

Havana Holdings (UK) Limited

Report and Financial Statements

Year Ended

31 December 2011

Company Number 3513344

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Havana Holdings (UK) Limited

Report and financial statements for the year ended 31 December 2011

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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 LLP, 55 Baker Street, London, W1U 7EU

Havana Holdings (UK) Limited

Report of the directors for the year ended 31 December 2011

The directors present their report together with the audited financial statements for the year ended 31 December 2011

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 (2010 - £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 434 bedrooms

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

Business review

Despite the overall sense of uncertainty coming from the Euro-zone, 2011 has been generally a good year for the London hotel market

The profit and loss account is set out on page 6 and shows turnover for the year of £ 36,728,000 and a profit for the year, before tax, of £2,335,000

Turnover shows an increase year on year of 0.4% which reflects in part the moderate growth in the London hotel market in 2011 compared with the robust increase that was seen in 2010 also the refurbishment of 148 luxury bedrooms which was carried out during the year

During 2011 we maintained 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

Following the same trend experienced during 2010, the hotel has been positively affected by a significant growth in the Leisure market with tourists taking advantage of the weakness of Sterling against the US dollar and Euro

We are pleased that our efforts to increase internal efficiency and undertake cost saving activities allowed us to maintain a stable GOP margin of 48% without affecting the quality of our products and services

The directors' strategy in 2012 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 refurbished facilities

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

Havana Holdings (UK) Limited

Report of the directors for the year ended 31 December 2011 (*continued*)

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 ongoing refurbishment of all public areas 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. 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

Financial instruments

Details of the financial risk management objectives and policies and the use of financial instruments by the group 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 group

Employee involvement

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

Havana Holdings (UK) Limited

Report of the directors for the year ended 31 December 2011 (*continued*)

Directors' responsibilities

The directors are responsible for preparing the directors' 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 group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

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 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

MA Cairns

Date 09 AUG 2012

Havana Holdings (UK) Limited

Independent auditor's report

TO THE MEMBERS OF HAVANA HOLDINGS (UK) LIMITED

We have audited the financial statements of Havana Holdings (UK) Limited for the year ended 31 December 2011 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated reconciliation of movement in shareholders' funds, the company reconciliation of movement in shareholders' funds, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Havana Holdings (UK) Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Marc Reinecke (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date **09 AUG 2012**

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Havana Holdings (UK) Limited

Consolidated profit and loss account for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Turnover	2	36,728	36,598
Raw materials and consumables		(1,655)	(1,588)
Other external charges		(1,092)	(842)
Staff costs	3	(10,520)	(10,365)
Depreciation		(5,493)	(5,096)
Other operating charges		(10,818)	(10,282)
Operating profit	4	7,150	8,425
Interest receivable and similar income	5	29	136
Interest payable and similar charges	6	(3,485)	(6,068)
Loss on disposal of fixed assets		(1,359)	
Profit on ordinary activities before taxation		2,335	2,493
Taxation charge on profit from ordinary activities	7	(1,612)	(1,439)
Profit on ordinary activities after taxation	15	723	1,054

All amounts relate to continuing activities

The notes on pages 12 to 27 form part of these financial statements

Havana Holdings (UK) Limited

Consolidated statement of total recognised gains and losses for the year ended 31 December 2011

	Note	2011 £'000	2010 £'000
Profit for the year		723	1,054
Actuarial gains and losses on defined benefit scheme	16	(1,252)	(432)
Deferred tax arising on actuarial gains and losses on defined benefit scheme		(285)	9
Current tax relief on defined benefit scheme		(61)	(74)
		<hr/>	<hr/>
Total recognised gains and losses since last financial statements		(875)	557
		<hr/>	<hr/>

The notes on pages 12 to 27 form part of these financial statements

Havana Holdings (UK) Limited

Consolidated reconciliation of movements in shareholders' funds and company reconciliation of movements in shareholders' funds for the year ended 31 December 2011

Consolidated reconciliation of movements in shareholders' funds

	Note	2011 £'000	2010 £'000
Opening shareholders' funds		32,852	32,295
Profit for the year		723	1,054
Actuarial losses on defined benefit scheme	16	(1,252)	(432)
Deferred tax arising on actuarial gains on defined benefit scheme		(285)	9
Current tax relief on defined benefit scheme		(61)	(74)
Net (decrease)/increase in shareholders' funds		(875)	557
Closing shareholders' funds		31,977	32,852

Company reconciliation of movements in shareholders' funds

Opening shareholders' funds	11,733	16,181
Loss for the year	(2,377)	(4,448)
Closing shareholders' funds	9,356	11,733

The notes on pages 12 to 27 form part of these financial statements

Havana Holdings (UK) Limited

Consolidated balance sheet at 31 December 2011

<i>Company number 3513344</i>	<i>Note</i>	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Fixed assets					
Tangible assets	8		137,141		139,010
Current assets					
Stocks	10	424		408	
Debtors	11	3,818		4,452	
Cash at bank and in hand		12,089		14,312	
		<u>16,331</u>		<u>19,172</u>	
Creditors: amounts falling due within one year	12	8,870		5,612	
Net current assets			<u>7,461</u>		<u>13,560</u>
Total assets less current liabilities			<u>144,602</u>		<u>152,570</u>
Creditors amounts falling due after more than one year	13		<u>112,461</u>		<u>118,636</u>
Net assets excluding pension liability			<u>32,141</u>		<u>33,934</u>
Pension liability			<u>(164)</u>		<u>(1,082)</u>
			<u>31,977</u>		<u>32,852</u>
Capital and reserves					
Called up share capital	14		42,500		42,500
Share premium	15		5,000		5,000
Profit and loss account	15		(15,523)		(14,648)
Shareholders' funds			<u>31,977</u>		<u>32,852</u>

The financial statements were approved by the Board of Directors and authorised for issue on **09 AUG 2012**

M A Cairns
Director



The notes on pages 12 to 27 form part of these financial statements

Havana Holdings (UK) Limited

Company balance sheet at 31 December 2011

<i>Company number 3513344</i>	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Fixed assets					
Investments	9		72,838		72,838
Current assets					
Debtors					
- recoverable within one year	11	2		2	
- recoverable in more than one year	11	163,278		161,127	
Cash at bank and in hand		453		453	
		<u>163,733</u>		<u>161,582</u>	
Creditors: amounts falling due within one year	12	<u>114,754</u>		<u>104,051</u>	
Net current assets			<u>48,979</u>		<u>57,531</u>
Total assets less current liabilities			<u>121,817</u>		<u>130,369</u>
Creditors: amounts falling due after more than one year	13		<u>112,461</u>		<u>118,636</u>
			<u>9,356</u>		<u>11,733</u>
Capital and reserves					
Called up share capital	14		42,500		42,500
Share premium	15		5,000		5,000
Profit and loss account	15		(38,144)		(35,767)
Shareholders' funds			<u>9,356</u>		<u>11,733</u>

The financial statements were approved by the Board of Directors and authorised for issue on **09 AUG 2012**.

MA Cairns
Director



The notes on pages 12 to 27 form part of these financial statements

Havana Holdings (UK) Limited

Consolidated cash flow statement for the year ended 31 December 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Net cash inflow from operating activities	19		11,767		13,064
Returns on investments and servicing of finance					
Interest received		39		136	
Interest paid		(4,533)		(6,199)	
Debt issue costs		(596)		-	
Net cash outflow from returns on investment and servicing finance			(5,090)		(6,063)
Taxation					
UK corporation tax paid			(1,357)		(578)
Capital expenditure					
Purchase of tangible fixed assets			(4,986)		(1,371)
Cash inflow before use of liquid resources and financing			334		5,052
Financing					
Bank loans repaid		(2,545)		(3,250)	
Net cash flow from financing			(2,545)		(3,250)
(Decrease)/increase in cash	20		(2,211)		1,802

The notes on pages 12 to 27 form part of these financial statements

Havana Holdings (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2011

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:

Basis of preparation

The directors have prepared projected cash flow information which take into account the measures that the management team have taken to ensure the group is best placed to meet the challenges of tougher trading conditions. On the basis of this cash flow information the directors consider that the group will be able to continue to meet its liabilities as they fall due and the financial statements have been prepared on a going concern basis.

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 408 of Companies Act 2006, 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 £2,376,536 (2010 - £4,894,000) 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 are not discounted.

Havana Holdings (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

1 Accounting policies (*continued*)

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.

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 interest rates is reviewed regularly by the directors. The group utilises financial instruments to limit 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 22 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 2011 (*continued*)

3 Directors and employees

	2011 £'000	2010 £'000
Staff costs (including directors) consist of		
Wages and salaries	9,289	9,246
Social security costs	736	691
Other pension costs	495	428
	<u>10,520</u>	<u>10,365</u>

The average number of employees during the year was 292 (2010 - 289)

The directors received fees of £100,000 (2010 - £100,000) during the year

4 Operating profit

	2011 £'000	2010 £'000
This is arrived at after charging		
Depreciation on fixed assets	5,493	5,046
Hire of other assets - operating leases	698	615
Auditors' remuneration		
- group audit services	70	64
- taxation services	24	24
- other services	5	11
	<u></u>	<u></u>

5 Interest receivable and similar income

	2011 £'000	2010 £'000
Bank deposits	29	41
	<u></u>	<u></u>

6 Interest payable and similar charges

	2011 £'000	2010 £'000
Bank loans	3,662	6,163
Interest on pension scheme liabilities	1,256	1,147
Expected return on pension scheme assets	(1,433)	(1,242)
	<u>3,485</u>	<u>6,068</u>

Havana Holdings (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

7 Taxation on profit from ordinary activities

	2011 £'000	2010 £'000
<i>Current tax</i>		
UK corporation tax on profit of the year	1,493	1,425
Adjustment in respect of previous years	(103)	-
	<hr/>	<hr/>
Current tax	1,390	1,425
Deferred tax	222	14
	<hr/>	<hr/>
Tax charge/(credit) on profit on ordinary activities	1,612	1,439
	<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

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	3,694	2,493
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	979	698
Effects of		
Expenses not deductible for tax purposes	14	70
Depreciation for year in excess of capital allowances	282	226
Difference between pension charge and amount paid	(350)	(171)
Adjustment in respect of previous years	(105)	-
Non qualifying depreciation	570	602
	<hr/>	<hr/>
Current tax charge for year	1,390	1,425
	<hr/>	<hr/>

Havana Holdings (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

8 Tangible assets - group

	Long leasehold land and buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Cost</i>			
At 1 January 2011	148,944	26,612	175,556
Additions	-	4,986	4,986
Disposals	(1,849)	(872)	(2,721)
	<hr/>	<hr/>	<hr/>
At 31 December 2011	147,095	30,726	177,821
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2011	26,333	10,213	36,546
Provided for the year	2,394	3,100	5,494
Disposals	(924)	(436)	(1,360)
	<hr/>	<hr/>	<hr/>
At 31 December 2011	27,803	12,877	40,680
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2011	119,292	17,849	137,141
	<hr/>	<hr/>	<hr/>
At 31 December 2010	122,611	16,399	139,010
	<hr/>	<hr/>	<hr/>

There were no fixed assets held within the company (2010 - £Nil)

9 Fixed asset investments

	2011 £'000	2010 £'000
Company		
<i>Cost and net book value</i>		
1 January 2011 and 31 December 2011	72,838	72,838
	<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 2011 (*continued*)

10 Stocks

	Group 2011 £'000	Group 2010 £'000
Goods for resale	128	112
Operating equipment	296	296
	<u>424</u>	<u>408</u>

11 Debtors

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Amounts receivable within one year				
Trade debtors	2,166	2,615	-	-
Other debtors	31	34	2	2
Deferred tax	1,051	1,273	-	-
Prepayments and accrued income	571	530	-	-
	<u>3,819</u>	<u>4,452</u>	<u>2</u>	<u>2</u>
Amounts receivable after more than one year				
Due from subsidiary undertakings	-	-	163,278	161,127
	<u>3,819</u>	<u>4,452</u>	<u>163,280</u>	<u>161,129</u>

Havana Holdings (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 *(continued)*

11 Debtors *(continued)*

	Deferred taxation £'000
At 1 January 2011	1,273
Provided in the year	(222)
	<hr/>
At 31 December 2011	1,051
	<hr/>

Group

	2011 Provided £'000	2010 Provided £'000	2011 Unprovided £'000	2010 Unprovided £'000
Deferred taxation				
Unrelieved tax losses	-	-	273	284
Decelerated capital allowances	1,051	1,273	-	-
Other timing difference	-	-	1,120	1,243
Interest payable	-	-	1,429	1,486
	<hr/>	<hr/>	<hr/>	<hr/>
Asset	1,051	1,273	2,822	3,013
	<hr/>	<hr/>	<hr/>	<hr/>

	2011 Provided £'000	2010 Provided £'000	2011 Unprovided £'000	2010 Unprovided £'000
Company				
Unrelieved tax losses	-	-	256	266
Interest payable	-	-	1,429	1,486
	<hr/>	<hr/>	<hr/>	<hr/>
Asset		-	1,685	1,752
	<hr/>	<hr/>	<hr/>	<hr/>

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

Havana Holdings (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (continued)

12 Creditors: amounts falling due within one year

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Bank loans (note 13)	3,180	-	3,180	-
Amounts owed to subsidiary undertakings	-	-	111,113	102,719
Trade creditors	729	800	-	-
Other taxation and social security	1,131	1,089	-	-
Corporation tax	880	847	-	-
Other creditors	6	6	6	6
Accruals and deferred income	2,944	2,870	455	1,326
	<u>8,870</u>	<u>5,612</u>	<u>114,754</u>	<u>104,051</u>

13 Creditors: amounts falling due after more than one year

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Amounts owed to parent undertaking	37,455	37,455	37,455	37,455
Bank loan (secured)	75,006	81,181	75,006	81,181
	<u>112,461</u>	<u>118,636</u>	<u>112,461</u>	<u>118,636</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 1.75% above LIBOR.

The repayments on this loan are as follows:

	2011 £'000	2010 £'000
In one year or less	3,180	-
In more than one year but not more than two years	3,180	81,181
In more than two years but not more than five years	71,826	-
	<u>78,186</u>	<u>81,181</u>

Havana Holdings (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

14 Share capital

	2011 Number	Authorised 2010 Number	2011 £'000	2010 £'000
Ordinary shares of £1 each	100,000,000	100,000,000	100,000	100,000
	2011 Number	Allotted, called up and fully paid 2010 Number	2011 £'000	2010 £'000
Ordinary shares of £1 each	42,500,000	42,500,000	42,500	42,500

15 Reserves

	Group £'000	Company £'000
<i>Share premium</i>		
At 1 January 2011 and at 31 December 2011	5,000	5,000
<i>Profit and loss account</i>		
At 1 January 2011	(14,648)	(35,767)
Profit/(loss) for the year	723	(2,377)
Net actuarial loss on pension scheme liability	(1,598)	-
At 31 December 2011	(15,523)	(38,144)

Havana Holdings (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2011 (*continued*)

16 Pension costs

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 2010 and updated to December 2011 by a qualified independent actuary on a FRS17 basis.

Contributions of £2,758,000 were made in the period to 31 December 2011 (31 December 2010 - £876,000). It has been agreed with the trustees that the company will continue to contribute to the Scheme at current levels, and contributions of approximately £654,000 are expected to be paid in 2012.

Details of the Scheme are given below:

	2011 £'000	2010 £'000
Change in benefit obligation during the year:		
Benefit obligation at 31 December 2010	(23,410)	(20,643)
Movement in year		
Current service cost	(419)	(360)
Interest cost	(1,256)	(1,147)
Scheme participants contributions	(65)	(64)
Actuarial loss	(1,478)	(1,884)
Benefits paid from Scheme	854	688
	<hr/>	<hr/>
Benefit obligation at 31 December 2011	(25,774)	(23,410)
	<hr/>	<hr/>

Havana Holdings (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

16 Pension costs (*continued*)

	2011 £'000	2010 £'000
Change in Scheme assets during the year:		
Fair value of Scheme assets at 31 December 2010	21,928	18,982
Movement in year		
Expected return on Scheme assets	1,433	1,242
Actuarial gains on Scheme assets	226	1,452
Employer contributions	2,758	876
Member contributions	65	64
Benefits paid from Scheme	(854)	(688)
	<hr/>	<hr/>
Fair value of Scheme assets at 31 December 2011	25,556	21,928
	<hr/>	<hr/>
Amounts recognised in the balance sheet:		
Present value of wholly or partly funded obligations	(25,774)	(23,410)
Fair value of Scheme assets	25,556	21,928
	<hr/>	<hr/>
Schemed deficit	(218)	(1,482)
Related deferred tax asset	54	400
	<hr/>	<hr/>
Net liability	(164)	(1,082)
	<hr/>	<hr/>
Components of pension cost:		
<i>Amount recognised in profit and loss statement</i>		
Current service cost	(419)	(360)
Interest on pension liabilities	(1,256)	(1,147)
Expected return on Scheme assets	1,433	1,242
	<hr/>	<hr/>
Other finance expenses	(242)	(265)
	<hr/>	<hr/>
<i>Analysis of amount recognised in statement of total recognised gains and losses ("STRGL")</i>		
Actuarial (losses)	(1,252)	(432)
	<hr/>	<hr/>
<i>Cumulative amount of actuarial losses immediately recognised</i>	(2,863)	(1,611)
	<hr/>	<hr/>

Havana Holdings (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 *(continued)*

16 Pension costs *(continued)*

	2011	2010
Principal actuarial assumptions:		
<i>Assumptions to determine benefit obligations</i>		
Discount rate	4.90%	5.45%
Rate of compensation increase	3.75%	4.70%
Rate of price inflation	3.70%	3.70%
Rate of pension increases (in-payment benefits)	5.00%	5.00%
Rate of pension increases (deferred benefits)	1.75%	3.20%
<i>Assumptions to determine net pension cost</i>		
Discount rate	5.45%	5.68%
Expected long-term rate of return on plan assets	6.50%	6.50%
Rate of compensation increase	4.70%	4.70%
Rate of price inflation	3.70%	3.70%
Rate of pension increases (in-payment benefits)	5.00%	5.00%
Rate of pension increases (deferred benefits)	3.20%	3.70%
<i>Weighted average life expectancy on post-retirement mortality table used to determine benefit obligation for</i>		
Members aged 65 (current life expectancy)	23.2 years	22.9 years
Members aged 40 (life expectancy at age 65)	24.9 years	24.7 years
Scheme assets		
<i>Percentage of Scheme assets by asset allocation</i>		
Equities	41.40%	43.00%
Debt	51.20%	48.10%
Real estate/property	6.90%	7.50%
Other	0.50%	1.40%
	<hr/>	<hr/>
Other finance expenses	100.00%	100.00%
	<hr/>	<hr/>
<i>Expected long term rate of return on Scheme assets during the financial year</i>	6.50%	6.50%
	<hr/>	<hr/>

Havana Holdings (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

16 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.

	2011 £'000	2010 £'000			
<i>Actual return on Scheme assets</i>	1,659	2,694			
	<hr/>	<hr/>			
	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
History of experience gains and losses					
Defined benefit obligation	(25,774)	(23,410)	(20,643)	(16,924)	(17,782)
Fair value of Scheme assets	25,556	21,928	18,982	16,792	18,405
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
(Deficit)/surplus	(218)	(1,482)	(1,661)	(132)	623
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2011 £'000	2010 £'000			
Balance sheet reconciliation					
Gross balance sheet liability at 31 December 2010	(1,482)	(1,661)			
Pension expense recognised in profit and loss account in the financial year	194	(265)			
Amounts recognised in STRGL in the financial year	(1,252)	(432)			
Actual contributions made by the company in the financial year	2,758	876			
	<hr/>	<hr/>			
Gross balance sheet liability at 31 December 2011	(218)	(1,482)			

Havana Holdings (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

17 Commitments under operating leases

At 31 December 2011, the group had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2011 £'000	Other 2011 £'000	Land and buildings 2010 £'000	Other 2010 £'000
Operating leases which expire				
In one to two years	83	4	83	4
In two to five years	463	141	463	141
	<u>546</u>	<u>145</u>	<u>546</u>	<u>145</u>

18 Related party transactions

Interest amounts owed to the parent company are disclosed in note 12

Balances with group undertakings at 31 December 2011 are disclosed in notes 10, 11 and 12 to the financial statements

19 Reconciliation of operating profit to net cash inflow from operating activities

	2011 £'000	2010 £'000
Operating profit	7,150	8,425
Depreciation	5,493	5,096
Amortisation on FRS 4 costs	148	-
Increase/(decrease) in debtors	411	(614)
Increase in creditors	921	666
(Increase)/decrease in stock	(17)	7
FRS 17 adjustment	(2,339)	(516)
	<u>11,767</u>	<u>13,064</u>

Havana Holdings (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)

20 Reconciliation of net cash inflow to movement in net debt

	2011 £'000	2011 £'000	2010 £'000	2010 £'000
(Decrease)/increase in cash in the year		(2,221)		1,802
Cash flow from movement in debt	3,141		3,250	
Cash flow from liquid resources	-		-	
Change in net debt resulting from cash flows		3,141		3,250
Other non-cash movements		(148)		(139)
Movement in net debt in the year		772		4,913
Net debt at 1 January 2011		(104,324)		(109,237)
Net debt at 31 December 2011		103,552		104,324

21 Analysis of changes in net debt

	At 1 January 2011 £'000	Cash flow £'000	Other non-cash movements £'000	At 31 December 2011 £'000
Cash at bank and in hand	14,312	(2,221)	-	12,091
Debt due within one year				
Bank loans	-	-	(3,180)	(3,180)
Debt due after one year				
Bank loans	(81,181)	3,139	3,034	(75,008)
Advances from parent company	(37,455)	-	-	(37,455)
	(104,324)	918	(146)	(103,552)

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

Havana Holdings (UK) Limited

**Notes forming part of the financial statements
for the year ended 31 December 2011 (*continued*)**

23 Ultimate parent company

At 31 December 2011 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.