

Hotel Innovations (Cardiff) Limited

**Directors' report and financial
statements**

Registered number 5497110

For the year ended 31 March 2009



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Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2009

Principal activities

The principal activity of the company during the year was that of a holding company

Business review

The directors consider that the results for the year are in line with expectations

The company has met the requirements of the Companies Act 1985 to obtain exemption from the presentation of an enhanced business review

Results and dividends

The profit before tax for the year was £33,661 (15 month period to 31 March 2008 £385,628 loss)

The directors do not recommend the payment of a dividend (2008 £nil)

Directors and directors' interests

The directors who held office during the period were as follows

A Matyas

E Wojakowski

I Robertson (appointed 1 July 2008)

Political and charitable contributions

The company made no political or charitable contributions during the year

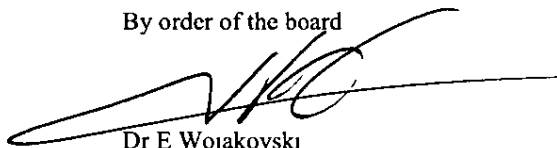
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he / she ought to have taken as a director to make himself / herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



Dr E Wojakowski
Director

3 Park Place
St James'
London
SW1A 1LP

10 February 2010

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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.



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Independent auditors report to the members of Hotel Innovations (Cardiff) Limited

We have audited the financial statements of Hotel Innovations (Cardiff) Limited for the year ended 31 March 2009 which comprise the Profit & Loss account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out herein.

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' responsibility for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 consistent with the financial statements.

In addition we report to you if, in our opinion, 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.

We read the Directors Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with the Companies Act 1985, and,
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor
London

11 February 2010

Profit and loss account
for the year ended 31 March 2009

	<i>Note</i>	Year ended 31 March 2009	15 month period to 31 March 2008
		£	£
Reversal of accruals		36,260	-
Administrative expenses		-	(555,555)
Audit fees		(5,000)	(5,000)
Operating profit/(loss)		31,260	(560,555)
Other income – recharge of administrative expenses		-	172,361
Interest receivable	5	2,401	1,038,105
Interest payable	6	-	(1,035,539)
Profit/(Loss) on ordinary activities before taxation	3	33,661	(385,628)
Tax on profit/(loss) on ordinary activities	7	-	-
Profit/(Loss) on ordinary activities after taxation		33,661	(385,628)

The results shown above are derived wholly from continuing operations

There were no recognised gains or losses in either the current or prior period except as shown above. Consequently, a statement of total recognised gains and losses has not been prepared

The notes on pages 7 to 12 form part of these financial statements

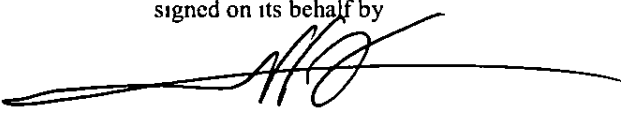
Balance sheet
at 31 March 2009

	Note	31 March 2009 £	31 March 2008 £
Fixed assets			
Investments	8	3,611,139	3,611,139
Current assets			
Debtors	9	22,320,103	22,385,877
Cash at bank and in hand		71,102	17,679
		<u>22,391,205</u>	<u>22,403,556</u>
Creditors amounts falling due within one year	10	(26,505,000)	(26,551,012)
Net current liabilities		<u>(4,113,795)</u>	<u>(4,147,456)</u>
Total assets less current liabilities		<u>(502,656)</u>	<u>(536,317)</u>
Net liabilities		<u>(502,656)</u>	<u>(536,317)</u>
Capital and reserves			
Called up share capital	11	100	100
Profit and loss account	12	(502,756)	(536,417)
Shareholder funds		<u>(502,656)</u>	<u>(536,317)</u>

The notes from page 7 to 12 form part of these financial statements

These financial statements were approved by the board of directors on
signed on its behalf by

10 February 2010 and were


Dr E Wojakovski
Director

Notes

(forming part of the financial statements)

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

1 Basis of preparation

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

At 31 March 2009 the company had net liabilities of £502,656 (2008 £536,317). The financial statements have been prepared on a going concern basis in view of confirmation from Tonstate (Hotels) Limited, an intermediate holding company, that Tonstate (Hotels) Limited intends to provide such financial support as necessary to enable the Company to meet its ongoing financial obligations as and when they fall due for the foreseeable future and in any event for a period no less than twelve months from the date of signature of these financial statements. The directors have no reason to believe that the related Company will not be in a position to provide the support referred to above. They have also considered the cashflow projections for the Company and are satisfied that the Company has the ability to meet its liabilities to creditors as they fall due for the foreseeable future. Accordingly, the financial statements have been prepared on the going concern basis.

The Company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

2 Accounting policies

Investments

Investments in subsidiary undertakings are stated at cost.

Taxation

The charge for taxation is based on the results for the period 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 FRS 19.

Post-retirement benefits

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 amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Notes (continued)

3 Profit/(Loss) on ordinary activities before taxation

	Year ended 31 March 2009	15 month period to 31 March 2008
	£	£
<i>Profit/(Loss) on ordinary activities before taxation is stated after charging/(crediting)</i>		
Reversal of accruals	(36,260)	-
Auditors' remuneration		
Audit of these financial statements	5,000	5,000
	<u>5,000</u>	<u>5,000</u>

4 Remuneration of directors

The company has no employees other than the directors. In the current and prior period, the directors' remuneration has been borne by a related company, Tonstate Group Limited.

5 Interest receivable

	Year ended 31 March 2009	15 month period to 31 March 2008
	£	£
Receivable from group undertakings	-	1,035,539
Other - Bank	2,401	2,566
	<u>2,401</u>	<u>1,038,105</u>

6 Interest payable

	Year ended 31 March 2009	15 month period to 31 March 2008
	£	£
On bank loans	-	1,035,539
	<u>-</u>	<u>1,035,539</u>

Notes (continued)

7 Taxation

Analysis of charge for the year

	Year ended 31 March 2009		15 month period to 31 March 2008	
	£	£	£	£
<i>UK corporation tax</i>				
Current tax on income for the year	-	-	-	-
Total current tax		-		-
Tax on profit on ordinary activities		-		-

Factors affecting the tax charge for current year

The current tax charge for the period is different from the standard rate of corporation tax in the UK of 28% (2008 30%). The differences are explained below

	Year ended 31 March 2009	15 month period to 31 March 2008
	£	£
<i>Current tax reconciliation</i>		
Profit/(Loss) on ordinary activities before tax	33,661	(385,628)
Current tax at 28 % (2008 30 %)	9,425	(115,688)
<i>Effects of</i>		
Expenses not deductible for tax purposes	1,400	81,000
Trading losses carried forward	(10,825)	34,688
Total current tax charge (see above)	-	-

Notes (continued)

8 Investments

	Subsidiary undertaking
	£
<i>Cost and net book value</i>	
At 1 April 2008 and 31 March 2009	3,611,139

The investment above represents the Company's interest in 100% of the share capital of its subsidiary undertaking, Summerhill Properties Limited. Summerhill Properties Limited is incorporated in England and its principal activity is that of a hotel operator.

9 Debtors

	31 March 2009 £	31 March 2008 £
Amounts owed by group undertakings	22,320,103	22,320,103
Other debtors	-	65,774
	<u>22,320,103</u>	<u>22,385,877</u>

10 Creditors: amounts falling due within one year

	31 March 2009 £	31 March 2008 £
Amounts owed to group undertakings	26,500,000	26,500,000
Other creditors and accruals	5,000	51,012
	<u>26,505,000</u>	<u>26,551,012</u>

Amounts due to group undertakings are included in amounts due within one year where there are no specified repayments terms. While amounts due to group undertakings are technically repayable on demand, the directors are of the opinion that in the ordinary course of business, repayment within such a timescale would not be required.

Notes (continued)

11 Called up share capital

	31 March 2009 £	31 March 2008 £
<i>Authorised</i>		
1 000 ordinary shares of £1 each	1,000	1 000
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>

12 Reconciliation of movement in shareholders' funds

	Share capital £	Profit and loss account £	Shareholders' deficit £
At 1 April 2008	100	(536,417)	(536 317)
Profit for the year	-	33 661	33 661
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2009	100	(502,756)	(502,656)
	<u> </u>	<u> </u>	<u> </u>

13 Related parties

During the year the company recharged the following amounts relating to transactions for and on behalf of Summerhill Properties Limited

	Year ended 31 March 2009 £	15 month period to 31 March 2008 £
Interest payable on loans	-	1,035 539
Administrative expenses	-	172 361
	<u> </u>	<u> </u>

The following amounts were owed to / by group undertakings

	31 March 2009 £	31 March 2008 £
Owed by Summerhill Properties Limited	22,045,139	22 045 139
Owed by Tonstate Metropole Hotels Limited	3,565	3 565
Owed by Tonstate (Hotels) Cardiff Limited	271,399	271 399
Owed to Tonstate (Hotels) Cardiff Limited	(26,500)	-
	<u> </u>	<u> </u>

Notes *(continued)*

14 Contingent liabilities

The company's assets are secured by a fixed and floating charge to Bank of Scotland in respect of a loan of £29,000,000 provided to Tonstate (Hotels) Cardiff Limited, the immediate parent undertaking

15 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Tonstate (Hotels) Cardiff Limited, incorporated in England

The largest and smallest group in which the results of the company are consolidated is that headed by Tonstate (Hotels) Limited, incorporated in England. The consolidated accounts of this group are available to the public and may be obtained from 3 Park Place, St James', London, SW1A 1LP

The ultimate parent company is Overseas Holdings Capital Group Limited, registered in British Virgin Islands