

Registration number: 00368815
(England and Wales)

SC Hotels & Holidays Limited
Annual Report and Financial Statements
For the year ended 31 December 2016



SC Hotels & Holidays Limited

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SC Hotels & Holidays Limited

Company Information

Directors

PT Mabry
JB Robinson
SM Teasdale

Company secretary

Haysmacintyre Company Secretaries Limited
26 Red Lion Square
London
WC1R 4AG

Company number

00368815

Registered office

26 Red Lion Square
London
WC1R 4AG

Auditors

Deloitte LLP
Statutory Auditor
London, United Kingdom

SC Hotels & Holidays Limited

Directors' Report

For the year ended 31 December 2016

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

Principal activity

The principal activity of the company is to act as an investment holding company.

On 1 December 2015, the company was acquired by Ribbon Holdco Limited and its subsidiaries (together the "group"). The group owns and operates hotels in the United Kingdom.

Results

The company did not trade during the year ended 31 December 2016. Profit after taxation was £Nil in the previous year.

Dividends

The directors do not recommend a dividend for the current period. No dividend was paid in the current or prior period.

Directors of the company

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

PT Mabry

JB Robinson

SM Teasdale

Going concern

The directors' assessment of the company's ability to adopt the going concern basis of accounting is set out in note 2 to the financial statements.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.


Reappointment of auditors

The auditors Deloitte LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Small companies provision statement

In preparing this report, the directors have taken advantage of the small companies exemption provided by section 415A of the Companies Act 2016.

Approved by the Board on 30 June 2017 and signed on its behalf by:



JB Robinson
Director

SC Hotels & Holidays Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SC Hotels & Holidays Limited

Independent Auditor's Report to the Members of SC Hotels & Holidays Limited

We have audited the financial statements of SC Hotels & Holidays Limited for the year ended 31 December 2016 which comprise the Statement of Financial Position and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

SC Hotels & Holidays Limited

Independent Auditor's Report to the Members of SC Hotels & Holidays Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors Report or from the requirement to prepare the Strategic Report.

Helen Burridge

Helen Burridge (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor

London, United Kingdom

11 September 2017

SC Hotels & Holidays Limited


Statement of Financial Position At 31 December 2016

	Note	2016 £ 000	2015 £ 000
Assets			
Non-current assets			
Investments	7	26,206	26,206
Current assets			
Trade and other receivables	8	17,511	17,511
Total assets		43,717	43,717
Equity and liabilities			
Equity			
Called up share capital	10	24,329	24,329
Revaluation reserve	11	19,239	19,239
Retained earnings		149	149
Total equity and liabilities		43,717	43,717

The company had £Nil profit or loss for the year (2015: £Nil).

The notes on pages 7 to 15 form an integral part of these financial statements.

Approved by the Board on 30 June 2017 and signed on its behalf by:


JB Robinson
Director

Company registered number: 00368815

SC Hotels & Holidays Limited

Notes to the Financial Statements For the year ended 31 December 2016

1 General information

SC Hotels & Holidays Limited (the company) is a private company limited by shares, incorporated and domiciled in the United Kingdom and registered in England. The address of its registered office is disclosed in the company information. The principal activity of the company is described in the Directors' Report.

2 Accounting policies

(a) Basis of preparation

The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

The financial statements have been prepared on the historical cost basis and in accordance with the Companies Act 2006.

The presentation and functional currency of the company is pounds sterling. The financial statements are presented in thousands of pounds (£'000) unless stated otherwise.

(b) Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in preparation of these financial statements, in accordance with FRS 101:

- IFRS 7 Financial instruments: Disclosures
- The following paragraphs of IAS 1 Presentation of financial statements:
 - 10(d) statement of cash flows
 - 16 statement of compliance with all IFRS
 - 134-136 capital management disclosures,
- Paragraph 30 and 31 of IAS 8, disclosure and impact of new IFRSs that has been issued but not yet effective, and
- The requirements in IAS 24 of Related party disclosures, to disclose related party transactions entered between two or more members of a group.

Where relevant equivalent disclosures have been given in the consolidated financial statements of Ribbon Midco Limited. The consolidated financial statements of Ribbon Midco Limited will be available to the public and can be obtained from 26 Red Lion Square, London, WC1R 4AG.

SC Hotels & Holidays Limited

Notes to the Financial Statements

For the year ended 31 December 2016 (continued)

2 Accounting policies (continued)

(c) Going concern

The company is part of Ribbon Holdco Limited group and assess its going concern assumption on a group wide basis. 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.

The group meets its day to day working capital requirements from normal trading activities through its portfolio of hotels. The group's existing debt facility is secured until December 2018. The group's financial forecasts, taking account of the existing loan terms and current trading performance, show that the group will be able to operate within the level of its current and future facilities and remain in compliance with the terms of its loan agreements.

After making enquiries, the directors have a reasonable expectation that the Group and the company has adequate resources to continue in operational existence for at least the twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

(d) Foreign currencies

In preparing these financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

(e) Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

SC Hotels & Holidays Limited

Notes to the Financial Statements

For the year ended 31 December 2016 (continued)

2 Accounting policies (continued)

(f) Impairment of investments

At the end of each reporting period, the company reviews the carrying amounts of its investments to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount of the investments is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of 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.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(g) Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value.

The company's non-derivative financial instruments include loans and receivables and other financial liabilities.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. These include:

Trade and other receivables

Other receivables are initially recognised at fair value, based upon discounted cash flows at prevailing interest rates for similar instruments, or at their nominal amount less impairment losses if due in less than 12 months. Subsequent to initial recognition, other receivables are valued at amortised cost less impairment losses.

SC Hotels & Holidays Limited

Notes to the Financial Statements

For the year ended 31 December 2016 (continued)

2 Accounting policies (continued)

(g) Financial instruments (continued)

Other financial liabilities

Other financial liabilities (including loans and borrowings and other payables) are subsequently measured at amortised cost using the effective interest method.

Loans and borrowings

These are initially recognised at fair value, based upon the nominal amount outstanding. Subsequent to initial recognition, they are recorded at amortised cost. Borrowing costs arising on loans & borrowings are expensed as incurred within finance costs using the effective interest method.

Trade and other payables

Other payables are initially recognised at fair value, based upon the nominal amount outstanding. Subsequent to initial recognition, they are recorded at amortised cost.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. These financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the assets have been affected. Objective evidence of impairment could include:

- Default by a debtor;
- significant financial difficulty of the debtors or counterparty;
- breach of contract; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

SC Hotels & Holidays Limited

Notes to the Financial Statements **For the year ended 31 December 2016 (continued)**

2 Accounting policies (continued)

(g) Financial instruments (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derecognition of financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. Any interest in such transferred financial assets that is created or retained by the company is recognised as a separate asset or liability.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(h) Taxation

Tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in profit and loss account because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

SC Hotels & Holidays Limited

Notes to the Financial Statements

For the year ended 31 December 2016 (continued)

2 Accounting policies (continued)

(h) Taxation (continued)

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in the statement of other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in the statement of other comprehensive income or directly in equity respectively.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors of the company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

Key sources of estimation uncertainty

The key source of estimation uncertainty at the balance sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year, is discussed below.

Impairment of investment in subsidiary undertakings

Determining whether the company's investment in subsidiary undertakings have been impaired requires estimations of the investment's values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investment and suitable discount rates in order to calculate present values. Based on the assessment made during the period, the investment in subsidiary undertakings is not considered to be impaired. See note 7

SC Hotels & Holidays Limited

Notes to the Financial Statements

For the year ended 31 December 2016 (continued)

4 Operating profit

There were no staff employed by the company in either the current or prior year.

5 Directors' remuneration

The directors received no emoluments or benefits from the company for their services in the current or prior period.

6 Auditors' remuneration

The fees payables to the company's auditors for the audit of the company's financial statements were £2,000 (2015: £2,000) and have been borne by a fellow group undertaking in both the current and prior year.

7 Investments

Subsidiaries	£ 000
Cost	
At 1 January 2016	<u>26,206</u>
At 31 December 2016	<u>26,206</u>
Net book value	
At 31 December 2016	<u>26,206</u>
At 31 December 2015	<u>26,206</u>

Details of the subsidiaries as at 31 December 2016 are as follows:

Name of subsidiary	Principal activity	Ownership interest in ordinary shares (%)	
		2016	2015
Ribbon Hotels Group (UK) Limited*	Hotel operations	100%	100%
HI GC Limited*	Dormant	100%	100%
Pendigo Hotels Limited*	Hotel operations	100%	100%

* indicates direct investment by the company.

All of the listed subsidiaries have a registered office at 26 Red Lion Square, London, WC1R 4AG, England.

SC Hotels & Holidays Limited

Notes to the Financial Statements

For the year ended 31 December 2016 (continued)

8 Trade and other receivables

	2016 £ 000	2015 £ 000
Receivables from group undertakings	17,511	17,511
	<u>17,511</u>	<u>17,511</u>

The receivables from other group entities bear no interest and are repayable on demand.

9 Trade and other payables

2016
£ 000

The payables to other group undertakings bear no interest and are repayable on demand.

10 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £0.10 each	121,645	12,165	121,645	12,165
5% non-cumulative preference shares of £0.10 each	121,640	12,164	121,640	12,164
	<u>243,285</u>	<u>24,329</u>	<u>243,285</u>	<u>24,329</u>

Preference share rights

The holders of preference shares are entitled to a fixed non-cumulative preferential dividend at the rate shown and, on winding-up of the company, they take priority over the ordinary shareholders on repayment of capital.

Preference shareholders are not entitled to receive notice of, or to attend or vote at, any general meeting.

11 Reserves

	2016 £ 000	2015 £ 000
Revaluation reserve	<u>19,239</u>	<u>19,239</u>

The revaluation reserve relates to gains arising from the revaluation of investments before transition to FRS101. On 1 January 2014, at the transition to FRS101, investments were brought forward at deemed cost.

SC Hotels & Holidays Limited

Notes to the Financial Statements

For the year ended 31 December 2016 (continued)

12 Parent and ultimate parent undertaking

The immediate parent of the company is Ribbon Acquisitions Limited, a company incorporated in the United Kingdom. The ultimate controlling party is Apollo Global Management LLC, a company incorporated in Delaware, United States of America.

The largest group to consolidate these financial statements is that of Apollo Global Management LLC. The consolidated financial statements of Apollo Global Management LLC for the year ended 31 December 2016 are available to the public and may be obtained from its registered address and principal place of business, 9 West 57th Street, 43rd Floor, New York, New York 10019, United States of America.

The smallest group to consolidate these financial statements is that of Ribbon Midco Limited. The consolidated financial statements of Ribbon Midco Limited for the year ended 31 December 2016 are available to the public and may be obtained from its registered address and principal place of business 26 Red Lion Square, London, WC1R 4AG.