

DUKES HOTEL LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

DUKES HOTEL LIMITED

COMPANY INFORMATION

Directors	Sultan Ahmad Bin Sulayem Ahmad Sultan Ahmad Bin Selayem Bobby Mathew Abraham
Company secretary	St Johns Square Secretaries Limited
Company number	
Registered office	35-38 St James Place London SW1A 1NY
Auditors	PKF (UK) LLP Chartered accountants Farringdon Place 20 Farringdon Road London EC1M 3AP

DUKES HOTEL LIMITED

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DUKES HOTEL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2010

The directors present their report and the financial statements for the year ended 31 March 2010

Principal activities

The principal activity of the company in the period under review was the ownership and operation of Dukes Hotel in London.

Business review

Although there continued to be uncertainty in the economic climate, Dukes Hotel has shown a healthy increase in revenues over last year, driven by an achieved average room rate growth of 6%.

The food and beverage outlets have performed well overall, despite the fact that Meeting and Private Dining has been affected overall in the industry by the trend of corporate customers holding their meetings in house.

It is promising to see such growth two years running.

Results and dividends

The profit for the year, after taxation, amounted to £893,668 (2009 - £456,043).

The Directors declared and paid a dividend of £750,000 (2009:nil) during the year.

Directors

The directors who served during the year were:

Ahmad Sultan Ahmad Bin Selayem
Bobby Mathew Abraham
Sultan Ahmad Bin Sulayem (appointed 17 June 2009)
Elaine Susan Jones (resigned 17 June 2009)

Provision 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'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 information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Auditors

The auditors, PKF (UK) LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

DUKES HOTEL LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2010**

Financial risk

The Company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. A dedicated credit control team operates in the Company. The nature of its financial instruments means that the price risk or liquidity risk to which it is subject is minimal.

The Company does not use derivative financial instruments for speculative purposes.

The company is exposed to interest rate risk with regard to the inter-company loan payable to Seven Tides UK Holding Limited as the loan interest rate is based on LIBOR rates.

This report was approved by the board on 05th July 2010 and signed on its behalf.



Director

DUKES HOTEL LIMITED

STATEMENT OF 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 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 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.

DUKES HOTEL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUKES HOTEL LIMITED

We have audited the financial statements of Dukes Hotel Limited for the year ended 31 March 2010 which comprise the profit and loss account, the balance sheet, the 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 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 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

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.

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 2010 and of its 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.

DUKES HOTEL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUKES HOTEL 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, 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.

PKF (UK) LLP
FARRINGTON PLACE
20 FARRINGTON ROAD
LONDON
EC1M 3AP

Andrew Huddleston (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditors
London, UK
Date: 8/7/10

DUKES HOTEL LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2010

	Note	2010 £	2009 £
TURNOVER	1,2	7,660,764	7,404,945
Cost of sales		<u>(3,621,651)</u>	<u>(3,687,470)</u>
GROSS PROFIT		4,039,113	3,717,475
Administrative expenses excluding depreciation		<u>(2,050,736)</u>	<u>(2,007,504)</u>
Depreciation		<u>(247,360)</u>	<u>(201,291)</u>
Total administrative expenses		<u>(2,298,096)</u>	<u>(2,208,795)</u>
OPERATING PROFIT	3	1,741,017	1,508,680
Interest payable	6	<u>(1,030,644)</u>	<u>(1,052,637)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		710,373	456,043
Tax on profit on ordinary activities	7	<u>183,295</u>	-
PROFIT FOR THE FINANCIAL YEAR	15	<u><u>893,668</u></u>	<u><u>456,043</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2010 or 2009 other than those included in the Profit and loss account.

The notes on pages 12 to 19 form part of these financial statements.

DUKES HOTEL LIMITED
REGISTERED NUMBER: 01461396

BALANCE SHEET
AS AT 31 MARCH 2010

	Note	£	2010 £	2009 £
FIXED ASSETS				
Tangible fixed assets	8		17,600,961	17,748,036
CURRENT ASSETS				
Stocks	9	162,705		162,833
Debtors	10	1,497,934		1,283,982
Cash at bank and in hand		195,720		140,322
		<u>1,856,359</u>		<u>1,587,137</u>
CREDITORS: amounts falling due within one year	11	(880,434)		(901,955)
NET CURRENT ASSETS			<u>975,925</u>	<u>685,182</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>18,576,886</u>	<u>18,433,218</u>
CREDITORS: amounts falling due after more than one year	12		(15,863,468)	(15,863,468)
NET ASSETS			<u>2,713,418</u>	<u>2,569,750</u>
CAPITAL AND RESERVES				
Called up share capital	14		2,100,100	2,100,100
Profit and loss account	15		613,318	469,650
SHAREHOLDERS' FUNDS	16		<u>2,713,418</u>	<u>2,569,750</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 05 Jul 2010

Director: 

The notes on pages 12 to 19 form part of these financial statements.

DUKES HOTEL LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2010**

	Note	2010 £	2009 £
Net cash flow from operating activities	18	2,117,540	1,575,026
Returns on investments and servicing of finance	19	(1,030,644)	(1,052,637)
Capital expenditure and financial investment	19	(100,285)	(139,171)
Equity dividends paid		(750,000)	-
CASH INFLOW BEFORE FINANCING		236,611	383,218
Financing	19	(181,213)	(314,656)
INCREASE IN CASH IN THE YEAR		55,398	68,562

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
FOR THE YEAR ENDED 31 MARCH 2010**

	2010 £	2009 £
Increase in cash in the year	55,398	68,562
Cash outflow from decrease in debt and lease financing	181,213	314,656
MOVEMENT IN NET DEBT IN THE YEAR	236,611	383,218
Net debt at 1 April 2009	(15,040,672)	(15,423,890)
NET DEBT AT 31 MARCH 2010	(14,804,061)	(15,040,672)

The notes on pages 12 to 19 form part of these financial statements.

DUKES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2010

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards.

1.2 Turnover

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

1.3 Tangible fixed assets and depreciation

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

Refurbishments	-	15 years
Computers, equipment, plant & machinery	-	3 to 15 years
Soft furnishings	-	5 years

No depreciation is provided on leases over forty years as the directors consider that there has been no consumption of the asset and accordingly depreciation is insignificant.

1.4 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.

1.5 Stocks

Food and other perishable stocks are valued at the year end at the lower of cost and net realisable value. Other stocks are capitalised on initial purchase and any subsequent replacement costs charged to the profit and loss account in the year in which they are incurred.

1.6 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.

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.

DUKES HOTEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

1. ACCOUNTING POLICIES (continued)

1.7 Pensions

Contributions made to the personal pension schemes of certain qualifying staff are charged to the profit and loss account on an accruals basis.

2. TURNOVER

Turnover represents income (excluding VAT) derived from the provision of hotel accommodation and associated food and beverage sales.

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging:

	2010 £	2009 £
Depreciation of tangible fixed assets:		
- owned by the company	247,360	201,291
Auditors' remuneration	14,000	23,400
Operating lease rentals:		
- plant and machinery	8,789	-
- other operating leases	21,638	-
	247,360	224,691

4. STAFF COSTS

Staff costs were as follows:

	2010 £	2009 £
Wages and salaries	1,800,391	1,821,568
Social security costs	154,397	166,294
Other pension costs	6,409	-
	1,961,197	1,987,862

The average monthly number of employees during the year was as follows:

	2010 No.	2009 No.
Administrative staff	4	4
Hotel staff	88	92
	92	96

DUKES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

5. DIRECTORS' REMUNERATION

During the year no director received any emoluments (2009: NIL)

6. INTEREST PAYABLE

	2010 £	2009 £
On loans from group undertakings	<u>1,030,644</u>	<u>1,052,637</u>

7. TAXATION

	2010 £	2009 £
Analysis of tax charge in the year		
Deferred tax (see note 13)		
Origination and reversal of timing differences	<u>(183,295)</u>	-
Tax on profit on ordinary activities	<u>(183,295)</u>	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2009 - lower than) the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2010 £	2009 £
Profit on ordinary activities before tax	<u>710,373</u>	<u>456,043</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	198,904	127,692
Effects of:		
Expenses not deductible for tax purposes	113	13,879
Depreciation in excess of capital allowances for year	(49,177)	(9,970)
Group relief	(149,840)	(131,601)
Current tax charge for the year (see note above)	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

DUKES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

8. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Computers, equipment, plant and machinery £	Furniture, fittings and equipment £	Total £
Cost				
At 1 April 2009	15,650,836	3,790,499	3,797,473	23,238,808
Additions	2,687	96,618	980	100,285
	<u>15,653,523</u>	<u>3,887,117</u>	<u>3,798,453</u>	<u>23,339,093</u>
Depreciation				
At 1 April 2009	15,091	3,015,163	2,460,518	5,490,772
Charge for the year	10,033	80,767	156,560	247,360
	<u>25,124</u>	<u>3,095,930</u>	<u>2,617,078</u>	<u>5,738,132</u>
Net book value				
At 31 March 2010	<u>15,628,399</u>	<u>791,187</u>	<u>1,181,375</u>	<u>17,600,961</u>
At 31 March 2009	<u>15,635,745</u>	<u>775,336</u>	<u>1,336,955</u>	<u>17,748,036</u>

At 31 March 2010, included within the net book value of land and buildings is £10,628,399 (2009 - £10,635,745) relating to freehold land and buildings and £5,000,000 (2009 - £5,000,000) relating to long term leasehold land and buildings.

9. STOCKS

	2010 £	2009 £
Glass, linen and china	116,299	120,704
Food, beverages, and other consumables	46,406	42,129
	<u>162,705</u>	<u>162,833</u>

10. DEBTORS

	2010 £	2009 £
Trade debtors	277,971	441,529
Amounts owed by group undertakings	863,687	682,474
Other debtors	45,655	25,646
Prepayments and accrued income	127,326	134,333
Deferred tax asset (see note 13)	183,295	-
	<u>1,497,934</u>	<u>1,283,982</u>

DUKES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

11. CREDITORS:
Amounts falling due within one year

	2010 £	2009 £
Trade creditors	376,735	446,249
Social security and other taxes	232,761	155,719
Other creditors	75,240	20,227
Accruals and deferred income	195,698	279,760
	<u>880,434</u>	<u>901,955</u>

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

	2010 £	2009 £
Amounts owed to group undertakings	<u>15,863,468</u>	<u>15,863,468</u>

Intercompany loans are unsecured with interest charged based on LIBOR. The group companies have undertaken not to recall the loans within the next twelve months.

13. DEFERRED TAXATION

	2010 £	2009 £
At beginning of year	-	-
Released during year	183,295	-
	<u>183,295</u>	<u>-</u>

The deferred taxation balance is made up as follows:

	2010 £	2009 £
Accelerated capital allowances	<u>183,295</u>	<u>-</u>

Deferred tax has not been provided on revaluations of fixed assets. This tax will only become payable if the assets are sold and rollover relief is not obtained. The estimated amount of tax that would become payable in these circumstances is £1.6m (2009: £1.8m).

A deferred tax asset has not been recognised in respect of timing differences as there is insufficient evidence that the asset will be recovered. The amount of the net asset not recognised is £195,275 (2009: £195,275) relating to ACT. These amounts will be recovered if sufficient future profits of the same trade were made. A deferred tax asset of £195,275 relating to accelerated capital allowances was not recognised in the prior year, this has been recognised in the year ended 31 March 2010 as future profits of the same trade are expected to materialise.

DUKES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

14. SHARE CAPITAL

	2010 £	2009 £
Allotted, called up and fully paid		
2,100,100 Ordinary shares of £1 each	<u>2,100,100</u>	<u>2,100,100</u>

15. RESERVES

	Profit and loss account £
At 1 April 2009	469,650
Profit for the year	893,668
Dividends: Equity capital	(750,000)
At 31 March 2010	<u>613,318</u>

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
Opening shareholders' funds	2,569,750	2,113,707
Profit for the year	893,668	456,043
Dividends (Note 17)	(750,000)	-
Closing shareholders' funds	<u>2,713,418</u>	<u>2,569,750</u>

17. DIVIDENDS

	2010 £	2009 £
Dividends paid on equity capital	<u>750,000</u>	<u>-</u>

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2010 £	2009 £
Operating profit	1,741,017	1,508,680
Depreciation of tangible fixed assets	247,360	201,291
Decrease/(increase) in stocks	128	(28,349)
Decrease/(increase) in debtors	150,556	(129,559)
(Decrease)/increase in creditors	(21,521)	22,963
Net cash inflow from operations	<u>2,117,540</u>	<u>1,575,026</u>

DUKES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010

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

	2010 £	2009 £
Returns on investments and servicing of finance		
Interest paid	(1,030,644)	(1,052,637)
	<u>2010</u> £	<u>2009</u> £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(100,285)	(139,171)
	<u>2010</u> £	<u>2009</u> £
Financing		
Decrease in amounts owed to group undertakings	(181,213)	(314,656)
Repayment of other loans	-	-
	<u>2010</u> £	<u>2009</u> £

20. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2009 £	Cash flow £	Other non-cash changes £	31 March 2010 £
Cash at bank and in hand:	140,322	55,398	-	195,720
Debt:				
Amounts owed to group undertakings	(15,180,994)	(181,213)	-	(14,999,781)
Net debt	<u>(15,040,672)</u>	<u>(125,815)</u>	<u>-</u>	<u>(14,804,061)</u>

21. OPERATING LEASE COMMITMENTS

At 31 March 2010 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2010 £	2009 £	2010 £	2009 £
Expiry date:				
Within 1 year	-	-	-	31,115
Between 2 and 5 years	22,103	-	8,877	-
After more than 5 years	-	-	14,664	-
	<u>22,103</u>	<u>-</u>	<u>14,664</u>	<u>31,115</u>

DUKES HOTEL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2010**

22. RELATED PARTY TRANSACTIONS

The company has taken advantage of exemptions available under FRS8 "Related Party Disclosures" and not disclosed transactions with its group as it is a wholly owned subsidiary whose results are included within consolidated financial statements

23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent company is Seven Tides (UK) Holding Company Limited, a company incorporated in the United Kingdom. Seven Tides International LLC a company incorporated in United Arab Emirates is both the largest and smallest set of consolidated financial statements that include the results of this company and are available upon written request from PO Box 122898, Dubai, UAE

The ultimate controlling party is Sultan Ahmad Bin Sulayem.