

Company Registration No. 00932874 (England and Wales)

LONDON PORTMAN HOTEL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017



LONDON PORTMAN HOTEL LIMITED

COMPANY INFORMATION

Directors	Mr I M Livingstone Mr L Sebastian
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 2017

The directors present the strategic report for the year ended 31 December 2017.

Review of the business

A summary of the results is as follows:

	2017	2016	Movement (%)
Turnover (£'000)	18,998	18,751	1.3%
Gross Margin (%)	66.8%	65.1%	1.7%
Operating Margin (%)	20.5%	26.9%	-5.4%
RevPAR	150.9	141.9	6.3%

Turnover was £19.0m during the current financial year, 1.3% up on last year, with gross margin of 66.8%, up 1.7% from last year, and operating margin down by 5.4%. Net assets were £58.5m at the year end (2016: £50.5m).

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

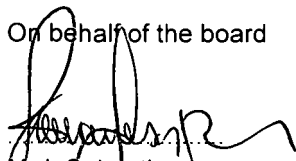
STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

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



Mr L Sebastian

Director

24/02/18

LONDON PORTMAN HOTEL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and audited financial statements for the year ended 31 December 2017.

Principal activities

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

Directors

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

Mr I M Livingstone

Mr R N Luck

Mr L Sebastian

(Resigned 30 May 2018)

(Appointed 30 May 2018)

Results and dividends

The results for the year are set out on page 8.

The directors do not recommend payment of a final dividend (2016: £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 successfully implemented measures to improve operating performance compared to prior year. The directors view the results for the year and future prospects of the company as satisfactory.

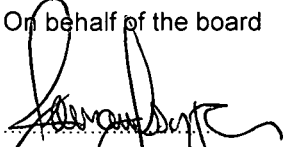
Independent Auditors

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 L Sebastian
Director
24/09/18

LONDON PORTMAN HOTEL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

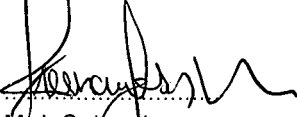
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The directors 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 L Sebastian
Director

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LONDON PORTMAN HOTEL LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LONDON PORTMAN HOTEL LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, London Portman Hotel Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards; comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

LONDON PORTMAN HOTEL LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF LONDON PORTMAN HOTEL LIMITED

Reporting on other information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

LONDON PORTMAN HOTEL LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF LONDON PORTMAN HOTEL LIMITED

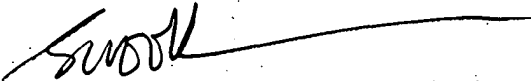
Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.


Suzanne Woolfson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 September 2018

LONDON PORTMAN HOTEL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	18,997,840	18,751,436
Cost of sales		(6,305,721)	(6,546,407)
Gross profit		12,692,119	12,205,029
Administrative expenses		(8,795,915)	(7,161,393)
Operating profit	4	3,896,204	5,043,636
Interest receivable and similar income	8	2,909,119	2,707,581
Interest payable and similar expenses	9	(1,993,736)	(2,085,007)
Profit on ordinary activities before taxation		4,811,587	5,666,210
Tax on profit on ordinary activities	10	(278,749)	(389,814)
Profit for the financial year		4,532,838	5,276,396
Other comprehensive income/(expense)			
Cash flow hedges - change in value of hedging instruments		629,809	(254,614)
Tax relating to other comprehensive income/(expense)		(119,664)	228,021
Total comprehensive income for the year		5,042,983	5,249,803

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

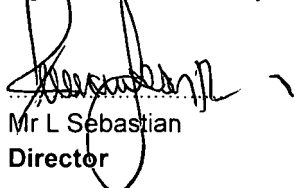
LONDON PORTMAN HOTEL LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	11	26,112,179	29,123,987
Current assets			
Stocks	13	21,170	22,533
Debtors	12	67,902,388	63,717,796
Cash at bank and in hand		6,519,219	4,762,991
		<u>74,442,777</u>	<u>68,503,320</u>
Creditors: amounts falling due within one year		<u>(2,780,171)</u>	<u>(2,914,322)</u>
Net current assets		71,662,606	65,588,998
Total assets less current liabilities		<u>97,774,785</u>	<u>94,712,985</u>
Creditors: amounts falling due after more than one year	14	(42,281,318)	(44,100,941)
Provisions for liabilities	16	-	(161,560)
Net assets		<u>55,493,467</u>	<u>50,450,484</u>
Capital and reserves			
Called up share capital	17	640,064	640,064
Revaluation reserve		30,820,379	30,820,379
Hedging reserve		483,552	(26,593)
Retained earnings		23,549,472	19,016,634
Total equity		<u>55,493,467</u>	<u>50,450,484</u>

The financial statements were approved by the board of directors and authorised for issue on 24 September 2018 and are signed on its behalf by:


Mr L Sebastian
Director

Company Registration No. 00932874

LONDON PORTMAN HOTEL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £	Revaluation reserve £	Hedging reserve £	Retained earnings £	Total £
Balance at 1 January 2016	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>					
- Cash flow hedges - change in value of hedging instruments	-	-	(254,614)	-	(254,614)
- Tax relating to other comprehensive expense	-	-	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
Profit for the financial year	-	-	-	4,532,838	4,532,838
<i>Other comprehensive income:</i>					
- Cash flow hedges - change in value of hedging instruments	-	-	629,809	-	629,809
- Tax relating to other comprehensive income	-	-	(119,664)	-	(119,664)
Total comprehensive income for the year	-	-	510,145	4,532,838	5,042,983
Balance at 31 December 2017	640,064	30,820,379	483,552	23,549,472	55,493,467

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

General information

London Portman Hotel Limited is a private 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 2017

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.

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.

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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.

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.

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

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.

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.

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

(Continued)

4	Operating profit	2017	2016
		£	£

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

27,580

29,523

Depreciation of owned tangible assets

3,529,821

2,009,314

5 Auditors' remuneration

The analysis of auditors' remuneration is as follows:

2017

2016

£

£

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

27,580

29,523

Non-audit fees

Taxation compliance services

6,300

6,150

6 Employees

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

2017
Number

2016
Number

132

131

Their aggregate remuneration comprised:

2017

2016

£

£

Wages and salaries

3,254,991

3,164,310

Social security costs

205,388

190,491

Pension costs

54,282

49,277

3,514,661

3,404,078

7 Directors' emoluments

The directors did not receive any emoluments in respect of their services to the company (2016: £nil).

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

8 Interest receivable and similar income

	2017 £	2016 £
Interest receivable from group companies	2,909,119	2,707,581

9 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and loans	1,881,305	1,955,706
Other interest payable	2,245	19,115
Amortisation of loan fees	110,186	110,186
	1,993,736	2,085,007

10 Tax on profit on ordinary activities

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current year	497,532	428,321
Adjustments in respect of prior periods	3,619	(52,891)
Total current tax	501,151	375,430
Deferred tax		
Origination and reversal of timing differences	(222,402)	14,384
Total tax charge	278,749	389,814

From 1 April 2017 the rate of corporation tax has reduced from 20% to 19%, giving a blended average rate for the year of 19.25%.

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

(Continued)

10 Tax on profit on ordinary activities

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

	2017 £	2016 £
Profit on ordinary activities before taxation	4,811,587	5,666,210
Expected tax charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	926,230	1,133,242
Depreciation in excess of capital allowances	579,025	297,577
Deferred tax on accelerated capital allowances	(222,402)	14,384
Utilisation of group tax losses	(1,007,723)	(1,002,498)
Adjustments in respect of prior periods	3,619	(52,891)
	(647,481)	(743,428)
Tax charge for the year	278,749	389,814

	2017 £	2016 £
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	119,664	(228,021)

The company utilised the benefit of tax losses amounting to £5,234,923 (2016: £5,012,491) from fellow subsidiary undertakings without making payment.

Factors which may affect future tax charges

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

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

11 Tangible assets

	Leasehold land and buildings £	Fixtures, fittings and equipment £	Plant and machinery £	Total £
Cost				
At 1 January 2017	67,026,509	19,820,607	11,535,807	98,382,923
Additions	-	405,071	112,942	518,013
At 31 December 2017	67,026,509	20,225,678	11,648,749	98,900,936
Accumulated depreciation and impairment				
At 1 January 2017	40,281,226	17,544,257	11,433,453	69,258,936
Depreciation charged in the year	1,884,051	1,619,269	26,501	3,529,821
At 31 December 2017	42,165,277	19,163,526	11,459,954	72,788,757
Carrying amount				
At 31 December 2017	24,861,232	1,062,152	188,795	26,112,179
At 31 December 2016	26,745,283	2,276,350	102,354	29,123,987

12 Debtors

	Due within one year		Due after one year	
	2017 £	2016 £	2017 £	2016 £
Trade debtors	288,487	841,070	-	-
Corporation tax recoverable	46,309	-	-	-
Amounts owed by group undertakings	-	-	66,919,399	62,178,916
Prepayments and accrued income	478,994	469,789	-	-
	813,790	1,310,859	66,919,399	62,178,916
Deferred tax asset shown separately (Note 16)	-	-	169,199	228,021
	813,790	1,310,859	67,088,598	62,406,937

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

13 Stocks

	2017 £	2016 £
Raw materials and consumables	21,170	22,533

LONDON PORTMAN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

14 Creditors

	Notes	Due within one year		Due after one year	
		2017	2016	2017	2016
		£	£	£	£
Bank loans and overdrafts	15	1,189,814	1,189,814	41,711,019	42,900,833
Other creditors		221,533	290,114	-	-
Corporation tax		-	6,274	-	-
Other taxation and social security		269,091	362,839	-	-
Derivative financial instruments		-	-	570,299	1,200,108
Trade creditors		454,932	510,794	-	-
Accruals and deferred income		644,801	554,487	-	-
		<u>1,411,347</u>	<u>1,479,928</u>	<u>41,711,019</u>	<u>42,900,833</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 £570,299 (2016: £1,200,108). 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 2017

15 Bank loans and overdrafts	2017 £	2016 £
Bank loans	42,900,833	44,090,647
	2017 £	2016 £
Amounts payable within one year	1,189,814	1,189,814
Amounts payable between one and two years	41,711,019	1,189,814
Amounts payable between two and five years	-	41,711,019
	42,900,833	44,090,647

The bank loan is stated net of finance charges of £127,393 (2016: £237,579) 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 2017 £	Liabilities 2016 £	Assets 2017 £	Assets 2016 £
Balances:				
Accelerated capital allowances	-	161,560	60,842	-
Derivative financial instruments	-	-	108,357	228,021
	-	161,560	169,199	228,021
Movements in the year:				2017 £
(Asset) at 1 January 2017				(66,461)
Credit to profit or loss				(222,402)
Charge to other comprehensive income				119,664
(Asset) at 31 December 2017				(169,199)

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 2017

17	Called up share capital	2017	2016
		£	£
	Issued and fully paid		
	640,064 (2016: 640,064) Ordinary shares of £1 each	640,064	640,064
		<u> </u>	<u> </u>
18	Retirement benefit schemes	2017	2016
		£	£
	Defined contribution schemes		
	Charge to profit or loss in respect of defined contribution schemes	54,282	49,277
		<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.