

HAVANA WEST LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012



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HAVANA WEST LIMITED

COMPANY INFORMATION

DIRECTORS

L L de Savary
M A Lutyens
I D Solkin

COMPANY SECRETARY

J Keefe

REGISTERED NUMBER

04448428

REGISTERED OFFICE

Minerva House
Lower Bristol Road
Bath
BA2 9ER

INDEPENDENT AUDITORS

Bishop Fleming
Chartered Accountants & Statutory Auditors
Minerva House
Lower Bristol Road
Bath
BA2 9ER

BANKERS

Coutts & Co
440 Strand
London
WC2R 0QS

HAVANA WEST LIMITED

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HAVANA WEST LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements for the year ended 31 December 2012

PRINCIPAL ACTIVITIES

The principal activity of the group and company in the year under review was the running of hotels and public houses, together with associated property activities

BUSINESS REVIEW

Given the straight forward nature of the business, the group's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business

On 12 March 2012 the company became an 80% member in a newly incorporated LLP, Car Park Finance LLP. The results of Car Park Finance LLP have therefore been consolidated from this date

On 19 November 2012 the company acquired the entire equity share of The Parkway Hotel and Spa Limited. The results of this company have been consolidated from this date

RESULTS

The profit for the year, after taxation, amounted to £698,781 (2011 loss £317,727)

DIRECTORS

The directors who served during the year were

L L de Savary
M A Lutyens
I D Solkin

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the group made a donation of £5,000 to the Wellbeing of Women charity. The group has not made any political donations

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's operations expose it to a number of financial risks, including credit risk, liquidity risk and price risk. The directors monitor and manage these risks

In respect of bank balances, the liquidity risk is managed by maintaining the continuity of funding and regular, careful review of monthly management information, including management accounts and cash flow results and forecasts

Credit risk is managed through policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits

The price risk is monitored through regular consideration of competitor pricing and occupancy

HAVANA WEST LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012**

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information

AUDITORS

The auditors, Bishop Fleming, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board and signed on its behalf



Keefe
Secretary

Date 18 September 2013

Minerva House
Lower Bristol Road
Bath
BA2 9ER

HAVANA WEST LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 company and the group 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 judgments and 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 group 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 group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HAVANA WEST LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HAVANA WEST LIMITED

We have audited the financial statements of Havana West Limited for the year ended 31 December 2012, set out on pages 6 to 25. 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 Auditors' 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 Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

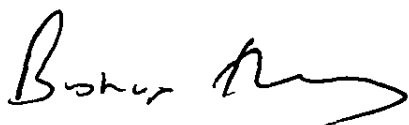
HAVANA WEST LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HAVANA WEST LIMITED

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



Simon Morrison FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming

Chartered Accountants

Statutory Auditors

Minerva House

Lower Bristol Road

Bath

BA2 9ER

Date 30 September 2013

HAVANA WEST LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
TURNOVER	1,2		
Continuing operations		5,077,176	3,310,311
Acquisitions		454,286	-
		<u>5,531,462</u>	<u>3,310,311</u>
Cost of sales	26	<u>(3,368,313)</u>	<u>(2,121,973)</u>
GROSS PROFIT		2,163,149	1,188,338
Administrative expenses	26	<u>(2,549,459)</u>	<u>(2,008,324)</u>
OPERATING LOSS	3		
Continuing operations		(526,047)	(819,986)
Acquisitions		139,737	-
		<u>(386,310)</u>	<u>(819,986)</u>
Interest receivable and similar income		1,326,244	502,259
Interest payable and similar charges		<u>(27,968)</u>	<u>-</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		911,966	(317,727)
Tax on profit/(loss) on ordinary activities	6	<u>(213,185)</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	18	<u><u>698,781</u></u>	<u><u>(317,727)</u></u>

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

The notes on pages 10 to 25 form part of these financial statements

HAVANA WEST LIMITED
REGISTERED NUMBER: 04448428
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Intangible assets	7		1,255,796		95,000
Tangible assets	8		14,718,608		10,383,932
Investment property	9		1,211,075		1,194,809
			<u>17,185,479</u>		<u>11,673,741</u>
CURRENT ASSETS					
Stocks	12	1,941,360		2,841,464	
Debtors amounts falling due after more than one year	13	25,393,069		11,969,169	
Debtors amounts falling due within one year	13	1,232,605		1,128,838	
Cash at bank and in hand		1,455,169		380,493	
		<u>30,022,203</u>		<u>16,319,964</u>	
CREDITORS: amounts falling due within one year	14	<u>(2,063,401)</u>		<u>(659,792)</u>	
NET CURRENT ASSETS			<u>27,958,802</u>		<u>15,660,172</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>45,144,281</u>		<u>27,333,913</u>
CREDITORS' amounts falling due after more than one year	15		<u>(39,545,961)</u>		<u>(22,486,772)</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	16		<u>(52,398)</u>		<u>-</u>
NET ASSETS			<u>5,545,922</u>		<u>4,847,141</u>
CAPITAL AND RESERVES					
Called up share capital	17		11,942,330		11,942,330
Profit and loss account	18		<u>(6,396,408)</u>		<u>(7,095,189)</u>
SHAREHOLDERS' FUNDS	19		<u>5,545,922</u>		<u>4,847,141</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

L L de Savary
Director

Date 18 September 2013

The notes on pages 10 to 25 form part of these financial statements

HAVANA WEST LIMITED
REGISTERED NUMBER: 04448428

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Intangible assets	7		-		95,000
Tangible assets	8		10,174,362		10,383,932
Investment property	9		1,211,075		1,194,809
Investments	10		4,815,641		-
			<u>16,201,078</u>		<u>11,673,741</u>
CURRENT ASSETS					
Stocks	12	1,917,964		2,841,464	
Debtors amounts falling due after more than one year	13	25,193,069		11,969,169	
Debtors amounts falling due within one year	13	2,133,276		1,128,838	
Cash at bank and in hand		779,104		380,493	
		<u>30,023,413</u>		<u>16,319,964</u>	
CREDITORS: amounts falling due within one year	14	<u>(1,429,645)</u>		<u>(659,792)</u>	
NET CURRENT ASSETS			<u>28,593,768</u>		<u>15,660,172</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>44,794,846</u>		<u>27,333,913</u>
CREDITORS: amounts falling due after more than one year	15		(39,345,132)		(22,486,772)
PROVISIONS FOR LIABILITIES					
Deferred tax	16		(221)		-
NET ASSETS			<u>5,449,493</u>		<u>4,847,141</u>
CAPITAL AND RESERVES					
Called up share capital	17		11,942,330		11,942,330
Profit and loss account	18		(6,492,837)		(7,095,189)
SHAREHOLDERS' FUNDS	19		<u>5,449,493</u>		<u>4,847,141</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by

L L de Savary
Director

Date 18 September 2013

The notes on pages 10 to 25 form part of these financial statements

HAVANA WEST LIMITED**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
Net cash flow from operating activities	20	(11,092,204)	(2,612,628)
Returns on investments and servicing of finance	21	1,298,276	502,259
Taxation		(21,228)	-
Capital expenditure and financial investment	21	(111,401)	(1,649,187)
Acquisitions and disposals	21	(4,815,642)	-
CASH OUTFLOW BEFORE FINANCING		(14,742,199)	(3,759,556)
Financing	21	15,442,093	3,149,961
INCREASE/(DECREASE) IN CASH IN THE YEAR		699,894	(609,595)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 £	2011 £
Increase/(Decrease) in cash in the year	699,894	(609,595)
Cash inflow from increase in debt and lease financing	(15,442,093)	(3,149,961)
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	(14,742,199)	(3,759,556)
Other non-cash changes	(1,404,814)	(9,700,001)
MOVEMENT IN NET DEBT IN THE YEAR	(16,147,013)	(13,459,557)
Net debt at 1 January 2012	(22,106,279)	(8,646,722)
NET DEBT AT 31 DECEMBER 2012	(38,253,292)	(22,106,279)

The notes on pages 10 to 25 form part of these financial statements

HAVANA WEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with applicable accounting standards

1.2 BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of Havana West Limited and all of its subsidiary undertakings ('subsidiaries')

The results of subsidiaries acquired during the year are included from the effective date of acquisition

1.3 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

Turnover derived from the Hotel and Public House trade is recognised as the service is provided

Turnover derived from the investment property is recognised on a straight line basis over the life of the lease agreement

The principal activity of Car Park Finance LLP, a subsidiary, is that of a lender. This activity is not seen as a principal activity of the group and so the resulting interest income and expenditure has been included in interest receivable and payable

1.4 INTANGIBLE FIXED ASSETS AND AMORTISATION

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life

1.5 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	- 50 years straight line
Plant and machinery	- 5 years straight line
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 25% reducing balance

1.6 INVESTMENTS

Investments in subsidiaries are valued at cost less provision for impairment

1.7 INVESTMENT PROPERTIES

Investment properties are included in the Balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No 19 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company and the group

HAVANA WEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES (continued)

1.8 OPERATING LEASES

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1.9 STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks

1.10 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

1.11 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

1.12 PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

HAVANA WEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

2. TURNOVER

The whole of the turnover is attributable to the principal activities of the company as follows

	2012 £	2011 £
Hotel and Public House	4,202,499	3,198,768
Other Income	1,328,963	111,543
	<u>5,531,462</u>	<u>3,310,311</u>

All turnover arose within the United Kingdom

"The whole of the turnover and profit before taxation from acquired activities is attributable to the hotel and public trade

3. OPERATING LOSS

The operating loss is stated after charging/(crediting)

	2012 £	2011 £
Amortisation - intangible fixed assets	95,000	5,000
Depreciation of tangible fixed assets		
- owned by the group	356,940	337,107
Auditors' remuneration	15,700	7,000
Auditors' remuneration for other services - tax compliance	3,750	2,000
Operating lease rentals		
- other operating leases	6,378	-
Profit/loss on sale of tangible assets	(47,000)	-
	<u></u>	<u></u>

Auditors fees for the company were £8,750 (2011 £7,000)

HAVANA WEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	1,563,953	1,429,616
Social security costs	108,545	84,576
Other pension costs	50,582	125,120
	<u>1,723,080</u>	<u>1,639,312</u>

The average monthly number of employees, including the directors, during the year was as follows

	2012 No.	2011 No.
Administration	7	4
Management	8	8
Other	101	102
	<u>116</u>	<u>114</u>

5. DIRECTORS' REMUNERATION

	2012 £	2011 £
Remuneration	<u>76,000</u>	<u>75,000</u>
Company pension contributions to defined contribution pension schemes	<u>50,120</u>	<u>125,120</u>

During the year retirement benefits were accruing to 2 directors (2011: 2) in respect of defined contribution pension schemes

6. TAXATION

	2012 £	2011 £
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on profit/loss for the year	188,292	-
Adjustments in respect of prior periods	(2,151)	-
TOTAL CURRENT TAX	<u>186,141</u>	<u>-</u>
DEFERRED TAX (see note 16)		
Origination and reversal of timing differences	27,044	-
TAX ON PROFIT/LOSS ON ORDINARY ACTIVITIES	<u>213,185</u>	<u>-</u>

HAVANA WEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

6. TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2011 higher than) the standard rate of corporation tax in the UK of 24.5% (2011 26%). The differences are explained below

	2012 £	2011 £
Profit/loss on ordinary activities before tax	911,966	(317,727)
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 26%)	223,432	(82,609)
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	966	-
Depreciation for year in excess of capital allowances	(32,672)	77,192
Adjustments to tax charge in respect of prior periods	(2,151)	-
Other timing differences leading to an increase (decrease) in taxation	(3,434)	5,417
CURRENT TAX CHARGE FOR THE YEAR (see note above)	186,141	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Company has significant trade and capital losses carried forward

7. INTANGIBLE FIXED ASSETS

	Goodwill £
GROUP COST	
At 1 January 2012	100,000
On acquisition of subsidiaries	1,255,796
At 31 December 2012	1,355,796
AMORTISATION	
At 1 January 2012	5,000
Charge for the year	95,000
At 31 December 2012	100,000
NET BOOK VALUE	
At 31 December 2012	1,255,796
At 31 December 2011	95,000

During the year the group acquired the entire share capital of The Parkway Hotel and Spa Limited. For further details see note 11

HAVANA WEST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

7. INTANGIBLE FIXED ASSETS (continued)

COMPANY	Goodwill £
COST	
At 1 January 2012 and 31 December 2012	100,000
AMORTISATION	
At 1 January 2012	5,000
Charge for the year	95,000
At 31 December 2012	100,000
NET BOOK VALUE	
At 31 December 2012	-
At 31 December 2011	95,000

8. TANGIBLE FIXED ASSETS

GROUP	Freehold property £	L/Term Leasehold Property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
COST OR VALUATION						
At 1 January 2012	9,797,809	-	1,190,502	-	-	10,988,311
Additions	84,322	2,871	54,942	-	-	142,135
Disposals	-	-	-	(172,925)	-	(172,925)
On acquisition of subsidiaries	-	4,185,348	-	8,398	355,735	4,549,481
At 31 December 2012	9,882,131	4,188,219	1,245,444	(164,527)	355,735	15,507,002
DEPRECIATION						
At 1 January 2012	188,177	-	416,202	-	-	604,379
Charge for the year	100,876	-	247,958	145	7,961	356,940
On disposals	-	-	-	(172,925)	-	(172,925)
At 31 December 2012	289,053	-	664,160	(172,780)	7,961	788,394
NET BOOK VALUE						
At 31 December 2012	9,593,078	4,188,219	581,284	8,253	347,774	14,718,608
At 31 December 2011	9,609,632	-	774,300	-	-	10,383,932

HAVANA WEST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

COMPANY	Freehold property £	Plant and machinery £	Total £
COST			
At 1 January 2012	9,797,809	1,190,502	10,988,311
Additions	84,322	54,942	139,264
At 31 December 2012	9,882,131	1,245,444	11,127,575
DEPRECIATION			
At 1 January 2012	188,177	416,202	604,379
Charge for the year	100,876	247,958	348,834
At 31 December 2012	289,053	664,160	953,213
NET BOOK VALUE			
At 31 December 2012	9,593,078	581,284	10,174,362
At 31 December 2011	9,609,632	774,300	10,383,932

9. INVESTMENT PROPERTY

GROUP	Freehold investment property £
VALUATION	
At 1 January 2012	1,194,809
Additions at cost	16,266
At 31 December 2012	1,211,075

The 2012 valuations were made by the directors, on an open market value for existing use basis

If the investment properties were sold at the values shown in the Financial Statements at the Balance Sheet date, there would be no tax liabilities

COMPANY	Freehold investment property £
VALUATION	
At 1 January 2012	1,194,809
Additions at cost	16,266
At 31 December 2012	1,211,075

The 2012 valuations were made by the directors, on an open market value for existing use basis

HAVANA WEST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

10. FIXED ASSET INVESTMENTS

COMPANY COST OR VALUATION	Investments in subsidiary companies £
At 1 January 2012	-
Additions	4,815,641
At 31 December 2012	4,815,641
NET BOOK VALUE	
At 31 December 2012	4,815,641
At 31 December 2011	-

HAVANA WEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

11. ACQUISITIONS

On 19 November 2012 the Company acquired the entire share capital of The Parkway Hotel and Spa Limited. The assets and liabilities acquired and the consideration paid is set out as follows

	Vendors' book value £	Fair value to the group £
ASSETS AND LIABILITIES ACQUIRED		
Tangible fixed assets	4,549,480	4,549,480
Stocks	24,378	24,378
Debtors	323,438	323,438
Cash at bank	374,782	374,782
Loans and finance leases	(1,054,596)	(1,054,596)
Other creditors and provisions	(657,637)	(657,637)
Net assets acquired	<u>3,559,845</u>	<u>3,559,845</u>
SATISFIED BY		
Consideration		
Cash		4,700,000
Acquisition costs		115,641
		<u>4,815,641</u>
Goodwill arising on consolidation (see note 7)		<u>1,255,796</u>

The goodwill is to be amortised over 5 years

For the year ended 31 December 2011 the Parkway Hotel and Spa Limited made a profit after taxation of £189,495

The summarised profit and loss account for The Parkway Hotel and Spa Limited for the period from 1 January 2012 to the date of acquisition was as follows

Turnover	<u>2,607,809</u>
Operating profit	<u>371,676</u>
Profit before tax	339,195
Taxation	(76,987)
Profit after tax	<u>262,208</u>

HAVANA WEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

12. STOCKS

	GROUP		COMPANY	
	2012	2011	2012	2011
	£	£	£	£
Stocks	46,310	54,456	46,310	54,456
Work in progress	1,871,654	2,787,008	1,871,654	2,787,008
Finished goods and goods for resale	23,396	-	-	-
	1,941,360	2,841,464	1,917,964	2,841,464

Properties have been acquired for development and the company has profit share agreements with the contractors performing this work

13. DEBTORS

	GROUP		COMPANY	
	2012	2011	2012	2011
	£	£	£	£
DUE AFTER MORE THAN ONE YEAR				
Loans	25,393,069	11,969,169	25,193,069	11,969,169

	GROUP		COMPANY	
	2012	2011	2012	2011
	£	£	£	£
DUE WITHIN ONE YEAR				
Trade debtors	249,634	76,933	153,054	76,933
Other debtors	865,094	913,215	1,923,802	913,215
Prepayments and accrued income	117,877	138,690	56,420	138,690
	1,232,605	1,128,838	2,133,276	1,128,838

Group

Loans due after more than one year

- £23,668,069 (2011 £11,969,169) is secured by way of a legal charge over property held by Charter House Investments LLP, a related company. Interest is accrued at 8%
- £1,000,000 (2011 £nil) is secured against the assets of the borrower and accrues interest at 8%
- £725,000 due from Charterhouse Projects LLP, a related entity, is unsecured and accrues interest at 6%

Company

Loans due after more than one year

- £23,668,069 (2011 £11,969,169) is secured by way of a legal charge over property held by Charter House Investments LLP, a related company
- £800,000 (2011 £nil) is due from Car Park Finance LLP, a related entity, is unsecured and accrues interest at 8%
- £725,000 due from Charterhouse Projects LLP, a related entity, is unsecured and accrues interest at 6%

HAVANA WEST LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

**14. CREDITORS.
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	GROUP		COMPANY	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts	162,500	-	162,500	-
Trade creditors	702,288	288,762	566,034	288,762
Corporation tax	263,819	-	168,727	-
Other taxation and social security	296,624	96,630	175,226	96,630
Other creditors	99,439	52,994	55,653	52,994
Accruals and deferred income	538,731	221,406	301,505	221,406
	2,063,401	659,792	1,429,645	659,792

The bank loan with Coutts bank is secured against assets of the group, and interest is charged at a rate of 4 19%

**15. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	GROUP		COMPANY	
	2012	2011	2012	2011
	£	£	£	£
Bank loans	3,087,500	-	3,087,500	-
Other loans	36,458,461	22,486,772	36,257,632	22,486,772
	39,545,961	22,486,772	39,345,132	22,486,772

Included within the above are amounts falling due as follows

	GROUP		COMPANY	
	2012	2011	2012	2011
	£	£	£	£
BETWEEN ONE AND TWO YEARS				
Bank loans	162,500	-	162,500	-
Other loans	829	-	-	-
BETWEEN TWO AND FIVE YEARS				
Bank loans	487,500	-	487,500	-
Other loans	200,000	-	-	-
OVER FIVE YEARS				
Bank loans	2,437,500	-	2,437,500	-
Other loans	36,257,632	22,486,772	36,257,632	22,486,772

HAVANA WEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

Creditors include amounts not wholly repayable within 5 years as follows

	GROUP		COMPANY	
	2012	2011	2012	2011
	£	£	£	£
Repayable by instalments	2,437,500	-	2,437,500	-
Repayable other than by instalments	36,257,632	22,486,772	36,257,632	22,486,772
	<u>38,695,132</u>	<u>22,486,772</u>	<u>38,695,132</u>	<u>22,486,772</u>

Other loans include £19,887,632 (2011 £6,116,772) of unsecured loans due to the group shareholder's immediate family. A further balance of 16,370,000 (2011 £16,370,000) is included in Other loans and security has been given over property held by the company.

The bank loan with Coutts bank is secured against assets of the group, and interest is charged at a rate of 4.19%.

16. DEFERRED TAXATION

	GROUP		COMPANY	
	2012	2011	2012	2011
	£	£	£	£
At beginning of year	-	-	-	-
Other movement (P&L)	52,398	-	221	-
At end of year	<u>52,398</u>	<u>-</u>	<u>221</u>	<u>-</u>

The provision for deferred taxation is made up as follows

	GROUP		COMPANY	
	2012	2011	2012	2011
	£	£	£	£
Accelerated capital allowances	<u>52,398</u>	<u>-</u>	<u>221</u>	<u>-</u>

17. SHARE CAPITAL

	2012	2011
	£	£
ALLOTTED, CALLED UP AND FULLY PAID		
11,942,330 Ordinary shares of £1 each	<u>11,942,330</u>	<u>11,942,330</u>

HAVANA WEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

18. RESERVES

	Profit and loss account £
GROUP	
At 1 January 2012	(7,095,189)
Profit for the financial year	698,781
	<u>(6,396,408)</u>
At 31 December 2012	<u>(6,396,408)</u>
COMPANY	Profit and loss account £
At 1 January 2012	(7,095,189)
Profit for the financial year	602,352
	<u>(6,492,837)</u>
At 31 December 2012	<u>(6,492,837)</u>

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
GROUP		
Opening shareholders' funds	4,847,141	5,164,868
Profit/(loss) for the financial year	698,781	(317,727)
	<u>5,545,922</u>	<u>4,847,141</u>
Closing shareholders' funds	<u>5,545,922</u>	<u>4,847,141</u>
COMPANY	2012 £	2011 £
Opening shareholders' funds	4,847,141	5,164,867
Profit/(loss) for the financial year	602,352	(317,726)
	<u>5,449,493</u>	<u>4,847,141</u>
Closing shareholders' funds	<u>5,449,493</u>	<u>4,847,141</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account

The profit/(loss) for the year dealt with in the accounts of the company was £602,352 (2011 a loss of £317,726)

HAVANA WEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

20. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating loss	(386,310)	(819,986)
Amortisation of intangible fixed assets	95,000	5,000
Depreciation of tangible fixed assets	356,940	337,107
Profit on disposal of tangible fixed assets	(47,000)	-
Decrease/(increase) in stocks	924,482	(2,774,687)
(Increase)/decrease in debtors	(12,479,229)	528,140
Increase in creditors	443,913	111,798
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(11,092,204)	(2,612,628)

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 £	2011 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	1,326,244	502,259
Interest paid	(27,968)	-
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	1,298,276	502,259

	2012 £	2011 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(142,135)	(1,006,225)
Sale of tangible fixed assets	47,000	-
Purchase of investment property additions	(16,266)	(642,962)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(111,401)	(1,649,187)

	2012 £	2011 £
ACQUISITIONS AND DISPOSALS		
Purchase of fixed asset investments	(4,815,642)	-

	2012 £	2011 £
FINANCING		
New secured loans	3,250,000	-
Repayment of loans	(1,054,596)	-
Other new loans	13,246,689	3,149,961
NET CASH INFLOW FROM FINANCING	15,442,093	3,149,961

HAVANA WEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

22. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2012 £	Cash flow £	Acquisition £	Other non-cash changes £	31 December 2012 £
Cash at bank and in hand	380,493	699,894	374,782	-	1,455,169
DEBT					
Debts due within one year	-	1,511	(164,840)	829	(162,500)
Debts falling due after more than one year	(22,486,772)	(15,443,604)	(889,756)	(725,829)	(39,545,961)
NET DEBT	(22,106,279)	(14,742,199)	(679,814)	(725,000)	(38,253,292)

23. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £50,582 (2011: £125,120). There are no contributions included in creditors for either year.

24. RELATED PARTY TRANSACTIONS

The group is legally controlled by L L de Savary by virtue of her shareholding. At the year end a balance of £36,257,632 (2011: £22,486,772) was due to immediate family members, of which £nil (2011: £nil) is considered repayable within one year. As explained in note 15, security has been provided for £16,370,000 (2011: £16,370,000) of the total due. The maximum overdrawn balance during the year was £nil (2011: £nil).

Carnegie International Asset Management Limited is legally owned by L L de Savary, a director of Havana West Limited. During the year Havana West Limited charged services of £nil (2011: £nil) to this company and was owed £1,554,102 (2011: owed £20,898) at the year end.

Penzance Maritime Holdings Limited is legally owned by L L de Savary, a director of Havana West Limited. During the year Havana West Limited charged services of £58,581 (2011: £6,250) to this company and was owed £184,288 (2011: £325,707) at the year end.

L L de Savary, a director, is a member of Charterhouse Projects LLP. During the year Havana West Limited loaned £725,000 (2011: £nil) to this company and was owed £725,000 (2011: £325,707) at the year end. Interest of £12,667 was charged on this loan during the year.

Carnegie Investment Asset Management Limited is legally owned by L L de Savary, a director of Havana West Limited. During the year Havana West Limited charged services of £nil (2011: £nil) and owed £878,525 (2011: was owed £40,375) at the year end to Carnegie Investment Asset Management Limited.

Carnegie Investment Asset Management Limited is also a member of Charter House Investment LLP. During the year Havana West Limited charged services of £nil (2011: £3,125) and was owed £23,683,069 (2011: £11,984,169) at the year end by Charter House Investments LLP. As explained in note 12, security has been provided for £11,969,169 (2011: £11,969,169) of the total owed by Charter House Investments LLP at the year end.

During the year, interest of £1,262,487 (2011: £499,505) was received from Charter House Investment LLP.

HAVANA WEST LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

25. PRINCIPAL SUBSIDIARIES

Company name	Percentage Shareholding
The Parkway Hotel And Spa Limited	100%
Car Park Finance LLP	80%

26. ANALYSIS OF OPERATING LOSS

	2012 Continuing £	2011 Continuing £
Turnover	5,531,462	3,310,311
Cost of sales	(3,368,313)	(2,121,973)
Gross profit	2,163,149	1,188,338
Administrative expenses	(2,549,459)	(2,008,324)
	<u>(386,310)</u>	<u>(819,986)</u>

The following amounts were included within continuing activities in relation to acquisitions during the year

	2012 £
Turnover	454,286
Cost of Sales	(86,314)
Gross Profit	<u>367,972</u>
Administrative expenses	<u>(228,259)</u>
Operating profit	<u>139,713</u>