

GLH Hotels Limited

Annual report and financial statements

Registered number 262958

30 June 2016

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Strategic report

The directors present their strategic report and financial statements for the year ended 30 June 2016.

Company status and principal activities

GLH Hotels Limited ('the Company') 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.

Strategy and developments

GLH continues to make progress in its transformation and during the year was awarded the Best Small Hotel Company by the prestigious Business Travel Awards. We presently operate 16 hotels, and continue to focus on driving value from our portfolio of hotels, with three having now been rebranded under the new Amba and every brands.

In June 2016, GLH unveiled plans for a collaboration with Hard Rock International. The Hard Rock Hotel London, to be converted from the existing Cumberland Hotel, is scheduled to open in the summer of 2018.

Two further hotels are currently undergoing refurbishment to open in the summer of 2017 carrying the new Thistle Express brand, a value hotel concept which will leverage the strong brand equity and awareness of the core Thistle brand.

Performance of the London hotel market is expected to grow in the year ahead, albeit at a modest rate. GLH continues to maintain a cautious outlook, reflecting the uncertain economic environment in the UK following the Brexit vote. Such uncertainty may, however, cause further weakness in the value of Sterling, which could provide a boost to inbound travel into the UK.

Review of the business

The Company and its subsidiaries ('the Group') had a challenging year, in a very tough London market, following contraction in demand across many major cities in Europe resulting from the terrorist attacks in Paris and Brussels. Against that backdrop, the Group produced solid numbers, with strong rate growth almost mitigating the reduction in occupancy levels resulting from that soft demand, with the overall result being a 0.9% RevPAR decrease compared to the prior year. However, given the reduced number of rooms off for refurbishment compared to the prior year, total revenues were up £1.2m (or 0.5%).

Profit conversion was considerably better than in the previous year, as a result of increased average room rate, lower rental charges at one of our large London hotels, and lower interest expense as a result of the full year impact of the December 2014 refinancing of Debenture Stock. As a result there was significant increase in profit before tax, which rose to £24.2m (2015: £13.8m).

The net asset position of the Group has improved to £491m (2015: £485m).

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).

KPIs: % movement vs prior year	Year Ended 30 June 2016	Year Ended 30 June 2015
Occupancy	(5.4)	(0.7)
Average room rate	4.7	1.9
Revenue per available room (RevPAR)	(0.9)	1.2

Strategic report (continued)

Principal risks and uncertainties

Principal risks	Mitigating activities
<p>Brand reputation</p> <p>The Company and the Group are reliant upon the reputation of the Group brands and the protection of its intellectual property rights. Any event that materially damages the reputation of one or more of the Group's brands and/or failure to sustain the appeal of the Group's brands to its customers may have an adverse impact on subsequent revenues from that brand or related operation.</p>	<p>Each of the brands in our portfolio is designed to meet specific guest needs. The consistency of our brands is managed through the brand standard requirements. We continually review ways to increase awareness and loyalty towards our brands.</p> <p>We are committed to conducting business in a responsible manner. We have put in place a set of internal policies and procedures, which are supported by training, monitoring and reporting.</p>
<p>Political or economic uncertainty</p> <p>The Company and the Group are exposed to the risk of adverse political or economic developments. In particular, on June 23 2016, the UK electorate voted to discontinue its membership of the EU. Until further clarity is known regarding the terms in which the UK will exit, there is uncertainty on the impact for the Group as well as the impact of the wider regulatory and legal consequences of the UK leaving the EU would have on the Group.</p> <p>Events affecting international travel</p> <p>Given the international customer base, the Group is exposed to the risk of significant events impacting international travel (such as acts of terrorism and outbreaks of disease).</p>	<p>The Group operates a diverse range of brands, with hotels in the 3, 4 and 5 star markets. These brands have been designed to have international appeal, and the customer base is not concentrated in any specific geographical region.</p> <p>The Group retains a proactive focus on costs and in the event of a down-turn this enhanced competitiveness allowed us to protect our margins.</p>
<p>Treasury risk</p> <p>The Group is exposed to treasury risks relating to interest rates on overdrafts, counterparty credit and management of cash, ensuring liabilities are met as they fall due.</p>	<p>The Group's Treasury function manages both the activities of all operating companies within the Group and the Group's borrowings. The Group's treasury activities, including the use of financial instruments, are overseen by the Treasury Review Management Committee.</p>

By order of the board



Neil Gallagher
Director

December 2016

Directors' report

The directors present their directors' report and financial statements for the year ended 30 June 2016.

Result and dividends

The results for the year ended 30 June 2016 are set out in the Statement of Comprehensive Income on page 8. Profit after tax for the year was £23,245,000 (2015: £14,332,000).

£6,000,000 interim dividends were declared and paid during the financial year (2015: £Nil). The directors do not recommend the payment of a final dividend (2015: £Nil).

Directors and directors' interests

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

Leng Hai Kwek		
Kah Meng Ho		
Neil Gallagher	Appointed	28 July 2016
Hong Cheong Tang	Appointed	15 September 2016
Michael Bernard DeNoma	Resigned	1 July 2016
Leng Chan Quek	Resigned	15 September 2016

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.

Leng Hai Kwek and Hong Cheong Tang are directors of the intermediate parent company, GL 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.

Going concern

After making due enquiries, the directors have a reasonable expectation that the Company and the Group has adequate resources to continue operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

The Company has net assets of £462.5m (2015: £427.8m) and a modest gearing ratio of around 29% (2015: around 31%).

Financial risk

The Group's policy and objectives related to financial risk management, including the policy for hedging, is considered in Note 16 to the financial statements. This also considers the position in relation to credit risk, liquidity risk and cashflow risk.

Donations

£Nil (2015: £Nil) charitable or political donations were made during the year.

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.

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 is 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 auditor are aware of that information.

Directors' report *(continued)*

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



Neil Gallagher

Director

December 2016

Registered Office
Stephenson House
75 Hampstead Road
London
NW1 2PL

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

The directors are responsible for preparing the Strategic Report and 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.



Independent auditor's report to the members of GLH Hotels Limited

We have audited the financial statements of GLH Hotels Limited for the year ended 30 June 2016 set out on pages 8 to 36. 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 5, 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 2016 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
- 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of GLH 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.

Andrew Turner (Senior Statutory Auditor)

For and on behalf of

KPMG LLP
Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

22 December 2016

**Consolidated statement of comprehensive income
for the year ended 30 June 2016**

	Note	Year ended 30 June 2016 £000's	Year ended 30 June 2015 £000's
Revenue		240,374	239,144
Financial income	4	4,721	4,323
Depreciation and amortisation	2	(11,231)	(10,232)
Management fees	21	(25,878)	(25,554)
Property rent	2	(46,614)	(50,562)
Employee benefits expense	3	(47,894)	(50,561)
Finance costs	5	(7,601)	(13,040)
Other costs		(81,688)	(79,676)
Profit before tax		24,189	13,842
Tax (charge) / credit	6	(944)	490
Profit for the year		23,245	14,332
Attributable to			
Equity holders of the parent		23,383	14,573
Non-Controlling Interest		(138)	(241)
		23,245	14,332
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial (losses) / gains on defined benefit pension plans	20	(7,685)	1,834
Deferred tax on other comprehensive income		938	(367)
Current tax on other comprehensive income		297	-
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Change in fair value on cash flow hedge		(6,126)	(1,845)
Deferred tax on change in fair value on cash flow hedge		1,435	-
Total comprehensive income for the year		12,104	13,954
Attributable to			
Equity holders of the parent		12,242	14,195
Non-Controlling Interest		(138)	(241)
		12,104	13,954

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

The notes set out on pages 12 to 36 form an integral part of these financial statements.

**Consolidated and Company
Statements of financial position at 30 June 2016**


Note

	Note	Group		Company	
		30 June 2016	30 June 2015	30 June 2016	30 June 2015 Restated*
		£000's	£000's	£000's	£000's
ASSETS					
Non-current assets					
Property, plant and equipment	7	628,653	628,851	-	-
Investment in subsidiaries	8	-	-	597,648	420,658
Retirement benefit surplus	20	1,951	6,581	1,951	6,581
Trade and other receivables	10	-	-	-	156,105
Deferred Tax	14	-	-	1,097	-
Total non-current assets		<u>630,604</u>	<u>635,432</u>	<u>600,696</u>	<u>583,344</u>
Current assets					
Inventories	9	336	386	-	-
Cash and cash equivalents		11,663	4,039	9,747	-
Trade and other receivables	10	<u>125,518</u>	<u>181,165</u>	<u>109,071</u>	<u>183,470</u>
Total current assets		<u>137,517</u>	<u>185,590</u>	<u>118,818</u>	<u>183,470</u>
Total assets		<u>768,121</u>	<u>821,022</u>	<u>719,514</u>	<u>766,814</u>
EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital	17	79,655	79,655	79,655	79,655
Hedging reserve	18	(6,536)	(1,845)	(6,536)	(1,845)
Retained earnings	19	<u>419,742</u>	<u>408,809</u>	<u>389,381</u>	<u>349,976</u>
		<u>492,861</u>	<u>486,619</u>	<u>462,500</u>	<u>427,786</u>
Non-controlling interest	19	<u>(1,833)</u>	<u>(1,695)</u>	<u>-</u>	<u>-</u>
Total equity		<u>491,028</u>	<u>484,924</u>	<u>462,500</u>	<u>427,786</u>
Non-current liabilities					
Borrowings	12	191,454	190,929	191,454	190,929
Deferred tax	14	11,212	14,863	-	1,301
Derivative financial instrument	13	<u>7,971</u>	<u>1,845</u>	<u>7,971</u>	<u>1,845</u>
Total non-current liabilities		<u>210,637</u>	<u>207,637</u>	<u>199,425</u>	<u>194,075</u>
Current liabilities					
Bank overdrafts		-	11,856	-	11,351
Trade and other payables	11	<u>65,925</u>	<u>114,732</u>	<u>57,058</u>	<u>131,729</u>
Provisions	15	<u>531</u>	<u>1,873</u>	<u>531</u>	<u>1,873</u>
Total current liabilities		<u>66,450</u>	<u>128,461</u>	<u>57,589</u>	<u>144,953</u>
Total liabilities		<u>277,087</u>	<u>336,098</u>	<u>257,014</u>	<u>339,028</u>
Total equity and liabilities		<u>768,121</u>	<u>821,022</u>	<u>719,514</u>	<u>766,814</u>

* see Note 23

The notes set out on pages 12 to 36 form an integral part of these financial statements.

These financial statements were approved by the board of directors on December 2016 and were signed on its behalf by:


Neil Gallagher
Director

**Consolidated statement of changes in equity
for the year ended 30 June 2016**

	Share Capital	Hedging Reserve	Retained Earnings	Sub-total	Non - Controlling Interest	Total
	£000's	£000's	£000's	£000's	£000's	£000's
At 30 June 2014	79,655	-	392,769	472,424	(1,454)	470,970
Comprehensive Income for the Year						
Profit attributable to equity holders of the parent	-	-	14,573	14,573	(241)	14,332
Other comprehensive income	-	(1,845)	1,467	(378)	-	(378)
At 30 June 2015	79,655	(1,845)	408,809	486,619	(1,695)	484,924
Comprehensive Income for the Year						
Profit attributable to equity holders of the parent	-	-	23,383	23,383	(138)	23,245
Other comprehensive income	-	(6,126)	(6,450)	(12,576)	-	(12,576)
Deferred tax on interest rate swap	-	1,435	-	1,435	-	1,435
Contributions by and distributions to owners						
Dividends paid to equity holders of the parent	-	-	(6,000)	(6,000)	-	(6,000)
At 30 June 2016	79,655	(6,536)	419,742	492,861	(1,833)	491,028

**Company statement of changes in equity
for the year ended 30 June 2016**

	Share Capital	Hedging Reserve	Retained Earnings Restated*	Total Restated*
	£000's	£000's	£000's	£000's
At 30 June 2014	79,655	-	344,422	424,077
Comprehensive Income for the Year				
Profit attributable to equity holders of the parent	-	-	4,087	4,087
Other comprehensive income	-	(1,845)	1,467	(378)
At 30 June 2015	79,655	(1,845)	349,976	427,786
Comprehensive Income for the Year				
Profit attributable to equity holders of the parent	-	-	51,855	51,855
Other comprehensive income	-	(6,126)	(6,450)	(12,576)
Deferred tax on interest rate swap	-	1,435	-	1,435
Contributions by and distributions to owners				
Dividends paid to equity holders of the parent	-	-	(6,000)	(6,000)
At 30 June 2016	79,655	(6,536)	389,381	462,500

* see Note 23

The notes set out on pages 12 to 36 form an integral part of these financial statements.

Statements of cashflows for the year ended 30 June 2016

	Group		Company	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	£000's	£000's	£000's	£000's
Cash flows from operating activities				
Profit for the financial year	23,245	14,332	51,855	4,087
Adjustments for:				
Tax charge / (credit)	944	(490)	272	518
Finance costs	7,601	13,040	7,601	13,148
Finance income	(4,721)	(4,323)	(12,178)	(17,266)
Depreciation	11,231	10,232	-	-
Pension fund payments in excess of P&L charge	(3,055)	(2,587)	(3,055)	(2,587)
Amortisation of fees	525	322	525	322
Loss on disposal of fixed assets	22	-	-	-
Impairment of investment in subsidiaries	-	-	-	3,423
Dividends received from subsidiaries	-	-	5,313	-
Changes in working capital:				
Decrease in inventories	50	38	-	-
Decrease in trade and other receivables	60,342	1,320	60,353	2,514
(Decrease) / increase in trade and other payables	(49,523)	11,671	(73,462)	8,319
(Decrease) / increase in provisions	(1,342)	1,284	(1,342)	1,284
Cash generated from operations	45,319	44,839	35,882	13,762
Interest received	26	2	26	2
Interest paid	(7,137)	(12,506)	(7,137)	(12,506)
Tax Paid	(1,673)	-	(1,673)	-
Net cash generated from operating activities	36,535	32,335	27,098	1,258
Cash flows from investing activities				
Purchase of tangible fixed assets	(11,055)	(30,961)	-	-
Net cash used in investing activities	(11,055)	(30,961)	-	-
Cash flows from financing activities				
Fees paid relating to debenture	-	(2,554)	-	(2,554)
Debenture stock redeemed	-	(138,000)	-	(138,000)
New bank loan	-	138,000	-	138,000
Dividends paid to shareholders	(6,000)	-	(6,000)	-
Net cash used in financing activities	(6,000)	(2,554)	(6,000)	(2,554)
Net increase / (decrease) in cash and cash equivalents	19,480	(1,180)	21,098	(1,296)
Cash and cash equivalent at the start of the year	(7,817)	(6,637)	(11,351)	(10,055)
Cash and cash equivalents at the end of the year	11,663	(7,817)	9,747	(11,351)

The notes set out on pages 12 to 36 form an integral part of these financial statements.

Notes to the financial statements

1 – Accounting Policies

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").

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.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

The financial statements have been prepared on the going concern basis which assumes that the Company and the Group will be able to continue to trade for the foreseeable future.

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.

Going concern

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.

Future changes to accounting standards

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
IFRS 10, Consolidated financial statements	1 January 2016
IFRS 11, Joint arrangements	1 January 2016
IFRS 2, Classification and measurement of share-based payment transactions	1 January 2017
IFRS 9, Financial instruments	1 January 2018
IFRS 15, Revenue from contracts with customers	1 January 2018
IFRS 16, Leases	1 January 2019
IAS 16, Property, plant and equipment (amendments)	1 January 2016
IAS 27, Separate financial statements	1 January 2016
IAS 28, Associates and joint ventures	1 January 2016
IAS 7, Disclosure Initiative	1 January 2017
IAS 12, Recognition of deferred tax assets for unrealised losses (amendments)	1 January 2017

The application of these standards, with the exception of IFRS 16, is not anticipated to have a material effect on the Group's financial statements except for additional disclosure.

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. The Group and company as a lessee would be required to recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This would result in a material impact to the Group and Company's balance sheet. There are optional exemptions for short-term leases and leases of low value items.

Basis of consolidation

The financial statements incorporate the accounts of the Company and all its subsidiaries for the year ended 30 June 2016. 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.

Notes to the financial statements (*continued*)

1 – Accounting Policies (*continued*)

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Joint Arrangements

A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. These joint arrangements are in turn classified as:

- Joint ventures whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities; and
- Joint operations whereby the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Separate parent company financial statements

In the parent company financial statements, all investments in subsidiaries, joint ventures, and associates are carried at cost less impairment.

Inventories

Inventories comprise food and beverages, and retail vouchers 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.

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 statement of financial position 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.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

The principal expected useful economic lives are:

Freehold land	Not depreciated
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.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

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.

Notes to the financial statements (continued)

1 – Accounting Policies (continued)

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 non-derivative financial instruments

A non-derivative is where a company has no obligation to deliver a variable number of the company's own equity 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. Specific to the Company are:

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.

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.

Investments in debt and equity securities

Debentures are stated at amortised cost less impairment. Financial instruments held for trading are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Other investments in debt and equity securities held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity (in the fair value reserve), except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

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.

Classification of derivative financial instruments

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Notes to the financial statements (continued)

1 – Accounting Policies (continued)

Cash flow hedge

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in fair value of the derivative is recognised in OCI and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affected profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

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.

Impairment excluding inventories, and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if 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.

Notes to the financial statements (*continued*)

1 – Accounting Policies (*continued*)

Provisions

A provision is recognised in the statement of financial position when the Company 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.

Revenue

Revenue comprises income from the ownership, management and operation of hotels, excluding VAT, and is recognised as the related services are provided. All revenue is generated in the UK.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised

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.

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.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Notes to the financial statements (continued)

1 – Accounting Policies (continued)

Defined benefit plans

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 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. The fair value of any plan assets is deducted. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), adjusted for employer contributions paid into the Scheme.

The discount rate is the yield at the reporting date on AA credit rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

A formal actuarial valuation is performed at least once every three years by a qualified actuary and informal valuations are carried out in the intervening years using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities. The Group also obtained the actuarial valuation at least once every three years.

Remeasurements of the net defined benefit liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in OCI and all expenses related to defined benefit plans in employee benefits expense in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

Notes to the financial statements (continued)

2 - Expenses and Auditor's remuneration

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

	Group	
	Year ended 30 June 2016 £'000's	Year ended 30 June 2015 £'000's
Amounts payable to auditor:		
Audit of these financial statements	16	15
Audit of financial statements of subsidiaries pursuant to legislation	87	114
Pension scheme audit	12	12
Audit -related assurance services	5	5
Depreciation and other amounts written off tangible fixed assets	11,231	10,232
Equipment rentals payable under operating leases	1,230	1,124
Property rentals payable under operating leases	<u>46,614</u>	<u>50,562</u>

All fees payable to the auditor were incurred by GLH Hotels Limited.

3 - Employee, Directors and Key Management information

	Group	
	Year ended 30 June 2016 £000's	Year ended 30 June 2015 £000's
Employee costs during the year:		
Agency wages	13,543	15,169
Employee wages and salaries	31,146	32,085
Employer's social security costs	2,629	2,699
Employer's pension costs	576	608
	<u>47,894</u>	<u>50,561</u>

	Group	
	Year ended 30 June 2016 No	Year ended 30 June 2015 No
Average monthly staff employed (excluding agency staff):		
Hotel operating staff	<u>1,607</u>	<u>1,662</u>

All employees are employed by GLH Hotels Management (UK) 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.

The directors are remunerated for their services to the group as a whole which is disclosed in the financial statements of GLH Hotels Management (UK) Limited and GL Limited, An amount of £301,000 has been apportioned to the Group based on the services performed by directors for the individual undertakings within the Group.

Notes to the financial statements (continued)

4. Financial income

	Group	
	Year ended 30 June 2016 £000's	Year ended 30 June 2015 £000's
Bank interest receivable	26	144
Interest paid by related parties	4,393	4,035
Net interest income on retirement benefit obligations	302	144
	<u>4,721</u>	<u>4,323</u>

5 – Finance costs

	Group	
	Year ended 30 June 2016 £000's	Year ended 30 June 2015 £000's
Bank overdrafts & facility fees	384	88
Debenture stock and loan interest	7,217	12,952
	<u>7,601</u>	<u>13,040</u>

Notes to the financial statements (continued)

6 - Taxation

	Group	
	Year ended 30 June 2016 £000's	Year ended 30 June 2015 £000's
<i>Recognised in the Income Statement</i>		
UK corporation tax		
Current tax on profits for the year	511	-
Adjustments in respect of previous years	1,711	19
Current tax charge	2,222	19
Deferred taxation		
Current year tax credit	41	(542)
Adjustments in respect of previous years	98	13
Effect in change in tax rates	(1,417)	20
Deferred tax credit recognised in statement of consolidated income	(1,278)	(509)
Actual tax charge / (credit) recognised in the income statement	944	(490)
<i>Recognised in Other Comprehensive Income</i>		
Deferred tax on pension deficit	(938)	367
Current tax on pension deficit	(297)	-
Actual tax (credit) / charge recognised in other comprehensive income	(1,235)	367
<i>Recognised in Equity</i>		
Deferred tax on interest rate swap	(1,435)	-
Actual tax (credit) / charge recognised in equity	(1,435)	-

<i>Reconciliation of effective tax rate</i>	Year ended 30 June 2016		Year ended 30 June 2015	
	%	£000's	%	£000's
Profit before tax for the year	100.0	24,189	100.0	13,842
Expected tax charge at 20% / 20.75%	20.0	4,838	20.8	2,872
Items not subject to tax or deductible for tax purposes	0.6	137	0.1	13
Group relief payable for nil consideration	(11.3)	(2,751)	(14.3)	(1,982)
Movement in unprovided deferred tax	(0.5)	(110)	(8.4)	(1,173)
Deferred tax rate change	(5.9)	(1,417)	0.1	20
Adjustments in respect of previous years	2.5	609	0.2	32
Indexation on base cost	(1.5)	(362)	(2.0)	(272)
Actual tax charge / (credit) recognised in Income Statement	3.9	944	(3.5)	(490)

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The company's deferred tax liability at 30 June 2016 has been calculated based on the rate of 18% substantively enacted at the balance sheet date.

Notes to the financial statements (continued)

7 - Property, plant and equipment

As at 30 June 2016 - Group

	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	557,075	265,219	822,294
Additions	3,424	7,631	11,055
Disposals	-	(166)	(166)
Reclassification	59,639	(59,639)	-
At the end of the financial year	<u>620,138</u>	<u>213,045</u>	<u>833,183</u>
Depreciation			
At the beginning of the financial year	17,332	176,111	193,443
Charge for the financial year	5,039	6,192	11,231
Disposals	-	(144)	(144)
Reclassification	34,523	(34,523)	-
At the end of the financial year	<u>56,894</u>	<u>147,636</u>	<u>204,530</u>
Net book value			
As at 30 June 2016	<u>563,244</u>	<u>65,409</u>	<u>628,653</u>

During 2016, assets with a net book value of £25,116,000 were reclassified from fit out costs, plant and equipment to land and buildings. There were no changes to depreciation rates for assets as a result of the reclassification.

As at 30 June 2015 - Group

	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	556,398	234,935	791,333
Additions	677	30,284	30,961
At the end of the financial year	<u>557,075</u>	<u>265,219</u>	<u>822,294</u>
Depreciation			
At the beginning of the financial year	15,573	167,638	183,211
Charge for the financial year	1,759	8,473	10,232
At the end of the financial year	<u>17,332</u>	<u>176,111</u>	<u>193,443</u>
Net book value			
As at 30 June 2015	<u>539,743</u>	<u>89,108</u>	<u>628,851</u>

Company

The company has no fixed assets (2015: £nil).

Notes to the financial statements *(continued)*

7 – Property, Plant and equipment *(continued)*

One property (2015: one) with aggregate carrying value of £91,025,000 (2015: £92,282,000) is charged as security for the Group's debenture borrowing facilities.

At 30 June 2016, 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 a pre-tax discount factor of 7.39% (2015: 9.11%) 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 revenue growth rate across the portfolio was as follows:

	June 2017	June 2018 onwards
Average revenue portfolio growth	8.5%	3.0%

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.

Notes to the financial statements (continued)

8 - Investment in subsidiaries - Company

As at 30 June 2016

	£000's
Cost	
At the beginning of the financial year	616,906
Additions	176,990
Disposals	(681)
At the end of the financial year	<u>793,215</u>

Impairment

At the beginning and the end of the financial year	196,248
Impairment made during the financial year	-
Disposals	(681)
At the end of the financial year	<u>195,567</u>

Net book value as at 30 June 2016

597,648

As at 30 June 2015

	£000's
Cost	
At the beginning of the financial year	619,973
Disposals	(3,067)
	<u>616,906</u>

Impairment

At the beginning of the financial year	195,892
Impairment made during the financial year	3,423
Disposals	(3,067)
At the end of the financial year	<u>196,248</u>

Net book value as at 30 June 2015

420,658

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

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

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

* During the financial year the company disposed of its investment in Thistle Westminster Limited.

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.

Notes to the financial statements (continued)

8 - Investment in subsidiaries (continued)

During the financial year the Company acquired a total of 176,990,000 ordinary shares in existing subsidiaries. It was agreed that the consideration of the shares be immediately applied in satisfaction for the receivable due to GLH Hotels Limited, such that the receivable is paid in full.

Hotel	Number of shares (000's)	Nominal Value (£000's)
The Tower Hotel (London) Limited	55,696	55,696
The Cumberland Hotel (London) Limited	42,932	42,932
The Grosvenor Hotel Victoria Limited	21,713	21,713
Charing Cross Hotel Limited	12,931	12,931
The Royal Horseguards Hotel Limited	12,458	12,458
Marble Arch Hotel (London) Limited	11,290	11,290
Heathrow Hotel (London) Limited	10,275	10,275
Thistle Piccadilly Tenant Ltd	3,519	3,519
Thistle Trafalgar Ltd	3,286	3,286
Kensington Gardens Hotel (London) Limited	1,846	1,846
Thistle Hyde Park Tenant Ltd	717	717
Barbican Hotel (London) Limited	327	327
Total	176,990	176,990

9 - Inventories

As at 30 June 2016 - Group

	Food Stock	Beverage Stock	Other Stock	Total
	£000's	£000's	£000's	£000's
Cost				
At the beginning of the financial year	210	159	17	386
Purchases	7,489	1,985	2	9,476
Utilised during the year	(7,516)	(1,991)	(19)	(9,526)
At the end of the financial year	183	153	-	336

As at 30 June 2015 - Group

	Food Stock	Beverage Stock	Other Stock	Total
	£000's	£000's	£000's	£000's
Cost				
At the beginning of the financial year	209	215	-	424
Purchases	8,062	2,040	23	10,125
Utilised during the year	(8,061)	(2,096)	(6)	(10,163)
At the end of the financial year	210	159	17	386

All stock held is expected to be utilised within 12 months.

Company

The company did not hold any inventory (2015: £nil).

Notes to the financial statements (continued)

10 - Trade and other receivables

	Group		Company	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	£000's	£000's	£000's	£000's
Non-current assets				
Amounts owed by subsidiaries	-	-	-	156,105
Current assets				
Trade debtors	10,934	13,783	-	-
Provision for bad debt	(105)	(116)	-	-
Net trade debtors	10,829	13,667	-	-
Amounts owed by related parties	4,855	143,318	5,150	178,870
Amounts owed by parent companies of the group	89,645	-	89,645	-
Amounts owed by subsidiaries	-	-	12,770	-
Other debtors	1,598	5,654	1,496	4,578
Prepayments and accrued income	18,591	18,526	10	22
	125,518	181,165	109,071	183,470

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:

	Group		Company	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	£000's	£000's	£000's	£000's
Neither past due nor impaired	7,785	10,551	-	-
Less than 1 month past due	2,928	3,006	-	-
1 to 3 months past due	116	94	-	-
Greater than 3 months past due	-	16	-	-
	10,829	13,667	-	-

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 to the financial statements (continued)

11 - Trade and other payables

	Group		Company	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	£000's	£000's	£000's	Restated* £000's
Current liabilities				
Trade creditors	21,633	23,270	1,731	290
Other taxation and social security	2,272	2,311	229	2,223
Other creditors	21,558	29,414	12,031	16,394
Amounts owed to subsidiaries	-	-	35,523	68,730
Amounts owed to parent companies of the group	1,466	857	1,466	857
Amounts owed to related parties	6,078	46,243	6,078	43,235
Accruals and deferred income	12,918	12,637	-	-
	65,925	114,732	57,058	131,729

* see Note 23

12 - Borrowings

	Group		Company	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	£000's	£000's	£000's	£000's
Non-current				
Unsecured bank loan	136,324	135,837	136,324	135,837
7.875% fixed rate debenture stock - repayable 2022	55,130	55,092	55,130	55,092
	191,454	190,929	191,454	190,929

The bank loan is an unsecured 5-year £200m facility, £138m of which has been drawn-down.

13 - Derivative financial instrument

	Group		Company	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	£000's	£000's	£000's	£000's
Fair value of interest rate swap	7,971	1,845	7,971	1,845
	7,971	1,845	7,971	1,845

A forward rate interest swap with a nominal value of £138m was entered for hedging purposes during 2015 for a 3 year tenor starting from December 2016. This interest swap is designated as a cash flow hedge with notional contractual amounts of £138m which requires the Group to pay a fixed interest rate of 2.47% and allows the Group to receive a variable rate equal to LIBOR on the notional amount. The forward interest rate swap is valued using valuation techniques with market observable inputs. The valuation technique is the swap model, using present value calculations, which incorporate various inputs including the credit quality of counterparty, interest rate and forward rate curve.

Notes to the financial statements (continued)

14- Deferred tax

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

	30 June 2015	Recognised in comprehensive income	Recognised in other comprehensive income	Recognised in Equity	30 June 2016
Group	£000's	£000's	£000's	£000's	£000's
Liabilities / (Assets)					
Employee benefits	1,301	(25)	(938)	-	338
Property	14,678	(1,475)	-	-	13,203
Losses	(1,116)	222	-	-	(894)
Interest rate swap	-	-	-	(1,435)	(1,435)
Total	14,863	(1,278)	(938)	(1,435)	11,212

	30 June 2015	Recognised in comprehensive income	Recognised in other comprehensive income	Recognised in Equity	30 June 2016
Company	£000's	£000's	£000's		£000's
Liabilities / (Assets)					
Employee benefits	1,301	(25)	(938)	-	338
Interest rate swap	-	-	-	(1,435)	(1,435)
Total	1,301	(25)	(938)	(1,435)	(1,097)

Notes to the financial statements (continued)

14 - Deferred tax (continued)

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

	30 June 2014	Recognised in comprehensive income	Recognised in other comprehensive income	30 June 2015
Group	£000's	£000's	£000's	£000's
Liabilities / (Assets)				
Employee benefits	432	502	367	1,301
Property	13,392	1,286	-	14,678
Losses	1,181	(2,297)	-	(1,116)
Total	15,005	(509)	367	14,863

	30 June 2014	Recognised in comprehensive income	Recognised in other comprehensive income	30 June 2015
Company	£000's	£000's	£000's	£000's
Liabilities / (Assets)				
Employee benefits	432	502	367	1,301
Total	432	502	367	1,301

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. As at 30 June 2016 the Group has tax losses and other temporary differences of £4,508,000 (2015: £5,093,000) on which no deferred tax asset is recognised due to insufficient evidence that these amounts will be recovered in the foreseeable future.

15 – Provisions

Group and Company

The movements in provisions were as follows:

	30 June 2014	Provisions made during the year	30 June 2015	Provisions made during the year	Provision utilised during the year	30 June 2016
	£000's	£000's	£000's	£000's	£000's	£000's
Provision	589	1,284	1,873	951	(2,293)	531

As at 30 June 2016 the Group was subject to one legal claim in relation to a property previously leased and operated by the Group. The provision as at 30 June 2016 represents costs claimed by the claimant in respect of the outstanding rent and other amounts under the lease. An onerous lease provision has not been recognised in relation to this property on the basis that, if the defence of the claim is not successful, the Group would seek to take ownership of the lease and trade profitably. Please refer to Note 23 for post balance sheet event update.

Notes to the financial statements (continued)

16 - 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 the Company manage financial risk within its general risk management philosophy and framework.

Derivative financial instruments may be used to reduce the exposure of underlying assets and liabilities to fluctuations in interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

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 2016	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 loans and overdrafts	-	-	-	-	-	-
Secured debenture stocks	55,130	81,538	4,360	4,360	13,080	59,738
Unsecured bank loans	136,324	143,558	1,588	1,588	140,382	-
Trade and other payables	65,925	65,925	65,925	-	-	-
Derivative financial liabilities						
Derivative financial instrument	7,971	11,907	3,402	3,402	5,103	-
	265,350	302,928	75,275	9,350	158,565	59,738

Notes to the financial statements (continued)

16 - Financial instruments (continued)

As at 30 June 2015	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 loans and overdrafts	11,856	11,856	11,856	-	-	-
Secured debenture stocks	55,092	85,898	4,360	4,360	13,080	64,098
Unsecured bank loans	135,837	152,991	2,795	3,485	146,711	-
Trade and other payables	114,732	114,732	114,732	-	-	-
Derivative financial liabilities						
Derivative financial instrument	1,845	3,994	-	665	3,329	-
	319,362	369,471	133,743	8,510	163,120	64,098

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 interest rate risk arises from treasury activities and borrowings. Interest rate risk is managed by the treasury department within approved limits. The Group also uses interest rate swaps to manage its interest rate exposure as appropriate. As at 30 June 2016, the Group has an interest rate swap classified as cash flow hedges with notional contractual amounts of £138m (2015: £138m) which requires them to pay a fixed interest rate of 2.47% (2015: 2.47%) and allows them to receive a variable rate equal to LIBOR on the notional amount.

As at 30 June 2016, it is estimated that a general increase/decrease on 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit and total equity by approximately £544,000.

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 2016 comprised interest bearing cash balances of £11,663,000 (2015: £4,039,000) and receivables of £125,518,000 (2015: £181,165,000). There was no difference between the carrying value and the fair value of financial assets at 30 June 2016 (2015: no difference).

The Company's financial assets as at 30 June 2016 comprised interest bearing cash balances of £9,747,000 (2015: £Nil), and receivables of £109,071,000 (2015: £183,470,000). There was no difference between the carrying value and the fair value of financial assets at 30 June 2016 (2015: no difference).

Notes to the financial statements (continued)

16 - Financial instruments (continued)

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 2016 and 30 June 2015.

17 – Share capital

	Number of shares		Nominal Value	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
	No	No	£000's	£000's
Ordinary shares of 25.65 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.

18 – Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

19 - 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 £1,833,000 (2015: £1,695,000) relates to the loss attributable to the other members of the Grand Imperial Restaurant LLP.

Notes to the financial statements (continued)

20 - Retirement benefit obligations

The Group operates two Schemes, both of which are closed to new members, which 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 2014 to 30 June 2016 and comprise:

	30 June 2016 £'000's	30 June 2015 £'000's	30 June 2014 £'000's	30 June 2013 £'000's	3 July 2012 £'000's	27 June 2011 £'000's
Fair value of Schemes' investment assets	94,473	92,057	85,619	77,860	70,421	65,050
Present value of unfunded obligations	(92,522)	(85,476)	(83,459)	(76,842)	(77,060)	(67,671)
Net surplus/ (deficit) in schemes	<u>1,951</u>	<u>6,581</u>	<u>2,160</u>	<u>1,018</u>	<u>(6,639)</u>	<u>(2,621)</u>

Statement of Financial Position Reconciliation

	30 June 2016 £000's	30 June 2015 £000's
Net asset at beginning of the year	6,581	2,160
Pension expense recognised in P&L in the financial year	94	(127)
Amounts recognised in OCI in the financial year subject to assets limit	(7,685)	1,834
Employer contributions made in the financial year	2,961	2,714
Net asset at the end of the year	<u>1,951</u>	<u>6,581</u>

The below table provides an estimate of contributions for the year ended 30 June 2017

	30 June 2017 £000's
Company contributions	2,961
Member contributions	24
Total	<u>2,985</u>

Principal actuarial assumptions

The principal assumptions used are estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily occur in practice.

	30 June 2016 %	30 June 2015 %
Financial assumptions		
Discount rate	3.05	3.85
Inflation assumption (RPI)	2.85	3.25
Inflation assumption (CPI)	1.75	2.15
Rate of increase in salaries	3.35	3.75
Rate of increase to pensions in payment (RPI maximum 5% pa)	2.80	3.20
Rate of increase to pensions in payment (CPI maximum 3% pa)	1.70	2.00
Rate of increase to pensions in payment (CPI maximum 2.5% pa)	1.55	1.80
Demographic assumptions		
Life expectancy at age 65 of male member aged 65 at year-end	22.4 years	22.6 years
Life expectancy at age 65 of male member aged 45 at year-end	24.1 years	24.4 years

Notes to the financial statements (continued)

20 - Retirement benefit obligations (continued)

Changes in the fair value of the Schemes' assets

	30 June 2016 £000's	30 June 2015 £000's
Fair value of Schemes' assets at start of the financial year	92,057	85,619
Net interest on Scheme assets	3,548	3,520
Remeasurement (loss)/gain on plan assets	(1,144)	2,723
Contributions from the Company	2,961	2,714
Contributions from members	23	21
Benefits paid	(2,972)	(2,540)
Fair value of Schemes' assets at end of the financial year	<u>94,473</u>	<u>92,057</u>

Analysis of Scheme assets

	30 June 2016 £000's	30 June 2015 £000's
Equities / Diversified Growth Fund	48,847	50,780
Bonds	45,175	40,820
Cash	451	457
Total market value of assets	<u>94,473</u>	<u>92,057</u>

All the Schemes' assets are quoted on active investments markets.

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

Changes in the present value of the Schemes' funded obligations

	30 June 2016 £000's	30 June 2015 £000's
Present value of the Schemes' obligation at the start of the financial year	85,476	83,459
Current service cost	208	271
Interest cost	3,246	3,376
Actuarial loss arising from changes in financial assumptions	8,582	2,893
Actuarial (gain) / loss arising from changes in demographic assumptions	(1,030)	861
Actuarial gain arising from experience	(1,011)	(2,865)
Contributions from members	23	21
Benefits paid	(2,972)	(2,540)
Present value of the Schemes' obligation at the end of the financial year	<u>92,522</u>	<u>85,476</u>

Sensitivity analysis

Changes in the following principal actuarial assumptions would have the following effect on the defined benefit surplus:

	Increase/(decrease) £000's
Discount rate:	
0.1 percentage point increase	1,490
0.1 percentage point decrease	(1,530)
Inflation:	
0.1 percentage point increase	(700)
0.1 percentage point decrease	450
Life expectancy:	
One-year increase	(3,000)
One-year decrease	3,000

Notes to the financial statements (continued)

20 - Retirement benefit obligations (continued)

Amounts recognised in the Statement of Comprehensive Income

	Year ended 30 June 2016 £000's	Year ended 30 June 2015 £000's
Included in operating costs:		
Current service cost	208	271
Included in financing costs:		
Net interest receivable on the Scheme's surplus	(302)	(144)
Pension expense recognised in profit and loss	(94)	127
Included in other comprehensive income:		
Return on plan assets in excess of that recognised in net interest	1,144	(2,723)
Actuarial loss arising from changes in financial assumptions	8,582	2,893
Actuarial (gain) / loss arising from changes in demographic assumptions	(1,030)	861
Actuarial (gain) / loss arising from experience	(1,011)	(2,865)
Total loss / (gain) recognised in other comprehensive income	7,685	(1,834)
Total loss / (gain) recognised in the Statement of Comprehensive Income	7,591	(1,707)

Defined contribution pension schemes

The Group operates defined contribution pension schemes for certain employees. Costs for the financial year amounted to £493,000 (2015: £445,000).

21 - Related party transactions

Group

Management fees of £1,282,000 (2015: £928,000) are payable to GGMC Limited, a member of the Hong Leong Group. The amount accrued but unpaid at the year-end amounted to £1,202,000 (2015: £857,000).

Purchases of £2,000 (2015: £2,200,000) furniture from Hume Furniture Sdn, a member of the Hong Leong Group. The amount invoiced but unpaid at the year-end amounted to £Nil (2015: £Nil).

Income of £290,000 (2015: £290,000) from GLH Hotels Management (UK) Limited in respect for rent and services charges for office space.

The Group also provided a financial clerical services function to Clermont Leisure UK, a subsidiary of GL. These transactions were fully recharged and amounted to £171,000 (2015: £194,000).

Annual rent of £14,250,000 (2015: £14,250,000) is due to GLH RHG Limited and GLH KG Limited, both of which are controlled by GLH Hotels Group Limited.

Interest of £4,393,000 (2015: £4,035,000) was received from GLH Hotels Holdings Limited in respect of a loan balance.

In addition, the group entered into the following aggregate transactions with GLH Hotels Management (UK) Limited of £25,878,000 (2015: £25,554,000) in respect of management fees

The net movements from these transactions are accumulated in the amounts owed to or from related parties, immediate parent company and subsidiaries shown in Notes 10 and 11.

Company

Management fees of £1,282,000 (2015: £928,000) are payable to GGMC Limited, a member of the Hong Leong Group. The amount accrued but unpaid at the year-end amounted to £1,202,000 (2015: £857,000).

Interest of £7,457,000 (2015: £12,952,000) was received from subsidiaries of the company in respect of loan balances

Interest of £4,393,000 (2015: £4,035,000) was received from GLH Hotels Holdings Limited in respect of a loan balance

Notes to the financial statements (continued)

21 - Related party transactions (continued)

The Company also provided a financial clerical services function to Clermont Leisure UK, a subsidiary of GL. These transactions were fully recharged and amounted to £171,000 (2015: £194,000).

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.

22 - Financial commitments

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

	30 June 2016		30 June 2015	
	Property £'000's	Plant and Equipment £'000's	Property £'000's	Plant and Equipment £'000's
Payments which fall due:				
Less than one year	47,890	306	47,208	362
Between one and five years	214,935	128	204,412	273
Later than five years	815,254	-	971,996	-
Total payable over the life of the leases	<u>1,078,079</u>	<u>434</u>	<u>1,223,616</u>	<u>635</u>

	30 June 2016 £'000's	30 June 2015 £'000's
<i>Capital commitments</i>		
Contracted for but not provided in the accounts	<u>1,841</u>	<u>5,399</u>

23 – Prior Year Restatement

The Company balance sheet for 30 June 2015 and the Company Statement of Changes in Equity for the year then ended have been restated for a brought forward error impacting Trade and other payables and Retained Earnings. This error originated through a historic impairment in Investments in subsidiary undertakings that was recorded within amounts owed to subsidiaries rather than retained earnings. This has no effect on the Group position. This restatement has the effect of increasing liabilities as at 30 June 2015 by £68,730,000 with an equal and offsetting decrease in retained earnings.

	Amount owed to subsidiaries £'000	Retained Earnings £'000
Previously stated amounts	-	413,152
Adjustment	<u>68,730</u>	<u>(68,730)</u>
30 June 2014	<u>68,730</u>	<u>344,422</u>

Notes to the financial statements (continued)

24 - Post balance sheet event

The Thistle Edinburgh Tenant Limited

The Thistle Edinburgh Tenant Limited ceased trading on 31 May 2016, when the Company was notified of an impending Compulsory Purchase Order (CPO) for the property from which the hotel was operating, which was issued in March 2016. As a result of the CPO, the Company has made a claim to recoup losses incurred as a result.

The General Vesting Declaration was issued on 18 October 2016, and as a result the Company vacated the property and its lease obligations terminated on 17 November 2016.

Provisions

Post 30 June 2016, a commercial decision was made to pursue commercial settlement rather than challenge the legal claim referenced in Note 15 or seek to take ownership of the related property, which was the intention at the balance sheet date and the basis upon which the provision was made. On 9 December 2016, the Company entered into a settlement agreement. Pursuant to such Agreement, the Company paid an aggregate net amount of £6,825,000 in full and final settlement of all claims and legal proceedings against the Company in relation to the property and the guarantee.

25 - 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.
- Note 14 - 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.

26 - 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 GL Limited, a company registered in Bermuda and listed on the Singapore Stock Exchange.

GL 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.