

LONDON TOWN HOTELS (OPERATIONS) LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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LONDON TOWN HOTELS (OPERATIONS) LIMITED

COMPANY INFORMATION

DIRECTOR	Koolesh D Shah
COMPANY SECRETARY	Koolesh D Shah
REGISTERED NUMBER	02182560
REGISTERED OFFICE	8-14 Talbot Square London W2 1TS
INDEPENDENT AUDITOR	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH

LONDON TOWN HOTELS (OPERATIONS) LIMITED

CONTENTS

	Page
Director's report	1 - 2
Independent auditor's report	3 - 4
Profit and loss account	5
Statement of total recognised gains and losses	6
Note of historical cost profits and losses	6
Balance sheet	7 - 8
Notes to the financial statements	9 - 17

LONDON TOWN HOTELS (OPERATIONS) LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The director presents his report and the financial statements for the year ended 31 December 2013.

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

DIRECTOR

The director who served during the year was:

Koolesh D Shah

DISCLOSURE OF INFORMATION TO AUDITOR

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

The auditor, Crowe Clark Whitehill LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

LONDON TOWN HOTELS (OPERATIONS) LIMITED

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

This report was approved by the board on 30 September 2014 and signed on its behalf.



Koolesh D Shah
Director

LONDON TOWN HOTELS (OPERATIONS) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS, AS A BODY, OF LONDON TOWN HOTELS (OPERATIONS) LIMITED

We have audited the financial statements of London Town Hotels (Operations) Limited for the year ended 31 December 2013, set out on pages 5 to 17. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholder 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 shareholder 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 shareholder for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITOR

As explained more fully in the Statement of director's responsibilities, the director is 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

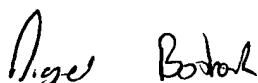
LONDON TOWN HOTELS (OPERATIONS) LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS, AS A BODY, OF LONDON TOWN HOTELS
(OPERATIONS) LIMITED**

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Director's report.



Nigel Bostock (Senior statutory auditor)

for and on behalf of
Crowe Clark Whitehill LLP

Statutory Auditor

St Bride's House
10 Salisbury Square
London
EC4Y 8EH

30 September 2014

LONDON TOWN HOTELS (OPERATIONS) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
TURNOVER	1	3,005,477	3,036,477
Cost of sales		(1,323,591)	(1,197,721)
GROSS PROFIT		1,681,886	1,838,756
Administrative expenses		(2,055,780)	(2,298,271)
Other operating income	2	310,000	23,333
OPERATING LOSS	3	(63,894)	(436,182)
Interest receivable and similar income	4	-	23
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(63,894)	(436,159)
Tax on loss on ordinary activities	5	(31,391)	(3,382)
LOSS FOR THE FINANCIAL YEAR	14	(95,285)	(439,541)

The notes on pages 9 to 17 form part of these financial statements.

LONDON TOWN HOTELS (OPERATIONS) LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013 £	2012 £
LOSS FOR THE FINANCIAL YEAR	(95,285)	(439,541)
Transfer from revaluation reserve	(100,189)	(100,189)
Transfer to profit and loss account	100,189	100,189
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	(95,285)	(439,541)

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013 £	2012 £
REPORTED LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(63,894)	(436,159)
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	100,189	100,189
HISTORICAL COST PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	36,295	(335,970)
HISTORICAL PROFIT/(LOSS) FOR THE YEAR AFTER TAXATION	4,904	(339,352)

The notes on pages 9 to 17 form part of these financial statements.

LONDON TOWN HOTELS (OPERATIONS) LIMITED
REGISTERED NUMBER: 02182560

BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	£	2013 £	2012 £
FIXED ASSETS				
Tangible assets	6		2,206,697	2,301,114
Investments	7		1,000	1,000
			<u>2,207,697</u>	<u>2,302,114</u>
CURRENT ASSETS				
Stocks	8	5,000	5,000	
Debtors: amounts falling due after more than one year	9	663,833	540,440	
Debtors: amounts falling due within one year	9	302,177	247,099	
Cash at bank		312,939	91,197	
		<u>1,283,949</u>	<u>883,736</u>	
CREDITORS: amounts falling due within one year	10	(615,696)	(521,467)	
NET CURRENT ASSETS			<u>668,253</u>	<u>362,269</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,875,950</u>	<u>2,664,383</u>
CREDITORS: amounts falling due after more than one year	11		(275,530)	-
PROVISIONS FOR LIABILITIES				
Deferred tax	12		(36,175)	(4,853)
NET ASSETS			<u>2,564,245</u>	<u>2,659,530</u>
CAPITAL AND RESERVES				
Called up share capital	13		502,000	502,000
Revaluation reserve	14		1,546,308	1,646,497
Profit and loss account	14		515,937	511,033
SHAREHOLDERS' FUNDS			<u>2,564,245</u>	<u>2,659,530</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

LONDON TOWN HOTELS (OPERATIONS) LIMITED

**BALANCE SHEET (continued)
AS AT 31 DECEMBER 2013**

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2014.



Koolesh D. Shah
Director

The notes on pages 9 to 17 form part of these financial statements.

LONDON TOWN HOTELS (OPERATIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. ACCOUNTING POLICIES

1.1 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 the Financial Reporting Standard for Smaller Entities (effective April 2008).

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Going concern

The director has considered the financial position of the company and the financial statements have been prepared assuming that the company will continue as a going concern.

In making this assumption, he has considered the future trading of the company, and the continued support of other group companies.

1.3 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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)

Short term leasehold property is revalued at intervals no greater than five years. Interim revaluations are carried out when a material change in value has occurred.

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.

1.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

LONDON TOWN HOTELS (OPERATIONS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

1. ACCOUNTING POLICIES (continued)**1.7 Operating leases**

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.8 Stocks

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

1.9 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

2. OTHER OPERATING INCOME

	2013 £	2012 £
Administration charge receivable	310,000	-
Net rents receivable	-	23,333
	<u>310,000</u>	<u>23,333</u>

LONDON TOWN HOTELS (OPERATIONS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

3. OPERATING LOSS

The operating loss is stated after charging:

	2013 £	2012 £
Depreciation of tangible fixed assets:		
- owned by the company	225,351	213,574
Auditor's remuneration	23,543	25,250
Operating lease rental:		
- land and buildings	655,000	655,000
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2012 - £NIL).

4. INTEREST RECEIVABLE

	2013 £	2012 £
Other interest receivable	-	23
	<u> </u>	<u> </u>

LONDON TOWN HOTELS (OPERATIONS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

5. TAXATION

	2013 £	2012 £
Analysis of tax charge in the year		
Current tax		
UK corporation tax charge on loss for the year	69	4,882
Deferred tax		
Origination and reversal of timing differences	18,107	(1,500)
Effect of increased tax rate on opening liability	(1,721)	-
Prior year adjustment	14,936	-
Total deferred tax (see note 12)	<u>31,322</u>	<u>(1,500)</u>
Tax on loss on ordinary activities	<u>31,391</u>	<u>3,382</u>

There were no factors that may affect future tax charges.

6. TANGIBLE FIXED ASSETS

	Long Term Leasehold Property £	Short Term Leasehold Property £	Plant & machinery £	Fixtures & fittings £
Cost or valuation				
At 1 January 2013	366,975	2,077,614	217,319	172,859
Additions	-	-	8,900	122,034
At 31 December 2013	<u>366,975</u>	<u>2,077,614</u>	<u>226,219</u>	<u>294,893</u>
Depreciation				
At 1 January 2013	10,336	380,975	82,921	59,421
Charge for the year	2,584	129,851	34,048	58,868
At 31 December 2013	<u>12,920</u>	<u>510,826</u>	<u>116,969</u>	<u>118,289</u>
Net book value				
At 31 December 2013	<u>354,055</u>	<u>1,566,788</u>	<u>109,250</u>	<u>176,604</u>
At 31 December 2012	<u>356,639</u>	<u>1,696,639</u>	<u>134,398</u>	<u>113,438</u>

LONDON TOWN HOTELS (OPERATIONS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

6. TANGIBLE FIXED ASSETS (continued)

	Total £
Cost or valuation	
At 1 January 2013	2,834,767
Additions	130,934
At 31 December 2013	<u>2,965,701</u>
Depreciation	
At 1 January 2013	533,653
Charge for the year	225,351
At 31 December 2013	<u>759,004</u>
Net book value	
At 31 December 2013	<u>2,206,697</u>
At 31 December 2012	<u>2,301,114</u>

If the leasehold property had not been included at valuation they would have been included under the historical cost convention as follows:

	2013 £	2012 £
Cost	841,564	841,564
Accumulated depreciation	(93,508)	(72,976)
Net book value	<u>748,056</u>	<u>768,588</u>

LONDON TOWN HOTELS (OPERATIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

7. FIXED ASSET INVESTMENTS

	Shares in group undertaking £
Cost or valuation	
At 1 January 2013 and 31 December 2013	1,000
Net book value	
At 31 December 2013	1,000
At 31 December 2012	1,000

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
LTH Estates Limited	Ordinary shares of £1 each	100 %

The aggregate of the share capital and reserves as at 31 December 2013 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
LTH Estates Limited	3,475,385	75,231

8. STOCKS

	2013 £	2012 £
Finished goods and goods for resale	5,000	5,000

LONDON TOWN HOTELS (OPERATIONS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

9. DEBTORS

	2013 £	2012 £
Due after more than one year		
Amounts owed by group undertakings	663,833	540,440
	<u>663,833</u>	<u>540,440</u>
Due within one year		
Trade debtors	133,128	100,274
Other debtors	894	-
Prepayments and accrued income	168,155	146,825
	<u>302,177</u>	<u>247,099</u>

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

	2013 £	2012 £
Bank loans and overdrafts	123,996	951
Trade creditors	252,060	276,313
Corporation tax	-	4,671
Other taxation and social security	81,381	105,828
Other creditors	53,567	51,237
Directors' current accounts	-	270
Accruals	104,692	82,197
	<u>615,696</u>	<u>521,467</u>

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

	2013 £	2012 £
Amounts owed to group undertakings	275,530	-
	<u>275,530</u>	<u>-</u>

LONDON TOWN HOTELS (OPERATIONS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

12. DEFERRED TAXATION

	2013 £	2012 £
At beginning of year	4,853	6,353
Charge for/(released during) year (P&L)	31,322	(1,500)
At end of year	<u>36,175</u>	<u>4,853</u>

The provision for deferred taxation is made up as follows:

	2013 £	2012 £
Accelerated capital allowances	36,175	(1,500)
Tax losses carried forward	-	(3,353)
	<u>36,175</u>	<u>(4,853)</u>

13. SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid		
502,000 Ordinary shares of £1 each	<u>502,000</u>	<u>502,000</u>

14. RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 January 2013	1,646,497	511,033
Loss for the financial year		(95,285)
Transfer between Revaluation reserve and P/L account	(100,189)	100,189
At 31 December 2013	<u>1,546,308</u>	<u>515,937</u>

15. OPERATING LEASE COMMITMENTS

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows:

	2013 £	2012 £
Expiry date:		
Between 2 and 5 years	-	-
After more than 5 years	<u>655,000</u>	<u>665,000</u>

LONDON TOWN HOTELS (OPERATIONS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

16. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption from reporting related party transactions with other group undertakings in accordance with the provisions of Financial Reporting Standard No. 8.

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is London Town Group of Companies Limited, a company registered in England. The accounts can be obtained from the registered office at 8/14 Talbot Square, London W2 1TS.

In the director's opinion the ultimate controlling party is Auro Trust, a trust outside the UK.