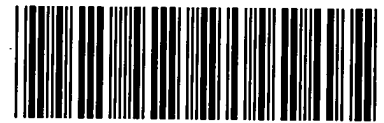


SHANTI HOSPITALITY (UK) LIMITED
FINANCIAL STATEMENTS
31 MARCH 2014

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COMPANIES HOUSE

SLAVEN JEFFCOTE LLP
Chartered Certified Accountants & Statutory Auditor
1 Lumley Street
Mayfair
London
W1K 6TT

SHANTI HOSPITALITY (UK) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

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SHANTI HOSPITALITY (UK) LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2014

The directors present their report and the financial statements of the company for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of owning and running a hotel known as Nira Caledonia.

DIRECTORS

The directors who served the company during the year were as follows:

Mr B Choudhrie
Mr D Choudhrie
Mr C P Thomas
Mrs C Montepeque

DIRECTORS' RESPONSIBILITIES

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 of the profit or loss of the company for that year.

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;
- 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

Slaven Jeffcote LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

SHANTI HOSPITALITY (UK) LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2014

Each of the persons who is a director at the date of approval of this report confirm that:


- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Registered office:
One Vincent Square
London
United Kingdom
SW1P 2PN

Signed by order of the directors



SATYABHAMA PUDARUTH
Company Secretary

Approved by the directors on 12/12/2014...

SHANTI HOSPITALITY (UK) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
SHANTI HOSPITALITY (UK) LIMITED
YEAR ENDED 31 MARCH 2014

We have audited the financial statements of Shanti Hospitality (UK) Limited for the year ended 31 March 2014. 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 shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 1, 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 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 company's affairs as at 31 March 2014 and of its loss 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.

SHANTI HOSPITALITY (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SHANTI HOSPITALITY (UK) LIMITED *(continued)*

YEAR ENDED 31 MARCH 2014

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.



STEPHEN TERENCE COSTAR (Senior
Statutory Auditor)

For and on behalf of
SLAVEN JEFFCOTE LLP
Chartered Certified Accountants
& Statutory Auditor

1 Lumley Street
Mayfair
London
W1K 6TT

18/12/2014

SHANTI HOSPITALITY (UK) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2014

	Note	2014 £	2013 £
TURNOVER		1,009,939	862,675
Cost of sales		<u>494,254</u>	<u>464,297</u>
GROSS PROFIT		515,685	398,378
Administrative expenses		<u>978,152</u>	<u>722,143</u>
OPERATING LOSS	3	(462,467)	(323,765)
Attributable to:			
Operating loss before exceptional items		<u>(378,367)</u>	<u>(323,765)</u>
Exceptional items	3	<u>(84,100)</u>	<u>—</u>
		(462,467)	(323,765)
Interest receivable and similar income		—	412
Interest payable and similar charges		<u>(52,894)</u>	<u>(114,249)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(515,361)	(437,602)
Tax on loss on ordinary activities	4	—	—
LOSS FOR THE FINANCIAL YEAR		<u>(515,361)</u>	<u>(437,602)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 7 to 13 form part of these financial statements.

SHANTI HOSPITALITY (UK) LIMITED

BALANCE SHEET

31 MARCH 2014

	Note	2014 £	2013 £
FIXED ASSETS			
Intangible assets	5	170,000	180,000
Tangible assets	6	6,133,889	6,030,825
		<u>6,303,889</u>	<u>6,210,825</u>
CURRENT ASSETS			
Stocks		7,243	5,264
Debtors	7	60,514	72,124
Cash at bank and in hand		4,969	74,091
		<u>72,726</u>	<u>151,479</u>
CREDITORS: Amounts falling due within one year	8	<u>7,490,145</u>	<u>5,570,123</u>
NET CURRENT LIABILITIES		<u>(7,417,419)</u>	<u>(5,418,644)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,113,530)</u>	<u>792,181</u>
CREDITORS: Amounts falling due after more than one year	9	<u>-</u>	<u>1,390,350</u>
		<u>(1,113,530)</u>	<u>(598,169)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	12	1,000	1,000
Profit and loss account	13	<u>(1,114,530)</u>	<u>(599,169)</u>
DEFICIT	14	<u>(1,113,530)</u>	<u>(598,169)</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

These accounts were approved by the directors and authorised for issue on 12/12/2014, and are signed on their behalf by:

MR D CHOUDHRIE
Director



Company Registration Number: 07432896

The notes on pages 7 to 13 form part of these financial statements.

SHANTI HOSPITALITY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - over 20 years

Website Development - over 3 years

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property - over 50 years

Fixtures & Fittings - over 10 years

Equipment - over 3 years

Investment properties

Investment properties are valued annually and shown in the accounts at open market value. Gains or losses in respect of revaluing properties are recognised in the Statement of Total Recognised Gains and Losses, except in the case where the loss is deemed to be a permanent diminution in value, in which case it is charged to the profit and loss account. No depreciation is charged on this class of fixed asset. This treatment follows the principles outlined in the Standard Statement of Accounting Practice 19 (Accounting for Investment Properties) and is a departure from Financial Reporting Standard 15 (Tangible Fixed Assets), which requires all tangible fixed assets to be depreciated. This departure is necessary in order to give a true and fair view.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

SHANTI HOSPITALITY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES *(continued)*

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. GOING CONCERN

The financial statements have been prepared on a going concern basis as the directors believe that the Company's operations will pick up in the foreseeable future due to extensive marketing campaign which will increase the Company's turnover. In the short term, the Company continues to be supported by other Companies within the C&C Alpha Group.

3. OPERATING LOSS

Operating loss is stated after charging:

	2014	2013
	£	£
Directors' remuneration	—	—
Amortisation of intangible assets	10,000	10,000
Depreciation of owned fixed assets	151,743	125,259
Net loss on foreign currency translation	1,082	661
Auditor's remuneration	4,000	4,000
Loan Termination Fee	<u>84,100</u>	<u>—</u>

	2014	2013
	£	£
Auditor's remuneration - audit of the financial statements	<u>4,000</u>	<u>4,000</u>

SHANTI HOSPITALITY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

4. TAXATION ON ORDINARY ACTIVITIES

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 23% (2013 - 24%).

	2014 £	2013 £
Loss on ordinary activities before taxation	<u>(515,361)</u>	<u>(437,602)</u>
Loss on ordinary activities by rate of tax	(118,097)	(105,024)
Expenses not deductible for tax purposes	976	20
Tax chargeable at lower rates	<u>117,121</u>	<u>105,004</u>
Total current tax	<u>-</u>	<u>-</u>

5. INTANGIBLE FIXED ASSETS

Goodwill

	£
COST	
At 1 April 2013 and 31 March 2014	<u>200,000</u>
AMORTISATION	
At 1 April 2013	20,000
Charge for the year	<u>10,000</u>
At 31 March 2014	<u>30,000</u>
NET BOOK VALUE	
At 31 March 2014	<u>170,000</u>
At 31 March 2013	<u>180,000</u>

SHANTI HOSPITALITY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

6. TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures & Fittings £	Equipment £	Total £
COST				
At 1 April 2013	5,804,033	402,601	57,164	6,263,798
Additions	–	193,464	61,343	254,807
At 31 March 2014	<u>5,804,033</u>	<u>596,065</u>	<u>118,507</u>	<u>6,518,605</u>
DEPRECIATION				
At 1 April 2013	151,570	54,526	26,877	232,973
Charge for the year	75,784	48,053	27,906	151,743
At 31 March 2014	<u>227,354</u>	<u>102,579</u>	<u>54,783</u>	<u>384,716</u>
NET BOOK VALUE				
At 31 March 2014	<u>5,576,679</u>	<u>493,486</u>	<u>63,724</u>	<u>6,133,889</u>
At 31 March 2013	<u>5,652,463</u>	<u>348,075</u>	<u>30,287</u>	<u>6,030,825</u>

The land and buildings element of the investment property is carried in the accounts at open market value which was deemed to be £946,050 as at the balance sheet date (2013 - £946,050). This valuation was carried out by the directors of the company.

7. DEBTORS

	2014 £	2013 £
Trade debtors	20,318	42,738
Other debtors	40,196	29,386
	<u>60,514</u>	<u>72,124</u>

SHANTI HOSPITALITY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

8. CREDITORS: Amounts falling due within one year

	2014 £	2013 £
Bank loans	1,312,952	1,119,025
Trade creditors	83,769	101,518
Amounts owed to group undertakings	5,918,914	4,238,369
Other taxation and social security	17,824	19,100
Other creditors	156,686	92,111
	<u>7,490,145</u>	<u>5,570,123</u>

Initially the Bank loan was for the period of 5 years from 1 April 2011. Interest is charged on the loan at 2.5% over three months LIBOR rate, The loan balance is payable in full at the end of the term. As security for this loan the lender Barclays Bank PLC had a first legal mortgage over the company's freehold property, Number 6 & 10 Gloucester Place, Edinburgh, EH3 6EF, also they have a first charge over all present and future interest of the company.

The bank loan was fully repaid in August 2014.

9. CREDITORS: Amounts falling due after more than one year

	2014 £	2013 £
Bank loans	—	1,390,350

10. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	2014 £	2013 £
Amounts repayable:		
In one year or less or on demand	1,312,952	137,500
In more than one year but not more than two years	—	137,500
In more than two years but not more than five years	—	1,115,350
	<u>1,312,952</u>	<u>1,390,350</u>

SHANTI HOSPITALITY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

11. RELATED PARTY TRANSACTIONS

In the opinion of the directors there is no one controlling party.

The company has taken advantage of the exemption from reporting related party transactions between Shanti Hospitality (UK) Limited and other members of the C&C Alpha group of companies, conferred by Financial Reporting Standard No. 8, on the grounds that the company is a wholly owned subsidiary and the parent undertaking prepares consolidated financial statements which include the company.

During the financial year Nira Hospitality Ltd has charged management fee of £14,575 (2013-£14,432) to the company, at the balance sheet date the company owed £64,319 (2013-£46,829) to Nira Hospitality Limited, this amount has been included in other creditors balance. Shanti Hospitality Group Limited effectively holds 75% share capital of Nira Hospitality Limited.

12. SHARE CAPITAL

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

13. PROFIT AND LOSS ACCOUNT

	2014	2013
	£	£
Balance brought forward	(599,169)	(161,567)
Loss for the financial year	<u>(515,361)</u>	<u>(437,602)</u>
Balance carried forward	<u>(1,114,530)</u>	<u>(599,169)</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014	2013
	£	£
Loss for the financial year	(515,361)	(437,602)
Opening shareholders' deficit	<u>(598,169)</u>	<u>(160,567)</u>
Closing shareholders' deficit	<u>(1,113,530)</u>	<u>(598,169)</u>

SHANTI HOSPITALITY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

15. ULTIMATE PARENT COMPANY

The company's ultimate parent undertaking at the balance sheet date is Harberry Investments Limited, a company incorporated in the British Virgin Islands.

The company's immediate parent undertaking at the balance sheet date is Shanti Hospitality Group Limited, a company registered in England and Wales.

At the balance sheet date, the parent undertaking of the largest group for which group accounts including Shanti Hospitality (UK) Limited are drawn up is C&C Alpha Group Limited, a company registered in England and Wales. Copies of the consolidated accounts are available from Companies House or from the registered office:

1 Vincent Square
London
SW1P 2PN

SHANTI HOSPITALITY (UK) LIMITED

MANAGEMENT INFORMATION

YEAR ENDED 31 MARCH 2014

The following pages do not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 3 to 4.