

Registration number: 00149618

**Caparo Hotels Limited**  
**Annual Report and Financial Statements**  
**for the Year Ended 31 December 2016**

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# **Caparo Hotels Limited**

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## **Caparo Hotels Limited**

### **Company Information**

#### **Directors**

The Honourable Ambar Paul

D P Dancaster

#### **Company secretary**

Goodwille Limited

#### **Registered office**

Caparo House  
103 Baker Street  
London  
W1U 6LN

#### **Auditor**

Deloitte LLP  
Birmingham

## **Caparo Hotels Limited**

### **Directors' Report for the Year Ended 31 December 2016**

The Directors present their report and the audited financial statements for the year ended 31 December 2016.

#### **Directors of the company**

The Directors who held office during the year and to the date of this report were as follows:

The Honourable Ambar Paul

D P Dancaaster

#### **Results**

The principle activity of the company is the operation of, and trading in, hotel properties.

The Profit and Loss account is set out on page 7 and shows a loss for the year of £231,012 (2015: Loss £36,644).

#### **Financial risk management policies and objectives**

##### ***Objectives and policies***

The company holds or issues financial instruments to finance its operations and enters into contracts to manage risks arising from those operations and its sources of finance in accordance with its accounting policies.

##### ***Price risk, credit risk, liquidity risk and cash flow risk***

Operations and working capital requirements are financed by a mixture of the company's retained cash, and short term parent company and bank loans. The company enjoys the continued support of its parent and is not reliant on external funding.

##### **Going concern**

The company made a loss in the year and has net current liabilities and a net liabilities position. The company is dependent on the support of the parent company to continue as a going concern. The Directors forecasts and projections, taking account of reasonably possible future changes in trading performance, show that the parent company should be able to operate within its current level of facilities and provide continued support to the company for the next 12 months from the date of sign off of these financial statements.

The financial statements have been prepared on a going concern basis.

##### **Future developments**

The Directors expect the company to continue in the operation of, and trading in hotel properties during 2017.

##### **Directors' liabilities**

The company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

##### **Disclosure of information to the auditor**

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor are unaware.

## **Caparo Hotels Limited**

### **Directors' Report for the Year Ended 31 December 2016 (continued)**

#### **Reappointment of auditor**

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Deloitte LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.


#### **Approval of reduced disclosures**

The company as a qualifying entity has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The company's shareholders have been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

#### **Small companies provision statement**

In preparing the Directors' Report, advantage has been taken of the small companies' exemptions under the Companies Act 2006. As a result of the small companies' exemption, the company is not required to prepare a Strategic Report.

By order of the Board on 30/9/17 and signed on its behalf by:



.....  
D P Dancaster  
Director

## **Caparo Hotels Limited**

### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Annual 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

## **Caparo Hotels Limited**

### **Independent Auditor's Report**

We have audited the financial statements of Caparo Hotels Limited for the year ended 31 December 2016, which comprise the Profit and loss account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 22. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 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 auditor**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), 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 (APB's) Ethical Standards for Auditors to the financial statements.

#### **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 the 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 December 2016 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, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements..

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

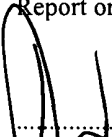
## Caparo Hotels Limited

### Independent Auditor's Report (continued)

#### 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 take advantage of the small companies exemption in preparing the Directors' Report or from the requirement to prepare a Strategic Report.

  
.....  
Jane Whitlock (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP, Statutory Auditor

Birmingham

Date: 30 September 2017



## Caparo Hotels Limited

### Profit and Loss Account for the Year Ended 31 December 2016

	Note	2016 £	2015 £
Turnover	3	1,644,273	1,696,113
Cost of sales		<u>(218,564)</u>	<u>(208,477)</u>
Gross profit		1,425,709	1,487,636
Administrative expenses		(1,824,521)	(1,700,291)
Other operating income	4	<u>111,020</u>	<u>110,598</u>
Operating loss	5	<u>(287,792)</u>	<u>(102,057)</u>
Other interest receivable and similar income	6	-	5,072
Interest payable and similar charges	7	<u>(7,942)</u>	<u>(10,351)</u>
		<u>(7,942)</u>	<u>(5,279)</u>
Loss before tax		(295,734)	(107,336)
Taxation	11	<u>64,722</u>	<u>70,692</u>
Loss for the financial year		<u>(231,012)</u>	<u>(36,644)</u>

The above results were derived from continuing operations.

**Caparo Hotels Limited**

**Statement of Comprehensive Income for the Year Ended 31 December 2016**

	Note	2016 £	2015 £
Loss for the year		(231,012)	(36,644)
Total comprehensive loss for the year		(231,012)	(36,644)

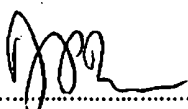
The notes on pages 11 to 25 form an integral part of these financial statements.

# Caparo Hotels Limited

(Registration number: 00149618)  
Balance Sheet as at 31 December 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	12	3,144,583	2,991,535
<b>Current assets</b>			
Stocks	13	21,605	17,393
Debtors	14	431,122	306,507
Cash at bank and in hand		1,194	1,179
		<u>453,921</u>	<u>325,079</u>
Creditors: Amounts falling due within one year	16	<u>(5,010,027)</u>	<u>(4,366,885)</u>
Net current liabilities		<u>(4,556,106)</u>	<u>(4,041,806)</u>
Total assets less current liabilities		(1,411,523)	(1,050,271)
Creditors: Amounts falling due after more than one year	16	(64,433)	(193,099)
Provisions for liabilities	11	<u>(217,474)</u>	<u>(219,048)</u>
Net liabilities		<u>(1,693,430)</u>	<u>(1,462,418)</u>
<b>Capital and reserves</b>			
Called up share capital	20	17,056	17,056
Revaluation reserve		1,327,133	1,329,060
Retained earnings		(3,037,619)	(2,808,534)
Total shareholders deficit		<u>(1,693,430)</u>	<u>(1,462,418)</u>

Approved and authorised by the Board on 30/9/17 and signed on its behalf by:



D P Dancaster  
Director

**Caparo Hotels Limited**

**Statement of Changes in Equity for the Year Ended 31 December 2016**

	Share capital £	Revaluation reserve £	Retained earnings £	Total £
At 1 January 2016	17,056	1,329,060	(2,808,534)	(1,462,418)
Loss for the year	-	-	(231,012)	(231,012)
Total comprehensive loss	-	-	(231,012)	(231,012)
Difference between actual and historical depreciation	-	(1,927)	1,927	-
At 31 December 2016	17,056	1,327,133	(3,037,619)	(1,693,430)
	Share capital £	Revaluation reserve £	Retained earnings £	Total £
At 1 January 2015	17,056	1,332,189	(2,775,019)	(1,425,774)
Loss for the year	-	-	(36,644)	(36,644)
Total comprehensive loss	-	-	(36,644)	(36,644)
Difference between actual and historical depreciation	-	(3,129)	3,129	-
At 31 December 2015	17,056	1,329,060	(2,808,534)	(1,462,418)

The notes on pages 11 to 25 form an integral part of these financial statements.

## **Caparo Hotels Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016**

#### **1 General information**

The company is incorporated and domiciled in England and Wales. It is a private company limited by shares.

The principal activity is the operation of, and trading in, hotel properties.

The functional currency of the company is considered to be pounds Sterling because that is the primary economic environment in which the company operates.

The address of its registered office is:

Caparo House  
103 Baker Street  
London  
W1U 6LN  
United Kingdom

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Basis of accounting**

The financial statements have been prepared under the historic cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

##### **Summary of disclosure exemptions**

Caparo Hotels Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel. Exemption has also been taken under Section 33.1A of FRS 102 not to disclose related party transactions between the company, its parent company and all wholly owned subsidiaries.

##### **Name of parent of group**

These financial statements are consolidated in the financial statements of Caparo Group Limited.

The financial statements of Caparo Group Limited may be obtained from Companies House, Cardiff.

##### **Going concern**

The company made a loss in the period, has net current liabilities and net liabilities. The company is dependent on the support of the parent company to continue as a going concern. The directors forecasts and projections, taking account of reasonably possible future changes in trading performance, show that the parent company should be able to operate within its current level of facilities and provide continued support to Caparo Hotels Limited for the next 12 months.

The financial statements have been prepared on a going concern basis.

## **Caparo Hotels Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)**

#### **2 Accounting policies (continued)**

##### **Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The estimates and associated assumptions are based on historical assumptions and other factors that are considered to be relevant. There were no key judgements relating to these accounts

##### ***Hotel Premises***

There are a number of estimates involved in assessing the fair value of the company's hotel properties and the directors have engaged independent professional qualified valuers, as disclosed in note 12.

##### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

##### **Tax**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date.

## Caparo Hotels Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

#### 2 Accounting policies (continued)

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### Tangible assets

Tangible assets are stated in the balance sheet at valuation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Hotel assets are subject to a full valuation with sufficient regularity to ensure that the carrying value does not differ materially from the fair value.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

#### Depreciation

Depreciation is provided to write off the cost, or valuation, less the estimated residual value of tangible fixed assets by equal instalments over their expected useful economic life, as follows:

Asset class	Depreciation method and rate
Freehold building	2% per annum
Plant and machinery	10 - 20% per annum
Furniture, equipment and soft furnishings	10 - 20% per annum

## Caparo Hotels Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

#### 2 Accounting policies (continued)

##### Tangible assets (continued)

Asset class	Depreciation method and rate
Computers	20% per annum
Building surfaces and finishes	2 - 20% per annum

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

##### Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

##### Stocks

Stocks are stated at the lower of cost and estimated selling price. Cost is determined using the first-in, first-out (FIFO) method. Costs include value of raw materials.

At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

##### Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

##### Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.



## **Caparo Hotels Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)**

#### **2 Accounting policies (continued)**

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

## Caparo Hotels Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

#### 2 Accounting policies (continued)

##### Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

## **Caparo Hotels Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)**

#### **2 Accounting policies (continued)**

##### **Financial instruments (continued)**

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### **Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

##### Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

## Caparo Hotels Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

#### 3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2016 £	2015 £
Operation of hotels	1,644,273	1,696,113

The company's revenue for the year arose solely in UK:

#### 4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2016 £	2015 £
Management fees	111,020	110,598

#### 5 Operating loss

Arrived at after charging/(crediting)

	2016 £	2015 £
Depreciation expense	104,067	89,304
Operating lease expense - plant and machinery	841	479
Gain on disposal of property, plant and equipment	(2,606)	-

#### 6 Other interest receivable and similar income

	2016 £	2015 £
Interest income on bank deposits	-	5,072

#### 7 Interest payable and similar charges

	2016 £	2015 £
Interest on bank overdrafts and borrowings	7,942	10,351

#### 8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

## Caparo Hotels Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

#### 8 Staff costs (continued)

	Staff costs (continued)	
	2016 £	2015 £
Wages and salaries	925,361	859,975
Social security costs	60,747	54,336
Pension costs, defined contribution scheme	14,079	10,034
	<u>1,000,187</u>	<u>924,345</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2016 No.	2015 No.
Production	60	59
Administration and support	5	5
	<u>65</u>	<u>64</u>

#### 9 Directors' remuneration

No Director received any remuneration in the current year or the previous year in relation to services provided to this company. The current Directors are remunerated by fellow subsidiary companies of Caparo Group Limited, the ultimate parent company.

#### 10 Auditor's remuneration

	2016 £	2015 £
Audit of the financial statements	<u>3,450</u>	<u>3,300</u>

The excess audit fee of £11,550 (2015: £11,500) and any non-audit fees were borne by fellow subsidiary companies of Caparo Group Limited, the ultimate parent company, and not recharged.

#### 11 Income tax

Tax credited in the profit and loss account

# Caparo Hotels Limited

## Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

### 11 Income tax (continued)

	2016 £	2015 £
<b>Current taxation</b>		
UK corporation tax	(62,705)	(23,454)
UK corporation tax adjustment to prior periods	(443)	(28,849)
	<u>(63,148)</u>	<u>(52,303)</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	12,074	(18,389)
Effects of changes in rates	(14,001)	-
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	353	-
	<u>(1,574)</u>	<u>(18,389)</u>
<b>Total deferred taxation</b>	<u>(1,574)</u>	<u>(18,389)</u>
<b>Tax credited in the income statement</b>	<u>(64,722)</u>	<u>(70,692)</u>

The tax on loss before tax for the year is lower than the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20% (2015 - 20.25%).

The differences are reconciled below:

	2016 £	2015 £
Loss before tax	<u>(295,734)</u>	<u>(107,336)</u>
Corporation tax at standard rate	(59,147)	(21,736)
Effect of expense not deductible in determining taxable profit (tax loss)	8,516	64,471
UK deferred tax credit relating to changes in tax rates or laws	(14,001)	(24,413)
Deferred tax credit from unrecognised tax loss or credit	-	1
Decrease in UK and foreign current tax from adjustment for prior periods	<u>(90)</u>	<u>(29,015)</u>
<b>Total tax credit</b>	<u>(64,722)</u>	<u>(70,692)</u>

### Deferred tax

Deferred tax assets and liabilities

	Liability £
<b>2016</b>	
Fixed asset timing differences	218,010
Short term timing differences	<u>(536)</u>
	<u>217,474</u>

# Caparo Hotels Limited

## Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

### 11 Income tax (continued)

#### Income tax (continued)

#### 2015

Fixed asset timing differences  
Short term timing differences

Liability  
£

219,158

(110)

219,048

#### Deferred tax (assets)/liabilities:

#### 2016

#### 2015

£

£

Provision at start of period

219,048

237,438

Adjustment in respect of prior years

353

(166)

Deferred tax charge to income statement for the period

(1,927)

(18,224)

Provision at end of period

217,474

219,048

### 12 Tangible assets

Land and  
buildings  
£

Plant &  
Machinery  
£

Total  
£

#### Cost or valuation

At 1 January 2016

2,970,899

109,940

3,080,839

Additions

169,183

88,496

257,679

Disposals

-

(3,515)

(3,515)

At 31 December 2016

3,140,082

194,921

3,335,003

#### Depreciation

At 1 January 2016

67,103

22,201

89,304

Charge for the year

74,802

29,265

104,067

Eliminated on disposal

-

(2,951)

(2,951)

At 31 December 2016

141,905

48,515

190,420

#### Carrying amount

At 31 December 2016

2,998,177

146,406

3,144,583

At 31 December 2015

2,903,796

87,739

2,991,535

Historical cost at 31 December 2016

2,887,559

Accumulated depreciation based on historical cost

1,070,108

## Caparo Hotels Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

#### 12 Tangible assets (continued)

Both of the company's hotel properties were professionally valued at January 2015 by Christie & Co at a combined worth of £3.1m on the basis of open market value for existing use. These valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors Statement of Asset Valuation Practice and Guidance notes. The hotel properties have been revalued at 31 December 2014 in accordance with this. The directors do not consider that there was a material change in the value of the company's hotel premises during the year.

#### 13 Stocks

	2016 £	2015 £
Other inventories	21,605	17,393

#### 14 Debtors

	2016 £	2015 £
Trade debtors	32,697	11,175
Other receivables	164,689	105,835
Group relief (corporation tax)	142,451	79,303
Prepayments	91,285	110,194
Total current trade and other receivables	431,122	306,507

#### 15 Cash and cash equivalents

	Note	2016 £	2015 £
Cash at bank		1,194	1,179
		1,194	1,179
Bank overdrafts	17	(124,402)	(128,274)
		(124,402)	(128,274)



## Caparo Hotels Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

#### 16 Creditors

	Note	2016 £	2015 £
<b>Due within one year</b>			
Loans and borrowings	17	253,068	256,940
Trade creditors		188,750	171,250
Amounts due to ultimate parent company	21	4,303,340	3,723,289
Social security and other taxes		162,617	135,587
Outstanding defined contribution pension costs		2,088	1,347
Accrued expenses		100,164	78,472
		<u>5,010,027</u>	<u>4,366,885</u>

#### Due after one year

Loans and borrowings	17	<u>64,433</u>	<u>193,099</u>
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The amounts owed to ultimate parent company have no fixed repayment date and interest is charged at commercial rates.

#### 17 Loans and borrowings

	2016 £	2015 £
<b>Non-current loans and borrowings</b>		
Bank borrowings	<u>64,433</u>	<u>193,099</u>
	<b>2016 £</b>	<b>2015 £</b>
<b>Current loans and borrowings</b>		
Bank borrowings	128,666	128,666
Bank overdrafts	124,402	128,274
	<u>253,068</u>	<u>256,940</u>
	<b>2016 £</b>	<b>2015 £</b>
In one year or less	253,068	256,940
In one to two years	64,433	128,666
In two to five years	-	64,433
	<u>317,501</u>	<u>450,039</u>

## Caparo Hotels Limited

### Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

#### 17 Loans and borrowings (continued)

The bank loan is secured by a first legal charge over the company's hotel premises and by a fixed and floating charge over all other assets of the company.

Interest on the bank loan is charged at a commercial margin over LIBOR.

#### 18 Obligations under leases and hire purchase contracts

##### Finance leases

The total of future minimum lease payments is as follows:

	2016 £	2015 £
Not later than one year	1,306	1,000

#### 19 Pension and other schemes

##### Caparo Stakeholder Pension Plan

The company contributes to the Caparo Stakeholder Pension Plan, a UK defined contribution scheme invested through Mobius Life Limited. The pension charge in respect of these arrangements was £14,079 (2015: £10,034). At 31 December 2016, employee contributions of £2,088 (2015: £1,347) were payable to the Caparo Stakeholder Pension Plan and are included in creditors.

#### 20 Share capital

##### Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
'A' ordinary shares of £0.01 each	8,400	84	8,400	84
'B' ordinary shares of £1 each	10,060	10,060	10,060	10,060
Deferred shares of £1 each	6,912	6,912	6,912	6,912
	25,372	17,056	25,372	17,056

The 'A' ordinary shareholders are, in total, entitled to 1/50th of ordinary dividends declared and the 'B' ordinary shareholders are, in total, entitled to 49/50ths of dividends declared. The deferred shares have no dividend entitlement.

In the event of the company being wound up, the deferred shareholders would receive the nominal value of their shares. The 'A' and 'B' ordinary shareholders would receive 1/50th and 49/50ths of the remainder respectively.

In aggregate, the 'A' ordinary shareholders have 1/50th and the 'B' ordinary shareholders have 49/50ths of the voting rights.

## **Caparo Hotels Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)**

#### **21 Related party transactions**

##### **Summary of transactions with other related parties**

Transactions between two or more members of the group where any subsidiary undertaking party to those transactions is not wholly owned by a member of the group are considered immaterial and have not, therefore, been disclosed.

The Honourable Ambar Paul is a director of, and shareholder in, Contemporary Hotels Limited. During the year, the company made net management charges to Contemporary Hotels Limited of £16,500 (2015: £16,500) of which net £2,300 (2015: £2,300) was outstanding at the year end. All transactions were made at commercial rates.

#### **22 Parent and ultimate parent undertaking**

The Right Honourable The Lord Paul of Marylebone, The Honourable Ms Anjli Paul, The Honourable Ambar Paul, and The Honourable Akash Paul, directors of Caparo Group Limited, are jointly and indirectly interested in the whole of the issued share capital of Caparo Group Limited through shareholdings registered in the name of Caparo International Corporation, a company registered in the British Virgin Islands. Caparo International Corporation ultimately holds the issued share capital of Caparo Group Limited on behalf of a series of family trusts.

The company's immediate parent is Caparo plc, incorporated in United Kingdom.

The ultimate parent is Caparo Group Limited, incorporated in United Kingdom.

The only group in which the results of the company are consolidated is that headed by Caparo Group Limited. A copy of the consolidated accounts of Caparo Group Limited are available from Companies House, Cardiff.