

Company Registration No. 00932874 (England and Wales)

LONDON PORTMAN HOTEL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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LONDON PORTMAN HOTEL LIMITED

COMPANY INFORMATION

Directors	Mr I M Livingstone Mr R N Luck
Secretary	Mr R N Luck
Company number	00932874
Registered office	Quadrant House, Floor 6 4 Thomas More Square London E1W 1YW
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

LONDON PORTMAN HOTEL LIMITED

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LONDON PORTMAN HOTEL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report for the year ended 31 December 2016.

Review of the business

A summary of the results is as follows:

	2016	2015	Movement (%)
Turnover (£'000)	18,751	20,341	-7.8%
Gross Margin (%)	65.1%	71.9%	-6.8%
Operating Margin (%)	26.9%	37.4%	-10.5%
RevPAR	141.9	156.5	-9.3%

Turnover was £18.8m during the current financial year, 7.8% down from last year, with gross margin of 65.1%, down 6.8% from last year, and operating margin down by 10.5%. Management have implemented measures to address the decline in trading seen in 2016. Net assets were £50.5m at the year end (2015: £45.2m).

Principal risks and uncertainties

The key business risks and uncertainties affecting the company are considered to relate to the fact that the company operates within a highly competitive place, in an industry that is heavily influenced by economic conditions. Although the company is subject to interest rate risk, this is monitored closely and is unlikely to impact the financial statements greatly unless there were exceptional interest rate movements.

Financial risk management

The company's operations expose it to a variety of financial risks that include credit risk and liquidity risk. The company has in place a risk management programme that attempts to limit the adverse effects on the financial performance of the company by monitoring levels of liquidity and related finance costs. Additionally, the company entered into interest rate swap arrangements to manage its exposure to the fluctuations in the interest rates on the company's borrowings.

Price risk

The company is not exposed to commodity price risk due to the nature of the business. It is also not exposed to equity securities prices risk as it holds no listed equity investments.

Credit risk

Credit risk arises from trade debtors and other debtors. The company has no significant exposure as hotel services are mostly paid at check-out. Those that are not are corporate customers who have undergone credit worthiness checks.

Credit risk may also arise from cash held in banks. It is the company policy that cash is only in banks with high credit scores. As a result the risk to the company is deemed to be low.

Liquidity risk

Through cash flow forecasting, the company monitors working capital and capital expenditure requirements and ensures that cash is available to meet its obligations as and when they fall due by the use of loan arrangements. The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned enhancements.

Exchange rate risk

The company is exposed to minimal foreign exchange risk as the company operates within the United Kingdom. The company has no exposure to foreign currencies as no billing is carried out in foreign currencies.

In addition, all of the company's assets and liabilities are held in Pounds Sterling so sensitivity analysis is deemed unnecessary regarding foreign exchange risk.

LONDON PORTMAN HOTEL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Key performance indicators

The directors monitor the performance of the company by reviewing key performance indicators such as gross margin, operating margin and RevPAR (revenue per available room). These indicators are shown in the review of the business above.

On behalf of the board



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Mr R N Luck

Director

14/17/17

LONDON PORTMAN HOTEL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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

Principal activities

The principal activity of the company continued to be that of a hotelier.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr I M Livingstone

Mr R N Luck

Results and dividends

The results for the year are set out on page 7.

The directors do not recommend payment of a final dividend (2015: £nil).

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Financial risk management

The company's activities expose it to a number of financial risks including credit risk and liquidity risk. Further details of the financial risk management is discussed in the Strategic report on page 1.

Future developments

The outlook for the business remains positive. Management have implemented measures to improve operating performance in 2017. The directors view the results for the year and future prospects of the company as satisfactory.

Independent Auditors

The Independent Auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to Independent Auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's Independent Auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's Independent Auditors are aware of that information.

On behalf of the board



.....
Mr R N Luck

Director

14/7/17

LONDON PORTMAN HOTEL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

On behalf of the board



.....
Mr R N Luck

Director

14/12/17

LONDON PORTMAN HOTEL LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LONDON PORTMAN HOTEL LIMITED

Report on the financial statements

Our opinion

In our opinion, London Portman Hotel Limited's financial statements (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 profit 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.
-

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

LONDON PORTMAN HOTEL LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF LONDON PORTMAN HOTEL LIMITED

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

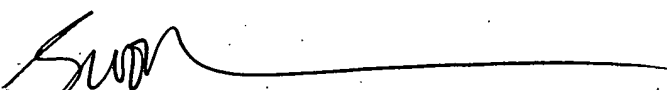
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Suzanne Woolfson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
14 July 2017

LONDON PORTMAN HOTEL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	18,751,436	20,340,983
Cost of sales		(6,546,407)	(5,703,944)
Gross profit		12,205,029	14,637,039
Administrative expenses		(7,161,393)	(7,034,094)
Operating profit	4	5,043,636	7,602,945
Interest receivable and similar income	8	2,707,581	2,703,403
Interest payable and similar charges	9	(2,085,007)	(2,119,572)
Profit on ordinary activities before taxation		5,666,210	8,186,776
Tax on profit on ordinary activities	10	(389,814)	(663,040)
Profit for the financial year		5,276,396	7,523,736
Other comprehensive income			
Cash flow hedges - change in value of hedging instruments		(254,614)	-
Tax relating to other comprehensive income		228,021	-
Total comprehensive income for the year		5,249,803	7,523,736

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

LONDON PORTMAN HOTEL LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	11	29,123,987		30,719,077	
Current assets					
Stocks	13	22,533		19,035	
Debtors	12	63,717,796		58,988,113	
Cash at bank and in hand		4,762,991		5,221,777	
		<u>68,503,320</u>		<u>64,228,925</u>	
Creditors: amounts falling due within one year	14	<u>(2,914,322)</u>		<u>(4,674,190)</u>	
Net current assets		<u>65,588,998</u>		<u>59,554,735</u>	
Total assets less current liabilities		<u>94,712,985</u>		<u>90,273,812</u>	
Creditors: amounts falling due after more than one year	14	(44,100,941)		(44,925,955)	
Provisions for liabilities	16	(161,560)		(147,176)	
Net assets		<u>50,450,484</u>		<u>45,200,681</u>	
Capital and reserves					
Called up share capital	17	640,064		640,064	
Revaluation reserve		30,820,379		30,820,379	
Hedging reserve		(26,593)		-	
Retained earnings		19,016,634		13,740,238	
Total equity		<u>50,450,484</u>		<u>45,200,681</u>	

The financial statements were approved by the board of directors and authorised for issue on 14/12/17 and are signed on its behalf by:



Mr R N Luck
Director

Company Registration No. 00932874

LONDON PORTMAN HOTEL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital £	Revaluation reserve £	Hedging reserve £	Retained earnings £	Total £
Balance at 1 January 2015	640,064	30,820,379	-	6,216,502	37,676,945
Profit and total comprehensive income for the year	-	-	-	7,523,736	7,523,736
Balance at 31 December 2015	640,064	30,820,379	-	13,740,238	45,200,681
Profit for the financial year	-	-	-	5,276,396	5,276,396
<i>Other comprehensive expense:</i>					
- Movements in cash flow hedges	-	-	(254,614)	-	(254,614)
- Tax relating to other comprehensive income	-	-	228,021	-	228,021
Total comprehensive (expense)/ income for the year	-	-	(26,593)	5,276,396	5,249,803
Balance at 31 December 2016	640,064	30,820,379	(26,593)	19,016,634	50,450,484

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

General information

London Portman Hotel Limited is a company limited by shares incorporated in England and Wales. The registered office is Quadrant House, Floor 6, 4 Thomas More Square, London, E1W 1YW.

1.1 Statement of compliance

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

1.2 Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis and under the historical cost convention. The principal accounting policies adopted are set out below.

FRS 102 allows a qualifying entity certain disclosure exemptions if certain conditions have been complied with, including notification of and no objection to, the use of exemptions by the Company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. London Portman Hotel Limited is a qualifying entity as its results are consolidated into the financial statements of Barajas Holdings BV which are publicly available.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- i. from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii. from the requirement to present financial instrument disclosures, as required by FRS 102 paragraphs 11.39 to 11.48A, paragraphs 12.26 and 12.29;

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

1.3 Turnover

Turnover represents amounts receivable from the provision of hotel services including room hire, bar and restaurant takings and is stated after deduction of value added tax.

Room and inclusive breakfast revenue is recognised at the end of the financial day. All other revenue such as bar and restaurant takings are recognised at the point of sale.

Any deposits are utilised at check-in.

1.4 Tangible assets

Tangible assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	40 years
Fixtures, fittings and equipment	3-7 years
Plant and machinery	10 years

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.5 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first in, first out, principle and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Where necessary provision is made for obsolete, slow moving and defective stocks.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial assets

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where 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 have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.8 Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.11 Taxation

The 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 year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Retirement benefits

The pension costs charged as an expense in the financial statements represent the contributions payable by the company during the year to defined contribution schemes and money purchase scheme.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 Deferred income

Income is allocated to the period to which it relates, with payments received in advance held as deferred income and credited to the statement of comprehensive income.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtors, the aging profile of debtors and historic experience.

3 Turnover

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

4 Operating profit

2016

2015

£

£

Operating profit for the year is stated after charging:

Fees payable to the company's auditors for the audit of the company's annual financial statements

29,523

25,750

Depreciation of owned tangible assets

2,009,314

972,739

5 Auditors' remuneration

The analysis of auditors' remuneration is as follows:

2016

2015

£

£

Fees payable to the company's auditors for the audit of the company's annual financial statements

29,523

25,750

Non-audit fees

Taxation compliance services

6,150

6,300

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

2016 Number	2015 Number
131	134
<u>131</u>	<u>134</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	3,164,310	3,388,368
Social security costs	190,491	212,688
Pension costs	49,277	56,366
	<u>3,404,078</u>	<u>3,657,422</u>

7 Directors' emoluments

The directors did not receive any emoluments in respect of their services to the company (2015: £nil).

8 Interest receivable and similar income

	2016 £	2015 £
Interest receivable from group companies	2,707,581	2,419,127
Gains on derivative financial instruments measured at fair value through profit or loss	-	284,276
	<u>2,707,581</u>	<u>2,703,403</u>

9 Interest payable and similar charges

	2016 £	2015 £
Interest on bank overdrafts and loans	1,955,706	2,020,212
Other interest payable	19,115	-
Amortisation of loan fees	110,186	99,360
	<u>2,085,007</u>	<u>2,119,572</u>

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Tax on profit on ordinary activities

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current year	428,321	663,040
Adjustments in respect of prior periods	(52,891)	-
Total current tax	375,430	663,040
Deferred tax		
Origination and reversal of timing differences	14,384	-
Total tax charge	389,814	663,040

From 1 April 2015 the rate of corporation tax has reduced from 21% to 20%, giving a blended average rate for the comparative year of 20.25%.

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2016 £	2015 £
Profit on ordinary activities before taxation	5,666,210	8,186,776
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax of 20.00% (2015 - 20.25%)	1,133,242	1,657,822
Depreciation in excess of capital allowances	297,577	52,400
Deferred tax on accelerated capital allowances	14,384	-
Utilisation of group tax losses	(1,002,498)	(978,855)
Application of disregard regulation 7,8 and 9 SI 2004/3256	-	(57,566)
Adjustments in respect of prior periods	(52,891)	-
Other adjustments	-	(10,761)
	(743,428)	(994,782)
Tax charge for the year	389,814	663,040

	2016 £	2015 £
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	(228,021)	-

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

(Continued)

10 Tax on profit on ordinary activities

The company utilised the benefit of tax losses amounting to £5,012,491 (2015: £4,833,852) from fellow subsidiary undertakings without making payment.

Factors which may affect future tax charges

With effect from 1 April 2017 and 1 April 2020, the UK corporation tax rate will be reduced to 19% and 17% respectively. These changes, which were announced in March 2015 budget and affirmed in March 2016 budget, will have no significant impact on these financial statements.

11 Tangible assets

	Leasehold land and buildings £	Fixtures, fittings and equipment £	Plant and machinery £	Total £
Cost				
At 1 January 2016	67,026,509	19,406,383	11,535,807	97,968,699
Additions	-	414,224	-	414,224
At 31 December 2016	67,026,509	19,820,607	11,535,807	98,382,923
Accumulated depreciation and impairment				
At 1 January 2016	38,642,944	17,195,882	11,410,796	67,249,622
Depreciation charged in the year	1,638,282	348,375	22,657	2,009,314
At 31 December 2016	40,281,226	17,544,257	11,433,453	69,258,936
Carrying amount				
At 31 December 2016	26,745,283	2,276,350	102,354	29,123,987
At 31 December 2015	28,383,565	2,210,501	125,011	30,719,077

12 Debtors

	Due within one year		Due after one year	
	2016 £	2015 £	2016 £	2015 £
Trade debtors	841,070	925,813	-	-
Amounts owed by group undertakings	-	-	62,178,916	57,634,953
Prepayments and accrued income	469,789	427,347	-	-
	1,310,859	1,353,160	62,178,916	57,634,953
Deferred tax asset shown separately (Note 16)	-	-	228,021	-
	1,310,859	1,353,160	62,406,937	57,634,953

Amounts owed by group undertakings bear interest at 4.6% per annum, are unsecured and repayable on 26 February 2019.

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

13 Stocks

	2016 £	2015 £
Raw materials and consumables	22,533	19,035

14 Creditors

		Due within one year		Due after one year	
	Notes	2016 £	2015 £	2016 £	2015 £
Bank loans and overdrafts	15	1,189,814	1,300,000	42,900,833	43,980,461
Corporation tax		6,274	1,436,512	-	-
Other taxation and social security		362,839	455,386	-	-
Derivative financial instruments		-	-	1,200,108	945,494
Trade creditors		510,794	472,301	-	-
Accruals and deferred income		554,487	797,387	-	-
Other creditors		290,114	212,604	-	-
		<u>2,914,322</u>	<u>4,674,190</u>	<u>44,100,941</u>	<u>44,925,955</u>

Derivative financial instruments - Interest rate swaps

On 24 February 2014 the company entered into an interest rate swap to receive interest at LIBOR and pay fixed interest of 2.0175%. The swap is based on a principal amount of the company's outstanding bank loan facility and matures in February 2019.

The instrument is used to hedge the company's exposure to interest rate movements on the outstanding bank loan facility. The hedging arrangement fixes the total interest payable on the outstanding loan to 4.35%. The fair value of the interest rate swap is £1,200,108 (2015: £945,494). The company has elected to apply hedge accounting from 1 January 2016. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.

Cash flows on both the loan and the interest rate swaps are paid quarterly until February 2019.

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

15 Bank loans and overdrafts	2016 £	2015 £
Bank loans	44,090,647	45,280,461
	<u>44,090,647</u>	<u>45,280,461</u>
	2016 £	2015 £
Amounts payable within one year	1,189,814	1,189,814
Amounts payable between one and two years	1,189,814	1,189,814
Amounts payable between two and five years	41,711,019	42,900,833
	<u>44,090,647</u>	<u>45,280,461</u>

The bank loan is stated net of finance charges of £237,579 (2015: £347,765) to be allocated to future periods.

The bank loan is secured over the hotel and is repayable in February 2019. The loan bears interest at 2.55% + LIBOR per annum.

16 Deferred taxation

The following are the deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting year.

	Liabilities 2016 £	Liabilities 2015 £	Assets 2016 £	Assets 2015 £
Balances:				
Accelerated capital allowances	161,560	147,176	-	-
Derivative financial instruments	-	-	228,021	-
	<u>161,560</u>	<u>147,176</u>	<u>228,021</u>	<u>-</u>
Movements in the year:				2016 £
Liability at 1 January 2016				147,176
Charge to profit or loss				14,384
Credit to other comprehensive income				(228,021)
(Asset) at 31 December 2016				<u>(66,461)</u>

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so.

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

17 Called up share capital	2016	2015
	£	£
Issued and fully paid		
640,064 (2015: 640,064) Ordinary shares of £1 each	640,064	640,064
	<u> </u>	<u> </u>
18 Retirement benefit schemes	2016	2015
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	49,277	56,366
	<u> </u>	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

19 Related party transactions

As the company is a wholly owned subsidiary of Barajas Holdings BV, the company has taken advantage of the exemption under section 33.1A of FRS102 from disclosing transactions or balances with entities which form part of the group.

20 Controlling party

The immediate parent undertaking is George Holdings (UK) Limited, a company incorporated in England and Wales.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Barajas Holdings BV, a company incorporated in the Netherlands. Copies of the Barajas Holdings BV financial statements can be obtained from Citco Nederland B.V., Telestone 8, Teleport, Naritaweg 165, 1043 BW, Amsterdam, The Netherlands.

The ultimate controlling party is I M Livingstone through his ownership of Barajas Holdings BV.