehold land evenly over their expected useful lives. It is calculated at the following rates:

Long leasehold land and buildings	- 50 years
Fixtures, fittings, tools and equipment	- 10 years

#### *Stocks*

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

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

#### *Foreign currency*

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

# Havana Holdings (UK) Limited

## Notes forming part of the financial statements for the year ended 31 December 2008 (*Continued*)

---

### 1 Accounting policies (*Continued*)

#### *Leased assets*

Annual rentals on operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

#### *Pensions*

The group operates a defined benefit pension scheme.

For defined benefit schemes, pension scheme assets are measured using market values, and pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

#### *Discounted loan notes*

The finance cost of discounted loan notes is calculated at a constant rate on the carrying amount such that the value of the initial proceeds from the loan notes and accrued interest will equal the value at which the loan notes are to be redeemed at the date of maturity.

#### *Liquid resources*

Liquid resources consist of amounts on deposit with a maturity of up to twelve months.

#### *Financial risk management*

Exposure to movements in rates of foreign exchange in relation to trading transactions between the date that a contractual obligation is entered into and the date of completion of the contract is hedged through the use of currency asset and liability matching forward exchange contracts and other financial instruments where in the opinion of the directors the expected benefit exceeds the expected cost.

Exposure to movements in interest rates is reviewed regularly by the directors. The group utilises financial instruments to limited the group's exposure to movements in interest rates where in the opinion of the directors the expected benefits of such arrangements exceed the expected costs or at the request of the group's lenders.

Gains and losses arising on derivative instruments to hedge the group's exposure to transactions in foreign currencies are recognised in the profit and loss accounts when the hedge transaction is completed.

Further information is provided in note 19 to the financial statements.

### 2 Turnover

Turnover represents the invoiced value of goods and services, exclusive of VAT, provided to customers of the Hyatt Regency London - The Churchill Hotel, Portman Square, London. All revenue is generated in the United Kingdom.

The directors consider the whole of the activities of the group constitute a single class of business.

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (*Continued*)

## 3 Directors and employees

	2008 £'000	2007 £'000
Staff costs (including directors) consist of:		
Wages and salaries	8,444	7,274
Social security costs	644	637
Other pension costs	452	710
	<u>9,540</u>	<u>8,621</u>

The average number of employees during the year was 291 (2007 – 268).

The directors received fees of £75,000 (2007 - £75,000) during the year.

## 4 Operating profit

	2008 £'000	2007 £'000
This is arrived at after charging:		
Depreciation on fixed assets	5,003	4,589
Hire of other assets - operating leases	640	664
Auditors' remuneration - group audit services	64	73
- taxation services	28	41
- other services	12	12
	<u></u>	<u></u>

## 5 Interest payable and similar charges

	2008 £'000	2007 £'000
Bank loans	4,759	5,394
Interest on amounts owed to parent undertaking	-	712
Interest on pension scheme liabilities	-	1,201
Expected return on pension scheme assets	863	(1,130)
	<u>5,622</u>	<u>6,177</u>



# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (*Continued*)

## 6 Taxation on loss from ordinary activities

	2008 £'000	2007 £'000
<i>Current tax</i>		
UK corporation tax on loss of the year	452	-
Adjustment in respect of previous years	(66)	-
	<hr/>	<hr/>
Current tax	386	-
Deferred tax - on defined benefit scheme	-	88
- other	205	-
	<hr/>	<hr/>
Tax charge	591	88
	<hr/>	<hr/>

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below:

	2008 £'000	2007 £'000
Profit/(loss) on ordinary activities before tax	3,391	(1,057)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 28.5% (2007 – 30%)	966	(317)
Effects of:		
Expenses not deductible for tax purposes	63	85
Depreciation for year in excess of capital allowances	832	999
Difference between pension charge and amount paid	-	(127)
Brought forward losses used	(1,409)	(842)
Adjustment in respect of previous years	(66)	-
Losses carried forward	-	33
Other timing differences	-	169
	<hr/>	<hr/>
Current tax charge for year	386	-
	<hr/>	<hr/>

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (*Continued*)

## 7 Tangible assets - group

	Long leasehold land and buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Cost</i>			
At 1 January 2008	148,946	28,547	177,493
Additions	-	2,350	2,350
	<hr/>	<hr/>	<hr/>
At 31 December 2008	<b>148,946</b>	<b>30,897</b>	<b>179,843</b>
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2008	19,172	9,280	28,452
Provided for the year	2,394	2,609	5,003
	<hr/>	<hr/>	<hr/>
At 31 December 2008	<b>21,566</b>	<b>11,889</b>	<b>33,455</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2008	<b>127,380</b>	<b>19,009</b>	<b>146,389</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2007	129,774	19,267	149,041
	<hr/>	<hr/>	<hr/>

There were no fixed assets held within the company (2007 - £Nil).

## 8 Fixed asset investments

	2008 £'000	2007 £'000
<b>Company</b>		
<i>Cost and net book value</i>		
1 January 2008 and 31 December 2008	<b>72,838</b>	<b>72,838</b>
	<hr/>	<hr/>

The company's subsidiaries, owned directly or indirectly and included within the consolidated financial statements are as follows:

Name	Principal activities	Description and proportion of shares held	Country of registration
Primeairo Limited	Holding company	100% ordinary shares	England
International Hoteliers (UK) Limited	Hotel owning company	100% ordinary shares	England
Churchill Group Limited	Hoteliers	100% ordinary shares 100% deferred shares	England

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (*Continued*)

## 9 Stocks

	Group 2008 £'000	Group 2007 £'000
Consumables	-	21
Goods for resale	105	88
Operating equipment	296	296
	<u>401</u>	<u>405</u>

## 10 Debtors

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Amounts receivable within one year:				
Trade debtors	1,809	1,651	-	-
Corporation tax	-	184	-	-
Other debtors	54	113	2	2
Deferred tax	1,114	1,319	-	-
Prepayments and accrued income	471	414	-	-
	<u>3,448</u>	<u>3,681</u>	<u>2</u>	<u>2</u>
Amounts receivable after more than one year:				
Due from subsidiary undertakings	-	-	157,251	151,197
	<u>3,448</u>	<u>3,681</u>	<u>157,254</u>	<u>151,199</u>
				<b>Deferred taxation £'000</b>
At 1 January 2008				1,319
Utilised in the year				(205)
				<u>1,114</u>
At 31 December 2008				

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (Continued)

## 10 Debtors (Continued)

	2008 Provided £'000	2007 Provided £'000	2008 Unprovided £'000	2007 Unprovided £'000
Deferred taxation				
Unrelieved tax losses	-	205	5,402	5,465
Decelerated capital allowances	1,103	1,103	-	-
Other timing difference	11	11	-	-
Interest payable	-	-	3,397	3,397
	<u>1,114</u>	<u>1,319</u>	<u>8,799</u>	<u>8,862</u>
Asset				
	<u>1,114</u>	<u>1,319</u>	<u>8,799</u>	<u>8,862</u>
	2008 Provided £'000	2007 Provided £'000	2008 Unprovided £'000	2007 Unprovided £'000
Company				
Unrelieved tax losses	-	-	1,887	1,887
Interest payable	-	-	3,397	3,397
	<u>-</u>	<u>-</u>	<u>5,284</u>	<u>5,284</u>
Asset				
	<u>-</u>	<u>-</u>	<u>5,284</u>	<u>5,284</u>

The deferred tax assets have not been provided for as there is currently insufficient evidence that any assets would be recoverable in the near future.

## 11 Creditors: amounts falling due within one year

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Bank loans (note 12)	2,750	1,250	-	1,250
Amounts owed to subsidiary undertakings	-	-	85,945	77,438
Trade creditors	642	1,264	-	-
Other taxation and social security	859	1,299	-	-
Corporation tax	236	-	-	-
Other creditors	179	151	7	-
Accruals and deferred income	2,121	2,474	612	993
	<u>6,787</u>	<u>6,438</u>	<u>86,564</u>	<u>79,681</u>

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (Continued)

## 12 Creditors: amounts falling due after more than one year

	Group 2008 £'000	Group 2007 £'000	Company 2008 £'000	Company 2007 £'000
Amounts owed to parent undertaking	37,455	37,718	37,455	37,718
Bank loan (secured)	84,153	85,566	80,903	85,566
	<u>121,608</u>	<u>123,284</u>	<u>124,358</u>	<u>123,284</u>

The bank loan is secured by a fixed and floating charge over the assets of the group. Interest on the bank loan is charged at 1.5% above LIBOR.

The repayments on this loan are as follows:

	2008 £'000	2007 £'000
In one year or less	2,750	-
In more than one year but not more than two years	3,250	1,250
In more than two years but not more than five years	80,903	2,750
In more than five years	-	82,816
	<u>86,903</u>	<u>86,816</u>

## 13 Share capital

	2008 Number	Authorised 2007 Number	2008 £'000	2007 £'000
Ordinary shares of £1 each	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000</u>	<u>100,000</u>
	Allotted, called up and fully paid			
	2008 Number	2007 Number	2008 £'000	2007 £'000
Ordinary shares of £1 each	<u>42,500,000</u>	<u>42,500,000</u>	<u>42,500</u>	<u>42,500</u>

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (*Continued*)

## 14 Reserves

	Group £'000	Company £'000
<i>Share premium</i>		
At 1 January 2008 and at 31 December 2008	5,000	5,000
<i>Profit and loss account</i>		
At 1 January 2008	(16,166)	(25,460)
Profit/(loss) for the year	2,800	(965)
Net actuarial gain on pension scheme liability	(1,100)	-
At 31 December 2008	(14,466)	(26,424)

## 15 Pension scheme

The company operates a funded defined benefit pension scheme. The assets of the Scheme are held separately from those of the company. The pension cost is assessed in accordance with the advice of a professionally qualified actuary.

A full actuarial valuation of the Defined Benefit Scheme was carried out at 6 April 2007 and updated to February 2009 by a qualified independent actuary on a FRS17 basis.

Contributions of £970,000 were made in the period to 31 December 2008 (31 December 2007 - £896,000). It has been agreed with the trustees that the company will continue to contribute to the Scheme at current levels, and contributions of approximately £867,000 are expected to be paid in 2009.

Details of the Scheme are given below:

	2008 £'000	2007 £'000
<b>Change in benefit obligation during the year:</b>		
Benefit obligation at 31 December 2007	(17,782)	(23,814)
Movement in year:		
Current service cost	(411)	(509)
Interest cost	(1,019)	(1,201)
Scheme participants contributions	(68)	(64)
Actuarial gains	1,674	7,310
Benefits paid from Scheme	682	496
Expenses paid	-	-
Benefit obligation at 31 December 2008	(16,924)	(17,782)

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (*Continued*)

## 15 Pension costs (*Continued*)

	2008 £'000	2007 £'000
<b>Change in Scheme assets during the year:</b>		
Fair value of Scheme assets at 31 December 2007	18,405	16,737
Movement in year:		
Expected return on Scheme assets	1,232	1,130
Actuarial losses on Scheme assets	(3,201)	74
Employer contributions	970	896
Member contributions	68	64
Benefits paid from Scheme	(682)	(496)
Expenses paid	-	-
	<hr/>	<hr/>
Fair value of Scheme assets at 31 December 2008	16,792	18,405
	<hr/>	<hr/>
<b>Amounts recognised in the balance sheet:</b>		
Present value of wholly or partly funded obligations	(16,924)	(17,782)
Fair value of Scheme assets	16,792	18,405
	<hr/>	<hr/>
Schemed deficit	(132)	623
Related deferred tax asset/(liability)	37	(174)
	<hr/>	<hr/>
Net (liability)/asset	(95)	449
	<hr/>	<hr/>
<b>Components of pension cost:</b>		
<i>Amount recognised in profit and loss statement</i>		
Current service cost	(411)	(509)
Interest on pension liabilities	(1,019)	(1,201)
Expected return on Scheme assets	1,232	1,130
	<hr/>	<hr/>
Other finance expenses	(198)	(580)
	<hr/>	<hr/>
<i>Analysis of amount recognised in statement of total recognised gains and losses ("STRGL"):</i>		
Actuarial (losses)/gains	(1,527)	7,384
	<hr/>	<hr/>
<i>Cumulative amount of actuarial losses immediately recognised</i>	999	2,526
	<hr/>	<hr/>

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (Continued)

## 15 Pension costs (Continued)

	2008 £'000	2007 £'000
<b>Principal actuarial assumptions:</b>		
<i>Assumptions to determine benefit obligations</i>		
Discount rate	5.80%	5.10%
Rate of compensation increase	4.30%	4.50%
Rate of price inflation	3.30%	3.00%
Rate of pension increases (in-payment benefits)	5.00%	5.00%
Rate of pension increases (deferred benefits)	3.30%	3.00%
<i>Assumptions to determine net pension cost</i>		
Discount rate	6.30%	5.80%
Expected long-term rate of return on plan assets	6.60%	6.67%
Rate of compensation increase	4.20%	4.30%
Rate of price inflation	3.20%	3.30%
Rate of pension increases (in-payment benefits)	5.00%	5.00%
Rate of pension increases (deferred benefits)	3.20%	3.30%
<i>Weighted average life expectancy on post-retirement mortality table used to determine benefit obligation for:</i>		
Members aged 65 (current life expectancy)	19.7 years	19.7 years
Members aged 40 (life expectancy at age 65)	20.75 years	20.75 years
<b>Scheme assets</b>		
<i>Percentage of Scheme assets by asset allocation</i>		
Equities	39.8%	47.7%
Debt	49.4%	41.2%
Real estate/property	8.4%	9.5%
Other	2.4%	1.6%
Other finance expenses	100%	100%
<i>Expected long term rate of return on Scheme assets during the financial year</i>	6.60%	6.67%



# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (*Continued*)

## 15 Pension costs (*Continued*)

To develop the expected long term rate of return on Scheme assets assumption, the company considered the current level of expected return on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on Scheme assets assumption for the portfolio.

	2008 £'000	2007 £'000
<i>Actual return on Scheme assets</i>	<u>1,969</u>	<u>1,204</u>
	2008 £'000	2007 £'000
	2006 £'000	2005 £'000
	2004 £'000	2003 £'000
<b>History of experience gains and losses</b>		
Defined benefit obligation	(16,924)	(17,782)
Fair value of Scheme assets	16,792	18,405
	<u>16,792</u>	<u>18,405</u>
(Deficit)/surplus	<u>(132)</u>	<u>623</u>
	2008 £'000	2007 £'000
<b>Balance sheet reconciliation:</b>		
Gross balance sheet asset/(liability) at 31 December 2007	623	(7,077)
Pension expense recognised in profit and loss account in the financial year	(198)	(580)
Amounts recognised in STRGL in the financial year	(1,527)	7,384
Actual contributions made by the company in the financial year	<u>970</u>	<u>896</u>
Gross balance sheet (liability)/asset at 31 December 2008	<u>(132)</u>	<u>623</u>

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (Continued)

## 16 Commitments under operating leases

At 31 December 2008, the group had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2008 £'000	Other 2008 £'000	Land and buildings 2007 £'000	Other 2007 £'000
Operating leases which expire:				
In one to two years	-	81	56	96
In two to five years	543	14	-	29
	<u>543</u>	<u>95</u>	<u>56</u>	<u>125</u>

## 17 Related party transactions

Interest amounts owed to the parent company is disclosed in note 5.

Balances with group undertakings at 31 December 2008 are disclosed in notes 10, 11 and 12 to the financial statements.

## 18 Reconciliation of operating profit to net cash inflow from operating activities

	2008 £'000	2007 £'000
Operating profit	8,737	4,994
Depreciation	5,003	4,589
(Increase) in debtors	(156)	(460)
Increase in creditors	(1,594)	3,042
(Increase) in stock	(4)	(25)
FRS 17 adjustment	(359)	(389)
Expenses settled by deduction from loan financing	-	30
	<u>11,427</u>	<u>11,781</u>

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2008 (Continued)

## 19 Reconciliation of net cash inflow/(outflow) to movement in net debt

	2008 £'000	2008 £'000	2007 £'000	2007 £'000
Increase in cash in the year		3,807		4,331
Cash flow from movement in debt	176		(7,687)	
Cash flow from liquid resources	-		-	
Change in net debt resulting from cash flows		176		(7,687)
Other non-cash movements		-		(222)
Movement in net debt in the year		3,983		(3,578)
Net debt at 1 January 2008		(117,054)		(113,476)
Net debt at 31 December 2008		(113,071)		(117,054)

## 20 Analysis of changes in net debt

	At 1 January 2008 £'000	Cash flow £'000	Other non-cash movements £'000	At 31 December 2008 £'000
Cash at bank and in hand	7,480	3,807	-	11,287
Debt due within one year: Bank loans	(1,250)	1,250	(2,750)	(2,750)
Debt due after one year: Bank loans	(85,566)	(1,337)	2,750	(84,153)
Advances from parent company	(37,718)	263	-	(37,455)
	(117,054)	3,983	-	(113,071)

## 21 Ultimate parent company

At 31 December 2008 the company's immediate parent company was Sandwood Worldwide Limited a company registered in the British Virgin Islands. The beneficial owner of Sandwood Worldwide Limited is Sheikh Hamad bin Jassim bin Jaber Al Thani.

# **Havana Holdings (UK) Limited**

**Notes forming part of the financial statements  
for the year ended 31 December 2008 (*Continued*)**

---

## **22 Financial instruments**

The group holds or issues financial instruments to finance its operations and enters into contracts to manage risks arising from those operations and its sources of finance in accordance with its accounting policies.

In addition, various financial instruments such as trade debtors and trade creditors arise directly from the group's operations.

Operations are financed by a mixture of retained profits and loans from group undertaking. Working capital requirements are funded principally out of group loans and retained profits.