

Atlas Hotels (Group 3 Property) Limited

Report and Financial Statements

Year Ended

31 December 2015

Company Number 2567988



Atlas Hotels (Group 3 Property) Limited

Report and financial statements for the year ended 31 December 2015

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Country of incorporation of parent company

United Kingdom

Legal form

Limited company

Principal activities

The nature of the entities operations and its principal activities are set out in the report of the directors.

Directors

K I Griffiths
S Robinson

Secretary and registered office

C R Byrd, 17 Dominion Street, London EC2M 2EF

Company number

2567988

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

Atlas Hotels (Group 3 Property) Limited

Report of the directors for the year ended 31 December 2015

The directors present their report together with the audited financial statements for the year ended 31 December 2015.

Results and dividends

The statement of comprehensive income is set out on page 5 and shows the profit for the year

Principal activities

The principal activity of the company is that of owning and leasing hotels.

Going concern

The company is a wholly owned subsidiary of Atlas Hotels Group Limited, which comprises two securitised groups. External bank debt of £49.5m repayable on 7 February 2020 is held in the subsidiary undertaking Atlas Hotels (Borrowings 2) Limited, and this is secured over 11 properties and the share capital of the relevant entities. A loan of £310.5m which is repayable on 16 May 2017, from LSREF III Wight Limited is held in the subsidiary undertaking Atlas Hotels Limited, which is secured over 34 properties and the share capital of the relevant entities.

In respect of Atlas Hotels (Borrowings 2) Limited, the directors have reviewed the relevant forecasts and covenants for the next 12 months and are satisfied that the securitised group will be able to operate within the facility and covenants for the foreseeable future. In respect of Atlas Hotels Limited, the directors have reviewed the forecasts and covenants and have obtained confirmation from LSREF III Wight Limited that in the event of a breach of covenants, repayment of this facility will not be required for a period of not less than one year from the date of approval of the financial statements of Atlas Hotels Limited. On this basis the directors are satisfied that the group will be able to operate within the facility for the foreseeable future.

As such the directors of the company are satisfied that the financial statements of the company should be prepared on the going concern basis.

Financial risk management

The main financial risks relating to the company and their management are considered in the accounts of Atlas Hotels Group Limited.

Directors

The directors of the company during the year were:

K I Griffiths (appointed 24 March 2015)
S Robinson (appointed 24 March 2015)
R Gray (resigned 24 March 2015)
N Morar (resigned 24 March 2015)

Atlas Hotels (Group 3 Property) Limited

Report of the directors for the year ended 31 December 2015 (continued)

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 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), including FRS 101 "Reduced Disclosure Framework" ("FRS 101") 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.

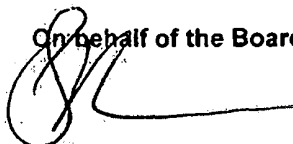
Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office.

In preparing this directors' report advantage has been taken of the small companies' exemption.

On behalf of the Board



S Robinson

Director

Date 13 June 2016

Atlas Hotels (Group 3 Property) Limited

Independent auditor's report

TO THE MEMBERS OF ATLAS HOTELS (GROUP 3 PROPERTY) LIMITED

We have audited the financial statements of Atlas Hotels (Group 3 Property) Limited for the year ended 31 December 2015 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity 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) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 auditors

As explained more fully in the statement of directors' responsibilities, 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.

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 2015 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.

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 year for which the financial statements are prepared is consistent with the financial statements.

Atlas Hotels (Group 3 Property) Limited

Independent auditor's report (*continued*)

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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.

BDO LLP

*James Fearon (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom*

Date 13 June 2016

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

Atlas Hotels (Group 3 Property) Limited

Statement of comprehensive income for the year ended 31 December 2015

	Note	Year ended 31 December 2015 £	18 months ended 31 December 2014 £
Turnover	4	3,622,000	5,433,000
Administrative expenses		-	(1,480,604)
Fair value movement on investment property valuation		11,351,320	16,606,372
Operating profit		14,973,320	20,558,768
Other interest receivable and similar income	5	1,944,667	1,899,559
Interest payable and similar charges	6	(626,210)	(684,719)
Profit on ordinary activities before taxation		16,291,777	21,773,608
Taxation on profit on ordinary activities	7	(3,568,707)	(2,408,828)
Profit on ordinary activities after taxation		12,723,070	19,364,780
Total comprehensive income for the year		12,723,070	19,364,780

All amounts relate to continuing activities.

The notes on pages 8 to 17 form part of these financial statements.

Atlas Hotels (Group 3 Property) Limited

Statement of financial position at 31 December 2015

<i>Company number 2567988</i>	Note	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Investment property	9		59,968,553		48,952,559
Current assets					
Debtors	12	31,160,574		25,258,581	
Creditors: amounts falling due within one year	13	16,691,850		14,504,944	
Net current assets			14,468,724		10,753,637
Total assets less current liabilities			74,437,277		59,706,196
Provisions for liabilities			2,740,803		732,792
			71,696,474		58,973,404
Capital and reserves					
Called up share capital	16		13,568,154		13,568,154
Profit and loss account			58,128,320		45,405,250
Shareholders' funds			71,696,474		58,973,404

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

The financial statements were approved by the board of directors and authorised for issue on 13 June 2016


S Robinson
Director

The notes on pages 8 to 17 form part of these financial statements.

Atlas Hotels (Group 3 Property) Limited

Statement of changes in equity for the year ended 31 December 2015

	Share capital £	Profit and loss account £	Total equity £
1 July 2013	13,568,154	26,040,470	39,608,624
Comprehensive income for the 18 month period ended 31 December 2014:			
Profit for the 18 month period ended 31 December 2014	-	19,364,780	19,364,780
Total comprehensive income for the 18 month period ended 31 December 2014	<u>-</u>	<u>19,364,780</u>	<u>19,364,780</u>
31 December 2014	<u>13,568,154</u>	<u>45,405,250</u>	<u>58,973,404</u>
1 January 2015	13,568,154	45,405,250	58,973,404
Comprehensive income for the year:			
Profit for the year	-	12,723,070	12,723,070
Total comprehensive income for the year	<u>-</u>	<u>12,723,070</u>	<u>12,723,070</u>
31 December 2015	<u>13,568,154</u>	<u>58,128,320</u>	<u>71,696,474</u>

The notes on pages 8 to 17 form part of these financial statements.

Atlas Hotels (Group 3 Property) Limited

Notes forming part of the financial statements for the year ended 31 December 2015

1 General information

Atlas Hotels (Group 3 Property) Limited is a company incorporated in the United Kingdom. The address of the registered office is given on the contents page. The nature of the company's operations and its principal activities are set out in the Directors' Reports.

These financial statements are presented in Sterling which is the currency of the primary economic environment in which the company operates.

2 Accounting policies

(a) Basis of preparation

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the company has changed its accounting framework from UK GAAP and prepared these financial statements in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. Details of the transition is set out in note 18.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of Atlas Hotels Group Limited. Details of the parent in whose consolidated financial statements the company is included are shown in note 17 to the financial statements.

The financial statements have been prepared on the historical cost basis except that investment properties are stated at fair value.

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- the disclosure of related party transactions with other wholly owned members of the group headed by Atlas Hotels Group Limited

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Atlas Hotels Group Limited. These financial statements do not include certain disclosures in respect of:

- financial instruments; and
- fair value measurement.

Judgements and key areas of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the company's directors to exercise judgment in applying the company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

Atlas Hotels (Group 3 Property) Limited

Notes forming part of the financial statements For the year ended 31 December 2015 (*continued*)

2 Accounting policies (*continued*)

(a) Basis of preparation (*continued*)

Going concern

The company is a wholly owned subsidiary of Atlas Hotels Group Limited, which comprises two securitised groups. External bank debt of £49.5m repayable on 7 February 2020 is held in the subsidiary undertaking Atlas Hotels (Borrowings 2) Limited, and this is secured over 11 properties and the share capital of the relevant entities. A loan of £310.5m which is repayable on 16 May 2017, from LSREF III Wight Limited is held in the subsidiary undertaking Atlas Hotels Limited, which is secured over 34 properties and the share capital of the relevant entities.

In respect of Atlas Hotels (Borrowings 2) Limited, the directors have reviewed the relevant forecasts and covenants for the next 12 months and are satisfied that the securitised group will be able to operate within the facility and covenants for the foreseeable future. In respect of Atlas Hotels Limited, the directors have reviewed the forecasts and covenants and have obtained confirmation from LSREF III Wight Limited that in the event of a breach of covenants, repayment of this facility will not be required for a period of not less than one year from the date of approval of the financial statements of Atlas Hotels Limited. On this basis the directors are satisfied that the group will be able to operate within the facility for the foreseeable future.

As such the directors of the company are satisfied that the financial statements of the company should be prepared on the going concern basis.

(b) Investment property

The company applies the fair value accounting model to investment property. Investment property comprises property held by the company for the purpose of earning rental income. Investment property is stated at fair value at each reporting date with changes in fair value being recognised in the income statement.

(c) Financial assets and liabilities

Financial assets and liabilities are recognised when the relevant company entity becomes a party to the unconditional contractual terms of the instrument. Unless otherwise indicated, the carrying amounts of financial assets and liabilities are considered by the directors to be a reasonable estimate of their fair value.

Financial assets

The company has not classified any of its financial assets as available-for-sale or held to maturity. The only financial assets the company has are categorised as loans and receivables. The company's accounting policy is as follows:

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at cost less provision for impairment. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The company's loans and receivables comprise trade and other receivables, and cash and cash equivalents in the statement of financial position.

Atlas Hotels (Group 3 Property) Limited

Notes forming part of the financial statements For the year ended 31 December 2015 (continued)

2 Accounting policies (continued)

(c) Financial assets and liabilities (continued)

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Financial liabilities

The company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Fair value through profit or loss

This category comprises only out-of-the-money derivatives (see "Financial assets" for in the money derivatives). They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The company does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the company does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include the following items:

- Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method with any residual component being recognised in equity, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and then subsequently at amortised cost; and
- Loans from group companies which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The company's ordinary shares are classified as equity instruments and its preference shares are classified as a financial liability.

(d) Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries where the company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

Atlas Hotels (Group 3 Property) Limited

Notes forming part of the financial statements For the year ended 31 December 2015 (continued)

2 Accounting policies (continued)

(d) Deferred taxation (continued)

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

(e) Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	Nominal value of share capital subscribed for.
Retained earnings	All other net gains and losses and transactions with owners such as dividends not recognised elsewhere.

(f) Operating profit

Profit from operations comprises the results of the company before finance income, finance costs, corporation tax and deferred tax.

(g) Rental income from properties

Rent receivable is spread on a straight-line basis over the period of the lease. Where an incentive (such as a rent free period) is given to a tenant, the carrying value of the investment property excludes any amount reported as a separate asset as a result of recognising rental income on this basis.

3 Critical accounting estimates and judgements

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

(a) Investment property valuations

For the purposes of calculating the fair value of its properties, the company uses valuations carried out by independent valuers on the basis of fair value. The valuations are based upon assumptions including the future trading performance of the investment properties. Further information about the valuation process is provided in note 9.

(b) Taxation

The company provides for future liabilities in respect of uncertain tax positions where additional tax may become payable in future periods and such provisions are based on management's assessment of exposures. Deferred tax liabilities are generally provided for in full and deferred tax assets are recognised to the extent that it is judged probable that future taxable profit will arise against which the temporary differences will be utilised.

Atlas Hotels (Group 3 Property) Limited

Notes forming part of the financial statements
For the year ended 31 December 2015 (continued)

3 Critical accounting estimates and judgements (continued)

Other significant judgments

In preparing these financial statements, management have also made the following judgements:

- whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- whether there are any indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

4 Turnover

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

5 Operating profit

	Year ended 31 December 2015 £	18 months ended 31 December 2014 £
This has been arrived at after charging:		
Provision against intercompany	-	1,480,604
Net gain on revaluation of investment property	(11,447,666)	(16,606,372)
	<u> </u>	<u> </u>

Auditor's remuneration

Fees payable to the company's auditors and their associates for the audit of the company's annual accounts were borne by a fellow group company.

6 Other interest receivable and similar income

	Year ended 31 December 2015 £	18 months ended 31 December 2014 £
Loans to group companies	1,944,667	1,899,559
	<u> </u>	<u> </u>

7 Interest payable and similar charges

	Year ended 31 December 2015 £	18 months ended 31 December 2014 £
Loans from group companies	626,210	684,719
	<u> </u>	<u> </u>

Atlas Hotels (Group 3 Property) Limited

Notes forming part of the financial statements
For the year ended 31 December 2015 (*continued*)

8 Taxation on profit from ordinary activities

	Year ended 31 December 2015 £	18 months ended 31 December 2014 £
<i>UK corporation tax</i>		
Current tax on profits of the year	1,139,099	125,833
Adjustment in respect of previous periods	421,597	-
Total current tax	1,560,696	125,833
<i>Deferred tax</i>		
Origination and reversal of timing differences	2,081,290	2,133,875
Adjustment in respect of previous periods	-	149,120
Effect of tax rate change on opening balances	(73,279)	-
Total deferred tax	2,008,011	2,282,995
Total tax charge	3,568,707	2,408,828

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

	Year ended 31 December 2015 £	18 months ended 31 December 2014 £
Profit on ordinary activities before tax	16,291,777	21,773,608
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%)	3,298,527	4,789,797
Effects of:		
Expenses not deductible for tax purposes	286,449	326,259
Reversal of/(impairment) in hotel valuation not allowable for tax purposes	(2,230,362)	(3,993,532)
Group relief	(1,807)	(893,679)
Income not taxable	-	(553)
Fixed asset differences	-	321,217
Tax credits	-	(2,179)
Deferred tax not recognised	-	182,748
Change in tax rate	(333,045)	(194,934)
Prior year adjustment	421,597	149,120
Chargeable gains	2,127,348	1,724,564
Total tax charge for year	3,568,707	2,408,828

Atlas Hotels (Group 3 Property) Limited

Notes forming part of the financial statements
For the year ended 31 December 2015 (*continued*)

9 Investment properties

	Hotel Freehold land and buildings £	Hotel leasehold land and buildings £	Total £
<i>Valuation</i>			
At 1 January 2015	35,347,209	13,605,350	48,952,559
Revaluations	5,535,093	5,480,901	11,015,994
	<hr/>	<hr/>	<hr/>
At 31 December 2015	40,882,302	19,086,251	59,968,553
	<hr/>	<hr/>	<hr/>

The hotel properties were externally valued as at 31 December 2015 at £59,968,553 (2014 - £48,952,559). The current year valuation was performed by Christie & Co, in their capacity as external valuer. The fair value of each hotel has been determined by reference to both an income capitalisation method and discounted cash flow method, the application of an appropriate market yield and the relevance of market observable transactions.

10 Debtors

	2015 £	2014 £
Amounts owed by group undertakings	31,138,281	25,236,288
Other debtors	22,293	22,293
	<hr/>	<hr/>
	31,160,574	25,258,581
	<hr/>	<hr/>

11 Creditors: amounts falling due within one year

	2015 £	2014 £
Amounts owed to group undertakings	15,426,918	14,379,111
Corporation tax	1,264,932	125,833
	<hr/>	<hr/>
	16,691,850	14,504,944
	<hr/>	<hr/>

Atlas Hotels (Group 3 Property) Limited

Notes forming part of the financial statements
For the year ended 31 December 2015 (*continued*)

12 Provisions for liabilities

	Deferred tax £
At 1 January 2015	732,792
Charged to profit or loss	2,008,011
	<hr/>
At 31 December 2015	2,740,803
	<hr/>

Deferred tax

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered. Details of the deferred tax liability are as follows:

	Net 2015 £	Net 2014 £
Accelerated capital allowances	561,916	835,123
Capital gains	(3,302,719)	(1,567,915)
	<hr/>	<hr/>
Net tax assets/(liabilities)	(2,740,803)	(732,792)
	<hr/>	<hr/>

13 Commitments under operating leases

Operating leases - Lessor

The minimum rent receivables under non-cancellable operating leases are as follows:

	Land and buildings 2015 £	Land and buildings 2014 £
Operating leases which expire:		
Not later than one year	3,622,000	3,622,000
Later than one year and not later than five years	14,488,000	14,488,000
Later than five years	39,842,000	43,464,000
	<hr/>	<hr/>
Total	57,952,000	61,574,000
	<hr/>	<hr/>

14 Share capital

	2015 £	2014 £
<i>Allotted, called up and fully paid</i>		
1,356,815,418 ordinary shares of £0.01 each	13,568,154	13,568,154
	<hr/>	<hr/>

Atlas Hotels (Group 3 Property) Limited

Notes forming part of the financial statements For the year ended 31 December 2015 (continued)

15 Contingent liabilities

The company is a guarantor in respect of bank borrowings held by Atlas Hotels (Borrowings 2) Limited. The bank borrowing outstanding at 31 December 2015 in Atlas Hotels Limited was £49,500,000 (2014 - £50,000,000).

16 Related party disclosures

Transactions with group companies

During the year all of the transactions which the company entered into with fellow group undertakings were with wholly owned members of the group headed by Atlas Hotels Group Limited.

17 Ultimate parent company and parent undertaking of larger group

The company's immediate parent undertaking is Atlas Hotels (Property) Limited, a company incorporated in England. The largest group in which the results of the company are consolidated is that headed by Atlas Hotels Group Limited, incorporated in England. The smallest group in which the results of the company are consolidated is that headed by Atlas Hotels (Borrowings 2) Limited. The consolidated accounts of these companies are available to the public and may be obtained from Companies House. No other group accounts include the results of the company.

The Company's ultimate beneficial owners are two Lone Star funds, Lone Star Real Estate Fund III (U.S.), L.P., a Delaware limited partnership and Lone Star Real Estate Fund III (Bermuda), L.P., a Bermuda exempted limited partnership. The general partner of these entities is Lone Star Real Estate Partners III, L.P., a Bermuda exempted limited partnership. The general partner of Lone Star Real Estate Partners III, L.P. is Lone Star R.E. Management Co. III, Ltd, a Bermuda limited exempted company which is controlled by Mr John P Grayken.

18 First time adoption of FRS 101 Reduced Disclosure Framework

This is the first year that the Company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (UK GAAP) were for the 18 month period ended 31 December 2014 and the date of transition to FRS 101 was therefore 1 July 2013.

The following tables summarise the effects on the company's equity and total comprehensive income of applying FRS 101 for the first time.

Reconciliation of equity

	Note	At 1 July 2013 £	At 31 December 2014 £
Equity reported under UK GAAP		39,608,625	60,541,319
Adjustments to equity on transition to FRS 101			
Investment property	1	-	-
Deferred tax	2	-	(1,567,915)
		<hr/>	<hr/>
Equity reported under FRS 101		39,608,625	58,973,404
		<hr/>	<hr/>

Atlas Hotels (Group 3 Property) Limited

Notes forming part of the financial statements
For the year ended 31 December 2015 (*continued*)

18 First time adoption of FRS 101 Reduced Disclosure Framework (*continued*)

Reconciliation of total comprehensive income for the year ended 31 December 2014

		£
Total comprehensive income for the financial year under UK GAAP		20,932,694
Remove depreciation	1	1,547,549
Reduction in revaluation movement	1	(1,547,549)
Deferred tax	2	(1,567,915)
Total comprehensive income for the financial year under FRS 101		<u>19,364,779</u>

The adjustments arising on transition from applicable UK accounting standards to FRS 101 for the first time are explained as follows:

1) Investment Property

Under applicable UK accounting standards the company reflected hotel properties leased to group companies as tangible fixed assets and accordingly recorded depreciation with any revaluation being recorded in a revaluation reserve.

In accordance with FRS 101 (by virtue of IAS 40 Investment Property) hotel properties leased to group companies are recorded as Investment Property with changes in fair value being reflected in profit or loss.

2) Deferred tax

Under applicable UK accounting standards the company did not provide for any deferred tax on revalued property or deferred tax on fair value adjustments to property unless there was a binding agreement in place at the reporting date to sell the particular property.

In accordance with FRS 101 (by virtue of IAS 12 *Income Taxes*) the company is required to include a deferred tax liability as a consequence of property revaluations.