

# **Havana Holdings (UK) Limited**

Report and Financial Statements

Year Ended

31 December 2013

Company Number 3513344

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# **Havana Holdings (UK) Limited**

## **Report and financial statements for the year ended 31 December 2013**

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### **Directors**

M A Cairns  
K Cooper  
F Bakhos  
J Al Thani  
Z Guiziri

### **Secretary and registered office**

K Cooper, 30 Portman Square, London, W1A 4ZX

### **Company number**

3513344

### **Auditor**

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

# Havana Holdings (UK) Limited

## Strategic report for the year ended 31 December 2013

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The directors present their strategic report together with the audited financial statements for the year ended 31 December 2013.

### Business review

Performance in 2013 was not comparable to 2012 where we saw two “unique” and “unrepeatable” events being hosted in the UK, The Queen's Golden Jubilee and The Olympic Games, attracting huge volumes of visitors, positively impacting the hotel performance by adding some £2m in hotel revenues and boosting the average room rate.

Taking into account the level of uncertainty typical of a post-Olympic year, 2013 has been a fairly good year. Turnover shows a decrease year on year of only 2.8% (2012 - increase of 13.4%) which reflects mainly the additional business generated by the Olympics in 2012.

The profit and loss account is set out on page 6 and shows turnover for the year of £40.5m (2012 - £41.6m) and a profit for the year of £6.7m (2012 - £9.2m).

During 2013 we have seen the hotel concentrate efforts on maintaining momentum in a post-Olympic year despite a revenue shortfall from non-repeat business.

The strong relationships that have been built up over the years with the hotel's accounts from varying segments and regular guests, helped us in replacing a portion of the lost business over periods that were seen as very low demand for the rest of London.

During 2013 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.

Despite our efforts to increase internal efficiency and undertake cost saving activities, gross operating profit (GOP) decreased £1.7m (8.3%) (2012 - increase of £3.4m, 19.5%) during 2013 mainly due to the combined effect of a loss in average daily rate (ADR), a change in revenue mix towards food and beverage revenue which carries a lower profitability compared to rooms revenue and a loss in highly profitable internet revenue which we decided to offer free of charge in line with our competitors.

The directors' strategy in 2014, is to continue to drive economic success through a focus on room rates while maintaining occupancy, increasing food and beverage covers whilst maintaining prices at competitive and affordable levels, controlling costs to levels in line with our growth and 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.

### 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.

# Havana Holdings (UK) Limited

Strategic report  
for the year ended 31 December 2013 (*continued*)

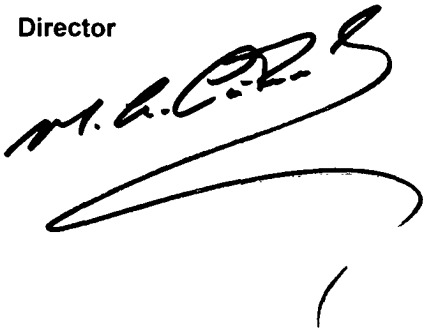
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## Approval

This Strategic Report was approved by the Board and signed on its behalf on 2 June 2014

M A Cairns

Director

A handwritten signature in black ink, appearing to read 'M. A. Cairns', followed by a large, sweeping horizontal flourish.

# Havana Holdings (UK) Limited

## Report of the directors for the year ended 31 December 2013

The directors present their report together with the audited financial statements for the year ended 31 December 2013.

### Results and dividends

The profit and loss account is set out on page 7 and shows the profit for the year.

The directors do not recommend an ordinary dividend (2012 - £Nil).

### Principal activities and future developments

*The principal activity of the group 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 group's activities in the year under review.

### 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.

### 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.

### Directors

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

M A Cairns	
K Cooper	(appointed 1 August 2013)
F Bakhos	(appointed 1 August 2013)
J Al Thani	(appointed 1 August 2013)
Z Guiziri	(appointed 1 August 2013)
S Moatasseem	(resigned 31 July 2013)
J O'Shea	(resigned 18 April 2013)
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.

# Havana Holdings (UK) Limited

## Report of the directors for the year ended 31 December 2013 (*continued*)

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### Directors' responsibilities

The directors are responsible for preparing the strategic report, 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.

### Auditor

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 auditor for the purposes of their audit and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is 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



2 June 2014

# **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 2013 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 Financial Reporting Council's (FRC'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 FRC'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 2013 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 strategic report and 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

2 June 2014

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 2013

	Note	2013 £'000	2012 £'000
<b>Turnover</b>	2	<b>40,489</b>	<b>41,649</b>
Raw materials and consumables		(1,900)	(1,759)
Other external charges		(1,432)	(1,118)
Staff costs	3	(11,897)	(11,566)
Depreciation		(6,227)	(5,632)
Other operating charges		(11,381)	(12,551)
<b>Operating profit</b>	4	<b>7,652</b>	<b>9,023</b>
Interest receivable and similar income	5	198	176
Interest payable and similar charges	6	(3,274)	(2,608)
Loss on disposal of fixed assets		(167)	(142)
<b>Profit on ordinary activities before taxation</b>		<b>4,409</b>	<b>6,449</b>
Taxation charge on profit from ordinary activities	7	(217)	(2,807)
<b>Profit on ordinary activities after taxation</b>	15	<b>4,192</b>	<b>3,642</b>

All amounts relate to continuing activities.

The notes on pages 13 to 28 form part of these financial statements.

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

### **Consolidated statement of total recognised gains and losses for the year ended 31 December 2013**

	<b>Note</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
Profit for the year		<b>4,192</b>	3,642
Actuarial gains/(losses) on defined benefit scheme	16	<b>2,175</b>	(1,951)
Deferred tax arising on actuarial gains and losses on defined benefit scheme		<b>(690)</b>	483
		<hr/>	<hr/>
Total recognised gains and losses since last financial statements		<b>5,677</b>	2,174
		<hr/>	<hr/>

The notes on pages 13 to 28 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 2013

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

	Note	2013 £'000	2012 £'000
Opening shareholders' funds		34,151	31,977
Profit for the year		4,192	3,642
Actuarial gains/(losses) on defined benefit scheme	16	2,175	(1,951)
Deferred tax arising on actuarial gains on defined benefit scheme		(690)	483
Net increase in shareholders' funds		5,677	2,174
Closing shareholders' funds		39,828	34,151

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

Opening shareholders' funds	7,453	9,356
Profit/(loss) for the year	3,277	(1,903)
Closing shareholders' funds	10,730	7,453

The notes on pages 13 to 28 form part of these financial statements.

# Havana Holdings (UK) Limited

## Consolidated balance sheet at 31 December 2013

<i>Company number 3513344</i>	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
<b>Fixed assets</b>					
Tangible assets	8		153,262		134,294
<b>Current assets</b>					
Stocks	10	464		462	
Debtors	11	3,654		3,895	
Cash at bank and in hand		15,384		16,001	
		19,502		20,358	
<b>Creditors: amounts falling due within one year</b>	12	11,509		8,827	
<b>Net current assets</b>			7,993		11,531
<b>Total assets less current liabilities</b>			161,255		145,825
<b>Creditors: amounts falling due after more than one year</b>	13		122,038		110,472
<b>Net assets excluding pension asset/(liability)</b>			39,217		35,353
<b>Pension asset/(liability)</b>	16		611		(1,202)
			39,828		34,151
<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		(7,672)		(13,349)
<b>Shareholders' funds</b>			39,828		34,151

The financial statements were approved by the Board of Directors and authorised for issue on 2 June 2014

M A Cairns  
Director



The notes on pages 13 to 28 form part of these financial statements.

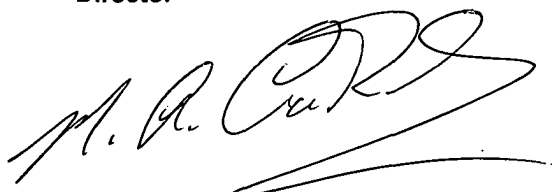
# Havana Holdings (UK) Limited

## Company balance sheet at 31 December 2013

<i>Company number 3513344</i>	<i>Note</i>	<b>2013</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
<b>Fixed assets</b>					
Investments	9		120,138		120,138
<b>Current assets</b>					
Debtors	11	20,015		2	
Cash at bank and in hand		-		1,512	
		<u>20,015</u>		<u>1,514</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>7,385</u>		<u>3,727</u>	
<b>Net current asset/(liabilities)</b>			<u>12,630</u>		<u>(2,213)</u>
<b>Total assets less current liabilities</b>			<u>132,768</u>		<u>117,925</u>
<b>Creditors: amounts falling due after more than one year</b>	13		<u>122,038</u>		<u>110,472</u>
			<u>10,730</u>		<u>7,453</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		(36,770)		(40,047)
<b>Shareholders' funds</b>			<u>10,730</u>		<u>7,453</u>

The financial statements were approved by the Board of Directors and authorised for issue on 2 June 2014

M A Cairns  
Director



The notes on pages 13 to 28 form part of these financial statements.

# Havana Holdings (UK) Limited

## Consolidated cash flow statement for the year ended 31 December 2013

	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
<b>Net cash inflow from operating activities</b>	19		14,189		13,015
<b>Returns on investments and servicing of finance</b>					
Interest received		91		16	
Interest paid		(2,722)		(2,390)	
Debt issue costs		(278)		-	
<b>Net cash outflow from returns on investment and servicing finance</b>			(2,909)		(2,374)
<b>Taxation</b>					
UK corporation tax paid			(1,486)		(1,680)
<b>Capital expenditure</b>					
Purchase of tangible fixed assets			(6,861)		(2,927)
<b>Cash inflow before financing</b>			2,933		6,034
<b>Financing</b>					
Bank loans repaid		(3,550)		(3,180)	
Increase in shareholder loan		-		1,058	
Shareholder loan repaid		(35,736)		-	
Loan from related party		35,736		-	
<b>Net cash flow from financing</b>			(3,550)		(2,122)
<b>(Decrease)/increase in cash</b>	20		(617)		3,912

### Major non cash transactions

During the year, the group's bank loan was increased by £18,500,000 in order to finance the extension of the lease held for the Hyatt Regency London - The Churchill Hotel, the cost of which was £24,179,000. The proceeds from the loan were paid directly by the bank to the landlord and as such the related cash inflow/outflow is not shown on the consolidated cash flow statement.

The notes on pages 13 to 28 form part of these financial statements.

# Havana Holdings (UK) Limited

## Notes forming part of the financial statements for the year ended 31 December 2013

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### 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 profit of £3,276,900 (2012 - loss of £1,903,310) 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. Turnover is recognised at the point the service is provided. Deposits are held on the balance sheet as a current liability and recognised in the profit and loss account when the service is provided.

#### *Depreciation*

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated on a straight line basis 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 2013 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Finance costs*

Finance costs are charged to the profit and loss account 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.

The group also operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period to which they relate.

#### *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.

#### *Financial risk management*

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.

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 2013 (*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

	2013 £'000	2012 £'000
Staff costs (including directors) consist of:		
Wages and salaries	10,460	10,193
Social security costs	855	811
Other pension costs	582	562
	<u>11,897</u>	<u>11,566</u>

The average number of employees during the year was 342 (2012 - 313).

The directors received fees of £72,469 (2012 - £100,000) during the year.

## 4 Operating profit

	2013 £'000	2012 £'000
This is arrived at after charging:		
Depreciation on fixed assets	6,227	5,632
Operating lease rentals:		
- land and buildings	231	102
- plant and machinery	84	110
Auditor's remuneration		
- audit of the company's accounts	18	17
- audit of other group companies' accounts	46	46
- taxation services	20	24
- other services	146	77
- assurance related services	20	-
	<u></u>	<u></u>

## 5 Interest receivable and similar income

	2013 £'000	2012 £'000
Bank deposits	91	16
Interest on pension scheme liabilities	(1,284)	(1,241)
Expected return on pension scheme assets	1,391	1,401
	<u>198</u>	<u>176</u>

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2013 (*continued*)

## 6 Interest payable and similar charges

	2013 £'000	2012 £'000
Bank loans	2,996	2,608
Loan arrangement fees	278	-
	<u>3,274</u>	<u>2,608</u>

## 7 Taxation on profit from ordinary activities

	2013 £'000	2012 £'000
<i>Current tax</i>		
UK corporation tax on profit of the year	-	2,293
Adjustment in respect of previous years	12	(7)
	<u>12</u>	<u>2,286</u>
<i>Deferred tax</i>		
Origination and reversal of temporary differences	153	457
Impact of change in future rate of taxation	72	64
Adjustment in respect of previous years	(20)	-
	<u>205</u>	<u>521</u>
	<u>217</u>	<u>2,807</u>

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

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	<u>4,409</u>	<u>6,449</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	1,025	1,579
Effects of:		
Expenses not deductible for tax purposes	37	43
Depreciation for year in excess of capital allowances	1,129	922
Difference between pension charge and amount paid	(215)	(251)
Adjustment in respect of previous years	12	(7)
Deduction in respect of discounted loan note payments	(1,976)	-
	<u>12</u>	<u>2,286</u>

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2013 (*continued*)

## 8 Tangible assets - group

	Long leasehold land and buildings £'000	Fixtures fittings and equipment £'000	Total £'000
<i>Cost</i>			
At 1 January 2013	147,095	33,324	180,419
Additions	24,179	1,1832	25,362
Disposals	-	(390)	(390)
	<hr/>	<hr/>	<hr/>
At 31 December 2013	<b>171,2743</b>	<b>34,117</b>	<b>205,391</b>
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2013	30,160	15,965	46,125
Provided for the year	2,882	3,345	6,227
Disposals	-	(223)	(223)
	<hr/>	<hr/>	<hr/>
At 31 December 2013	<b>33,042</b>	<b>19,087</b>	<b>52,129</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2013	<b>138,232</b>	<b>15,030</b>	<b>153,262</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2012	116,935	17,359	134,294
	<hr/>	<hr/>	<hr/>

At 31 December 2013, the group was committed to capital expenditure not provided for totalling £464,000 (2012 - £173,000).

There were no fixed assets held within the company (2012 - £Nil).

## 9 Fixed asset investments

Company	2013 £'000	2012 £'000
<i>Cost and net book value</i>		
1 January	120,138	72,838
Increase in investment	-	47,300
	<hr/>	<hr/>
At 31 December	<b>120,138</b>	<b>120,138</b>
	<hr/>	<hr/>

During the prior 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 2013 (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 2013 £'000	Group 2012 £'000
Goods for resale	168	166
Operating equipment	296	296
	<u>464</u>	<u>462</u>

## 11 Debtors

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Trade debtors	2,568	2,632	-	-
Other debtors	49	54	5	2
Deferred tax	325	530	-	-
Prepayments and accrued income	712	679	-	-
Due from subsidiary undertakings	-	-	20,010	-
	<u>3,654</u>	<u>3,895</u>	<u>20,015</u>	<u>2</u>

All debtors fall due within one year. No interest is charged on the amount due from the subsidiary undertaking.

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2013 (continued)

## 11 Debtors (continued)

	Deferred taxation £'000			
Deferred taxation				
At 1 January 2013				530
Released in the year (note 7)				(205)
				<hr/>
At 31 December 2013				<b>325</b>
				<hr/>
<b>Group</b>				
	<b>2013 Provided £'000</b>	<b>2012 Provided £'000</b>	<b>2013 Unprovided £'000</b>	<b>2012 Unprovided £'000</b>
Unrelieved tax losses	-	-	1,305	1,363
Decelerated capital allowances	205	530	-	-
Other timing difference	-	-	205	2,791
Interest payable	-	-	1,143	1,314
	<hr/>	<hr/>	<hr/>	<hr/>
Asset	<b>205</b>	<b>530</b>	<b>2,653</b>	<b>5,468</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Company</b>				
	<b>2013 Provided £'000</b>	<b>2012 Provided £'000</b>	<b>2013 Unprovided £'000</b>	<b>2012 Unprovided £'000</b>
Short term timing difference	-	-	554	2,791
Unrelieved tax losses	-	-	205	236
Interest payable	-	-	1,143	1,314
	<hr/>	<hr/>	<hr/>	<hr/>
Asset	<b>-</b>	<b>-</b>	<b>1,902</b>	<b>4,341</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 2013 (continued)

## 12 Creditors: amounts falling due within one year

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Bank loans (note 13)	3,920	3,180	3,920	3,180
Amounts owed to parent undertakings	2,777	-	2,777	-
Trade creditors	778	898	-	-
Other taxation and social security	1,083	779	-	-
Corporation tax	12	1,486	-	-
Accruals and deferred income	2,939	2,484	688	547
	<u>11,509</u>	<u>8,827</u>	<u>7,385</u>	<u>3,727</u>

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

	Group 2013 £'000	Group 2012 £'000	Company 2013 £'000	Company 2012 £'000
Amounts owed to parent undertaking	-	38,513	-	38,513
Loan from related party	35,736	-	35,736	-
Bank loan (secured)	86,302	71,959	86,302	71,959
	<u>122,038</u>	<u>110,472</u>	<u>122,038</u>	<u>110,472</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 2013 of £847,902 (2012 - £1,780,553). This swap fixes LIBOR at 1.44%.

The repayments on this loan are as follows:

	2013 £'000	2012 £'000
In one year or less	3,920	3,180
In more than one year but not more than two years	86,302	3,180
In more than two years but not more than five years	-	68,779
	<u>90,222</u>	<u>75,139</u>

During the year £35,736,000 of the loan from the parent undertaking was repaid and a new loan of £35,736,000 was taken out with Stella Hotels S.A., a related party. The loan is repayable on 9 December 2016 and interest is charged at a fixed rate of 8% per annum on £23,000,000 of the loan with the remainder being interest free. The balance of £2,777,000 of the loan from the parent undertaking is now repayable during 2014 and therefore has been reclassified to amounts falling due within one year.

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2013 (*continued*)

## 14 Share capital

	2013 Number	Authorised 2012 Number	2013 £'000	2012 £'000
Ordinary shares of £1 each	100,000,000	100,000,000	100,000	100,000
	2013 Number	Allotted, called up and fully paid 2012 Number	2013 £'000	2012 £'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 2013 and at 31 December 2013	5,000	5,000
<i>Profit and loss account</i>		
At 1 January 2013	(13,349)	(40,047)
Profit for the year	4,192	3,277
Net actuarial gain on pension scheme liability	1,485	-
At 31 December 2013	7,672	(36,770)

# Havana Holdings (UK) Limited

## Notes forming part of the financial statements for the year ended 31 December 2013 (continued)

### 16 Pension costs

The group operates a funded defined benefit pension scheme. The assets of the Scheme are held separately from those of the group. 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 2013 and updated to December 2013 by a qualified independent actuary on a FRS 17 basis.

Contributions of £664,000 were made in the period to 31 December 2013 (31 December 2012 - £670,000). It has been agreed with the trustees that the company will continue to contribute to the Scheme at current levels, and contributions of approximately £845,000 are expected to be paid in 2014.

Details of the Scheme are given below:

	2013 £'000	2012 £'000
<b>Change in benefit obligation during the year:</b>		
Benefit obligation at beginning of year	(29,541)	(25,774)
Movement in year:		
Current service cost	(443)	(400)
Interest cost	(1,284)	(1,241)
Scheme participants contributions	(72)	(71)
Actuarial gain/(loss)	1,454	(2,922)
Benefits paid from Scheme	804	681
Administrative expenses paid	163	186
	<hr/>	<hr/>
Benefit obligation at end of year	(28,919)	(29,541)
	<hr/>	<hr/>
<b>Change in Scheme assets during the year:</b>		
Fair value of Scheme assets at beginning of year	27,802	25,556
Movement in year:		
Expected return on Scheme assets	1,391	1,401
Actuarial gains on Scheme assets	721	971
Employer contributions	664	670
Member contributions	72	71
Benefits paid from Scheme	(804)	(681)
Administrative expenses paid	(163)	(186)
	<hr/>	<hr/>
Fair value of Scheme assets at end of year	29,683	27,802
	<hr/>	<hr/>

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2013 (*continued*)

## 16 Pension costs (*continued*)

	2013 £'000	2012 £'000
<b>Amounts recognised in the balance sheet:</b>		
Present value of wholly or partly funded obligations	(28,919)	(29,541)
Fair value of Scheme assets	29,683	27,802
	<hr/>	<hr/>
Scheme surplus/(deficit)	764	(1,739)
Related deferred tax (liability)/asset	(153)	537
	<hr/>	<hr/>
Net asset/(liability)	611	(1,202)
	<hr/>	<hr/>
<b>Components of pension cost:</b>		
<i>Amount recognised in profit and loss statement</i>		
Current service cost (included within staff costs)	(443)	(400)
Interest on pension liabilities (included within interest receivable)	(1,284)	(1,241)
Expected return on Scheme assets (included within interest receivable)	1,391	1,401
	<hr/>	<hr/>
	(336)	(240)
	<hr/>	<hr/>
<i>Analysis of amount recognised in statement of total recognised gains and losses ("STRGL"):</i>		
Actuarial gains/(losses)	2,175	(1,951)
	<hr/>	<hr/>
<i>Cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses</i>	(2,639)	(4,814)
	<hr/>	<hr/>

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2013 (*continued*)

## 16 Pension costs (*continued*)

	2013	2012
<b>Principal actuarial assumptions:</b>		
<i>Assumptions to determine benefit obligations</i>		
Discount rate	4.40%	4.40%
Rate of compensation increase	3.35%	3.65%
Rate of price inflation	3.35%	2.65%
Rate of pension increases (in-payment benefits)	5.00%	5.00%
Rate of pension increases (deferred benefits)	2.35%	1.90%
<i>Assumptions to determine net pension cost</i>		
Discount rate	4.40%	4.90%
Expected long-term rate of return on plan assets	5.00%	5.50%
Rate of compensation increase	3.65%	3.75%
Rate of price inflation	2.65%	2.75%
Rate of pension increases (in-payment benefits)	5.00%	5.00%
Rate of pension increases (deferred benefits)	1.90%	1.75%
<i>Weighted average life expectancy on post-retirement mortality table used to determine benefit obligation for:</i>		
Members aged 65 (current life expectancy)	22.3 years	23.2 years
Members aged 40 (life expectancy at age 65)	23.9 years	24.9 years
<b>Scheme assets</b>		
<i>Percentage of Scheme assets by asset allocation</i>		
Equities	40.30%	41.10%
Debt	49.40%	52.00%
Real estate/property	10.20%	6.40%
Other	0.10%	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>	5.25%	5.50%
	<hr/>	<hr/>

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2013 (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.

	2013 £'000	2012 £'000			
Actual return on Scheme assets	2,112	2,372			
Five year history of scheme surplus/(deficit):					
	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Defined benefit obligation	(28,919)	(29,541)	(25,774)	(23,410)	(20,643)
Fair value of Scheme assets	29,683	27,802	25,556	21,928	18,982
Surplus/(deficit) of the scheme	764	(1,739)	(218)	(1,482)	(1,661)
Experience adjustments arising on:					
	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Scheme liabilities	(443)	(400)	(419)	(360)	(295)
Scheme assets	1,391	1,401	1,433	1,242	1,099
Balance sheet reconciliation:					
Gross balance sheet liability at beginning of year	(1,739)	(218)			
Pension expense recognised in profit and loss account in the financial year	(336)	(240)			
Amounts recognised in STRGL in the financial year	2,175	(1,951)			
Actual contributions made by the company in the financial year	664	670			
Gross balance sheet asset/(liability) at end of year	764	(1,739)			

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2013 (*continued*)

## 17 Commitments under operating leases

At 31 December 2013, the group had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2013 £'000	Other 2013 £'000	Land and buildings 2012 £'000	Other 2012 £'000
Operating leases which expire:				
In one to two years	-	11	-	34
In two to five years	84	52	84	52
After five years	200	-	7	-
	<u>284</u>	<u>63</u>	<u>91</u>	<u>86</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.

During the year the ultimate parent company, Sandwood Worldwide Limited provided a loan of £4,435,000 to the group. This was fully repaid during the year with no interest paid or payable.

During the year the company repaid loan notes totalling £35,736,000 to its ultimate parent company and took out a loan of £35,736,000 with Stellar Hotels S.A., a company with the same beneficial owner. The terms of the loan are disclosed in note 13 to the financial statements. During the year interest of £110,900 was charged on this loan, which was included in accruals at year end.

At the year end, the group and company owed £2,777,000 to their ultimate parent and £35,736,000 to Stellar Hotels S.A..

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

	2013 £'000	2012 £'000
Operating profit	7,652	9,023
Depreciation	6,227	5,632
Decrease/increase) in debtors	36	(595)
Increase/(decrease) in creditors	497	(737)
Increase in stock	(2)	(38)
FRS 17 adjustment	(221)	(270)
	<u>14,189</u>	<u>13,015</u>

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2013 (*continued*)

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

	2013 £'000	2012 £'000
(Decrease)/increase in cash in the year	(617)	3,912
Movement in net debt resulting from cash flows	3,180	2,122
Other non-cash movements	(18,263)	(133)
	<hr/>	<hr/>
Movement in net debt in the year	(15,700)	5,901
Opening net debt	(97,651)	(103,552)
	<hr/>	<hr/>
Closing net debt	(113,351)	(97,651)
	<hr/>	<hr/>

## 21 Analysis of changes in net debt

	At 1 January 2013 £'000	Cash flow £'000	Other non-cash movements £'000	At 31 December 2013 £'000
Cash at bank and in hand	16,001	(617)	-	15,384
Debt due within one year:				
Bank loans	(3,180)	3,180	(3,920)	(3,920)
Advances from parent company	-	-	(2,777)	(2,777)
Debt due after one year:				
Bank loans	(71,959)	-	(14,343)	(86,302)
Advances from parent company	(38,513)	35,736	2,777	-
Loan from related party	-	(35,736)	-	(35,736)
	<hr/>	<hr/>	<hr/>	<hr/>
	(97,651)	2,563	(18,263)	(113,351)
	<hr/>	<hr/>	<hr/>	<hr/>

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2013 (*continued*)

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## 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.

## 23 Ultimate parent company

At 31 December 2013 the company's immediate and ultimate 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.