

COMPANY REGISTRATION NUMBER 01940208

**HALLMARK HOTELS LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MAY 2015**

THURSDAY



\*L4KZZ62J\*

LD2

26/11/2015

#104

COMPANIES HOUSE

# **HALLMARK HOTELS LIMITED**

## **Financial statements**

**Period from 30 December 2013 to 31 May 2015**

---

<b>Contents</b>	<b>Page</b>
Officers and professional advisers	<b>1</b>
Strategic report	<b>2</b>
Directors' report	<b>3</b>
Independent auditor's report	<b>5</b>
Profit and loss account	<b>7</b>
Statement of total recognised gains and losses	<b>8</b>
Note of historical cost profits and losses	<b>8</b>
Balance sheet	<b>9</b>
Notes forming part of the financial statements	<b>10</b>

# HALLMARK HOTELS LIMITED

## Officers and professional advisers

---

<b>The board of directors</b>	L Benjamin S Zakay M Kingston
<b>Company secretary</b>	C F Moharm
<b>Registered office</b>	55 Baker Street, London, W1U 7EU
<b>Auditor</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Bankers</b>	Barclays Bank Plc Pall Mall Corporate Group 50 Pall Mall London SW1A 1QA

# HALLMARK HOTELS LIMITED

## Strategic report

Period from 30 December 2013 to 31 May 2015

---

The directors present their strategic report together with the audited financial statements for the period ended 31 May 2015.

### Principal activity

The company's principal activity is that of hotel operations in the UK.

### Review of the business

The company's results for the period and financial position are as shown in the annexed financial statements and referred to in the directors' report. It is expected that the company will continue its activities and trade satisfactorily in the forthcoming year.

### Key performance indicators

The directors monitor performance using a wide range of financial and non-financial indicators including like for like turnover, cost management, property valuations and net asset value. On a quarterly basis the directors review the balance sheet and the profit and loss account using actual and forecast data.

The following are some of the KPIs that are considered most relevant of the company due to its size and activities:

Turnover for the period was £3,424,648 with a net profit for the period of £394,198.

The tangible assets were valued at £8.68 million (2013: £6.00 million) with a revaluation surplus of £2.81 million in the current period.

### Position of the entity at the end of the financial period and future developments

The company has capital and reserves of £3.09 million (2013: £0.12 million deficit). The capital and reserves are considered adequate to continue its activities and trade satisfactorily in the forthcoming year.

The company reported strong turnover and profitability and is well positioned to continue to take advantage of the upturn in the broader economy and to benefit from the wider hotel activities of the group of which the company is a member.


The overall objectives of the business are to grow by enhancing its reputation and guest experience and by capitalising on the ongoing operational efficiencies that management implement. Detailed business objectives to support this strategy are developed on an annual basis and reviewed regularly.

### Principal risks and uncertainties

The main risks to the company are those attached to any business in the hotel and leisure industry such as:

- a downturn in general operating conditions in the UK hotel industry;
- loss of market share through an increase in competitor activity;
- reputational risk as an attractive brand is essential to maintaining market share;
- the risk of non-payment from customers;
- business interruption due to adverse weather or other factors resulting in property damage.

Signed by order of the directors



S Zakay  
Director

Approved by the directors on 12 November 2015

# HALLMARK HOTELS LIMITED

## Directors' report

Period from 30 December 2013 to 31 May 2015

---

The directors present their report and the financial statements of the company for the period from 30 December 2013 to 31 May 2015.

### Results and dividends

The profit for the period, after taxation, amounted to £394,198. The directors have not recommended a dividend.

### Directors

The directors who served the company during the period were as follows:

E Zakay  
R W Jones  
C F Moharm  
L Benjamin  
S Zakay  
M Kingston  
A Schnegg  
J W Hawksworth

E Zakay was appointed as a director on 5 August 2014.  
R W Jones was appointed as a director on 5 August 2014.  
C F Moharm was appointed as a director on 5 August 2014.  
L Benjamin was appointed as a director on 3 November 2014.  
S Zakay was appointed as a director on 5 August 2014.  
M Kingston was appointed as a director on 5 August 2014.

E Zakay resigned as a director on 3 November 2014.  
C F Moharm resigned as a director on 3 November 2014.  
A Schnegg resigned as a director on 5 August 2014.  
J W Hawksworth resigned as a director on 5 August 2014.  
R W Jones resigned as a director on 9 July 2015.

### Directors' responsibilities

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 period. 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). 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 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.

# HALLMARK HOTELS LIMITED

## Directors' report *(continued)*

Period from 30 December 2013 to 31 May 2015

---

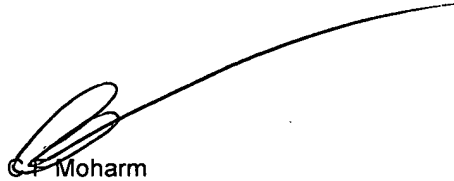
### Auditor

The company has dispensed with the obligation to appoint auditors annually. BDO LLP have expressed their willingness to continue in office.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Signed by order of the directors



C F Moharm  
Company Secretary

Approved by the directors on 12 November 2015

# HALLMARK HOTELS LIMITED

## Independent auditor's report to the members of Hallmark Hotels Limited

Period from 30 December 2013 to 31 May 2015

---

We have audited the financial statements of Hallmark Hotels Limited for the period from 30 December 2013 to 31 May 2015 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Note of Historical Cost Profits and Losses, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2015 and of its profit for the period 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.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

## HALLMARK HOTELS LIMITED

Independent auditor's report to the members of Hallmark Hotels Limited (*continued*)

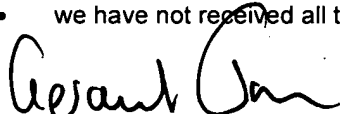
Period from 30 December 2013 to 31 May 2015

---

### Matters on which we are required to report by exception

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

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



Geraint Jones (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
12 November 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)



# HALLMARK HOTELS LIMITED

## Profit and loss account

Period from 30 December 2013 to 31 May 2015

		Period from 30 Dec 13 to 31 May 15 £	Period from 1 Jan 13 to 29 Dec 13 £
Turnover	Note 2	3,424,648	2,475,629
Cost of sales		(1,434,866)	(978,949)
Gross profit		1,989,782	1,496,680
Administrative expenses		(1,476,864)	(1,140,413)
Operating profit	3	512,918	356,267
Interest payable and similar charges	6	—	(181,273)
Profit on ordinary activities before taxation		512,918	174,994
Tax on profit on ordinary activities	7	(118,720)	—
Profit for the financial period		394,198	174,994

All of the activities of the company are classed as continuing.

The notes on pages 10 to 16 form part of these financial statements.

# HALLMARK HOTELS LIMITED

## Statement of total recognised gains and losses

Period from 30 December 2013 to 31 May 2015

	Period from 30 Dec 13 to 31 May 15 £	Period from 1 Jan 13 to 29 Dec 13 £
Profit for the financial period	394,198	174,994
Unrealised profit/(loss) on revaluation of properties	2,812,179	(826,658)
Total gains and losses recognised since the last financial statements	<u>3,206,377</u>	<u>(651,664)</u>

### Note of historical cost profits and losses

	Period from 30 Dec 13 to 31 May 15 £	Period from 1 Jan 13 to 29 Dec 13 £
Reported profit on ordinary activities before taxation	512,918	174,994
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	33,944	16,428
Historical cost profit on ordinary activities before taxation	<u>546,862</u>	<u>191,422</u>
Historical cost profit for the period after taxation	<u>428,142</u>	<u>191,422</u>

The notes on pages 10 to 16 form part of these financial statements.

# HALLMARK HOTELS LIMITED

## Balance sheet

As at 31 May 2015

	Note	31 May 15 £	£	29 Dec 13 £	£
<b>Fixed assets</b>					
Tangible assets	8		8,676,305		6,000,000
<b>Current assets</b>					
Stocks	9	27,157		42,542	
Debtors due within one year	10	172,843		90,677	
Cash at bank and in hand		178,546		90,732	
		<u>378,546</u>		<u>223,951</u>	
<b>Creditors: Amounts falling due within one year</b>	11	<u>(5,847,321)</u>		<u>(6,341,518)</u>	
<b>Net current liabilities</b>			<u>(5,468,775)</u>		<u>(6,117,567)</u>
<b>Total assets less current liabilities</b>			<u>3,207,530</u>		<u>(117,567)</u>
<b>Provisions for liabilities</b>					
Deferred taxation	12		<u>(118,720)</u>		<u>-</u>
<b>Net assets/(liabilities)</b>			<u>3,088,810</u>		<u>(117,567)</u>
<b>Capital and reserves</b>					
Called-up equity share capital	16		208,073		208,073
Revaluation reserve	17		4,597,419		1,819,184
Other reserve	17		18,008		18,008
Profit and loss account	17		<u>(1,734,690)</u>		<u>(2,162,832)</u>
<b>Shareholders' funds/(deficit)</b>	18		<u>3,088,810</u>		<u>(117,567)</u>

These accounts were approved by the directors and authorised for issue on 12 November 2015, and are signed on their behalf by:

  
S Zakay

Company Registration Number: 01940208

The notes on pages 10 to 16 form part of these financial statements.

# HALLMARK HOTELS LIMITED

## Notes forming part of the financial statements

Period from 30 December 2013 to 31 May 2015

---

### 1. Accounting policies

#### Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of properties and in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

#### Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Topland Hotels (No. 15) Limited and the company is included in consolidated financial statements.

#### Turnover

Turnover is derived from ordinary activities and represents the provision of goods sold and services provided in the financial year, exclusive of VAT.

Turnover from the sale of goods is recognised when the goods are supplied to the customer.

Turnover from the supply of services represents the provision of hotel rooms and other hotel services to guests. Revenue is recognised once the service has been provided.

#### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Property	- 2% straight line
Fixtures & Fittings	- 10% straight line

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

#### Valuation of properties

Property is revalued annually to open market value. The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value in which case it is charged to the profit and loss account.

#### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

#### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

# HALLMARK HOTELS LIMITED

## Notes forming part of the financial statements

Period from 30 December 2013 to 31 May 2015

### 1. Accounting policies *(continued)*

#### Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are discounted.

#### Pension costs

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

### 2. Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

### 3. Operating profit

Operating profit is stated after charging:

	Period from 30 Dec 13 to 31 May 15 £	Period from 1 Jan 13 to 29 Dec 13 £
Depreciation of owned fixed assets	263,358	308,665
Auditor's remuneration		
- audit	3,000	4,000
- tax compliance services	2,400	—

### 4. Particulars of employees

The average number of staff employed and seconded by the company during the financial period amounted to:

	Period from 30 Dec 13 to 31 May 15 No	Period from 1 Jan 13 to 29 Dec 13 No
Number of total staff	72	69

The aggregate payroll costs of the above were:

	Period from 30 Dec 13 to 31 May 15 £	Period from 1 Jan 13 to 29 Dec 13 £
Wages and salaries	495,407	792,009
Social security costs	26,990	46,192
Other pension costs	1,151	—
	523,548	838,201

# HALLMARK HOTELS LIMITED

## Notes forming part of the financial statements

Period from 30 December 2013 to 31 May 2015

### 5. Directors

No directors emoluments were payable in the current period (2013: £nil).

### 6. Interest payable and similar charges

	Period from 30 Dec 13 to 31 May 15 £	Period from 1 Jan 13 to 29 Dec 13 £
Interest on other loans	-	181,273

### 7. Taxation on ordinary activities

#### Analysis of charge in the period

	Period from 30 Dec 13 to 31 May 15 £	Period from 1 Jan 13 to 29 Dec 13 £
Deferred tax:		
Origination and reversal of timing differences	118,720	-

No taxation charge arises on the profit for the year (2013: £nil).

#### Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 21.23% (2013 - 23.25%).

	Period from 30 Dec 13 to 31 May 15 £	Period from 1 Jan 13 to 29 Dec 13 £
Profit on ordinary activities before taxation	512,918	174,994
Profit on ordinary activities by rate of tax	108,896	40,686
Expenses not deductible for tax purposes	72	6,000
Capital allowances for period in excess of depreciation	(37,725)	39,000
Utilisation of tax losses	(71,243)	-
Group relief	48,311	(85,686)
Transfer pricing adjustments	(48,311)	-
Total current tax	-	-

# HALLMARK HOTELS LIMITED

## Notes forming part of the financial statements

Period from 30 December 2013 to 31 May 2015

### 8. Tangible fixed assets

	Property £	Fixtures & Fittings £	Total £
<b>Valuation</b>			
At 30 December 2013	5,270,020	2,208,821	7,478,841
Additions	–	127,484	127,484
Revaluation	2,714,896	–	2,714,896
<b>At 31 May 2015</b>	<b>7,984,916</b>	<b>2,336,305</b>	<b>10,321,221</b>
<b>Depreciation</b>			
At 30 December 2013	–	1,478,841	1,478,841
Charge for the period	97,283	166,075	263,358
Revaluation adjustment	(97,283)	–	(97,283)
<b>At 31 May 2015</b>	<b>–</b>	<b>1,644,916</b>	<b>1,644,916</b>
<b>Net book value</b>			
<b>At 31 May 2015</b>	<b>7,984,916</b>	<b>691,389</b>	<b>8,676,305</b>
At 29 December 2013	5,270,020	729,980	6,000,000

The property was valued as at 31 May 2015 by the directors on an open market value basis.

In respect of properties stated at valuations, the comparable historical cost and depreciation values are as follows:

	2015 £	2013 £
<b>Historical cost:</b>		
Opening balance	4,471,000	4,364,000
Cost of assets revalued for the first time in period	–	107,000
Closing balance	4,471,000	4,471,000
<b>Depreciation:</b>		
Opening balance	905,000	714,000
Charge for period	63,339	191,000
Closing balance	968,339	905,000
<b>Net historical cost value:</b>		
Balance at end of the period	3,502,661	3,566,000
Balance at beginning of the period	3,566,000	3,650,000

### 9. Stocks

	31 May 15 £	29 Dec 13 £
Raw materials	17,810	22,575
Finished goods	9,347	19,967
	<b>27,157</b>	<b>42,542</b>

# HALLMARK HOTELS LIMITED

Notes forming part of the financial statements

Period from 30 December 2013 to 31 May 2015

## 10. Debtors

	31 May 15 £	29 Dec 13 £
Trade debtors	75,873	44,671
Other debtors	284	-
Prepayments and accrued income	96,686	46,006
	<u>172,843</u>	<u>90,677</u>

All amounts are due within one year.

## 11. Creditors: Amounts falling due within one year

	31 May 15 £	29 Dec 13 £
Trade creditors	31,694	120,604
Loans owed to group undertakings	5,555,615	5,978,220
Other taxation and social security	72,008	97,665
Other creditors	102,621	58,922
Accruals and deferred income	85,383	86,107
	<u>5,847,321</u>	<u>6,341,518</u>

Amounts owed to group undertakings bear no interest and have no fixed terms of repayment.

## 12. Deferred taxation

The movement in the deferred taxation provision during the period was:

	Period from 30 Dec 13 to 31 May 15 £	Period from 1 Jan 13 to 29 Dec 13 £
Profit and loss account movement arising during the period	118,720	-
Provision carried forward	<u>118,720</u>	<u>-</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	31 May 15 £	29 Dec 13 £
Excess of taxation allowances over depreciation on fixed assets	118,720	-
	<u>118,720</u>	<u>-</u>

No provision has been made for the potential tax liability of approximately £980,000 (2013: £418,000) which would arise if the freehold property was sold at its revalued amount.



# HALLMARK HOTELS LIMITED

## Notes forming part of the financial statements

Period from 30 December 2013 to 31 May 2015

### 13. Commitments under operating leases

At 31 May 2015 the company had annual commitments under non-cancellable operating leases as set out below.

	<b>Assets other than Land and buildings</b>	
	<b>31 May 15</b>	<b>29 Dec 13</b>
	<b>£</b>	<b>£</b>
Operating leases which expire:		
Within 1 year	2,196	7,000
Within 2 to 5 years	6,450	1,000
	<u>8,646</u>	<u>8,000</u>

### 14. Contingencies

In the prior year the company was a participant in its parent undertaking's loan borrowings whereby these borrowings were secured by fixed and floating charges over the company's assets. The parent company loan as at 29 December 2013 amounted to £22,997,000. This was repaid and the charge released in the period ended 31 May 2015.

### 15. Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, 'Related party disclosures', not to disclose transactions with members or investees of the group headed by Topland Hotels (No. 15) Limited on the grounds that 100% of the voting rights in the company are controlled within the group and the company is included in consolidated financial statements.

### 16. Share capital

Allotted, called up and fully paid:

	<b>31 May 15</b>		<b>29 Dec 13</b>	
	<b>No</b>	<b>£</b>	<b>No</b>	<b>£</b>
Ordinary shares of £1 each	<u>208,073</u>	<u>208,073</u>	<u>208,073</u>	<u>208,073</u>

### 17. Reserves

	<b>Revaluation reserve</b>	<b>Other reserve</b>	<b>Profit and loss account</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance brought forward	1,819,184	18,008	(2,162,832)
Profit for the period	—	—	394,198
Revaluation of investment properties	2,812,179	—	—
Depreciation on revaluation surplus	(33,944)	—	33,944
Balance carried forward	<u>4,597,419</u>	<u>18,008</u>	<u>(1,734,690)</u>

### 18. Reconciliation of movements in shareholders' funds/ deficit

	<b>31 May 15</b>	<b>29 Dec 13</b>
	<b>£</b>	<b>£</b>
Profit for the financial period	394,198	174,994
Unrealised profit/(loss) on revaluation of property	<u>2,812,179</u>	<u>(826,658)</u>
Net addition/(reduction) to shareholders' (deficit)/funds	3,206,377	(651,664)
Opening shareholders' (deficit)/funds	<u>(117,567)</u>	<u>534,097</u>
Closing shareholders' funds/(deficit)	<u>3,088,810</u>	<u>(117,567)</u>

# **HALLMARK HOTELS LIMITED**

**Notes forming part of the financial statements**

**Period from 30 December 2013 to 31 May 2015**

---

## **19. Ultimate parent company**

The largest group in which the results of the company are consolidated is that headed by Topland Group Holdings Limited, a company incorporated in the British Virgin Islands. The smallest group in which they are consolidated is headed by Topland Hotels (No. 15) Limited, a company incorporated in England and Wales.

The immediate parent company is Hallmark Hotels Holdings Limited, a company incorporated in England and Wales.

The ultimate parent company and controlling party is Topland Group Holdings International Limited, a company incorporated in the British Virgin Islands.

Prior to 5 August 2014, the company's ultimate parent undertaking, the smallest and largest group in which they were consolidated was Hallmark Hotels Investments Limited, a company incorporated in England and Wales.