

GLH Hotels Limited (formerly known as Guoman Hotels Limited)

Directors' report and financial statements

Registered number 262958

30 June 2013

THURSDAY



A2JNDACG

A40

24/10/2013

#21

COMPANIES HOUSE

GLH Hotels Limited (formerly known as Guoman Hotels Limited)
Directors' report and financial statements
For the year ended 30 June 2013
Registered Number 262958

Contents	Page
Directors' report	1
Statement of director's responsibilities in respect of the directors' report and the financial statements	3
Independent Auditor's Report to the Members of GLH Hotels Limited (formerly known as Guoman Hotels Limited)	4
Consolidated Statement of Comprehensive Income	6
Consolidated and Company Statement of Financial Position	7
Consolidated and Company Statements of Changes in Equity	8
Cash Flow Statements	9
Notes to the financial statements	10

Directors' report

The directors present their directors' report and financial statements for the year ended 30 June 2013

Company status and principal activities

GLH Hotels Limited (formerly known as Guoman Hotels Limited) is a limited liability company domiciled and registered in England. The principal activity of the Company is the ownership and operation of hotels in the UK.

Business review

The consolidated results for the year ended 30 June 2013 showed an improvement in revenue, but an increase in costs. These combined to give a profit before tax of £6.4m (2012 £39.4m). The 2012 results included a significant profit on disposal of assets of £46.1m.

The Key Performance Indicators used to measure trading performance of the hotels are occupancy percentage, average room rate (ARR) and revenue per available room (RevPAR). Occupancy declined slightly and ARR improved during the year. These combined to give an increase in RevPAR.

Percentage movement on prior year	30 June 2013	30 June 2012
Occupancy	(1.70)	1.90
Average room rate	6.63	1.00
Revenue per available room (RevPAR)	4.81	3.00

Result for year

Return on shareholders' funds (%)	2.80	2.00
Gross operating profit percentage	13.10	11.50

The financial year to 30 June 2014 is expected to show improvements in both revenue and profitability and the directors remain confident about the long term prospects for the Group.

Principal risks and uncertainties

The principal business risks and uncertainties facing the Group arise from economic conditions in the main geographical market of London. Business and consumer confidence has a significant impact on the Group's levels of business and hence profitability.

Result and dividends

The results for the year ended 30 June 2013 are set out in the Statement of Comprehensive Income on page 6. Nil interim dividends were paid during the financial year (2012 £60 million). The directors do not recommend the payment of a final dividend (2012 £Nil).

Employee matters

The Group's policy of providing employees with information about the Company and the Group has continued and regular meetings are held between management and employees to allow exchanges of information and ideas.

The Group gives every consideration to applications for employment by disabled persons where the requirements of the job may be adequately filled by a disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under similar terms and conditions and to provide training, career development and promotion wherever appropriate.

Directors and directors' interests

The directors who held office during the financial year were as follows

Tan Sn Quek Leng Chan

Kwek Leng Hai

Premod Paul Thomas

Andrew Hughes

Resigned

21 June 2013

Michael DeNoma

Appointed

1 August 2012

No director had any interests in, or rights to subscribe for, shares or debentures in the Company or any fellow subsidiary during the financial year

Tan Sn Quek Leng Chan, Kwek Leng Hai and Premod Paul Thomas are directors of the intermediate parent company, GuocoLeisure Limited, and their interests in its shares and share options are disclosed in that company's accounts

The directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report

Disclosure of information to auditor

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

Auditor

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

By order of the board



Mike DeNoma

Director

Registered Office
Stephenson House
75 Hampstead Road
London
NW1 2PL
11 October 2013

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

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with IFRSs as adopted by the EU 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditor's report to the members of GLH Hotels Limited (formerly known as Guoman Hotels Limited)

We have audited the financial statements of GLH Hotels Limited (formerly known as Guoman Hotels Limited) for the year ended 30 June 2013 set out on pages 6 to 38. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 Directors' Responsibilities Statement on page 3, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2013 and of the group's profit for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU,
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements 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.

Independent auditor's report to the members of GLH Hotels Limited (formerly known as Guoman Hotels Limited) (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



Lindsey Crossland (Senior Statutory Auditor)

For and on behalf of

KPMG LLP
Statutory Auditor

Chartered Accountants
1 The Embankment
Leeds
West Yorkshire
LS1 4DW

11 October 2013

**Consolidated statement of comprehensive income
 for the year ended 30 June 2013**

	Note	Year ended 30 June 2013 £000's	Year ended 30 June 2012 £000's
Revenue	1	238,293	225,708
Financial income	4	8,639	4,468
Other gains & losses	2	999	46,114
Depreciation and amortisation	2	(11,535)	(10,546)
Management fees & brand licence	20	(22,139)	(23,591)
Property rent	2	(57,765)	(55,961)
Employee benefits expense	3	(51,477)	(49,087)
Finance costs	5	(22,794)	(26,516)
Other costs		(75,791)	(71,185)
Profit before tax		6,430	39,404
Taxation	6	6,377	15,449
Profit for the year		<u>12,807</u>	<u>54,853</u>
Attributable to			
Equity holders of the parent		13,098	55,285
Non Controlling Interest		(291)	(432)
		<u>12,807</u>	<u>54,853</u>
Other comprehensive income			
Actuarial gains / (losses) on defined benefit pension plans		4,206	(7,090)
Deferred tax on other comprehensive income		(260)	22
Total comprehensive income for the year		<u>16,753</u>	<u>47,785</u>
Attributable to			
Equity holders of the parent		17,044	48,217
Non Controlling Interest		(291)	(432)
		<u>16,753</u>	<u>47,785</u>

Apart from the results of Thistle Westminster shown in Note 2, the whole of the profit or loss for each of the financial years noted above derives from continuing operations

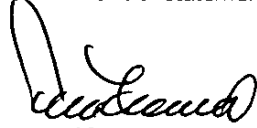
There were no items of recognised income or expense other than as shown in the Consolidated Statement of Comprehensive Income above

GLH Hotels Limited (formerly known as Guoman Hotels Limited)
Directors' report and financial statements
For the year ended 30 June 2013
Registered Number 262958

Statements of Financial Position at 30 June 2013

		30 June 2013	Group	30 June 2013	Company
		£000's	30 June 2012	£000's	30 June 2012
			£000's		£000's
ASSETS					
Non-current assets					
Property, plant and equipment	7	600,461	605,434	-	-
Investment in subsidiaries	8	-	-	424,081	469,395
Retirement benefit surplus	19	1,018	-	1,018	-
Trade and other receivables	10	-	-	179,748	209,912
Total non current assets		<u>601,479</u>	<u>605,434</u>	<u>604,847</u>	<u>679,307</u>
Current assets					
Inventories	9	554	474	-	-
Trade and other receivables	10	173,105	159,564	141,132	125,023
Total current assets		<u>173,659</u>	<u>160,038</u>	<u>141,132</u>	<u>125,023</u>
Total assets		<u>775,138</u>	<u>765,472</u>	<u>745,979</u>	<u>804,330</u>
EQUITY AND LIABILITIES					
Shareholders' Equity					
Ordinary shares	15	79,655	79,655	79,655	79,655
Employee Compensation Reserve	17	-	(5,000)	-	(5,000)
Retained earnings	18	385,677	368,633	410,530	463,794
		<u>465,332</u>	<u>443,288</u>	<u>490,185</u>	<u>538,449</u>
Non controlling interest	18	(1,232)	(941)	-	-
Total equity		<u>464,100</u>	<u>442,347</u>	<u>490,185</u>	<u>538,449</u>
Non-current liabilities					
Borrowings	12	193,124	193,088	193,124	193,088
Deferred tax	13	16,097	21,992	221	-
Retirement benefit obligations	19	-	6,639	-	6,639
Total non current liabilities		<u>209,221</u>	<u>221,719</u>	<u>193,345</u>	<u>199,727</u>
Current liabilities					
Bank overdrafts		1,301	301	3,365	3,624
Trade and other payables	11	100,516	101,105	59,084	62,530
Total current liabilities		<u>101,817</u>	<u>101,406</u>	<u>62,449</u>	<u>66,154</u>
Total liabilities		<u>311,038</u>	<u>323,125</u>	<u>255,794</u>	<u>265,881</u>
Total equity and liabilities		<u>775,138</u>	<u>765,472</u>	<u>745,979</u>	<u>804,330</u>

These financial statements were approved by the board of directors on 11 October 2013 and were signed on its behalf by


Premod Paul Thomas
Director

GLH Hotels Limited (formerly known as Guoman Hotels Limited)
Directors' report and financial statements
For the year ended 30 June 2013
Registered Number 262958

**Consolidated Statement of Changes in Equity
for the year ended 30 June 2013**

	Ordinary Shares	Share Premium	Employee Comp'n Reserve	Retained Earnings	Non - Controlling Interest	Total
	£000's	£000's	£000's	£000's	£000's	£000's
At 03 July 2011	79,655	172,364	(5,000)	208,082	(509)	454,592
Profit attributable to equity holders of the parent	-	-	-	55,285	(432)	54,853
Other Comprehensive Income	-	-	-	(7,068)	-	(7,068)
Share based payment	-	-	-	(30)	-	(30)
Dividends paid to equity holders of the parent	-	-	-	(60,000)	-	(60,000)
Cancellation of share premium	-	(172,364)	-	172,364	-	-
At 30 June 2012	79,655	-	(5,000)	368,633	(941)	442,347
Profit attributable to equity holders of the parent	-	-	-	13,098	(291)	12,807
Other Comprehensive Income	-	-	-	3,946	-	3,946
Sales of shares in parent company	-	-	5,000	-	-	5,000
At 30 June 2013	79,655	-	-	385,677	(1,232)	464,100

**Company Statement of Changes in Equity
for the year ended 30 June 2013**

	Ordinary Shares	Share Premium	Employee Comp'n Reserve	Retained Earnings	Total
	£000's	£000's	£'000	£000's	£000's
At 03 July 2011	79,655	172,364	(5,000)	236,472	483,491
Profit attributable to equity holders of the parent	-	-	-	122,056	122,056
Other comprehensive income	-	-	-	(7,068)	(7,068)
Share based payment	-	-	-	(30)	(30)
Dividends paid to equity holders of the parent	-	-	-	(60,000)	(60,000)
Cancellation of share premium	-	(172,364)	-	172,364	-
At 30 June 2012	79,655	-	(5,000)	463,794	538,449
Loss attributable to equity holders of the parent	-	-	-	(57,210)	(57,210)
Other comprehensive income	-	-	-	3,946	3,946
Sale of shares in parent company	-	-	5,000	-	5,000
At 30 June 2013	79,655	-	-	410,530	490,185

During the financial year, the company returned £5million of GuocoLeisure shares to GuocoLeisure in settlement of an inter-company loan

GLH Hotels Limited (formerly known as Guoman Hotels Limited)
Directors' report and financial statements
For the year ended 30 June 2013
Registered Number 262958

Cashflow Statements for the year ended 30 June 2013

	Group		Company
	30 June 2013	30 June 2012	30 June 2013
	£'000	£'000	£'000
			30 June 2012
			£'000
Cash flows from operating activities			
Profit / (loss) for the financial year	12,807	54,853	(57,210)
Adjustments for			
Tax (credit) / charge	(6,377)	(15,449)	(41)
Share options charge	-	(30)	-
Interest expense	22,794	26,516	22,710
Interest income	(8,639)	(4,468)	(29,942)
Depreciation	11,535	10,546	-
Pension fund payments in excess of P&L charge	(2,686)	(2,638)	(2,686)
Profit on disposal of fixed assets	-	(46,114)	-
Dividends received from subsidiaries	-	-	-
Impairment of investments in subsidiaries	-	-	107,264
Changes in working capital			
(Increase) / decrease in inventories	(80)	15	-
(Increase) / decrease in trade & other receivables	(13,541)	15,922	14,055
Increase in trade & other payables	18,876	19,040	15,580
Cash generated from operations	34,689	58,193	69,730
Interest received	4,372	51	25,484
Interest paid	(19,499)	(23,167)	(19,456)
Net cash generated from operating activities	19,562	35,077	75,758
Cash flows from investing activities			
Purchase of tangible fixed assets	(6,562)	(26,802)	-
Disposal of tangible fixed assets	-	190,000	-
Net cash (used in) / generated from investing activities	(6,562)	163,198	-
Cash flows from financing activities			
Investment in subsidiaries	-	-	(61,500)
Dividends received from subsidiaries	-	-	-
Dividends paid to shareholders	-	(60,000)	-
Debenture stocks redeemed	-	(25,716)	-
Repayment of loan from parent company	(14,000)	-	(14,000)
New loan to group companies	-	(116,000)	-
Net cash used in financing activities	(14,000)	(201,716)	(75,500)
Net (decrease) / increase in cash and cash equivalents	(1,000)	(3,441)	258
Cash and cash equivalent at the start of the year	(301)	3,140	(3,623)
Cash and cash equivalents at the end of the year	(1,301)	(301)	(3,365)

Notes to the Financial Statements

1 - Accounting policies

GLH Hotels Limited (formerly known as Guoman Hotels Limited) ("the company") is a company incorporated and domiciled in the UK

The principal accounting policies adopted 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 preparation

These financial statements have been prepared and approved by the directors under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU ("Adopted IFRSs").

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The financial statements have been prepared on the going concern basis which assumes that the company will be able to continue to trade for the foreseeable future. The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report on pages 1 to 3. In addition, note 14 to the financial statements includes the group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Both the parent company financial statements and the group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). On publishing the parent company financial statements here together with the group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements.

Accounting reference date

The accounting period of the Group has historically ended on the Sunday falling between 26 June and 4 July. In order to better align the Group with its parent entity, the Group decided in June 2012 to change this so that the accounting period ends on 30th June each year.

The financial year ended 30 June 2012 ran from 4 July 2011 to 30 June 2012.

Adoption of new standards

In the current year, the following new standards have been adopted by the group:

Amendments to IFRS 7,	'Financial Instruments: Disclosures on transfers of assets',
Amendment to IFRS 1,	'First time adoption', on fixed dates and 'hyperinflation',
Amendment to IAS 12,	'Income taxes', on deferred tax
Amendment to IAS 1,	'Amendment to financial statement presentation'

The adoption of these interpretations has not led to any changes in the Group's accounting policies or presentation of the financial statements.

Notes (continued)

1 – Accounting Policies (continued)

Future changes to accounting standards

Phase I of IFRS 9 "Financial Instruments" was issued in November 2009 and has subsequently been updated and amended. The standard is effective for annual periods beginning on or after 1 January 2015 and has not yet been endorsed for use in the EU. The standard introduces changes to the classification and measurement of financial assets and the requirements relating to financial liabilities in relation to the presentation of changes in fair value due to credit risks and the removal of an exemption from measuring certain derivative liabilities at fair value. The Group is currently assessing the impact of the standard on its results, financial position and cash flows.

The Group has not adopted the following pronouncements, which have been issued by the IASB or the IFRIC. These pronouncements have not yet been endorsed for use in the EU. The Group does not currently believe the adoption of these pronouncements will have a material impact on the consolidated results, financial position or cash flows of the Group.

New IFRS and amendments to IAS and interpretations

There are a number of standards and interpretations issued by the IASB that are effective for financial statements after this reporting period. The following have not been early adopted by the Group.

International Financial Reporting Standards	Effective for accounting periods starting on or after
IAS 19* Amendment to employee benefits	1 January 2013
IFRS 10** Consolidated financial statements	1 January 2013
IFRS 11** Joint arrangements	1 January 2013
IFRS 12** Disclosures of interests in other entities	1 January 2013
IFRS 10, 11 and 12 Amendments in transition guidance	1 January 2013
IFRS 13* Fair value measurement	1 January 2013
IAS 27** Separate financial statements	1 January 2013
IAS 28** Associates and joint ventures	1 January 2013
IFRS 7* Amendment to financial instruments disclosures	1 January 2013
IFRS 1 Amendment to first time adoption	1 January 2013
IAS 32* Amendment to financial instruments presentation	1 January 2014

* Endorsed by the European Union

** Endorsed by the European Union for periods starting on or after 1 January 2014

IAS 19 'Employee benefits' was amended in June 2011, the impact on the Group will be immediately to recognise all past service costs and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability.

The application of these standards and IFRIC interpretations are not anticipated to have a material effect on the Group's financial statements except for additional disclosure.

Consolidation

The financial statements incorporate the accounts of the Company and all its subsidiaries for the year ended 30 June 2013. The results of subsidiaries acquired or disposed of during the year are included in the Group profit and loss account from or up to the effective date of acquisition or disposal.

Apart from Grand Imperial Restaurant LLP, all the Group's subsidiary undertakings are wholly owned companies. The parent company financial statements present information about the company as a separate entity and not about its group.

Inventories

Inventories comprise food and beverages for resale and are stated at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Note 9 shows further details of the charge to the statement of comprehensive income.

Notes (continued)

1 – Accounting Policies (continued)

Property, plant and equipment

All property, plant and equipment is stated at cost or deemed cost less depreciation and any necessary provision for impairment. No impairment provisions exist at the balance sheet date as there were no indications of impairment. No impairment provisions have been made or reversed during the current and previous financial periods.

Under the transitional provisions of IFRS 1 land and buildings which were previously stated at cost or valuation under UK GAAP are stated at deemed cost being their UK GAAP carrying values as at 4 July 2004.

Freehold land is not depreciated. All other property, plant and equipment are depreciated to a residual value over their estimated useful lives. Residual value is reassessed annually.

The principal expected useful economic lives are

Freehold land	Not depreciated
Core elements of freehold and long leasehold land and buildings	Up to 100 years
Integral plant and non-core elements of buildings	15 to 30 years
Short leasehold property (less than 50 years remaining)	Remaining life of the lease
Plant and equipment	5 to 15 years

Repairs and maintenance costs are expensed as incurred.

Leased assets

Operating lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Classification of financial instruments issued by the Group

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- 1 they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group), and
- 2 where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

Notes (continued)

1 – Accounting Policies (continued)

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other Companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Investments in debt and equity securities

Debentures are stated at amortised cost less impairment.

Investments in subsidiaries are carried at cost less impairment in the parent company accounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Segmental reporting

Substantially all of the operations of the Group occur in the United Kingdom and are regarded as a single business segment.

At GLH Hotels Limited (formerly known as Guoman Hotels Limited) the board is regarded as the Chief Operating Decision Maker ('CODM'). The board considers that GLH Hotels Limited (formerly known as Guoman Hotels Limited) has one reportable segment. The turnover, operating profit and net assets are all attributable to the one class of business.

Notes (continued)

1 – Accounting Policies (continued)

Impairment excluding inventories and deferred tax assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment, a financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Revenue

Revenue comprises income from the ownership and operation of hotels and their associated restaurants, excluding VAT, and is recognised as the related services are provided.

Notes (continued)

1 – Accounting Policies (continued)

Taxation

Taxation comprises corporation tax and deferred tax and is recognised solely in the Statement of Comprehensive Income

Corporation tax is the expected tax payable or recoverable on the taxable income for the period together with any adjustments to tax payable in respect of previous periods

Deferred taxation is provided using the balance sheet liability method providing for differences between the carrying amounts of assets and liabilities and their equivalent amounts used for tax purposes. The deferred tax provision is calculated using tax rates substantially enacted at the balance sheet date

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined

Notes (continued)

1 – Accounting Policies (continued)

Employee benefits

Defined benefits

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to, the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the statement of comprehensive income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the statement of comprehensive income.

All actuarial gains and losses as at 4 July 2004, the date of transition to Adopted IFRSs, were recognised. In respect of actuarial gains and losses that arise subsequent to 4 July 2004 in calculating the Group's obligation in respect of a plan, the actuarial gain or loss is immediately recognised in equity.

Where the calculation results in a benefit to the Group, the asset recognised is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

Defined contributions

Contributions payable to defined contribution pension schemes are charged to profit and loss as they accrue.

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation has been discontinued from the start of the comparative period.

Notes (continued)

2 - Expenses and Auditors' Remuneration

The Group's profit before tax is stated after charging -

	Year ended 30 June 2013 £'000	Group Year ended 30 June 2012 £'000
Amounts payable to auditors		
Audit of these financial statements	10	10
Audit of financial statements of subsidiaries pursuant to legislation	103	103
Pension scheme audit	11	11
Depreciation and other amounts written off tangible fixed assets	11,535	10,546
Equipment rentals payable under operating leases	845	719
Property rentals payable under operating leases	<u>57,765</u>	<u>55,961</u>
All fees payable to the auditors were incurred by GLH Hotels Limited		
<i>Exceptional items disclosed separately due to their size or incidence</i>		
Profit on disposal of property, plant and equipment	<u>999</u>	<u>46,114</u>

Profit on disposal of property, plant and equipment

On 29 September 2012, the Group's lease at Thistle Westminster was terminated under a landlord break clause within the lease. Compensation was paid under the terms of this break clause.

Excluding the compensation above, Thistle Westminster Limited contributed £364,000, to Group profit before tax, (2012 £1,397,000)

On 11 July 2011, the Group sold the property plant and equipment of the Royal Horseguards Hotel and Thistle Kensington Garden to related parties for £190 million, realising a profit on disposal of £46.1 million. On the same day, these companies signed 25 year lease agreements with the purchasers.

These sales also resulted in a release of deferred tax provisions on the assets sold.

Notes (continued)

3 - Employee, Directors and Key Management information

	Group	
	Year ended 30 June 2013 £'000	Year ended 30 June 2012 £'000
Employee costs during the year		
Agency wages	14,386	14,144
Employee wages and salaries	33,774	31,657
Share based remuneration	-	(30)
Employer's social security costs	2,976	2,922
Employer's pension costs	341	394
	51,477	49,087
	Group	
	Year ended 30 June 2013 Number	Year ended 30 June 2012 Number
Average monthly staff employed (excluding agency staff)		
Hotel operating staff	1,559	1,457
Management, administration and support staff	48	48
Total employees	1,607	1,505

All employees are employed by GLH Hotels Limited or GLH Hotels HR Limited and a recharge is made by these Companies in respect of the persons employed each hotel

Both defined benefit and defined contribution costs are included within the employers' pension costs

None of the Directors or Key Management received any emoluments in respect of their services to the Company in either year. They are remunerated in respect of their services to the Company and other group companies by GLH Hotels Management (UK) Limited, a related party, with no specific recharge being made to the Company or Group.

Notes (continued)

4 Financial Income

	Group	
	Year ended 30 June 2013 £'000	Year ended 30 June 2012 £'000
Bank interest receivable	-	54
Interest paid by related parties	4,372	-
Expected return on pension schemes' assets	4,267	4,414
	8,639	4,468

5 - Financial Expenses

	Group	
	Year ended 30 June 2013 £000's	Year ended 30 June 2012 £000's
Bank overdrafts	43	41
Debenture stock interest	19,271	19,888
Premium paid on redemption of debentures	-	2,077
Interest paid to related parties	249	829
Interest on pension schemes' liabilities	3,231	3,681
	22,794	26,516

During the prior financial year the company repurchased 25,716,000 of the 2014 debentures for £27,793,000

The debentures were then cancelled by the company. This premium is shown as a charge to interest payable

Full details of the purchases are shown in note 12

Notes (continued)

6 - Taxation

	Group	
	Year ended 30 June 2013 £'000	Year ended 30 June 2012 £'000
<i>Recognised in the Income Statement</i>		
UK corporation tax at 23.75% / 25.5%		
Current year tax charge	-	587
Adjustments in respect of previous years	(222)	(845)
Current tax charge	(222)	(258)
Deferred taxation		
Current year tax credit	(876)	(16,557)
Adjustments in respect of previous years	(5,279)	1,366
Deferred tax credit recognised in statement of consolidated income	(6,155)	(15,191)
Actual tax credit recognised in the income statement	(6,377)	(15,449)
Recognised in Other Comprehensive Income		
Deferred tax on pension deficit	260	(22)
Actual tax charge / (credit) recognised in other comprehensive income	260	(22)

<i>Reconciliation of effective tax rate</i>	Year ended 30 June 2013		Year ended 30 June 2012	
	%	£000's	%	£000's
Profit for the year	100	6,430	100	39,404
Expected tax charge at 23.75% / 25.5%	23.75	1,527	25.5	10,048
Items not subject to tax or deductible for tax purposes	2.7	173	0.3	118
Group relief receivable for nil consideration	(39.7)	(2,555)	(1.3)	(493)
Movement in unprovided losses	(2.9)	(188)	(0.4)	(163)
Unrecognised deferred tax on temporary differences and accelerated capital allowances	28.1	1,804	0.5	202
Deferred tax rate change	(11.6)	(743)	(5.4)	(2,135)
Movement of provision on capital gains	(10.1)	(647)	(43.0)	(16,933)
Non taxable income on disposal of property	(3.8)	(247)	(16.8)	(6,614)
Adjustments in respect of previous years	(85.6)	(5,501)	1.3	521
Deferred tax on pension deficit	4.0	260	(0.1)	(22)
Actual tax credit	(95.1)	(6,117)	(39.4)	(15,471)

During the year the Group released provisions for potential tax liabilities of £5 million for risks that may have arisen in the future as a result of past events within the Group.

In line with the principle of prudence, the Group had provided for this liability even though the Group had obtained independent professional advice that the possibility of this liability materialising is low. It is now understood that this possibility is negligible.

The UK corporation tax rate reduced from 1 April 2012 from 24% to 23%, which gave a deferred tax credit of £0.7 million.

Notes (continued)

7 - Property, Plant and Equipment

As at 30 June 2013

	Land and Buildings	Fit out costs, plant and equipment	Group Total
	£000's	£000's	£000's
Cost			
At the beginning of the financial year	559,066	219,221	778,287
Additions	1,373	5,189	6,562
Disposals	(6,073)	(5,996)	(12,069)
At the end of the financial year	554,366	218,414	772,780
Depreciation			
At the beginning of the financial year	18,438	154,415	172,853
Charge for the financial year	1,158	10,377	11,535
Disposals	(6,073)	(5,996)	(12,069)
At the end of the financial year	13,523	158,796	172,319
Net book value			
As at 30 June 2013	540,843	59,618	600,461

As at 30 June 2012

	Land and Buildings	Fit out costs, plant and equipment	Group Total
	£000's	£000's	£000's
Cost			
At the beginning of the financial year	693,458	237,360	930,818
Additions	206	26,596	26,802
Disposals	(134,598)	(44,735)	(179,333)
At the end of the financial year	559,066	219,221	778,287
Depreciation			
At the beginning of the financial year	20,089	177,665	197,754
Charge for the financial year	2,278	8,268	10,546
Disposals	(3,929)	(31,518)	(35,447)
At the end of the financial year	18,438	154,415	172,853
Net book value			
As at 30 June 2012	540,628	64,806	605,434

Notes (continued)

7 – Property, Plant and equipment (continued)

Three (2012: three) properties with aggregate carrying values of £384 million (2012: £387 million) have been charged as security for the Group's debenture borrowing facilities

At 30 June 2013, certain of the Group's properties were tested for impairment

The recoverable amounts of the properties are determined from value in use calculations. The key assumptions used are in relation to discount and growth rates. Growth rates incorporate occupancy, room rate, volume and direct cost changes. Management used pre-tax discount factors between 10% & 13% over the forecast period.

When performing the impairment review the relevant growth rates included were specific to each operating site and reflected their particular circumstances. The average growth rate across the portfolio was as follows:

	June 2014	June 2015	June 2016 to June 2019
Average portfolio growth	(3.9%)	7.3%	12.5%

This analysis took into account external views of the London hotel market and the likely time of continuing recovery from the current economic environment.

At the beginning and end of the financial year the value in use of all properties exceeded their book value and therefore no hotels needed to be impaired.

The net book value of land and buildings comprises -

Group	30 June 2013 £000's	30 June 2012 £000's
Freehold	212,424	212,415
Long leasehold	316,430	316,544
Short leasehold	11,989	11,669
	540,843	540,628

Notes (continued)

8 - Investment in subsidiaries

As at 30 June 2013	Total
Cost	£000's
At the beginning of the financial year	558,023
Additions	61,950
At the end of the financial year	619,973
Impairment	
At the beginning of the financial year	88,628
Impairment	122,943
Reversal of impairment	(15,679)
At the end of the financial year	195,892
Net book value	
As at 30 June 2013	424,081
As at 30 June 2012	£'000
Cost	
At the beginning and the end of the financial year	558,023
Impairment	
At the beginning and the end of the financial year	88,628
Net book value	
As at 30 June 2012	469,395

Notes (continued)

8 - Investment in subsidiaries (continued)

The Company holds 100% of the shares in the following companies -

The Cumberland Hotel (London) Limited	The Tower Hotel (London) Limited	Thistle Barbican Tenant Limited
Thistle Bloomsbury Park Tenant Limited	Charing Cross Hotel Limited	Thistle Edinburgh Tenant Limited
Thistle Euston Tenant Limited	Thistle Heathrow Limited	GLH Hotels HR Limited
Thistle Hotels & Restaurants Limited	Thistle Westminster Limited	Thistle Trafalgar Limited
Thistle Kensington Gardens Limited	Thistle Marble Arch Limited	Thistle Hyde Park Tenant Limited
The Royal Horseguards Hotel Limited	The Grosvenor Hotel Victoria Limited	Thistle Piccadilly Tenant Limited

All of the companies are registered and incorporated in the United Kingdom

The Company is a 50% member of the limited liability partnership in the Grand Imperial Restaurant LLP, but holds a casting vote. This has been consolidated as a subsidiary in the group accounts.

Details of the impairment and reversals are as follows

	Net book value as at 30 June 2012	Additions	Impairment	Reversal of impairment	Net book value as at 30 June 2013
	£'000's	£'000's	£'000's	£'000's	£'000's
The Tower Hotel (London) Limited	145,006	-	-	6,996	152,002
Thistle Marble Arch Limited	124,000	-	-	-	124,000
Charing Cross Hotel Limited	48,880	-	-	5,517	54,397
The Royal Horseguards Hotel Limited	62,645	-	(62,645)	-	-
The Grosvenor Hotel Victoria Limited	55,698	5,000	-	3,166	63,864
Thistle Kensington Gardens Limited	17,331	-	(17,331)	-	-
Thistle Heathrow Limited	12,412	1,000	(3,006)	-	10,406
Thistle Westminster Limited	356	-	-	-	356
Thistle Hotels & Restaurants Limited	3,067	-	-	-	3,067
Thistle Trafalgar Limited	-	15,500	(9,277)	-	6,223
Thistle Hyde Park Tenant Limited	-	1,900	(1,292)	-	608
Thistle Barbican Tenant Limited	-	14,600	(14,494)	-	106
Thistle Bloomsbury Park Limited	-	2,200	(845)	-	1,355
Thistle Piccadilly Tenant Limited	-	6,250	(4,754)	-	1,496
Thistle Euston Tenant Limited	-	9,500	(3,299)	-	6,201
Thistle Edinburgh Tenant Limited	-	6,000	(6,000)	-	-
	469,395	61,950	(122,943)	15,679	424,081

The directors have performed a review to adjust the company value of investments to the net asset value of the investment company

Notes (continued)

9 - Inventories

As at 30 June 2013

	Food Stock	Beverage Stock	Other Stock	Total
	£'000	£'000	£'000	£'000
Cost				
At the beginning of the financial year	154	246	74	474
Purchases / (amounts written off)	7,274	2,345	(15)	9,604
Utilised during the year	(7,230)	(2,275)	(19)	(9,524)
At the end of the financial year	<u>198</u>	<u>316</u>	<u>40</u>	<u>554</u>

As at 30 June 2012

	Food Stock	Beverage Stock	Other Stock	Total
	£'000	£'000	£'000	£'000
Cost				
At the beginning of the financial year	145	273	71	489
Purchases	6,254	1,910	74	8,238
Utilised during the year	(6,245)	(1,937)	(71)	(8,253)
At the end of the financial year	<u>154</u>	<u>246</u>	<u>74</u>	<u>474</u>

All stock held is expected to be utilised within 12 months
 Other stock comprises retail vouchers for sale to hotel guests

Notes (continued)

10 - Trade and other receivables

	30 June 2013 £'000	Group 30 June 2012 £'000	30 June 2013 £'000	Company 30 June 2012 £'000
Non-current assets				
Amounts owed by group undertakings	-	-	179,748	209,912
Current assets				
Trade debtors	16,571	14,317	630	817
Provision for bad debt	(119)	(190)	-	-
Net trade debtors	16,452	14,127	630	817
Amounts owed by related parties	132,946	121,946	137,242	120,910
Other debtors	3,273	2,647	3,209	2,584
Prepayments and accrued income	20,434	20,844	51	712
	<u>173,105</u>	<u>159,564</u>	<u>141,132</u>	<u>125,023</u>

Trade debtors that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows

	30 June 2013 £'000	Group 30 June 2012 £'000	30 June 2013 £'000	Company 30 June 2012 £'000
Neither past due nor impaired	12,719	10,098	630	817
Less than 1 month past due	3,398	3,592	-	-
1 to 3 months past due	335	437	-	-
	<u>16,452</u>	<u>14,127</u>	<u>630</u>	<u>817</u>

Trade debtors that are not impaired refer to debtors where no provision of doubtful debts is provided and aging is past credit term

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as these are considered fully recoverable. The Group does not hold any collateral over these balances.

Notes (continued)

11 - Trade and other payables

	30 June 2013	Group 30 June 2012	30 June 2013	Company 30 June 2012
	£'000	£'000	£'000	£'000
Current liabilities				
Trade creditors	18,888	17,884	274	970
Other taxation and social security	4,525	4,577	4,411	4,582
Other creditors	13,438	14,286	7,985	4,604
Deposits from customers	5,482	10,773	-	10,772
Amounts owed to parent company of the group	448	19,314	448	19,314
Amounts owed to related parties	45,992	22,274	45,992	22,274
Accruals and deferred income	11,769	11,997	-	14
	<u>100,542</u>	<u>101,105</u>	<u>59,110</u>	<u>62,530</u>

The contractual cashflows of trade creditors and accruals will see these liabilities settled in the next six months. Amounts owed to related parties and to the parent company of the group are not expected to be settled within 12 months.

12 - Debentures

	30 June 2013	Group 30 June 2012	30 June 2013	Company 30 June 2012
	£'000	£'000	£'000	£'000
10 75% fixed rate debenture stock - repayable 2014	138,107	138,107	138,107	138,107
7 875% fixed rate debenture stock - repayable 2022	55,017	54,981	55,017	54,981
	<u>193,124</u>	<u>193,088</u>	<u>193,124</u>	<u>193,088</u>

During the previous financial year the company repurchased 25.7 million of the 2014 debentures for £27.8 million.

The debentures were then cancelled by the company. This premium is shown as a charge to interest payable.

The details of these purchases are as follows:

Date of Purchase	Nominal Amount of Stock purchased	Purchase Price per £1 nominal
11 July 2011	£1,000,000	107.25 pence
04 August 2011	£13,716,263	107.25 pence
08 August 2011	£1,000,000	107.25 pence
15 May 2012	£10,000,000	109.375 pence

In accordance with the conditions of the stock, all of the stock purchased was cancelled and is not available for re-issue. Following these purchases, the nominal amount of the outstanding 2014 stock is £138,106,737.

Notes (continued)

13- Deferred tax

The movements in deferred tax assets and liabilities during the financial year were as follows -

	30 June 2012	Recognised in in other comprehensive income	Recognised in other comprehensive income	30 June 2013
Group	£000's	£000's	£000's	£000's
Assets				
Employee benefits	-	-	260	260
	<u>-</u>	<u>-</u>	<u>260</u>	<u>260</u>
Liabilities				
Property assets	20,811	(6,155)	-	14,656
Other	1,181	-	-	1,181
	<u>21,992</u>	<u>(6,155)</u>	<u>-</u>	<u>15,837</u>
Total	<u>21,992</u>	<u>(6,155)</u>	<u>234</u>	<u>16,097</u>

	30 June 2012	Recognised in in other comprehensive income	Recognised in other comprehensive income	30 June 2013
Company	£000's	£000's	£000's	£000's
Assets				
Employee benefits	-	-	260	260
Other	-	(39)	-	(39)
	<u>-</u>	<u>(39)</u>	<u>260</u>	<u>221</u>
Total	<u>-</u>	<u>(39)</u>	<u>260</u>	<u>221</u>

Notes (continued)

13 - Deferred tax (continued)

The movements in deferred tax assets and liabilities during the previous financial year were as follows -

	03 July 2011	Recognised in statement of comprehensive income £000's	Recognised in other comprehensive income £000's	30 June 2012
Group	£000's			£000's
Assets				
Employee benefits	(681)	703	(22)	-
	<u>(681)</u>	<u>703</u>	<u>(22)</u>	<u>-</u>
Liabilities				
Property assets	37,793	(16,982)	-	20,811
Other	93	1,088	-	1,181
	<u>37,886</u>	<u>(15,894)</u>	<u>-</u>	<u>21,992</u>
Total	<u>37,205</u>	<u>(15,191)</u>	<u>(22)</u>	<u>21,992</u>

	03 July 2011	Recognised in statement of comprehensive income £000's	Recognised in other comprehensive income £000's	30 June 2012
Company	£000's			£000's
Assets				
Employee benefits	(681)	703	(22)	-
Other	32	(32)	-	-
	<u>(649)</u>	<u>671</u>	<u>(22)</u>	<u>-</u>

Deferred tax assets and liabilities are offset when there is a right to set off current tax assets and liabilities which relate to the same taxation jurisdiction. Deferred tax assets are recognised on the basis that they will be absorbed by forecast future taxable profits.

Included in the above is a provision for potential tax liabilities of £nil (2012 £5.1 million) that may have arisen in the future as a result of past events within the group.

In line with the principle of prudence, the Group had provided for this liability even though the Group had obtained independent professional advice that the possibility of this liability materialising is low. It is now understood that this possibility is negligible.

Notes (continued)

14 - Financial instruments

a) Financial risk management policies and objectives

Exposure to credit, interest rate and currency risk arises in the normal course of the Group's business. The Group and Company manage financial risk within its general risk management philosophy and framework.

Throughout both financial years the Group's policy has been that trading in financial instruments is not undertaken.

b) Liquidity risk

Liquidity is managed on a daily basis by the treasury and finance departments of the Group. They are responsible for ensuring that the Group has adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches. The Group manages liquidity risk by holding sufficient liquid assets of appropriate quality to ensure that short term funding requirements are covered within prudent limits.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay.

As at 30 June 2013	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	£000's	£000's	£000's	£000's	£000's	£000's
Group						
Non-derivative financial liabilities						
Bank overdraft	1,301	1,301	1,301	-	-	-
Secured debenture stocks	193,124	254,997	19,208	149,891	13,080	72,818
Trade and other payables	100,516	100,516	100,516	-	-	-
	294,941	356,814	121,025	149,891	13,080	72,818
As at 30 June 2012	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	£000's	£000's	£000's	£000's	£000's	£000's
Group						
Non-derivative financial liabilities						
Bank overdraft	301	301	301	-	-	-
Unsecured medium term notes	19,314	19,475	19,475	-	-	-
Secured debenture stocks	193,088	274,205	19,208	19,208	158,611	77,178
Trade and other payables	81,791	81,791	81,791	-	-	-
	294,494	375,772	120,775	19,208	158,611	77,178

Notes (continued)

c) Credit Risk

The Group's credit risks are primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Company's bank deposits are managed by the Group and are only deposited in, and debt securities are only purchased from, counterparties who have high credit quality. Transactions involving derivative financial instruments are with counterparties with sound credit ratings. The Group has limits for exposures to individual counterparty and country to manage concentration risk.

The hotel business has its own credit policy to allow credit period of 14 days for its customers. The Group has no significant concentrations of credit risks and does not obtain any collateral from customers.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet after deducting any impairment allowance.

d) Interest rate risk

The Group's debt comprises fixed rate debenture stocks. The Group uses interest rate swaps to manage interest rates wherever there is a perceived foreseeable long term cash benefit available. No swaps were used during either year.

e) Currency risk

The Group's net monetary assets and liabilities are denominated in sterling and therefore are not subject to currency risk.

f) Financial assets

The Group's financial assets as at 30 June 2013 comprised interest bearing cash balances of £Nil (2012: £nil) and debtors of £173,105,000 (2012: £159,564,000). There was no difference between the carrying value and the fair value of financial assets at 30 June 2013 (2012: no difference).

The Company's financial assets as at 30 June 2013 comprised interest bearing cash balances of £Nil (2012: £nil), and receivables of £320,880,000 (2012: £334,023,000). There was no difference between the carrying value and the fair value of financial assets at 30 June 2013 (2012: no difference).

g) Capital Management

The Group defines the capital that it manages as the Group's total equity and net debt balances.

The Group's objectives are to safeguard its ability to continue as a going concern providing returns to shareholders, through the optimization of the debt and equity balances, and to maintain a strong credit rating and headroom. The Group manages its capital structure and makes appropriate decisions in light of the current economic conditions and strategic objectives of the Group.

There has been no change in the objectives, policies or processes with regards to capital management during the years ended 30 June 2012 and 30 June 2013.

15 - Ordinary Shares

	30 Jun 2013	Number of shares	30 Jun 2013	Nominal Value
	No	30 Jun 2012	£000's	30 Jun 2012
		No		£000's
Ordinary shares of 25 13/20 pence each				
Issued and fully paid				
At the beginning and end of the financial year	<u>310,545</u>	<u>310,545</u>	<u>79,655</u>	<u>79,655</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Notes *(continued)*

16 - Share premium

The share premium reserve comprises the amount subscribed for share capital in excess of nominal value, and deduction of costs of raising equity

17 – Employee compensation reserve

The employee compensation reserve comprises the costs of shares in GuocoLeisure Limited held by the ESOP trust, to the extent that they have not become realised losses. When they become realised losses, they are transferred to retained earnings. During the Financial Year, the company returned these shares to GuocoLeisure at nil gain.

18 - Retained earnings

The retained earnings reserve comprises the cumulative net gains and losses recognised earnings in the consolidated statement of comprehensive income.

The non-controlling interest balance of £1,232,000 (2012: £941,000) relates to the loss attributable to the other members of the Grand Imperial Restaurant LLP.

Notes (continued)

19 - Retirement Benefit Obligations

The Group operates two Schemes covering 43 (2012: 53) employees. The Schemes, both of which are closed to new members, are of the funded defined benefit type and their assets are held in separate funds administered by Trustees.

The amounts recognised in the balance sheet have been determined by a qualified independent actuary by updating the latest full actuarial assessments of the schemes as at 1 May 2011 to 30 June 2013 and comprise:

	30 June 2013 £'000	30 June 2012 £'000	03 July 2011 £'000	27 June 2010 £'000	28 June 2009 £'000
Fair value of scheme's investment assets	77,860	70,421	65,050	57,760	47,524
Present value of unfunded obligations	(76,842)	(77,060)	(67,671)	(66,491)	(55,500)
Net surplus/ (deficit) in schemes	<u>1,018</u>	<u>(6,639)</u>	<u>(2,621)</u>	<u>(8,731)</u>	<u>(7,976)</u>

The principal assumptions used by the actuary in deriving the above net assets / (liabilities) were as follows:

	30 June 2013 %	30 June 2012 %
Discount rate	4.55	4.25
Inflation assumption (RPI)	3.40	2.90
Inflation assumption (CPI)	2.50	2.20
Rate of increase in salaries	3.90	3.40
Rate of increase to pensions in payment (RPI maximum 5% pa)	3.20	2.90
Rate of increase to pensions in payment (RPI maximum 3% pa)	N/A	N/A
Rate of increase to pensions in payment (RPI maximum 2.5% pa)	N/A	N/A
Rate of increase to pensions in payment (CPI maximum 3% pa)	2.10	2.20
Rate of increase to pensions in payment (CPI maximum 2.5% pa)	1.90	2.20
Expected returns on Schemes' assets		
Equities	8.00	8.00
Bonds	4.55	4.00
Cash	0.50	0.50
Other (including "Diversified Growth Fund")	8.00	8.00
Life expectancy at age 65 of male member aged 65 at year-end	22 years	22 years
Life expectancy at age 65 of male member aged 45 at year-end	23.4 years	23.4 years

In valuing the liabilities of the pension schemes at £76.8m, mortality assumptions have been made as indicated above. If life expectancy had been changed to assume that all members of the schemes were one year younger, the value of the reported liabilities at 30 June 2013 would have increased by £2.3m to £79.1m before deferred tax. This approximately equates to members living one year longer.

The expected return on the Schemes' assets is based on market expectations at the beginning of the year for returns over the entire life of the benefit obligation. The actual returns on the Schemes' assets for the year were an increase of £7.1m (2012: increase by £4.5m).

Notes (continued)

19 - Retirement Benefit Obligations (continued)

The Schemes' investment assets comprised

	30 June 2013 £'000	30 June 2012 £'000
Equities / Diversified Growth Fund	43,723	36,870
Bonds	33,668	33,036
Cash	469	515
Total market value of assets	77,860	70,421

No amounts are included in the Schemes' assets in respect of the shares of the Company or its ultimate parent company

Changes in the fair value of the Schemes' assets were as follows

	30 June 2013 £'000	30 June 2012 £'000
Fair value of Schemes' assets at start of the financial year	70,421	65,050
Expected return on Schemes' assets	4,267	4,414
Contributions from the Company	2,686	2,614
Contributions from members	22	27
Benefits paid	(2,377)	(1,805)
Actuarial gain on Schemes' assets	2,841	121
Fair value of Schemes' assets at end of the financial year	77,860	70,421

Changes in the present value of the Schemes' funded obligations were as follows

	30 June 2013 £'000	30 June 2012 £'000
Present value of the Schemes' obligation at the start of the financial year	77,060	67,671
Current service cost	271	275
Interest cost	3,231	3,681
Actuarial (gain)/loss on Schemes' liabilities	(1,365)	7,211
Contributions from members	22	27
Benefits paid	(2,377)	(1,805)
Present value of the Schemes' obligation at the end of the financial year	76,842	77,060

Notes (continued)

19 - Retirement Benefit Obligations (continued)

The history of the actuarial gains and losses for the Schemes has been as follows

	30 June 2013 £'000	30 June 2012 £'000	03 July 2011 £'000	27 June 2010 £'000	28 June 2009 £'000
Actuarial gains / (losses) on the Schemes' assets	2,841	121	2,575	5,879	(5,756)
Percentage of the Schemes' assets	3.6%	0.2%	4.0%	10.2%	(12.1%)
Actuarial gains / (losses) on the Scheme's funded obligations	1,365	(7,211)	873	(8,943)	1,878
Percentage of the Schemes' funded obligations	1.8%	(9.4%)	1.3%	(13.4%)	3.4%

The total expense recognised in the Statement of Comprehensive Income in respect of the Schemes is as follows

	Year ended 30 June 2013 £'000	Year ended 30 June 2012 £'000
Current service cost Charged to cost of sales	<u>271</u>	<u>285</u>
Expected return on the Schemes' assets	(4,267)	(3,835)
Interest payable on the Schemes' funded obligations	3,231	3,553
Net (credit) / cost of defined benefit Schemes	<u>(765)</u>	<u>3</u>

In making the above disclosures the Company has applied the amendments to IAS 19 issued in December 2004. The Company has only disclosed the history of actuarial gains and losses since 4 July 2004 as permitted by paragraph 160 of IAS 19 (as amended).

Defined contribution pension schemes

The Group operates defined contribution pension schemes for certain employees. Costs for the financial year amounted to £124,000 (2012: £119,000).

Notes (continued)

20 - Related party transactions

Group

Management fees of £591,000 (2012 £449,000) are payable to GGMC Limited, a company controlled by Tan Sri Quek Leng Chan. The amount accrued but unpaid at the year end amounted to £449,000 (2012 £308,000).

Management fees of £695,000 (2012 £690,000) are payable to GuocoLeisure Limited. The amount accrued but unpaid at the year end amounted to £695,000 (2012 £690,000).

Purchases of £nil (2012 £230,000) furniture from Hume Furniture Sdn, a company controlled by Tan Sri Quek Leng Chan.

Income of £865,000 (2012 £865,000) from GLH Hotels Management (UK) Limited in respect for rent and services charges for office space.

Rent of £14.25 million (2012 £11.25 million) was paid to GLH RHG Limited and GLH KG Limited, both of which are controlled by GLH Hotels Group Limited.

Interest of £4,372,000 was received from GLH Hotel Holdings Limited in respect of a loan balance.

Company

Management fees of £591,000 (2012 £449,000) are payable to GGMC Limited, a company controlled by Tan Sri Quek Leng Chan. The amount accrued but unpaid at the year end amounted to £449,000 (2012 £308,000).

Management fees of £695,000 (2012 £690,000) are payable to GuocoLeisure Limited. The amount accrued but unpaid at the year end amounted to £695,000 (2012 £690,000).

Interest of £4,372,000 was received from GLH Hotel Holdings Limited in respect of a loan balance.

The Company operates a central treasury function to which subsidiaries transfer their cash receipts and which settles all the subsidiaries' trading liabilities. It is not practicable to quantify the gross amounts of these transactions. The net movements from these transactions are accumulated in the amounts owed to or from Group companies shown in Notes 10 and 11.

In addition, the Company entered into the following aggregate transactions with its subsidiaries and GLH Hotels Management (UK) Limited:

	Year ended 30 Jun 2013 £'000	Year ended 30 Jun 2012 £'000
Interest income on group balances	25,484	20,244
Management fees & brand licence	(22,139)	(23,591)

The company also provided an accounts payable function to Clermont Leisure UK, a subsidiary of GuocoLeisure. These transactions were fully recharged and amounted to £230,000 (2012 £51,000).

Notes (continued)

21 - Financial commitments

The total amounts payable over the remainder of the life of non-cancellable operating leases is as follows

	30 Jun 2013		30 Jun 2012	
	Property £'000	Plant and Equipment £'000	Property £'000	Plant and Equipment £'000
Payments which fall due				
Within one year	56,887	608	41,898	920
In the second to fifth years inclusive	227,548	499	167,692	754
After five years	925,376	-	815,098	-
Total payable over the life of the leases	<u>1,209,811</u>	<u>1,107</u>	<u>1,024,688</u>	<u>1,674</u>

	30 Jun 2013 £'000	30 Jun 2012 £'000
<i>Capital Commitments</i>		
Contracted for but not provided in the accounts	<u>3,438</u>	<u>2,750</u>

22 - Contingent liabilities

The Company is party to a cross guarantee and set-off arrangements with certain subsidiary companies in respect of bank overdraft facilities. The maximum potential liability is £5,000,000 (2012 £5,000,000). At 30 June 2013 the potential liability under these arrangements was £nil (2012 £nil).

23 - Accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Whilst some outcomes have been affected by the volatility in the financial markets, all judgements and assumptions in the accounting policies remain consistent with previous years.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Consideration of impairment to the carrying values of assets has been made and we concluded that the individual carrying values of operating assets are supportable by value in use. The impact of the current economic conditions on the assessment of going concern has been considered.
- Note 8 – Investments – Investments in subsidiaries are held at the lower of investment and net asset value.
- Note 7 – Property, plant and equipment - Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the accounting policies for property, plant and equipment and intangible assets. The selection of these residual values and estimated lives requires the exercise of judgement. The Company is required to assess whether there is indication of impairment to the carrying value of assets. In making that assessment, judgements are made in estimating value in use. The directors consider that the individual carrying values of assets are supportable by value in use.

Notes (continued)

23 - Accounting estimates and judgements (continued)

- Note 10 - Deferred income - Relates to sales invoiced for which the revenue has yet to be recognised. These are recognised over the life of the agreement with the customer.
- Note 13 - Deferred tax assets – Represents the extent to which future profits are expected to be offset by losses in the foreseeable future. The Company recognises expected liabilities and assets for tax based on an estimation of the likely taxes affect, which requires judgement as to the ultimate tax determination of certain items.

24 - Parent and ultimate parent undertakings and controlling parties

The immediate parent undertaking is GLH Hotel Holdings Limited, a company registered in England. Copies of the financial statements of GLH Hotel Holdings Limited, which consolidate the results of the Group, are available from Companies House, Cardiff.

GLH Hotel Holdings Limited is a wholly owned subsidiary of GuocoLeisure Limited, a company registered in Bermuda and listed on the Singapore Stock Exchange. Copies of the accounts of GuocoLeisure Limited can be obtained from its website www.guocoleisure.com or from its offices at 9 Temasek Boulevard, #11-01 Suntec Tower Two, Singapore.

GuocoLeisure Limited is both controlled and its financial results consolidated by Guoco Group Limited, a company registered in Hong Kong and listed on the Hong Kong Stock Exchange. Copies of the accounts of Guoco Group Limited are available from its website www.guoco.com. The directors of Guoco Group Limited consider its ultimate controlling party to be Hong Leong Company (Malaysia) Berhad, a private company registered in Malaysia. The financial statements of Hong Leong Company (Malaysia) Berhad are not available to the public.