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**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2014**

WEDNESDAY



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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**

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### **DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2014**

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The director presents his report and the financial statements for the year ended 31 December 2014.

#### **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.

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**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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**DIRECTOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

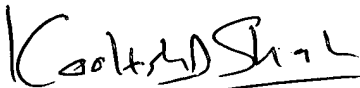
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**AUDITOR**

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.

This report was approved by the board on 28 September 2015 and signed on its behalf.

  
**Koolesh D Shah**  
Director

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

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

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We have audited the financial statements of London Town Hotels (Operations) Limited for the year ended 31 December 2014, set out on pages 5 to 15. 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 2014 and of its profit 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.

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**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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

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**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*

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

28 September 2015

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**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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	Note	2014 £	2013 £
<b>TURNOVER</b>	1	3,151,383	3,005,477
Cost of sales		(1,421,229)	(1,323,591)
<b>GROSS PROFIT</b>		1,730,154	1,681,886
Administrative expenses		(1,982,340)	(2,055,780)
Other operating income	2	654,500	310,000
<b>OPERATING PROFIT/(LOSS)</b>	3	402,314	(63,894)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		402,314	(63,894)
Tax on profit/(loss) on ordinary activities	4	(48,103)	(31,391)
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	13	354,211	(95,285)

The notes on pages 8 to 15 form part of these financial statements.



**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014 £	2013 £
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	<b>354,211</b>	<b>(95,285)</b>
Transfer from revaluation reserve	(100,189)	(100,189)
Transfer to profit and loss account	100,189	100,189
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<b>354,211</b>	<b>(95,285)</b>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014 £	2013 £
<b>REPORTED PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>402,314</b>	<b>(63,894)</b>
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	100,189	100,189
<b>HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>502,503</b>	<b>36,295</b>
<b>HISTORICAL PROFIT FOR THE YEAR AFTER TAXATION</b>	<b>454,400</b>	<b>4,904</b>

The notes on pages 8 to 15 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2014**

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Tangible assets	5		<b>2,049,905</b>		2,206,697
Investments	6		<b>1,000</b>		1,000
			<b>2,050,905</b>		2,207,697
<b>CURRENT ASSETS</b>					
Stocks	7	5,000		5,000	
Debtors: amounts falling due after more than one year	8	1,319,813		663,833	
Debtors: amounts falling due within one year	8	282,566		302,177	
Cash at bank		19,904		312,939	
		<b>1,627,283</b>		<b>1,283,949</b>	
<b>CREDITORS: amounts falling due within one year</b>	9	<b>(501,775)</b>		<b>(615,696)</b>	
<b>NET CURRENT ASSETS</b>			<b>1,125,508</b>		668,253
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>3,176,413</b>		2,875,950
<b>CREDITORS: amounts falling due after more than one year</b>	10		<b>(221,782)</b>		(275,530)
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	11		<b>(36,175)</b>		(36,175)
<b>NET ASSETS</b>			<b>2,918,456</b>		2,564,245
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		<b>502,000</b>		502,000
Revaluation reserve	13		<b>1,446,119</b>		1,546,308
Profit and loss account	13		<b>970,337</b>		515,937
<b>SHAREHOLDERS' FUNDS</b>			<b>2,918,456</b>		2,564,245

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).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2015.

  
**Koolesh D Shah**  
 Director

The notes on pages 8 to 15 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 2014

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#### 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.

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## LONDON TOWN HOTELS (OPERATIONS) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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#### 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

	2014	2013
	£	£
Administration charge receivable	654,500	310,000

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**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**3. OPERATING PROFIT**

The operating profit/(loss) is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	219,601	225,351
Auditor's remuneration	5,000	23,543
Operating lease rental:		
- land and buildings	685,000	655,000
	<u>685,000</u>	<u>655,000</u>

During the year, no director received any emoluments (2013 - £NIL).

**4. TAXATION**

	2014 £	2013 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b>		
UK corporation tax charge on profit/loss for the year	48,103	69
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	18,107
Effect of increased tax rate on opening liability	-	(1,721)
Prior year adjustment	-	14,936
<b>Total deferred tax (see note 11)</b>	<u>-</u>	<u>31,322</u>
<b>Tax on profit/loss on ordinary activities</b>	<u>48,103</u>	<u>31,391</u>

There were no factors that may affect future tax charges.

**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**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 2014	366,975	2,077,613	226,220	294,893	2,965,701
Additions	-	-	338	62,471	62,809
At 31 December 2014	366,975	2,077,613	226,558	357,364	3,028,510
<b>Depreciation</b>					
At 1 January 2014	12,920	510,826	116,969	118,289	759,004
Charge for the year	2,584	129,851	27,397	59,769	219,601
At 31 December 2014	15,504	640,677	144,366	178,058	978,605
<b>Net book value</b>					
At 31 December 2014	351,471	1,436,936	82,192	179,306	2,049,905
At 31 December 2013	354,055	1,566,787	109,251	176,604	2,206,697

Short term leasehold property was valued by the director as at 31 December 2014 at an open market value of £1,436,937.

The last external valuation was in May 2010 by GVA Grimley, an independent firm of professional chartered surveyors who are a member of RICS.

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

	2014 £	2013 £
Cost	841,564	841,564
Accumulated depreciation	(123,170)	(93,508)
Net book value	718,394	748,056

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**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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**6. FIXED ASSET INVESTMENTS**

	Shares in group undertaking £
<b>Cost or valuation</b>	
At 1 January 2014 and 31 December 2014	1,000
<b>Net book value</b>	
At 31 December 2014	1,000
At 31 December 2013	1,000
<b>Subsidiary undertakings</b>	

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 2014 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	3,872,912	52,527

**7. STOCKS**

	2014 £	2013 £
Stocks	5,000	5,000

**LONDON TOWN HOTELS (OPERATIONS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**8. DEBTORS**

	2014 £	2013 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	<u>1,319,813</u>	<u>663,833</u>
<b>Due within one year</b>		
Trade debtors	113,818	133,128
Other debtors	-	894
Prepayments and accrued income	168,748	168,155
	<u>282,566</u>	<u>302,177</u>

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

	2014 £	2013 £
Bank loans and overdrafts	-	123,996
Trade creditors	138,118	252,060
Corporation tax	48,103	-
Other taxation and social security	77,779	81,381
Other creditors	62,106	53,567
Accruals	175,669	104,692
	<u>501,775</u>	<u>615,696</u>

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

	2014 £	2013 £
Amounts owed to group undertakings	<u>221,782</u>	<u>275,530</u>

**11. DEFERRED TAXATION**

	2014 £	2013 £
At beginning of year	36,175	4,853
Charge for year	-	31,322
At end of year	<u>36,175</u>	<u>36,175</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 2014**

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**11. DEFERRED TAXATION (continued)**

The provision for deferred taxation is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	<u>36,175</u>	<u>36,175</u>

**12. SHARE CAPITAL**

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
502,000 Ordinary shares of £1 each	<u>502,000</u>	<u>502,000</u>

**13. RESERVES**

	Revaluation reserve £	Profit and loss account £
At 1 January 2014	1,546,308	515,937
Profit for the financial year		354,211
Transfer between Revaluation reserve and P/L account	(100,189)	100,189
At 31 December 2014	<u>1,446,119</u>	<u>970,337</u>

**14. OPERATING LEASE COMMITMENTS**

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
<b>Expiry date:</b>		
Between 2 and 5 years	<u>685,000</u>	<u>655,000</u>

**15. 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 for Smaller Entities.

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

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**

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#### **16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The immediate parent undertaking is London Town Group of Companies Limited, a company incorporated in England and Wales.

The ultimate parent undertaking is London Town Group of Companies Holdings Limited, a company incorporated in England and Wales.

London Town Group of Companies Holdings Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2014. The consolidated financial statements of London Town Group of Companies Holdings Limited can be obtained from 8-14 Talbot Square, London W2 1 TS.

London Town Group of Companies Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2014. The consolidated financial statements of London Town Group of Companies Limited can be obtained from 8-14 Talbot Square, London W2 1 TS.

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