

# **Havana Holdings (UK) Limited**

Report and Financial Statements

Year Ended

31 December 2014

Company Number 03513344

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# **Havana Holdings (UK) Limited**

## **Report and financial statements for the year ended 31 December 2014**

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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**

03513344

### **Auditor**

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

# Havana Holdings (UK) Limited

## Strategic report for the year ended 31 December 2014

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The directors present their strategic report together with the audited financial statements for the year ended 31 December 2014.

### Principal activities

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 company's activities in the year under review.

### Business review

Performance in 2014 was not comparable to 2013 given that the results for the year have been materially impacted by the closure of the hotel on 21 November 2014. Up until this point trading had been positive and the directors were looking forward to presenting a very satisfactory set of full year results.

The closure of the hotel has allowed an opportunity for a rooms refurbishment and upgrade programme, and the hotel was able to reopen with limited inventory on 16 March 2015. It is anticipated that the full inventory will be available, fully refurbished, by the end of the year.

The profit and loss account is set out on page 7 and shows turnover for the year of £37.0m (2013 - £40.5m) and a profit for the year of £3.3m (2013 - £4.2m).

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 2014 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.

The directors' strategy in 2015, is to continue to drive economic success through a focus on room rates while not losing 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.

Meaningful analysis of our key operating metrics, including GOP, is extremely difficult given the lack of trade in the final six weeks of the year, however, the directors are confident that the refurbishment programme will allow the company to meet its strategic objectives.

There have been no events since the balance sheet date, other than those mentioned above, 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 2014 (*continued*)

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## Approval

This Strategic Report was approved by the Board and signed on its behalf on **30 SEP 2015**

M A Cairns

Director

A handwritten signature in black ink, appearing to read 'M. A. Cairns', with a long horizontal flourish underneath.

# **Havana Holdings (UK) Limited**

## **Report of the directors for the year ended 31 December 2014**

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The directors present their report together with the audited financial statements for the year ended 31 December 2014.

### **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 (2013 - £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  
F Bakhos  
J Al Thani  
Z Guiziri

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 2014 (*continued*)

### 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

Date

30 SEP 2015

# 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 2014 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 2014 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.



*Mark RA Edwards (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom*

**30 SEP 2015**

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 2014

	Note	2014 £'000	2013 £'000
<b>Turnover</b>	2	<b>37,015</b>	40,489
Raw materials and consumables		(1,598)	(1,900)
Other external charges		(1,428)	(1,432)
Staff costs	3	(12,293)	(11,897)
Depreciation		(6,315)	(6,227)
Other operating charges		(11,760)	(11,381)
Other income		4,100	-
<b>Operating profit</b>	4	<b>7,721</b>	7,652
Interest receivable and similar income	5	398	198
Interest payable and similar charges	6	(5,132)	(3,274)
Loss on disposal of fixed assets		-	(167)
<b>Profit on ordinary activities before taxation</b>		<b>2,987</b>	4,409
Taxation credit/(charge) on profit from ordinary activities	7	341	(217)
<b>Profit on ordinary activities after taxation</b>	15	<b>3,328</b>	4,192

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 2014

	Note	2014 £'000	2013 £'000
Profit for the year		3,328	4,192
Actuarial (losses)/gains on defined benefit scheme	16	(1,510)	2,175
Deferred tax arising on actuarial losses and gains on defined benefit scheme		212	(690)
		<hr/>	<hr/>
Total recognised gains and losses since last financial statements		2,030	5,677
		<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 2014

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

	Note	2014 £'000	2013 £'000
Opening shareholders' funds		39,828	34,151
Profit for the year		3,328	4,192
Actuarial gains on defined benefit scheme	16	(1,510)	2,175
Deferred tax arising on actuarial gains on defined benefit scheme		212	(690)
Net increase in shareholders' funds		2,030	5,677
Closing shareholders' funds		41,858	39,828

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

Opening shareholders' funds	10,730	7,453
Profit for the year	1,768	3,277
Closing shareholders' funds	12,498	10,730

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

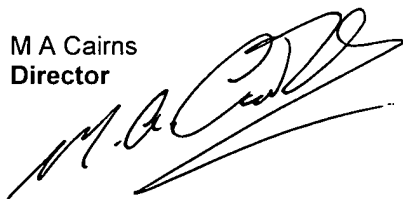
# Havana Holdings (UK) Limited

## Consolidated balance sheet at 31 December 2014

<i>Company number 03513344</i>	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
<b>Fixed assets</b>					
Tangible assets	8		146,483		153,262
<b>Current assets</b>					
Stocks	10	460		464	
Debtors	11	5,174		3,654	
Cash at bank and in hand		24,501		15,384	
		30,135		19,502	
<b>Creditors: amounts falling due within one year</b>	12	13,498		11,509	
<b>Net current assets</b>			16,637		7,993
<b>Total assets less current liabilities</b>			163,120		161,255
<b>Creditors: amounts falling due after more than one year</b>	13		121,027		122,038
<b>Net assets excluding pension asset</b>			42,093		39,217
<b>Pension (liability)/asset</b>	16		(235)		611
			41,858		39,828
<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		(5,642)		(7,672)
<b>Shareholders' funds</b>			41,858		39,828

The financial statements were approved by the Board of Directors and authorised for issue on **30 SEP 2015**

M A Cairns  
Director



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

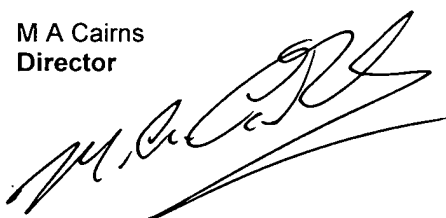
# Havana Holdings (UK) Limited

## Company balance sheet at 31 December 2014

<i>Company number 03513344</i>	<i>Note</i>	<b>2014</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>	<b>2013</b> <b>£'000</b>
<b>Fixed assets</b>					
Investments	9		120,138		120,138
<b>Current assets</b>					
Debtors	11	20,012		20,015	
Cash at bank and in hand		5,000		-	
		<u>25,012</u>		<u>20,015</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>11,625</u>		<u>7,385</u>	
<b>Net current asset</b>			<u>13,387</u>		<u>12,630</u>
<b>Total assets less current liabilities</b>			<u>133,525</u>		<u>132,768</u>
<b>Creditors: amounts falling due after more than one year</b>	13		<u>121,027</u>		<u>122,038</u>
			<u>12,498</u>		<u>10,730</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		(35,002)		(36,770)
<b>Shareholders' funds</b>			<u>12,498</u>		<u>10,730</u>

The financial statements were approved by the Board of Directors and authorised for issue on **30 SEP 2015**

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 2014

	Note	2014 £'000	2014 £'000	2013 £'000	2013 £'000
<b>Net cash inflow from operating activities</b>	19		13,722		14,189
<b>Returns on investments and servicing of finance</b>					
Interest received		94		91	
Interest paid		(2,981)		(2,722)	
Debt issue costs		-		(278)	
<b>Net cash outflow from returns on investment and servicing finance</b>			(2,887)		(2,909)
<b>Taxation</b>					
UK corporation tax paid			(12)		(1,486)
<b>Capital expenditure</b>					
Purchase of tangible fixed assets			(2,786)		(6,861)
<b>Cash inflow before financing</b>			8,037		2,933
<b>Financing</b>					
Bank loans repaid		(3,920)		(3,550)	
Increase in shareholder loan		5,000		-	
Shareholder loan repaid		(2,777)		(35,736)	
Loan from related party		2,777		35,736	
<b>Net cash flow from financing</b>			1,080		(3,550)
<b>Decrease in cash</b>	20		9,117		(617)

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 2014

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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 £1,768,400 (2013 – loss of £3,276,900) 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 2014 (*continued*)

### 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.

### 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 2014 (continued)

## 3 Directors and employees

	2014 £'000	2013 £'000
Staff costs (including directors) consist of:		
Wages and salaries	10,692	10,460
Social security costs	895	855
Other pension costs	706	582
	<u>12,293</u>	<u>11,897</u>

The average number of employees during the year was 364 (2013 – 342).

The directors received fees of £50,000 (2013 - £72,469) during the year.

## 4 Operating profit

	2014 £'000	2013 £'000
This is arrived at after charging/(crediting):		
Depreciation on fixed assets	6,315	6,227
Operating lease rentals:		
- land and buildings	231	231
- plant and machinery	89	84
Auditor's remuneration		
- audit of the company's accounts	18	18
- audit of other group companies' accounts	46	46
- taxation services	20	20
- other services	17	146
- assurance related services	20	20
Other income	(4,100)	-
	<u></u>	<u></u>

Other income relates to compensation received from insurance company for business interruption.

## 5 Interest receivable and similar income

	2014 £'000	2013 £'000
Bank deposits	94	91
Interest on pension scheme liabilities	(1,254)	(1,284)
Expected return on pension scheme assets	1,558	1,391
	<u>398</u>	<u>198</u>

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (*continued*)

## 6 Interest payable and similar charges

	2014 £'000	2013 £'000
Bank loans	2,977	2,996
Loan arrangement fees	132	278
Interest on group borrowings	2,023	-
	<u>5,132</u>	<u>3,274</u>

## 7 Taxation on profit from ordinary activities

	2014 £'000	2013 £'000
<i>Current tax</i>		
UK corporation tax on profit of the year	146	-
Adjustment in respect of previous years	-	12
	<u>146</u>	<u>12</u>
<i>Deferred tax</i>		
Origination and reversal of temporary differences	(487)	153
Impact of change in future rate of taxation	-	72
Adjustment in respect of previous years	-	(20)
	<u>(487)</u>	<u>205</u>
Total deferred tax (credit)/charge	<u>(487)</u>	<u>205</u>
	<u>341</u>	<u>217</u>
Tax (credit)/charge on profit on ordinary activities	<u>341</u>	<u>217</u>

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

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	2,987	4,409
	<u>642</u>	<u>1,025</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21.5% (2013 – 23.25%)	<u>642</u>	<u>1,025</u>
Effects of:		
Expenses not deductible for tax purposes	40	37
Depreciation for year in excess of capital allowances	822	1,129
Difference between pension charge and amount paid	(98)	(215)
Adjustment in respect of previous years	(1)	12
Deduction in respect of discounted loan note payments	(597)	(1,976)
Utilisation of tax losses	(662)	-
	<u>146</u>	<u>12</u>
Current tax charge for year	<u>146</u>	<u>12</u>

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (*continued*)

## 8 Tangible assets – group

	Long leasehold land and buildings £'000	Fixtures fittings and equipment £'000	Total £'000
<i>Cost</i>			
At 1 January 2014	171,274	34,117	205,391
Additions	-	2,786	2,786
Disposals	(3,243)	(846)	(4,089)
	<hr/>	<hr/>	<hr/>
At 31 December 2014	<b>168,031</b>	<b>36,057</b>	<b>204,088</b>
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 January 2014	33,042	19,087	52,129
Provided for the year	2,854	3,461	6,315
Disposals	(322)	(517)	(839)
	<hr/>	<hr/>	<hr/>
At 31 December 2014	<b>35,574</b>	<b>22,031</b>	<b>57,605</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 December 2014	<b>132,457</b>	<b>14,026</b>	<b>146,483</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2013	138,232	15,030	153,262
	<hr/>	<hr/>	<hr/>

During the year, total assets with a net book value of £3,250,000 were irreparably damaged as a result of the explosion at the hotel. No loss on disposal has been recognised as this has been covered by insurance proceeds, which are recorded within other debtors.

At 31 December 2014, the group was committed to capital expenditure not provided for totalling £Nil (2013 - £464,000).

There were no fixed assets held within the company (2013 - £Nil).

## 9 Fixed asset investments

	2014 £'000	2013 £'000
<i>Company</i>		
<i>Cost and net book value</i>		
1 January	120,138	120,138
Increase in investment	-	-
	<hr/>	<hr/>
At 31 December	<b>120,138</b>	120,138
	<hr/>	<hr/>

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (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 2014 £'000	Group 2013 £'000
Goods for resale	164	168
Operating equipment	296	296
	<u>460</u>	<u>464</u>

## 11 Debtors

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Trade debtors	957	2,568	-	-
Other debtors	3,348	49	2	5
Deferred tax	812	325	-	-
Prepayments and accrued income	57	712	-	-
Due from subsidiary undertakings	-	-	20,010	20,010
	<u>5,174</u>	<u>3,654</u>	<u>20,012</u>	<u>20,015</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 2014 (*continued*)

## 11 Debtors (*continued*)

	Deferred taxation £'000			
Deferred taxation				
At 1 January 2014				325
Recognised in the year (note 7)				487
				<hr/>
At 31 December 2014				812
				<hr/>
<b>Group</b>				
	<b>2014 Provided £'000</b>	<b>2013 Provided £'000</b>	<b>2014 Unprovided £'000</b>	<b>2013 Unprovided £'000</b>
Unrelieved tax losses	-	-	617	1,305
Decelerated capital allowances	487	205	(292)	-
Other timing difference	-	-	-	205
Interest payable	-	-	555	1,143
	<hr/>	<hr/>	<hr/>	<hr/>
Asset	487	205	880	2,653
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Company</b>				
	<b>2014 Provided £'000</b>	<b>2013 Provided £'000</b>	<b>2014 Unprovided £'000</b>	<b>2013 Unprovided £'000</b>
Short term timing difference	-	-	-	554
Unrelieved tax losses	-	-	431	205
Interest payable	-	-	-	1,143
	<hr/>	<hr/>	<hr/>	<hr/>
Asset	-	-	431	1,902
	<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 2014 (continued)

## 12 Creditors: amounts falling due within one year

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Bank loans (note 13)	3,920	3,920	3,920	3,920
Amounts owed to parent undertakings	5,000	2,777	5,000	2,777
Trade creditors	-	778	-	-
Other taxation and social security	150	1,083	-	-
Corporation tax	146	12	-	-
Accruals and deferred income	4,282	2,939	2,705	688
	<u>13,498</u>	<u>11,509</u>	<u>11,625</u>	<u>7,385</u>

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

	Group 2014 £'000	Group 2013 £'000	Company 2014 £'000	Company 2013 £'000
Amounts owed to parent undertaking	-	-	-	-
Loan from related party	38,513	35,736	38,513	35,736
Bank loan (secured)	82,514	86,302	82,514	86,302
	<u>121,027</u>	<u>122,038</u>	<u>121,027</u>	<u>122,038</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:

	2014 £'000	2013 £'000
In one year or less	3,920	3,920
In more than one year but not more than two years	82,514	86,302
In more than two years but not more than five years	-	-
	<u>86,434</u>	<u>90,222</u>

The loan from related party 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 was repaid during 2014 and new loan of £2,777,000 was taken out with Stella Hotels S.A., a related party.

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (*continued*)

## 14 Share capital

	2014 Number	Authorised 2013 Number	2014 £'000	2013 £'000
Ordinary shares of £1 each	100,000,000	100,000,000	100,000	100,000
		Allotted, called up and fully paid		
	2014 Number	2013 Number	2014 £'000	2013 £'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 2014 and at 31 December 2014	5,000	5,000
<i>Profit and loss account</i>		
At 1 January 2014	(7,672)	(36,770)
Profit for the year	3,328	1,768
Net actuarial gain on pension scheme liability	(1,298)	-
At 31 December 2014	(5,642)	(35,002)

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (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 in April 2015 by a qualified independent actuary on a FRS 17 basis.

Contributions of £699,000 were made in the period to 31 December 2014 (31 December 2013 - £664,000). It has been agreed with the trustees that the company will continue to contribute to the Scheme at current levels, and contributions of approximately £733,000 are expected to be paid in 2015.

Details of the Scheme are given below:

	2014 £'000	2013 £'000
<b>Change in benefit obligation during the year:</b>		
Benefit obligation at beginning of year	(28,919)	(29,541)
Movement in year:		
Current service cost	(551)	(443)
Interest cost	(1,254)	(1,284)
Scheme participants contributions	(65)	(72)
Actuarial gain	(4,275)	1,454
Benefits paid from Scheme	1,092	804
Administrative expenses paid	171	163
	<u>(33,801)</u>	<u>(28,919)</u>
<b>Change in Scheme assets during the year:</b>		
Fair value of Scheme assets at beginning of year	29,683	27,802
Movement in year:		
Expected return on Scheme assets	1,558	1,391
Actuarial gains on Scheme assets	2,765	721
Employer contributions	699	664
Member contributions	65	72
Benefits paid from Scheme	(1,092)	(804)
Administrative expenses paid	(171)	(163)
	<u>33,507</u>	<u>29,683</u>
Fair value of Scheme assets at end of year		



# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (*continued*)

## 16 Pension costs (*continued*)

	2014 £'000	2013 £'000
<b>Amounts recognised in the balance sheet:</b>		
Present value of wholly or partly funded obligations	(33,801)	(28,919)
Fair value of Scheme assets	33,507	29,683
	<hr/>	<hr/>
Scheme (deficit)/surplus	(294)	764
Related deferred tax asset/(liability)	59	(153)
	<hr/>	<hr/>
Net (liability)/asset	(235)	611
	<hr/>	<hr/>
<b>Components of pension cost:</b>		
<i>Amount recognised in profit and loss statement</i>		
Current service cost (included within staff costs)	(551)	(443)
Interest on pension liabilities (included within interest receivable)	(1,254)	(1,284)
Expected return on Scheme assets (included within interest receivable)	1,558	1,391
	<hr/>	<hr/>
	(247)	(336)
	<hr/>	<hr/>
<i>Analysis of amount recognised in statement of total recognised gains and losses ("STRGL"):</i>		
Actuarial (losses)/gains	(1,510)	2,175
	<hr/>	<hr/>
<i>Cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses</i>	(4,149)	(2,639)
	<hr/>	<hr/>

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 *(continued)*

## 16 Pension costs *(continued)*

	2014	2013
<b>Principal actuarial assumptions:</b>		
<i>Assumptions to determine benefit obligations</i>		
Discount rate	3.65%	4.40%
Rate of compensation increase	2.85%	3.35%
Rate of price inflation	2.85%	3.35%
Rate of pension increases (in-payment benefits)	5.00%	5.00%
Rate of pension increases (deferred benefits)	1.85%	2.35%
<i>Assumptions to determine net pension cost</i>		
Discount rate	3.65%	4.40%
Expected long-term rate of return on plan assets	5.25%	5.00%
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>Weighted average life expectancy on post-retirement mortality table used to determine benefit obligation for:</i>		
Members aged 65 (current life expectancy) - male		22.3 years
Members aged 50 (life expectancy at age 65) - male		24.0 years
Members aged 65 (current life expectancy) - female		24.9 years
Members aged 50 (life expectancy at age 65) - female		26.7 years
<b>Scheme assets</b>		
<i>Percentage of Scheme assets by asset allocation</i>		
Equities	39.0%	40.30%
Debt	49.9%	49.40%
Real estate/property	10.4%	10.20%
Other	0.7%	0.10%
	<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>	n/a	5.25%
	<hr/>	<hr/>

The expected rate of return for the year to 31 December 2014 is 5.25%.

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (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.

	2014 £'000	2013 £'000
Actual return on Scheme assets	4,323	2,112

### Five year history of scheme surplus/(deficit):

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Defined benefit obligation	(33,801)	(28,919)	(29,541)	(25,774)	(23,410)
Fair value of Scheme assets	33,507	29,683	27,802	25,556	21,928
Surplus/(deficit) of the scheme	(294)	764	(1,739)	(218)	(1,482)

### Experience adjustments arising on:

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Scheme liabilities	(551)	(443)	(400)	(419)	(360)
Scheme assets	1,558	1,391	1,401	1,433	1,242

	2014 £'000	2013 £'000
<b>Balance sheet reconciliation:</b>		
Gross balance sheet asset/(liability) at beginning of year	764	(1,739)
Pension expense recognised in profit and loss account in the financial year	(247)	(336)
Amounts recognised in STRGL in the financial year	(1,510)	2,175
Actual contributions made by the company in the financial year	699	664
Gross balance sheet asset at end of year	(294)	764

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (continued)

## 17 Commitments under operating leases

At 31 December 2014, the group had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2014 £'000	Other 2014 £'000	Land and buildings 2013 £'000	Other 2013 £'000
Operating leases which expire:				
In one to two years	-	11	-	11
In two to five years	84	52	84	52
After five years	200	-	200	-
	<u>284</u>	<u>63</u>	<u>284</u>	<u>63</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 a parent company, Sandwood Worldwide Limited provided a loan of £5,000,000 to the group.

During the year the company repaid loan notes totalling £2,777,777 to its parent company and took out a loan of £2,777,415 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 £2,022,614 was charged on this loan, which was included in accruals at year end.

At the year end, the group and company owed £5,000,000 to a parent company and £38,512,847 to Stellar Hotels S.A..

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

	2014 £'000	2013 £'000
Operating profit	7,721	7,652
Depreciation	6,315	6,227
Decrease in debtors	2,217	36
(Decrease)/increase in creditors	(2,387)	497
Decrease/(increase) in stock	4	(2)
FRS 17 adjustment	(148)	(221)
	<u>13,722</u>	<u>14,189</u>

# Havana Holdings (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2014 (*continued*)

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

	2014 £'000	2013 £'000
(Increase)/decrease in cash in the year	9,117	(617)
Movement in net debt resulting from cash flows	(1,080)	3,180
Other non-cash movements	(132)	(18,263)
	<hr/>	<hr/>
Movement in net debt in the year	7,905	(15,700)
Opening net debt	(113,351)	(97,651)
	<hr/>	<hr/>
Closing net debt	(105,446)	(113,351)
	<hr/>	<hr/>

## 21 Analysis of changes in net debt

	At 1 January 2014 £'000	Cash flow £'000	Other non-cash movements £'000	At 31 December 2014 £'000
Cash at bank and in hand	15,384	9,117	-	24,501
Debt due within one year:				
Bank loans	(3,920)	3,920	(3,920)	(3,920)
Payment to parent company	(2,777)	2,777	-	-
Advances from parent company	-	(5,000)	-	(5,000)
Debt due after one year:				
Bank loans	(86,302)	-	3,788	(82,514)
Loan from related party	(35,736)	(2,777)	-	(38,513)
	<hr/>	<hr/>	<hr/>	<hr/>
	(113,351)	8,037	(132)	(105,446)
	<hr/>	<hr/>	<hr/>	<hr/>

# **Havana Holdings (UK) Limited**

**Notes forming part of the financial statements  
for the year ended 31 December 2014 (*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**

After the balance sheet date, the company's ultimate parent company changed to Prime Capital, SA, a company registered in Luxembourg. The beneficial owner remains Sheikh Hamad bin Jassim bin Jabel Al Thani.