

Registered number: 02182560

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**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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**SMALL COMPANY FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

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## **LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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### **COMPANY INFORMATION**

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<b>Director</b>	Koolesh D Shah
<b>Company secretary</b>	Koolesh D Shah
<b>Registered number</b>	02182560
<b>Registered office</b>	8-14 Talbot Square London W2 1TS
<b>Independent auditor</b>	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH

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**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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**LONDON TOWN HOTELS (OPERATIONS) LIMITED**  
**REGISTERED NUMBER: 02182560**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2015**

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	5	1,655,988	2,049,906
Investments	6	-	1,000
		<u>1,655,988</u>	<u>2,050,906</u>
<b>Current assets</b>			
Stocks	7	-	5,000
Debtors	8	1,967,168	1,602,379
Cash at bank and in hand	9	17,148	19,904
		<u>1,984,316</u>	<u>1,627,283</u>
Creditors: amounts falling due within one year	10	(21,646)	(501,776)
<b>Net current assets</b>		<u>1,962,670</u>	<u>1,125,507</u>
<b>Total assets less current liabilities</b>		<u>3,618,658</u>	<u>3,176,413</u>
Creditors: amounts falling due after more than one year	11	(485,153)	(221,782)
<b>Provisions for liabilities</b>			
Deferred tax	12	(185,679)	(226,181)
		<u>(185,679)</u>	<u>(226,181)</u>
<b>Net assets</b>		<u><u>2,947,826</u></u>	<u><u>2,728,450</u></u>
<b>Capital and reserves</b>			
Called up share capital		502,000	502,000
Revaluation reserve		1,275,867	1,256,113
Profit and loss account		1,169,959	970,337
		<u><u>2,947,826</u></u>	<u><u>2,728,450</u></u>

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**LONDON TOWN HOTELS (OPERATIONS) LIMITED**  
**REGISTERED NUMBER: 02182560**

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**BALANCE SHEET (continued)**  
**AS AT 31 DECEMBER 2015**

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The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 September 2016.

  
Koolesh D Shah  
Director

The company's annual accounts and reports have been delivered to the registrar in accordance with the provisions applicable to companies subject to the small companies regime and the directors have not delivered to the registrar a copy of the company's profit and loss account.

The notes on pages 3 to 13 form part of these financial statements.

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## LONDON TOWN HOTELS (OPERATIONS) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 1. General information

Until 1 October 2015 the principal activity of the company in the period under review was that of hoteliers and renting of properties in the United Kingdom.

On 1 October 2015, the company transferred the trade and assets relating to the Mercure Kensington Hotel to LTH (Kensington) Limited another group undertaking at net book value in return for an amount due from group undertakings. The leasehold property has remained in London Town Hotel (Operations) Limited but all other assets have been transferred to LTH (Kensington) Limited. As such all turnover, cost of sales and administrative expenses relating to the operation of the hotels has been discontinued as at the year end.

The company is a private limited company (registered number 02182560), which is incorporated and domiciled in the UK. The address of the registered office is 8-14 Talbot Square, London, W2 1TS.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of leasehold property and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

This is the first year in which the financial statements have been prepared under FRS102. Refer to note 15 for an explanation of the transition.

The auditor's report that was included in the annual accounts and reports delivered to the director was unqualified. The audit report was issued by Crowe Clark Whitehill LLP and was signed by Nigel Bostock.

##### 2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue of the hotel arose wholly in the United Kingdom and is derived primarily from the rental of rooms and sale of food and beverage. Revenue is recognised when rooms are occupied and when food and beverages are sold. Revenue included in other operating income relates to management fees charged to other group entities for administrative services undertaken by the company.

##### 2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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## LONDON TOWN HOTELS (OPERATIONS) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 2. Accounting policies (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on either a straight line basis or a reducing balances basis.

Depreciation is provided on the following basis:

Short Term Leasehold Property	- Over term of the lease (16 years)
Plant & machinery	- 25% reducing balance
Fixtures & fittings	- 25% reducing balance
Long Term Leasehold Property	- Over term of the lease (142 years)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Income Statement.

#### 2.4 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

#### 2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and loss account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

#### 2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### 2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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## LONDON TOWN HOTELS (OPERATIONS) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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#### 2. Accounting policies (continued)

##### 2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

##### 2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.



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LONDON TOWN HOTELS (OPERATIONS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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3. Auditor's remuneration

	2015 £	2014 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	3,750	5,000

4. Taxation

	2015 £	2014 £
<b>Corporation tax</b>		
Current tax on profits for the year	4,615	48,103
	4,615	48,103
<b>Total current tax</b>	4,615	48,103
<b>Deferred tax</b>		
Origination and reversal of timing differences	(15,895)	-
<b>Total deferred tax</b>	(15,895)	-
<b>Taxation on (loss)/profit on ordinary activities</b>	(11,280)	48,103

Deferred tax through other comprehensive income arising in respect of revaluations is outlined in note 17.

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LONDON TOWN HOTELS (OPERATIONS) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

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4. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2014 - *higher than*) the standard rate of corporation tax in the UK of 20.466% (2014 - 21.493%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>188,341</u>	<u>402,314</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.466% (2014 - 21.493%)	38,546	86,469
<b>Effects of:</b>		
Permanent differences	27,604	30,546
Group relief	(73,130)	(71,336)
Deferred tax movement not previously provided for and effects of changes in rate of tax	(4,300)	2,424
<b>Total tax charge for the year</b>	<u>(11,280)</u>	<u>48,103</u>

**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**5. Tangible fixed assets**

	Long Term Leasehold Property £	Short Term Leasehold Property £	Plant & machinery £	Fixtures & fittings £	Total £
<b>Cost or valuation</b>					
At 1 January 2015	366,975	2,077,614	226,558	357,364	3,028,511
Disposals	-	-	(226,558)	(357,364)	(583,922)
At 31 December 2015	366,975	2,077,614	-	-	2,444,589
<b>Depreciation</b>					
At 1 January 2015	15,504	640,677	144,366	178,058	978,605
Charge owned for the period	2,569	129,852	21,624	41,312	195,357
Disposals	-	-	(165,990)	(219,370)	(385,360)
At 31 December 2015	18,073	770,529	-	-	788,602
<b>Net book value</b>					
At 31 December 2015	348,902	1,307,085	-	-	1,655,987
At 31 December 2014	351,471	1,436,937	82,192	179,306	2,049,906

On 1 October 2015, the plant and machinery and fixtures and fittings relating to the Mercure Kensington Hotel were transferred to LTH (Kensington) Limited a related group entity, for nil gain nil loss.

The net book value of land and building may be further analysed as follows:

	2015 £	2014 £
Long leasehold	348,902	351,471
Short leasehold	1,307,085	1,436,936
	<u>1,655,987</u>	<u>1,788,407</u>

Cost or valuation at 31 December 2015 is as follows:

	Land and buildings £
<b>At cost</b>	841,564
<b>At valuation:</b>	
Revaluations to 31 December 2015	814,423
	<u>1,655,987</u>

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**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**5. Tangible fixed assets (continued)**

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2015 £	2014 £
Cost	841,564	841,564
Accumulated depreciation	(152,832)	(123,170)
<b>Net book value</b>	<u><u>688,732</u></u>	<u><u>718,394</u></u>

**6. Fixed asset investments**

	Shares in group undertaking £
At 1 January 2015	1,000
Disposals	(1,000)
At 31 December 2015	<u><u>-</u></u>
At 31 December 2014	<u><u>1,000</u></u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
LTH Estates Limited	UK	Ordinary	100 %	Renting of properties

The investment in LTH Estates Limited was transferred to LTH (Kensington) Limited on 1 October 2015 for nil gain nil loss.

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**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**7. Stocks**

	2015 £	2014 £
Finished goods and goods for resale	-	5,000
	<u>-</u>	<u>5,000</u>
	<u>-</u>	<u>5,000</u>

There are no write-downs or reversals of write-downs of stocks in 2015 or 2014.

**8. Debtors**

	2015 £	2014 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	1,954,812	1,319,813
	<u>1,954,812</u>	<u>1,319,813</u>
<b>Due within one year</b>		
Trade debtors	-	113,818
Prepayments and accrued income	12,356	168,748
	<u>1,967,168</u>	<u>1,602,379</u>
	<u>1,967,168</u>	<u>1,602,379</u>

There are no allowances for doubtful debts or reversals of allowances for doubtful debts in 2015 or 2014.

**9. Cash and cash equivalents**

	2015 £	2014 £
Cash at bank and in hand	17,148	19,904
	<u>17,148</u>	<u>19,904</u>
	<u>17,148</u>	<u>19,904</u>

**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**10. Creditors: Amounts falling due within one year**

	2015 £	2014 £
Trade creditors	17,031	138,118
Corporation tax	4,615	48,103
Taxation and social security	-	77,779
Other creditors	-	62,106
Accruals and deferred income	-	175,670
	<u>21,646</u>	<u>501,776</u>

**11. Creditors: Amounts falling due after more than one year**

	2015 £	2014 £
Amounts owed to group undertakings	485,153	221,782
	<u>485,153</u>	<u>221,782</u>

**12. Deferred taxation**

	Deferred tax £
At 1 January 2015	(226,181)
Charged to the profit or loss	15,895
Charged to other comprehensive income	19,754
Utilised in year	4,853
<b>At 31 December 2015</b>	<u><b>(185,679)</b></u>

The provision for deferred taxation is made up as follows:

	2015 £	2014 £
Deferred tax brought forward	(226,181)	(276,026)
Deferred tax movement in the year	40,502	49,845
	<u>(185,679)</u>	<u>(226,181)</u>

The deferred tax liability through other comprehensive income arises in respect of revaluations of the leasehold property which includes the legacy deferred tax liability on amounts previously revalued.

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**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**13. Discontinued operations**

On 1 October 2015, the trade and some assets relating to the operation of the Mercure Kensington Hotel were transferred to LTH (Kensington) Limited a related entity for nil gain and nil loss.

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**Net assets disposed of:**

Tangible fixed assets	261,498	
Stocks	5,000	
Debtors	1,397,820	
Cash	8,858	
Creditors	(1,036,889)	
	<hr/>	(636,287)

**Profit on disposal before tax**

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**(636,287)**

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Amounts owed by group undertakings

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**636,287**

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**14. Parent Undertaking**

London Town Group of Companies Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2015. The consolidated financial statements of London Town Group of Companies Limited can be obtained from 8-14 Talbot Square, London W2 1 TS.

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**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**15. Transition to FRS 102**

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2014. The impact of the transition to FRS 102 is as follows:

**Reconciliation of equity at 1 January 2014**

	Note	£
Equity at 1 January 2014 under previous UK GAAP		2,564,245
Provision for deferred tax		58,867
		<hr/>
<b>Equity shareholders funds at 1 January 2014 under FRS 102</b>		<b>2,623,112</b>
		<hr/>

**Reconciliation of equity at 31 December 2014**

	Note	£
Equity at 31 December 2014 under previous UK GAAP		2,918,456
Provision for deferred tax		(190,006)
		<hr/>
<b>Equity shareholders funds at 31 December 2014 under FRS 102</b>		<b>2,728,450</b>
		<hr/>

The following were changes in accounting policies arising from the transition to FRS 102:

- 1 The movements relate to the provision of deferred tax in respect of revalued land and buildings in the prior year as a consequence of FRS102.