

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

Report and Financial Statements

Year Ended

31 December 2012

Company Number 3513344

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# **Havana Holdings (UK) Limited**

**Report and financial statements  
for the year ended 31 December 2012**

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## **Directors**

M A Cairns  
S Moatassem

## **Secretary and registered office**

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

## **Company number**

3513344

## **Auditor**

BDO LLP, 55 Baker Street, London, W1U 7EU

# Havana Holdings (UK) Limited

## Report of the directors for the year ended 31 December 2012

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The directors present their report together with the audited financial statements for the year ended 31 December 2012

### 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 (2011 - £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

The year saw two "unique" and "unrepeatable" events being hosted in the UK, The Queen's Golden Jubilee and The Olympic Games. Add to this the Farnborough Air Show, a major Omani visit, the opening, to great acclaim, of our newly refurbished The Churchill Bar & Terrace, all contributing to allow us to deliver record breaking results

Turnover shows an increase year on year of 13.3% which reflects in part the additional business generated by the Olympics but also the excellent business mix which The Churchill currently enjoys. The strong relationships that have been built up over the years with the hotel's accounts from varying segments and regular guests, ensures that we achieve a steady demand throughout the whole year – also over periods that were seen as very low demand for the rest of London. This had a huge impact on our overall business levels and the rates we were able to quote, putting us well ahead of the competition.

During 2012 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 2011, 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 deliver a GOP margin of 50.1%, 1.1% points above our budget expectations and 2.6% above 2011.

The directors' strategy in 2013, 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 2012 (*continued*)**

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### **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	(resigned 18 April 2013)
S Moatassef	
J Rea	(resigned 2 May 2013)

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 2012 (*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,
- 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

M A Cairns

Director



24 June 2013

# **Havana Holdings (UK) Limited**

## **Independent auditor's report**

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### **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 2012 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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **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 2012 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*)

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#### 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

25 June 2013

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 2012

	Note	2012 £'000	2011 £'000
<b>Turnover</b>	2	<b>41,649</b>	<b>36,728</b>
Raw materials and consumables		(1,759)	(1,655)
Other external charges		(1,118)	(1,092)
Staff costs	3	(11,566)	(10,520)
Depreciation		(5,632)	(5,493)
Other operating charges		(12,551)	(10,818)
<b>Operating profit</b>	4	<b>9,023</b>	<b>7,150</b>
Interest receivable and similar income	5	176	206
Interest payable and similar charges	6	(2,608)	(3,662)
Loss on disposal of fixed assets		(142)	(1,359)
<b>Profit on ordinary activities before taxation</b>		<b>6,449</b>	<b>2,335</b>
Taxation charge on profit from ordinary activities	7	(2,807)	(1,612)
<b>Profit on ordinary activities after taxation</b>	15	<b>3,642</b>	<b>723</b>

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 2012

	Note	2012 £'000	2011 £'000
Profit for the year		3,642	723
Actuarial gains and losses on defined benefit scheme	16	(1,951)	(1,252)
Deferred tax arising on actuarial gains and losses on defined benefit scheme		483	(285)
Current tax relief on defined benefit scheme		-	(61)
		<hr/>	<hr/>
Total recognised gains and losses since last financial statements		2,174	(875)
		<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 2012

#### Consolidated reconciliation of movements in shareholders' funds

	Note	2012 £'000	2011 £'000
Opening shareholders' funds		31,977	32,852
Profit for the year		3,642	723
Actuarial losses on defined benefit scheme	16	(1,951)	(1,252)
Deferred tax arising on actuarial gains on defined benefit scheme		483	(285)
Current tax relief on defined benefit scheme		-	(61)
Net increase/(decrease) in shareholders' funds		2,174	(875)
Closing shareholders' funds		34,151	31,977

#### Company reconciliation of movements in shareholders' funds

Opening shareholders' funds	9,356	11,733
Loss for the year	(1,903)	(2,377)
Closing shareholders' funds	7,453	9,356

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

# Havana Holdings (UK) Limited

## Consolidated balance sheet at 31 December 2012

<i>Company number 3513344</i>	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
<b>Fixed assets</b>					
Tangible assets	8		134,294		137,141
<b>Current assets</b>					
Stocks	10	462		424	
Debtors	11	3,895		3,818	
Cash at bank and in hand		16,001		12,089	
		20,358		16,331	
<b>Creditors: amounts falling due within one year</b>	12	8,827		8,870	
<b>Net current assets</b>			11,531		7,461
<b>Total assets less current liabilities</b>			145,825		144,602
<b>Creditors: amounts falling due after more than one year</b>	13		110,472		112,461
<b>Net assets excluding pension liability</b>			35,353		32,141
<b>Pension liability</b>	16		(1,202)		(164)
			34,151		31,977
<b>Capital and reserves</b>					
Called up share capital	14		42,500		42,500
Share premium	15		5,000		5,000
Profit and loss account	15		(13,349)		(15,523)
<b>Shareholders' funds</b>			34,151		31,977

The financial statements were approved by the Board of Directors and authorised for issue on 24 June 2013

M A Cairns  
Director



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

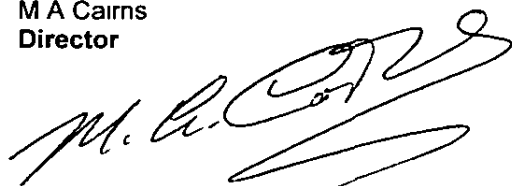
# Havana Holdings (UK) Limited

## Company balance sheet at 31 December 2012

<b>Company number 3513344</b>	<b>Note</b>	<b>2012 £'000</b>	<b>2012 £'000</b>	<b>2011 £'000</b>	<b>2011 £'000</b>
<b>Fixed assets</b>					
Investments	9		120,138		72,838
<b>Current assets</b>					
Debtors					
- recoverable within one year	11	2		2	
- recoverable in more than one year	11	-		163,278	
Cash at bank and in hand		1,512		453	
		<u>1,514</u>		<u>163,733</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>3,727</u>		<u>114,754</u>	
<b>Net current (liabilities)/assets</b>			<u>(2,213)</u>		<u>48,979</u>
<b>Total assets less current liabilities</b>			<u>117,925</u>		<u>121,817</u>
<b>Creditors, amounts falling due after more than one year</b>	13		<u>110,472</u>		<u>112,461</u>
			<u>7,453</u>		<u>9,356</u>
<b>Capital and reserves</b>					
Called up share capital	14		42,500		42,500
Share premium	15		5,000		5,000
Profit and loss account	15		(40,047)		(38,144)
<b>Shareholders' funds</b>			<u>7,453</u>		<u>9,356</u>

The financial statements were approved by the Board of Directors and authorised for issue on 24 June 2013

M A 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 2012

	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
<b>Net cash inflow from operating activities</b>	19		13,015		11,767
<b>Returns on investments and servicing of finance</b>					
Interest received		16		29	
Interest paid		(2,390)		(4,533)	
Debt issue costs		-		(596)	
<b>Net cash outflow from returns on investment and servicing finance</b>			(2,374)		(5,100)
<b>Taxation</b>					
UK corporation tax paid			(1,680)		(1,357)
<b>Capital expenditure</b>					
Purchase of tangible fixed assets			(2,927)		(4,986)
<b>Cash inflow before use of liquid resources and financing</b>			6,034		324
<b>Financing</b>					
Bank loans repaid		(3,180)		(2,545)	
Increase in shareholder loan		1,058		-	
<b>Net cash flow from financing</b>			(2,122)		(2,545)
<b>Increase/(decrease) in cash</b>	20		3,912		(2,221)

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 2012

### 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.

#### *Basis of 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 £1,903,310 (2011 - £2,376,536) 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 2012 (continued)

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### 1 Accounting policies (continued)

#### *Finance costs*

Finance costs are charged to profit over the term of the debt. Finance costs include issue costs which are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### *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*

For the purpose of the cash flow statement liquid resources are defined as current asset investments and short term deposits.

#### *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.

Further information is provided in note 22 to the financial statements.

#### *Investments*

Investments held as fixed assets are stated at cost less any provision for diminution in value.

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (continued)

## 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.

## 3 Directors and employees

	2012 £'000	2011 £'000
Staff costs (including directors) consist of		
Wages and salaries	10,193	9,289
Social security costs	811	736
Other pension costs	562	495
	<u>11,566</u>	<u>10,520</u>

The average number of employees during the year was 313 (2011 - 292).

The directors received fees of £100,000 (2011 - £100,000) during the year.

## 4 Operating profit

	2012 £'000	2011 £'000
This is arrived at after charging		
Depreciation on fixed assets	5,632	5,493
Hire of other assets - operating leases	577	698
Auditors' remuneration		
- group audit services	64	70
- taxation services	24	24
- other services	77	5
	<u>6,373</u>	<u>6,290</u>

## 5 Interest receivable and similar income

	2012 £'000	2011 £'000
Bank deposits	16	29
Interest on pension scheme liabilities	(1,241)	(1,256)
Expected return on pension scheme assets	1,401	1,433
	<u>176</u>	<u>206</u>



## Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (*continued*)

### 6 Interest payable and similar charges

	2012 £'000	2011 £'000
Bank loans	2,608	3,662

### 7 Taxation on profit from ordinary activities

	2012 £'000	2011 £'000
<i>Current tax</i>		
UK corporation tax on profit of the year	2,293	1,493
Adjustment in respect of previous years	(7)	(103)
	<u>2,286</u>	<u>1,390</u>
Current tax	2,286	1,390
Deferred tax		
Origination and reversal of temporary differences	457	88
Impact of change in future rate of taxation	64	134
	<u>521</u>	<u>222</u>
Total deferred tax	521	222
	<u>2,807</u>	<u>1,612</u>
Tax charge on profit on ordinary activities	2,807	1,612

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

	2012 £'000	2011 £'000
Profit on ordinary activities before tax	6,449	3,694
	<u>6,449</u>	<u>3,694</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	1,579	979
Effects of:		
Expenses not deductible for tax purposes	43	14
Depreciation for year in excess of capital allowances	922	852
Difference between pension charge and amount paid	(251)	(350)
Adjustment in respect of previous years	(7)	(105)
	<u>2,286</u>	<u>1,390</u>
Current tax charge for year	2,286	1,390

## Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 *(continued)*

### 8 Tangible assets - group

	Long leasehold land and buildings £'000	Fixtures fittings and equipment £'000	Total £'000
<i>Cost</i>			
At 1 January 2012	147,095	30,726	177,821
Additions	-	2,927	2,927
Disposals	-	(329)	(329)
	<hr/>	<hr/>	<hr/>
At 31 December 2012	<b>147,095</b>	<b>33,324</b>	<b>180,419</b>
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2012	27,803	12,877	40,680
Provided for the year	2,357	3,275	5,632
Disposals	-	(187)	(187)
	<hr/>	<hr/>	<hr/>
At 31 December 2012	<b>30,160</b>	<b>15,965</b>	<b>46,125</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2012	<b>116,935</b>	<b>17,359</b>	<b>134,294</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2011	<b>119,292</b>	<b>17,849</b>	<b>137,141</b>
	<hr/>	<hr/>	<hr/>

There were no fixed assets held within the company (2011 - £Nil)

### 9 Fixed asset investments

	2012 £'000	2011 £'000
<b>Company</b>		
<i>Cost and net book value</i>		
1 January	72,838	72,838
Increase in investment	47,300	-
	<hr/>	<hr/>
At 31 December	<b>120,138</b>	<b>72,838</b>
	<hr/>	<hr/>

During the year the company made a capital contribution of £47,300,000 to International Hoteliers (UK) Limited

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (continued)

## 9 Fixed asset investments (continued)

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

## 10 Stocks

	Group 2012 £'000	Group 2011 £'000
Goods for resale	166	128
Operating equipment	296	296
	<u>462</u>	<u>424</u>

## 11 Debtors

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Amounts receivable within one year				
Trade debtors	2,632	2,166	-	-
Other debtors	54	30	2	2
Deferred tax	530	1,051	-	-
Prepayments and accrued income	679	571	-	-
	<u>3,895</u>	<u>3,818</u>	<u>2</u>	<u>2</u>
Amounts receivable after more than one year				
Due from subsidiary undertakings	-	-	-	163,278
	<u>3,895</u>	<u>3,818</u>	<u>2</u>	<u>163,280</u>

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (continued)

## 11 Debtors (continued)

	Deferred taxation £'000			
At 1 January 2012				1,051
Provided in the year (note 7)				(521)
				<hr/>
At 31 December 2012				<b>530</b>
				<hr/>
<b>Group</b>				
Deferred taxation	<b>2012 Provided £'000</b>	<b>2011 Provided £'000</b>	<b>2012 Unprovided £'000</b>	<b>2011 Unprovided £'000</b>
Unrelieved tax losses	-	-	1,363	273
Decelerated capital allowances	530	1,051	-	-
Other timing difference	-	-	2,791	4,153
Interest payable	-	-	1,314	1,429
	<hr/>	<hr/>	<hr/>	<hr/>
Asset	<b>530</b>	<b>1,051</b>	<b>5,468</b>	<b>5,855</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Company</b>				
	<b>2012 Provided £'000</b>	<b>2011 Provided £'000</b>	<b>2012 Unprovided £'000</b>	<b>2011 Unprovided £'000</b>
Short term timing difference	-	-	2,791	3,033
Unrelieved tax losses	-	-	236	256
Interest payable	-	-	1,314	1,429
	<hr/>	<hr/>	<hr/>	<hr/>
Asset	<b>-</b>	<b>-</b>	<b>4,341</b>	<b>4,718</b>
	<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 2012 (*continued*)

### 12 Creditors amounts falling due within one year

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Bank loans (note 13)	3,180	3,180	3,180	3,180
Amounts owed to subsidiary undertakings	-	-	-	111,113
Trade creditors	898	729	-	-
Other taxation and social security	779	1,131	-	-
Corporation tax	1,486	880	-	-
Other creditors	39	6	6	6
Accruals and deferred income	2,445	2,944	541	455
	<u>8,827</u>	<u>8,870</u>	<u>3,727</u>	<u>114,754</u>

### 13 Creditors amounts falling due after more than one year

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Amounts owed to parent undertaking	38,513	37,455	38,513	37,455
Bank loan (secured)	71,959	75,006	71,959	75,006
	<u>110,472</u>	<u>112,461</u>	<u>110,472</u>	<u>112,461</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 Group's bank facility is covered by an interest rate swap with a fair value at 31 December 2012 of £1,780,553. This swap fixes LIBOR at 1.44%.

The repayments on this loan are as follows:

	2012 £'000	2011 £'000
In one year or less	3,180	3,180
In more than one year but not more than two years	3,180	3,180
In more than two years but not more than five years	68,779	71,826
	<u>75,139</u>	<u>78,186</u>

## Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (*continued*)

### 14 Share capital

	2012 Number	Authorised 2011 Number	2012 £'000	2011 £'000
Ordinary shares of £1 each	100,000,000	100,000,000	100,000	100,000
	2012 Number	Allotted, called up and fully paid 2011 Number	2012 £'000	2011 £'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 2012 and at 31 December 2012	5,000	5,000
<i>Profit and loss account</i>		
At 1 January 2012	(15,523)	(38,144)
Profit/(loss) for the year	3,642	(1,903)
Net actuarial loss on pension scheme liability	(1,468)	-
At 31 December 2012	(13,349)	(40,047)

## Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (*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 2011 and updated to December 2012 by a qualified independent actuary on a FRS 17 basis.

Contributions of £670,000 were made in the period to 31 December 2012 (31 December 2011 - £2,758,000). It has been agreed with the trustees that the company will continue to contribute to the Scheme at current levels, and contributions of approximately £715,000 are expected to be paid in 2013.

Details of the Scheme are given below

	2012 £'000	2011 £'000
<b>Change in benefit obligation during the year</b>		
Benefit obligation at 31 December 2011	(25,774)	(23,410)
Movement in year		
Current service cost	(400)	(419)
Interest cost	(1,241)	(1,256)
Scheme participants contributions	(71)	(65)
Actuarial loss	(2,922)	(1,478)
Benefits paid from Scheme	681	854
Administrative expenses paid	186	-
	<hr/>	<hr/>
Benefit obligation at 31 December 2012	(29,541)	(25,774)

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (continued)

## 16 Pension costs (continued)

	2012 £'000	2011 £'000
<b>Change in Scheme assets during the year</b>		
Fair value of Scheme assets at 31 December 2011	25,556	21,928
Movement in year		
Expected return on Scheme assets	1,401	1,433
Actuarial gains on Scheme assets	971	226
Employer contributions	670	2,758
Member contributions	71	65
Benefits paid from Scheme	(681)	(854)
Administrative expenses paid	(186)	-
	<hr/>	<hr/>
Fair value of Scheme assets at 31 December 2012	27,802	25,556
	<hr/>	<hr/>
<b>Amounts recognised in the balance sheet.</b>		
Present value of wholly or partly funded obligations	(29,541)	(25,774)
Fair value of Scheme assets	27,802	25,556
	<hr/>	<hr/>
Schemed deficit	(1,739)	(218)
Related deferred tax asset	537	54
	<hr/>	<hr/>
Net liability	(1,202)	(164)
	<hr/>	<hr/>
<b>Components of pension cost:</b>		
<i>Amount recognised in profit and loss statement</i>		
Current service cost	(400)	(419)
Interest on pension liabilities	(1,241)	(1,256)
Expected return on Scheme assets	1,401	1,433
	<hr/>	<hr/>
	(240)	(242)
	<hr/>	<hr/>
<i>Analysis of amount recognised in statement of total recognised gains and losses ("STRGL")</i>		
Actuarial (losses)	(1,951)	(1,252)
	<hr/>	<hr/>
Cumulative amount of actuarial losses immediately recognised	(4,814)	(2,863)
	<hr/>	<hr/>



# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (*continued*)

## 16 Pension costs (*continued*)

	2012	2011
<b>Principal actuarial assumptions</b>		
<i>Assumptions to determine benefit obligations</i>		
Discount rate	4.40%	4.90%
Rate of compensation increase	3.65%	3.75%
Rate of price inflation	2.65%	3.70%
Rate of pension increases (in-payment benefits)	5.00%	5.00%
Rate of pension increases (deferred benefits)	1.90%	1.75%
<i>Assumptions to determine net pension cost</i>		
Discount rate	4.90%	5.45%
Expected long-term rate of return on plan assets	5.50%	6.50%
Rate of compensation increase	3.75%	4.70%
Rate of price inflation	2.75%	3.70%
Rate of pension increases (in-payment benefits)	5.00%	5.00%
Rate of pension increases (deferred benefits)	1.75%	3.20%
<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	23.2 years
Members aged 40 (life expectancy at age 65)	24.9 years	24.9 years
<b>Scheme assets</b>		
<i>Percentage of Scheme assets by asset allocation</i>		
Equities	41.10%	41.40%
Debt	52.00%	51.20%
Real estate/property	6.40%	6.90%
Other	0.50%	0.50%
	<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>	<hr/>	<hr/>
	5.50%	6.50%
	<hr/>	<hr/>

# Havana Holdings (UK) Limited

## Notes forming part of the financial statements for the year ended 31 December 2012 (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.

	2012 £'000	2011 £'000			
<i>Actual return on Scheme assets</i>	<b>2,372</b>	1,659			
	<hr/>	<hr/>			
	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
<b>History of experience gains and losses</b>					
Defined benefit obligation	<b>(29,541)</b>	(25,774)	(23,410)	(20,643)	(16,924)
Fair value of Scheme assets	<b>27,802</b>	25,556	21,928	18,982	16,792
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Deficit	<b>(1,739)</b>	(218)	(1,482)	(1,661)	(132)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2012 £'000	2011 £'000			
<b>Balance sheet reconciliation:</b>					
Gross balance sheet liability at 31 December 2011	<b>(218)</b>	(1,482)			
Pension expense recognised in profit and loss account in the financial year	<b>(240)</b>	194			
Amounts recognised in STRGL in the financial year	<b>(1,951)</b>	(1,252)			
Actual contributions made by the company in the financial year	<b>670</b>	2,758			
	<hr/>	<hr/>			
Gross balance sheet liability at 31 December 2012	<b>(1,739)</b>	(218)			

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 (continued)

## 17 Commitments under operating leases

At 31 December 2012, the group had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2012 £'000	Other 2012 £'000	Land and buildings 2011 £'000	Other 2011 £'000
Operating leases which expire				
In one to two years	-	34	83	4
In two to five years	84	52	-	141
After five years	7	-	7	-
	<u>91</u>	<u>86</u>	<u>90</u>	<u>145</u>

## 18 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, Related Party Disclosures, not to disclose transactions with group companies, on the basis that it is 100% controlled within the group and prepares consolidated financial statements which are publicly available

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

	2012 £'000	2011 £'000
Operating profit	9,023	7,150
Depreciation	5,632	5,493
Amortisation on FRS 4 costs	-	148
(Increase)/decrease in debtors	(595)	411
(Decrease)/increase in creditors	(737)	921
Increase in stock	(38)	(17)
FRS 17 adjustment	(270)	(2,339)
	<u>13,015</u>	<u>11,767</u>

## Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2012 *(continued)*

### 20 Reconciliation of net cash inflow to movement in net debt

	2012 £'000	2011 £'000
Increase/(decrease) in cash in the year	3,912	(2,221)
Movement in net debt resulting from cash flows	2,122	3,141
Other non-cash movements	(133)	(148)
	<hr/>	<hr/>
Movement in net debt in the year	5,901	772
Net debt at 1 January 2012	(103,552)	(104,324)
	<hr/>	<hr/>
Net debt at 31 December 2012	(97,651)	(103,552)
	<hr/>	<hr/>

### 21 Analysis of changes in net debt

	At 1 January 2012 £'000	Cash flow £'000	Other non-cash movements £'000	At 31 December 2012 £'000
Cash at bank and in hand	12,089	3,912	-	16,001
Debt due within one year				
Bank loans	(3,180)	3,180	(3,180)	(3,180)
Debt due after one year				
Bank loans	(75,006)	-	3,047	(71,959)
Advances from parent company	(37,455)	(1,058)	-	(38,513)
	<hr/>	<hr/>	<hr/>	<hr/>
	(103,552)	6,034	(133)	(97,651)
	<hr/>	<hr/>	<hr/>	<hr/>

### 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 2012 (continued)**

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### **23 Ultimate parent company**

At 31 December 2012 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.

### **24 Capital commitments**

	<b>Group 2012 £'000</b>	<b>Group 2011 £'000</b>
Contracted but not provided for	<b>173</b>	<b>335</b>

The company had no capital commitments at 31 December 2012.