

**Ascott Mayfair Operating Limited**

**Directors' report and financial  
statements**

**Registered number 04305222**

**31 December 2002**



## **Directors' report and financial statements**

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## Directors' report

The directors present their annual report and the audited financial statements for the period from 16 October 2001, being the date of incorporation, to 31 December 2002. The company changed its name from Hackremco (No. 1873) on 10 December 2001.

### Principal activities

The principal activity of the company is the operation of serviced apartments.

### Results and dividends

The activities of the company resulted in a retained profit of £7,958. The directors do not recommend the payment of a dividend.

### Directors and directors' interests

The directors who held office during the period were as follows:

Hackwood Directors Limited	(appointed 16 October 2001, resigned 18 December 2001)
Brian Leong	(appointed 18 December 2001)
Benett M Theseira	(appointed 18 December 2001)
Mark A Minashi	(appointed 18 December 2001)
Nicholas N Sutton	(appointed 18 December 2001, resigned 15 January 2003)

S D Gawthorpe was appointed as a director on 15 January 2003.

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the company.

### Auditor

KPMG LLP were appointed as auditor during the year. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

 MARK MINASHI

"A" Director

 BENETT THESEIRA

"B" Director

49 Hill Street  
Mayfair  
London  
W1J 5NB

19 August 2003

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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United Kingdom

## **Report of the independent auditors to the members of Ascott Mayfair Operating Limited**

We have audited the financial statements on pages 4 to 11.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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**

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**KPMG LLP**  
Chartered Accountants  
Registered Auditor

19 August 2003

## Profit and loss account

for the period from 16 October 2001 to 31 December 2002

	Note	2002 £
Turnover		2,991,079
Operating expenses		(2,983,121)
		<hr/>
Operating profit	2	7,958
Tax on profit on ordinary activities	4	-
		<hr/>
Retained profit for the financial period	9	7,958
		<hr/>

The company's income and expenses all relate to continuing operations.

There are no recognised gains or losses other than those included in the profit and loss account.

There is no material difference between the results as disclosed and those on a historical cost basis.

**Balance sheet**  
 at 31 December 2002

	Note	£	2002 £
<b>Fixed assets</b>			
Tangible assets	5		8,350
<b>Current assets</b>			
Stocks		4,546	
Debtors	6	561,713	
Cash at bank and in hand		109,263	
		<u>675,522</u>	
<b>Creditors: amounts falling due within one year</b>	7	<u>(675,913)</u>	
<b>Net current liabilities</b>			(391)
<b>Net assets</b>			<u>7,959</u>
<b>Capital and reserves</b>			
Called up share capital	8		1
Profit and loss account	9		7,958
<b>Equity shareholders' funds</b>			<u>7,959</u>

These financial statements were approved by the board of directors on 19 August 2003 and were signed on its behalf by:

 MARK MINKSHI

"A" Director

 BENNETT THEZEIRA

"B" Director

**Reconciliation of movements in shareholders' funds**  
*for the period from 16 October 2001 to 31 December 2002*

	2002 £
Profit for the financial period	7,958
New share capital subscribed	1
	<hr/>
Net addition to shareholders' funds	7,959
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	<u>7,959</u>



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

The company is dependant for its working capital on funds provided to it by Ascott Dilmun Holdings Limited. Ascott Dilmun Holdings Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as they are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue on operational existence for the foreseeable future by meeting its liabilities as they fall due for repayment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### *Depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Fixtures and fittings                      -              3 years

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19.

#### *Operating leases*

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Stocks*

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

#### *Turnover*

Turnover represents the invoiced value of goods and services, exclusive of VAT. All revenue is generated in the United Kingdom.

## Notes (continued)

### 2 Operating profit

	2002 £
<i>Operating profit is stated after charging</i>	
Depreciation	946
Auditors' remuneration:	
Audit	3,250
Other services	550
Operating leases -- land and buildings	1,541,250

### 3 Directors and staff

The average number of persons employed by the company during the period was 7. All were engaged in administration and servicing of the apartments.

The aggregate payroll costs of these persons were as follows:

	2002 £
Wages and salaries	428,557
Social security costs	31,439
	<hr/> 459,996 <hr/>

None of the directors received any emoluments during the period in respect of their services to the company.

### 4 Taxation

There is no charge for corporation tax for the period due to the availability of losses in group companies.

*Factors affecting the tax charge for the current period*

The current tax charge for the period is higher than the standard rate of corporation tax in the UK of 30%. The differences are explained below.

	2002
Profit on ordinary activities before taxation	7,958
Current tax at 30%	<hr/> 2,387
Effects of:	
Expenses not deductible for tax purposes	470
Losses surrendered to group companies	(2,333)
Other	(524)
Total current tax charge	<hr/> <hr/>

## Notes (continued)

### 5 Tangible fixed assets

	Fixtures and fittings £
<i>Cost</i>	
At beginning of period	-
Additions	9,296
	<hr/>
At end of period	9,296
	<hr/>
<i>Depreciation</i>	
At beginning of period	-
Charge for period	946
	<hr/>
At end of period	946
	<hr/>
<i>Net book value</i>	
At 31 December 2002	8,350
	<hr/>

### 6 Debtors

	2002 £
Trade debtors	325,937
Amounts owed by group undertakings (note 10)	32,860
Amounts owed by related parties (note 10)	95,479
Other debtors	15,397
Prepayments and accrued income	92,040
	<hr/>
	561,713
	<hr/>

## Notes (continued)

### 7 Creditors: amounts falling due within one year

	2002 £
Trade creditors	572,987
Amounts owed to group undertakings	2,443
Accruals	100,483
	<hr/>
	675,913
	<hr/>

### 8 Called up share capital

	2002 £
<i>Authorised</i>	
Equity: 100 ordinary shares of £1 each	100
	<hr/>
<i>Allotted, called up and fully paid</i>	
Equity: 1 ordinary share of £1	1
	<hr/>

### 9 Profit and loss account

	£
At beginning of period	-
Retained profit for the period	7,958
	<hr/>
At end of period	7,958
	<hr/>

## Notes (continued)

### 10 Related party transactions

Transactions with related parties and group undertakings were as follows:

	Profit and loss account DR/(CR) £	Balance sheet DR/(CR) £
Rent paid to Greenpark Investments (Guernsey) Limited	1,541,250	-
Amounts due from Greenpark Investments (Guernsey) Limited	-	8,117
Management fees paid to Ascott Hospitality Management Limited	305,313	-
Amounts due from The Ascott Mayfair Limited	-	66,436
Services provided by Ascott Hospitality Management Limited	(29,043)	29,043
Services provided by Ascott Dilmun Holdings Limited and its subsidiaries	(24,743)	24,743
	<u>          </u>	<u>          </u>

Greenpark Investments (Guernsey) Limited owns the Ascott Mayfair serviced apartments operated by the company and is a fellow subsidiary of Ascott Dilmun Holdings Limited, the company's ultimate holding company.

Ascott Hospitality Management (UK) Limited provides management services to the company on an arm's length basis and is a subsidiary of The Ascott Group, which owns 50% of Ascott Dilmun Holdings Limited.

### 11 Contingent liabilities

The Bank of Scotland has a charge over the assets and liabilities of the company in connection with its loan to Greenpark Investments (Guernsey) Limited. At 31 December 2002 the amount drawn on the loan facility was £18,300,000.

### 12 Operating lease commitments

As at 31 December 2002, the company had annual commitments under non-cancellable operating leases for land and buildings expiring after five years of £2,055,000. This operating lease is subject to rent reviews.

### 13 Ultimate parent company

The company is a subsidiary undertaking of Ascott Dilmun Holdings Limited, a company incorporated in Jersey. The consolidated accounts of this company are not available to the public.