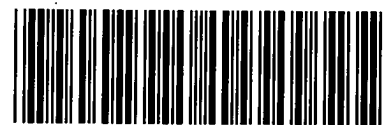


Registered number
00932874

London Portman Hotel Limited
Annual report and financial statements
for the year ended 31 December 2014

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London Portman Hotel Limited

Annual report and financial statements for the year ended 31 December 2014

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London Portman Hotel Limited

Company information for the year ended 31 December 2014

Directors

Mr I M Livingstone

Mr R N Luck

Company secretary

Mr R N Luck

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 Embankment Place

London

WC2N 6RH

Registered office

Quadrant House

Floor 6, 4 Thomas More Square

London

E1W 1YW

Registered number

00932874

London Portman Hotel Limited
Strategic report for the year ended 31 December 2014

The directors present their strategic report for the year ended 31 December 2014.

Review of the business

A summary of the results is as follows:

	2014	2013	Change (%)
Turnover (£'000)	19,825	19,228	3.1%
Gross Margin (%)	69.1%	70.0%	-1.3%
Operating Margin (%)	26.2%	24.8%	5.6%
Revpar	151.6	149.4	1.5%

The company achieved turnover of £19.8m during its current financial year, 3.1% above last year with a gross margin of 69.1%, down 1.3% on last year and operating margin up by 22.6%. Furthermore, there are planned refurbishments of the hotel which should increase revenue streams.

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 market 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 the related finance costs. The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

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 risks 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 held 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.

Key performance indicators

The directors monitor the performance of the company by reviewing key performance indicators such as gross margin, operating margin and revpar. These indicators are shown in the review of the business above.

Approved by the Board of Directors and signed by the order of the board



Mr R N Luck
Company Secretary
27/5/2015

London Portman Hotel Limited
Directors' report for the year ended 31 December 2014

The directors present their report and the audited financial statements for the year ended 31 December 2014.

Results and dividends

The results for the financial year are set out in the profit and loss account on page 7. A dividend payment of £3,541,724 (£5.53 per £1 ordinary share (2013: £19,194,000 (£29.99 per £1 ordinary share)) was made in the year.

Future developments

The outlook for the business remains positive. There are planned refurbishments of the hotel which should increase revenue streams. The directors view the result for the year and the future prospects of the company as satisfactory.

Directors

The directors of the company who served during the year and up to the date of signing the financial statements were as follows:

Mr I M Livingstone
Mr R N Luck

Qualifying third party indemnity provisions

The company maintains liability insurance for its directors and officer. Following shareholder approval, the company has also provided an indemnity for its directors and the company secretary, which is a qualifying indemnity provision for the purposes of the Companies Act 2006.

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 2.

Disclosure of information to auditors

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

In the absence of a notice proposing that their appointment be terminated, PricewaterhouseCoopers LLP, are deemed to have been re-appointed as auditors for the next year.

Approved by the Board of Directors and signed by the order of the board



Mr R N Luck
Company secretary

27/5/2015

London Portman Hotel Limited

Statement of directors' responsibilities for the year ended 31 December 2014

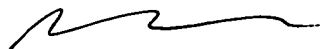
The directors are responsible for preparing the Strategic report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 company and of the profit or loss of the company for that year. 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 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

By order of the board



Mr R N Luck
Company secretary
27/5/ 2015

**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 2014 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

London Portman Hotel Limited's financial statements comprise:

- the Balance sheet as at 31 December 2014;
- the Profit and loss account for the year then ended;
- 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 applicable law and United Kingdom Accounting Standards (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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year or which the financial statements are prepared is consistent with the financial statements.

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.

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.

**LONDON PORTMAN HOTEL LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LONDON PORTMAN HOTEL LIMITED**

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities for the year ended 31 December 2014 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 and financial statements (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.



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

27/5/2015

London Portman Hotel Limited
Profit and loss account
for the year ended 31 December 2014

	Note	2014 £	2013 £
Turnover	2	19,824,745	19,228,420
Cost of sales		(6,127,101)	(5,768,335)
Gross profit		<u>13,697,644</u>	<u>13,460,085</u>
Administrative expenses		(8,502,504)	(8,690,672)
Operating profit	3	<u>5,195,140</u>	<u>4,769,413</u>
Interest receivable and similar income	4	1,863,301	19,004
Interest payable and similar charges	5	(1,430,174)	-
Profit on ordinary activities before taxation		<u>5,628,267</u>	<u>4,788,417</u>
Tax on profit on ordinary activities	8	(773,472)	(8,633)
Profit for the financial year	19	<u>4,854,795</u>	<u>4,779,784</u>

All amounts relate to continuing operations.

The company has no recognised gains or losses other than the profit for the above two financial years and therefore no separate statement of recognised gains and losses has been presented.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical costs equivalents.

London Portman Hotel Limited
Balance sheet
as at 31 December 2014

Registered number
00932874

	Note	2014 £	2013 £
Fixed assets			
Tangible assets	9	31,319,990	32,807,816
Current assets			
Stocks	10	26,078	23,325
Debtors	11	1,496,786	1,544,992
Cash at bank and in hand		5,276,999	5,735,629
		<u>6,799,863</u>	<u>7,303,946</u>
Creditors: amounts falling due within one year	12	<u>(4,280,148)</u>	<u>(2,371,351)</u>
Net current assets		2,519,715	4,932,595
Debtors: amounts falling due after more than one year	13	50,384,461	409
Total assets less current liabilities		<u>84,224,166</u>	<u>37,740,820</u>
Creditors: amounts falling due after more than one year	14	(45,170,275)	-
Provisions for liabilities			
Deferred taxation	16	(147,176)	(147,176)
Net assets		<u>38,906,715</u>	<u>37,593,644</u>
Capital and reserves			
Called up share capital	17	640,064	640,064
Revaluation reserve	18	30,820,379	30,820,379
Profit and loss account	19	7,446,272	6,133,201
Total shareholder's funds	20	<u>38,906,715</u>	<u>37,593,644</u>

These financial statements on pages 7 to 13 were approved by the Board of Directors on 27/5/2015 and signed on its behalf by



Mr R N Luck
Director
27/5/2015

London Portman Hotel Limited
Notes to the financial statements
for the year ended 31 December 2014

1 Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Property, plant and equipment

Operational properties are land and buildings held for use in the production or supply of goods and services, or for administrative purposes, and are stated in the balance sheet at cost, less any impairment losses.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

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

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 stocks to their existing location and condition. Net realisable value represents 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.

Deferred taxation

Deferred tax is provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that give rise to an obligation to pay more or less tax in the future. Deferred tax is not recognised when fixed assets are revalued unless, by the balance sheet date, there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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.

Pension costs

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

Deferred income

Income is allocated in the period to which it relates, with payments received in advance held as deferred income and credited to the profit and loss account when earned.

London Portman Hotel Limited
Notes to the financial statements
for the year ended 31 December 2014

1 Accounting policies (continued)

Operating leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Cash flow statement

The company has taken advantage of the exemption permitted by Financial Reporting Standard 1, (revised 1996) 'Cash flow statements', from including a cash flow statement on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cash flow statement.

2 Turnover

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

3 Operating profit	2014	2013
	£	£

This is stated after charging:

Depreciation of owned fixed assets	2,156,901	2,332,292
Auditors' remuneration	25,000	20,000
- audit services	6,000	6,000
- taxation services		
	<u>6,000</u>	<u>6,000</u>

4 Interest receivable and similar income	2014	2013
	£	£

Bank interest	2,634	19,004
On amounts owed to group undertakings	1,860,667	-
	<u>1,863,301</u>	<u>19,004</u>

5 Interest payable and similar charges	2014	2013
	£	£

Bank interest	1,337,195	-
Amortisation of finance costs	92,979	-
	<u>1,430,174</u>	<u>-</u>

6 Directors emoluments

The directors did not receive any emoluments in respect of their services to the company (2013: nil).

7 Staff costs	2014	2013
	£	£

Employee costs including executive directors amounted to:

Wages and salaries	3,633,416	3,504,508
Social security costs	220,782	231,442
Other pension costs	56,537	41,557
	<u>3,910,735</u>	<u>3,777,507</u>

The monthly average number of persons employed by the company during the year was:

	2014	2013
	Number	Number
Employees	<u>141</u>	<u>139</u>

London Portman Hotel Limited
Notes to the financial statements
for the year ended 31 December 2014

8 Tax on profit on ordinary activities

	2014 £	2013 £
Analysis of tax charge in the year		
UK corporation tax charge on profits of the year	773,472	-
Over provision in prior year	-	(15,367)
	<u>773,472</u>	<u>(15,367)</u>
Deferred tax:		
Timing differences (note 16)	-	24,000
Tax on profit on ordinary activities	<u>773,472</u>	<u>8,633</u>

Factors affecting tax charge for the year

From 1 April 14 the rate of corporation tax has reduced from 23% to 21%, giving a blended average rate for the year of 21.5%.

The tax charge assessed for the year is different (2013: different) to the blended rate of corporation tax in the UK of 21.5% (2013: 23.25%). This is explained below:

	2014 £	2013 £
Profit on ordinary activities before taxation	<u>5,628,267</u>	<u>4,788,417</u>
Blended rate of corporation tax in the UK	21.50%	23.25%
	£	£
Profit on ordinary activities multiplied by the blended rate of corporation tax	1,210,077	1,113,307
Effects of:		
Capital allowances in excess of depreciation	362,100	341
Expenses not deductible for tax purposes	-	437,323
Over provision in prior year	-	(15,367)
Utilisation of group tax losses	(798,705)	(1,535,604)
Total current tax charge	<u>773,472</u>	<u>-</u>

The company utilised the benefit of tax losses amounting to £3,714,907 (2013: £6,604,748) from fellow subsidiary undertakings without making payment.

Factors that may affect future tax charges

With effect from 1 April 2015, the UK corporation tax rate will be reduced to 20%. This change, which was announced in the March 2013 budget and affirmed in the March 2014 budget, will have no impact on these financial statements.

9 Tangible fixed assets

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 January 2014	66,894,000	11,535,807	18,497,991	96,927,798
Additions	132,509	-	536,566	669,075
At 31 December 2014	<u>67,026,509</u>	<u>11,535,807</u>	<u>19,034,557</u>	<u>97,596,873</u>
Accumulated depreciation				
At 1 January 2014	36,867,850	11,064,218	16,187,914	64,119,982
Charge for the year	1,503,012	282,678	371,211	2,156,901
At 31 December 2014	<u>38,370,862</u>	<u>11,346,896</u>	<u>16,559,125</u>	<u>66,276,883</u>
Net book value				
At 31 December 2014	<u>28,655,647</u>	<u>188,911</u>	<u>2,475,432</u>	<u>31,319,990</u>
At 31 December 2013	<u>30,026,150</u>	<u>471,589</u>	<u>2,310,077</u>	<u>32,807,816</u>

London Portman Hotel Limited
Notes to the financial statements
for the year ended 31 December 2014

10 Stocks **2014** **2013**
£ **£**

Finished goods and goods for resale	26,078	23,325
-------------------------------------	--------	--------

11 Debtors: amounts falling due within one year **2014** **2013**
£ **£**

Trade debtors	1,093,278	1,152,586
Prepayments and accrued income	403,508	392,406
	1,496,786	1,544,992

12 Creditors: amounts falling due within one year **2014** **2013**
£ **£**

Bank loan (see note 15)	1,300,000	-
Trade creditors	670,129	817,250
Corporation tax	773,472	-
Other taxation and social security	515,537	499,609
Other creditors	26,904	8,561
Accruals and deferred income	994,106	1,045,931
	4,280,148	2,371,351

13 Debtors: amounts falling due after more than one year **2014** **2013**
£ **£**

Amounts owed by group undertakings	50,384,461	409
------------------------------------	------------	-----

Of the amounts owed by group undertakings, £50,399,262 bears interest at 4.6% per annum, is unsecured and is repayable on 26 February 2019. The remainder is interest free, unsecured and has no fixed date of repayment.

14 Creditors: amounts falling due after more than one year **2014** **2013**
£ **£**

Bank loan (see note 15)	45,170,275	-
-------------------------	------------	---

The bank loan is stated net of finance charges of £457,951 (2013: £nil) to be allocated to future periods.

15 Loans **2014**
£

Loans wholly repayable within five years:	
Bank loan	46,470,275

Analysis of maturity of debt:	
Within one year or on demand	1,300,000
Between one and two years	1,300,000
Between two and five years	43,870,275

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

London Portman Hotel Limited
Notes to the financial statements
for the year ended 31 December 2014

16 Provisions for liabilities

Deferred taxation provided in the financial statement is as follows:	2014	2013
	£	£
Difference between accumulated depreciation and capital allowances	147,176	147,176
Deferred tax liability	<u>147,176</u>	<u>147,176</u>

The movement in the recognised deferred taxation account during the year was:

	2014	2013
	£	£
Balance brought forward	147,176	123,176
Timing differences (note 8)	-	24,000
Deferred tax liability	<u>147,176</u>	<u>147,176</u>

17 Called up share capital

	2014	2013	2014	2013
	Number	Number	£	£
Allotted and fully paid:				
Ordinary shares of £1 each	<u>640,064</u>	<u>640,064</u>	<u>640,064</u>	<u>640,064</u>

18 Revaluation reserve

	2014	2013
	£	£
At 1 January and 31 December	<u>30,820,379</u>	<u>30,820,379</u>

19 Profit and loss account

	2014	2013
	£	£
At 1 January	6,133,201	20,547,417
Profit for the financial year	4,854,795	4,779,784
Dividends	(3,541,724)	(19,194,000)
At 31 December	<u>7,446,272</u>	<u>6,133,201</u>

20 Reconciliation of movements in shareholder's funds

	2014	2013
	£	£
At 1 January	37,593,644	52,007,860
Profit for the financial year	4,854,795	4,779,784
Dividends	(3,541,724)	(19,194,000)
At 31 December	<u>38,906,715</u>	<u>37,593,644</u>

21 Related party transactions

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS8, 'Related Party Disclosures', on the grounds that it is wholly owned subsidiary of a group headed by Barajas Holdings BV, whose financial statements are publicly available.

22 Ultimate parent undertaking and controlling party

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

The ultimate parent undertaking is Barajas Holdings BV, a company incorporated in the Netherlands.

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