

Company Registration No. 3802785 (England and Wales)

AAK HOTELS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2004



AAK HOTELS LIMITED

COMPANY INFORMATION

Directors

Asim S Khan
Arif S Khan
Sana Khan

Secretary

Arif S Khan

Company number

3802785

Registered office

202 The Water Gardens
London
W2 2DF

Auditors

Arvind Shah & Co
2nd Floor
King House
5-11 Westbourne Grove
London
W2 4UA

AAK HOTELS LIMITED

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AAK HOTELS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2004

The directors present their report and financial statements for the year ended 31 May 2004.

Principal activities and review of the business

The principal activity of the company continued to be that of owning and running a bed and breakfast hotel.

The directors are satisfied with the results for the year.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend the payment of a dividend.

Directors

The following directors have held office since 1 June 2003:

Asim S Khan
Arif S Khan
Sana Khan

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 May 2004	1 June 2003
Asim S Khan	60,000	60,000
Arif S Khan	40,000	40,000
Sana Khan	-	-

Auditors

Arvind Shah & Co were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

AAK HOTELS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2004

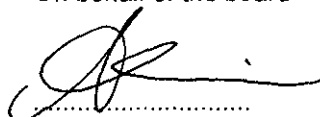
Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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;
- 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 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.

On behalf of the board



Asim S Khan

Director

23 March 2005

AAK HOTELS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AAK HOTELS LIMITED

We have audited the financial statements of AAK Hotels Limited on pages 4 to 11 for the year ended 31 May 2004. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arvind Shah & Co

Arvind Shah & Co

Chartered Accountants
Registered Auditor

30 March 2005

2nd Floor
King House
5-11 Westbourne Grove
London
W2 4UA

AAK HOTELS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2004

	Notes	2004 £	2003 £
Turnover	2	136,587	144,502
Cost of sales		(2,641)	(2,798)
Gross profit		133,946	141,704
Administrative expenses		(100,003)	(110,422)
Operating profit	3	33,943	31,282
Other interest receivable and similar income		202	101
Interest payable and similar charges	4	(22,195)	(24,430)
Profit on ordinary activities before taxation		11,950	6,953
Tax on profit on ordinary activities	5	(2,722)	(1,696)
Profit on ordinary activities after taxation	12	9,228	5,257

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

AAK HOTELS LIMITED

BALANCE SHEET AS AT 31 MAY 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Intangible assets	6	67,210		77,610	
Tangible assets	7	796,811		787,930	
		<u>864,021</u>		<u>865,540</u>	
Current assets					
Debtors	8	8,428		4,971	
Cash at bank and in hand		29,778		11,375	
		<u>38,206</u>		<u>16,346</u>	
Creditors: amounts falling due within one year	9	<u>(382,149)</u>		<u>(775,187)</u>	
Net current liabilities			<u>(343,943)</u>		<u>(758,841)</u>
Total assets less current liabilities			520,078		106,699
Creditors: amounts falling due after more than one year	10	<u>(404,151)</u>			-
		<u>115,927</u>		<u>106,699</u>	
Capital and reserves					
Called up share capital	11	100,000		100,000	
Profit and loss account	12	15,927		6,699	
Shareholders' funds - equity interests	13	<u>115,927</u>		<u>106,699</u>	

The financial statements were approved by the Board on 23 March 2005



Asim S Khan
Director

AAK HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT.

1.3 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	No depreciation charged
Computer equipment	Straight line over 3 years
Fixtures, fittings & equipment	Straight line over 10 years

The directors have reviewed the value of the freehold land and buildings as at the year end. In their view, no impairment arose during the year under review. The directors are of the opinion that the residual value is greater than the book value and as a consequence no depreciation charge has been reflected in these accounts.

1.5 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. On the basis of these financial statements no provision has been made for deferred tax.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

	2004	2003
	£	£
Operating profit is stated after charging:		
Amortisation of intangible assets	10,400	10,400
Depreciation of tangible assets	4,222	4,588
Auditors' remuneration	1,500	1,617
	<u>16,122</u>	<u>16,605</u>

AAK HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2004

4	Interest payable	2004	2003
		£	£
	On bank loans and overdrafts	22,195	24,430
		<u> </u>	<u> </u>
5	Taxation	2004	2003
		£	£
	Domestic current year tax		
	U.K. corporation tax	2,722	1,696
		<u> </u>	<u> </u>
	Current tax charge	2,722	1,696
		<u> </u>	<u> </u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	11,950	6,953
		<u> </u>	<u> </u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2003: 19.00%)	2,271	1,321
		<u> </u>	<u> </u>
	Effects of:		
	Non deductible expenses	55	-
	Depreciation add back	2,778	2,848
	Capital allowances	(1,027)	(854)
	Tax losses utilised	-	(58)
	Other tax adjustments	(1,355)	(1,561)
		<u> </u>	<u> </u>
		451	375
		<u> </u>	<u> </u>
	Current tax charge	2,722	1,696
		<u> </u>	<u> </u>

AAK HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2004

6 Intangible fixed assets

	Goodwill £
Cost	
At 1 June 2003 & at 31 May 2004	104,000
Amortisation	
At 1 June 2003	26,390
Charge for the year	10,400
At 31 May 2004	36,790
Net book value	
At 31 May 2004	67,210
At 31 May 2003	77,610

7 Tangible fixed assets

	Land and buildings Freehold £	Computer equipment £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 June 2003	763,434	2,387	32,924	798,745
Additions	10,000	1,453	1,650	13,103
At 31 May 2004	773,434	3,840	34,574	811,848
Depreciation				
At 1 June 2003	-	1,927	8,888	10,815
Charge for the year	-	765	3,457	4,222
At 31 May 2004	-	2,692	12,345	15,037
Net book value				
At 31 May 2004	773,434	1,148	22,229	796,811
At 31 May 2003	763,434	460	24,036	787,930

AAK HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2004

8 Debtors	2004	2003
	£	£
Trade debtors	2,330	1,528
Prepayments and accrued income	6,098	3,443
	<u>8,428</u>	<u>4,971</u>
9 Creditors: amounts falling due within one year	2004	2003
	£	£
Bank loans and overdrafts	9,750	397,420
Trade creditors	-	4,305
Corporation tax	2,722	1,696
Other taxes and social security costs	5,068	4,243
Directors' current accounts	355,776	363,813
Accruals and deferred income	8,833	3,710
	<u>382,149</u>	<u>775,187</u>

The bank loan is secured against the company's freehold property.

AAK HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2004

10 Creditors: amounts falling due after more than one year	2004	2003
	£	£
Bank loans	404,151	-
Analysis of loans		
Not wholly repayable within five years by instalments	413,901	-
Wholly repayable within five years	-	397,420
	413,901	397,420
Included in current liabilities	(9,750)	(397,420)
	404,151	-
Loan maturity analysis		
In more than one year but not more than two years	10,335	-
In more than two years but not more than five years	34,876	-
In more than five years	358,940	-
The bank loan is secured against the company's freehold property.		
11 Share capital	2004	2003
	£	£
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	100,000	100,000
12 Statement of movements on profit and loss account		Profit and loss account £
Balance at 1 June 2003		6,699
Retained profit for the year		9,228
Balance at 31 May 2004		15,927

AAK HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2004

13 Reconciliation of movements in shareholders' funds	2004	2003
	£	£
Profit for the financial year	9,228	5,257
Opening shareholders' funds	106,699	101,442
Closing shareholders' funds	<u>115,927</u>	<u>106,699</u>

14 Directors' emoluments	2004	2003
	£	£
Emoluments for qualifying services	<u>17,600</u>	<u>21,800</u>

15 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2004	2003
	Number	Number
Administration and management	<u>5</u>	<u>6</u>

Employment costs

	£	£
Wages and salaries	36,740	51,700
Social security costs	<u>1,580</u>	<u>3,126</u>
	<u>38,320</u>	<u>54,826</u>

16 Control

The company is under the control of the director, Asim Khan, who is beneficially interested in 60% of the issued share capital.

17 Related party transactions

The director's current account of £355,776 (2003: £363,813) is due to the director, Asim S Khan. No interest has been charged on these sums.