

HALLMARK HOTELS LIMITED

Financial statements

31 May 2019

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HALLMARK HOTELS LIMITED

Financial statements

Year ended 31 May 2019

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HALLMARK HOTELS LIMITED

Officers and professional advisers

The board of directors

L J Benjamin
S Zakay
M S Kingston
S L G Wilson

Company secretary

C F Moharm

Registered office

55 Baker Street
London
United Kingdom
W1U 7EU

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Bankers

Barclays Bank Plc
Pall Mall Corporate Group
50 Pall Mall
London
SW1A 1QA

HALLMARK HOTELS LIMITED

Directors' report

Year ended 31 May 2019

The directors present their report and the financial statements of the company for the year ended 31 May 2019.

Principal activity

The entity is a private company, limited by shares and incorporated in England and Wales. The principal activity was that of Hotel operations in the UK. The company sold its hotel operations on 10 April 2018. The directors continue to monitor future opportunities.

The result for the year is shown on page 7.

Directors

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

L J Benjamin
S Zakay
M S Kingston
S L G Wilson

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditor

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have 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.

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

HALLMARK HOTELS LIMITED

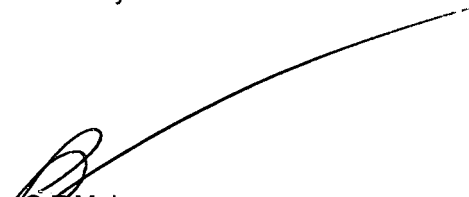
Directors' report *(continued)*

Year ended 31 May 2019

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 20 November 2019 and signed on behalf of the board by:



C. F. Moharm
Company Secretary

HALLMARK HOTELS LIMITED

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

Year ended 31 May 2019

Opinion

We have audited the financial statements of Hallmark Hotels Limited ("the company") for the year ended 31 May 2019 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

HALLMARK HOTELS LIMITED

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

Year ended 31 May 2019

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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 at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

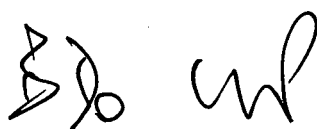
HALLMARK HOTELS LIMITED

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

Year ended 31 May 2019

Use of our report

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.



Richard Levy (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU

20 November 2019

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

HALLMARK HOTELS LIMITED

Statement of comprehensive income

Year ended 31 May 2019

	Note	2019 £	2018 £
Turnover	4	–	2,246,871
Cost of sales		–	(963,269)
Gross profit		–	1,283,602
Administrative expenses		6,611	(1,292,851)
Gain on disposal of tangible assets		–	415,814
Operating profit	5	6,611	406,565
Interest receivable		1,936	–
Profit on ordinary activities before taxation		8,547	406,565
Taxation on ordinary activities	8	–	(166,596)
Profit for the financial year		8,547	239,969
Tax relating to components of other comprehensive income		–	454,524
Total comprehensive income for the year		8,547	694,493

All the activities of the company are from continuing operations.

The notes on pages 10 to 13 form part of these financial statements.

HALLMARK HOTELS LIMITED

Statement of financial position

As at 31 May 2019

	Note	2019 £	2018 £
Current assets			
Debtors	9	842,636	4,298,700
Cash at bank and in hand		—	819,607
		<u>842,636</u>	<u>5,118,307</u>
Creditors: amounts falling due within one year	10	<u>(6,809)</u>	<u>(4,291,027)</u>
Net current assets		835,827	827,280
Total assets less current liabilities		835,827	827,280
Provisions			
Taxation including deferred tax	12	220	220
Net assets		836,047	827,500
Capital and reserves			
Called up share capital	14	208,073	208,073
Other reserve	15	18,008	18,008
Profit and loss account	15	609,966	601,419
Members funds		836,047	827,500

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of directors and authorised for issue on 20 November 2019, and are signed on behalf of the board by:



S L G Wilson
Director

Company registration number: 01940208

The notes on pages 10 to 13 form part of these financial statements.

HALLMARK HOTELS LIMITED

Statement of changes in equity

Year ended 31 May 2019

	Called up share capital £	Revaluation reserve £	Other reserve £	Profit and loss account £	Total £
At 1 June 2017	208,073	1,249,342	18,008	(1,342,416)	133,007
Profit for the year	–	–	–	239,969	239,969
Other comprehensive income for the year:					
Reclassification from revaluation reserve to profit and loss account	–	(1,249,342)	–	1,249,342	–
Tax relating to components of other comprehensive income 8	–	–	–	454,524	454,524
Total comprehensive income for the year	–	(1,249,342)	–	1,943,835	694,493
At 31 May 2018	<u>208,073</u>	<u>–</u>	<u>18,008</u>	<u>601,419</u>	<u>827,500</u>
Profit for the year	–	–	–	8,547	8,547
Total comprehensive income for the year	–	–	–	8,547	8,547
At 31 May 2019	<u>208,073</u>	<u>–</u>	<u>18,008</u>	<u>609,966</u>	<u>836,047</u>

The notes on pages 10 to 13 form part of these financial statements.

HALLMARK HOTELS LIMITED

Notes to the financial statements

Year ended 31 May 2019

1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102 Section 1A, Small Entities.

2. Accounting policies

Basis of preparation

The following principal accounting policies have been applied:

Disclosure exemptions

These financial statements have been prepared in accordance with FRS 102, Section 1A, Small Entities. As such, advantage has been taken of the following disclosure exemptions available under FRS 102, Section 1A.

No statement of cash flow has been presented.

Revenue recognition

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.

Current and deferred tax

The tax expense is made up of current and deferred tax. Tax expense is recognised in profit and loss, except tax attributable to an income or expense recognised as other comprehensive income or recognised directly in equity, which is recognised as other comprehensive income or directly to equity as appropriate.

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

Current and deferred tax is calculated using the tax rates and laws enacted or substantively enacted by the reporting date.

Depreciation

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

Property	- 2% straight line
Fixtures and fittings	- 5-20% straight line

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

HALLMARK HOTELS LIMITED

Notes to the financial statements (continued)

Year ended 31 May 2019

3. Judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, requires the use of certain critical accounting estimates and judgements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on directors' best knowledge of the amount, event or actions, actual results may differ from those estimates. The following is intended to provide an understanding of the policies that the directors consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements.

Recoverability of debtors

The recoverability of debtors is assessed annually based on factors specific to each individual debtor.

4. Turnover

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

5. Operating profit

Operating profit or loss is stated after charging:

	2019 £	2018 £
Depreciation of tangible assets	–	233,203
Gains on disposal of investment property	–	(415,814)
Defined contribution plans expense	–	4,437

6. Auditor's remuneration

	2019 £	2018 £
Fees payable for the audit of the financial statements	–	8,200
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	–	3,800

The audit fee for the current year was borne by a fellow subsidiary.

7. Directors

No directors' emoluments were payable in the current period (2018: £nil).

8. Taxation on ordinary activities

Major components of tax expense

	2019 £	2018 £
Deferred tax:		
Origination and reversal of timing differences	–	120,150
Adjustments in respect of prior periods	–	46,446
Total deferred tax	–	166,596
Taxation on ordinary activities	–	166,596

HALLMARK HOTELS LIMITED

Notes to the financial statements (continued)

Year ended 31 May 2019

8. Taxation on ordinary activities (continued)

Tax recognised as other comprehensive income or equity

The aggregate current and deferred tax relating to items recognised as other comprehensive income or equity for the year was £Nil (2018: £(454,524)).

9. Debtors

	2019 £	2018 £
Social security and other taxes	–	38,125
Amounts due from fellow subsidiaries	842,636	4,010,029
Other debtors	–	250,546
	<u>842,636</u>	<u>4,298,700</u>

Amounts due from fellow subsidiaries bear no interest and are recoverable on demand.

10. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	–	12,215
Accruals and deferred income	–	31,212
Amounts due to parent company	–	2,635,759
Amounts due to fellow subsidiaries	–	1,574,593
Other creditors	6,809	37,248
	<u>6,809</u>	<u>4,291,027</u>

Amounts due to fellow subsidiaries and parent company bear no interest and are repayable on demand.

11. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2019 £	2018 £
Included in provisions (note 12)	<u>(220)</u>	<u>(220)</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2019 £	2018 £
Fixed asset timing differences	<u>(220)</u>	<u>(220)</u>

12. Provisions

	Deferred tax (note 11) £
At 1 June 2018 and 31 May 2019	<u>(220)</u>

13. Employee benefits

Defined contribution plans

The amount recognised in the statement of comprehensive income as an expense in relation to defined contribution plans was £Nil (2018: £4,437).

HALLMARK HOTELS LIMITED

Notes to the financial statements *(continued)*

Year ended 31 May 2019

14. Called up share capital

Issued, called up and fully paid

	2019		2018	
	No	£	No	£
Ordinary shares of £1 each	<u>208,073</u>	<u>208,073</u>	<u>208,073</u>	<u>208,073</u>

15. Reserves

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Profit and loss account - This reserve records retained earnings and accumulated losses.

16. Related party transactions

At the year end, an amount of £– (2018: £2,635,759) was due to the parent company.

At the year end, an amount of £842,636 (2018: £4,010,029) was due from and £– (2018: £1,574,593) was due to fellow subsidiaries.

17. Controlling party

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 registered address of Topland Group Holdings Limited is 7A King's Yard Lane, PO Box 1502, Gibraltar, GX11 1AA.

The immediate parent company is Topland Group Holdings Limited.

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