

**THE LANCASTER LANDMARK HOTEL
COMPANY LIMITED**

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 October 2013**

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Company Number 2832349

The Lancaster Landmark Hotel Company Limited
For the year ended 31 October 2013
Company Information

Directors

J Sihanatkathakul
S Sihanartkatakul
M Gemei
B Hladnik
T Sihanatkathakul
T Sihanatkathakul

Secretary and Registered Office

Cornhill Secretaries Limited
Lancaster London Hotel
Lancaster Terrace
London W2 2TY

Auditors

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

The Lancaster Landmark Hotel Company Limited
Strategic Report
For the year ended 31 October 2013

Business Review and Principal Activities

The company's principal activity is the ownership and management of the Lancaster London Hotel, located in W2

The results for the company show a pre-tax profit of £4.9m (2012: £3.65m) on turnover of £31.1m (2012: £30.4m). A dividend of £18m was paid during the year (2012: £Nil).

The result for the year reflects efforts to control expenses while maintaining revenue in a challenging economic climate.

Business Environment

Despite concerns regarding recovery in some countries in mainland Europe, in the United Kingdom recovery has finally taken hold. The economy is growing robustly as lifting uncertainty and thawing credit conditions start to unlock pent-up demand.

Inner London hotels showed a 6% improvement in rooms yield in 2013 compared to 2012 despite no growth in occupancy. All London hotels showed good increases in average room rates but only Tourist and Boutique hotels showed increases in occupancies as well. Tourist hotels fared best with their average room rate increasing by 11% compared to 2012.

Future Outlook

The future outlook is good in 2014 with predictions that Britain's economy will expand at its fastest rate in seven years and as such we are optimistic as we move into the new year.

Economic Activity

Despite the UK economy growing by 1.9% in 2013 the Bank of England reports that significant headwinds both home and abroad remain and there is a long way to go before the aftermath of the financial crisis has cleared and economic conditions normalize. However, the Office for Budget Responsibility is currently forecasting growth of 2.14% in 2014.

Unemployment in November 2013 reduced to 2.32 million from 2.51 million in November 2012. The unemployment rate of the economically active population fell to 7.1%, near to the point at which the Bank of England has said it might consider raising interest rates.

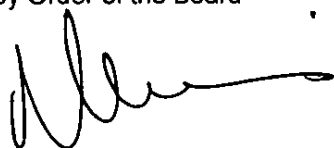
Competition

No new hotels are planned for opening so far in 2014 with which we would expect to compete directly.

Key Performance Indicators

The principal key performance indicator is room revenue generated per available room night. This increased from 2012's figure of £109 to £113 reflecting the effort put into revenue management.

By Order of the Board



M Gemei

18th May 2014

The Lancaster Landmark Hotel Company Limited
Directors Report
For the year ended 31 October 2013

The directors present their report and the audited financial statements for the year ended 31 October 2013, which is registered in England and Wales under reference 2832349

Directors

The directors who held office in the year were as follows -

J Sihanatkathakul
S Sihanatkatakul
M Gemei
B Hladnik
T Sihanatkathakul
T Sihanatkathakul

Employment of Disabled Persons

It is the company's policy to give fair consideration to the employment, training and career development of disabled persons and to comply with the current legislation regarding such persons

Employee Involvement

The directors recognise the benefits which accrue from keeping employees informed on the progress of the company. The company's devolved structure facilitates the full involvement of employees

Auditors

Each of the persons who are directors at the date of approval of this report confirms that

- (a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware,
- (b) all the steps that ought to have been taken as a director, including making appropriate enquiries of the company's auditors for that purpose, have been taken, in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

The Lancaster Landmark Hotel Company Limited
Directors' Report (continued)
For the year ended 31 October 2013

Statement of Directors' Responsibilities

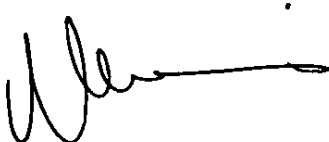
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable accounting regulations

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 Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. 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.

By Order of the Board



M Gemei
Director

16th May 2014

Independent Auditor's Report to the Members of The Lancaster Landmark Hotel Company Limited

We have audited the financial statements of The Lancaster Landmark Hotel Company Limited for the year ended 31st October 2013 which are set out on pages 6 to 20. 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). 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 Auditing Practices Board's (APB'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 directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual 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 31st October 2013 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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



Paul Clark, Senior Statutory Auditor
For and on behalf of Moore Stephens LLP, Statutory Auditor
150 Aldersgate Street
London, EC1A 4AB

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The Lancaster Landmark Hotel Company Limited
Profit and Loss Account
For the year ended 31 October 2013

	Note	2013 £'000	2012 £'000
Turnover	1(d)	31,091	30,436
Cost of sales		<u>(2,849)</u>	<u>(2,780)</u>
Gross profit		28,242	27,656
Administrative expenses		<u>(21,835)</u>	<u>(22,093)</u>
Operating profit	2	6,407	5,563
Interest receivable	4	136	123
Interest payable	5	<u>(1,784)</u>	<u>(2,036)</u>
Profit on ordinary activities before taxation		4,759	3,650
Taxation on profit on ordinary activities	6	<u>(1,088)</u>	<u>(683)</u>
Profit for the year	14	<u>3,671</u>	<u>2,967</u>

The results for the year arose from continuing activities

Statement of Total Recognised Gains and Losses
For the year ended 31 October 2013

	Note	2013 £'000	2012 £'000
Profit for the year		3,671	3,650
Actuarial (loss)/gain on defined benefit pension scheme	16	(90)	26
Deferred tax on actuarial (loss)/gain		<u>22</u>	<u>(6)</u>
Total recognised gains and losses since last annual report		<u>3,603</u>	<u>3,670</u>

The Lancaster Landmark Hotel Company Limited
Balance Sheet
At 31 October 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Tangible assets	7	<u>75,279</u>	<u>75,616</u>
Current assets			
Stocks	8	52	54
Debtors			
Amounts falling due after more than one year	9	101,054	115,806
Amounts falling due within one year	9	2,269	5,383
Cash at bank and in hand		<u>7,042</u>	<u>2,981</u>
		110,417	124,224
Creditors: amounts falling due within one year	10	<u>(49,819)</u>	<u>(8,608)</u>
Net current assets		<u>60,598</u>	<u>115,616</u>
Total assets less current liabilities		135,877	191,232
Creditors: amounts falling due after more than one year	11	-	(40,400)
Provision for liabilities	12	<u>(1,429)</u>	<u>(1,968)</u>
Net assets excluding pension surplus		134,448	148,864
Pension surplus	16	<u>150</u>	<u>131</u>
Net assets		<u>134,598</u>	<u>148,995</u>
Capital and reserves			
Share capital	13	1,000	1,000
Profit and loss account	14	124,598	138,995
Capital redemption reserve	14	<u>9,000</u>	<u>9,000</u>
Shareholder's funds	15	<u>134,598</u>	<u>148,995</u>

Approved by the Board and authorised for issue on 16th May 2014



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M Gemei
Director

Company No 2832349

The Lancaster Landmark Hotel Company Limited
Cash Flow Statement
For the year ended 31 October 2013

	Note	2013 £'000	2012 £'000
Net cash inflow from operating activities	18	24,815	5,252
Returns on investments and servicing of finance	19	22	31
Taxation	19	(997)	(1,971)
Capital expenditure and financial investment	19	(1,779)	(1,218)
Dividends Paid		<u>(18,000)</u>	<u>-</u>
Net cash inflow before financing		4,061	2,094
Financing	19	<u>-</u>	<u>-</u>
Increase in cash in the year	20	<u>4,061</u>	<u>2,094</u>
Reconciliation of Net Cash Flows to Movement in Net Debt			
Increase in cash in the year	20	4,061	2,094
Net debt at 1 November 2012	20	<u>(37,419)</u>	<u>(39,513)</u>
Net debt at 31 October 2013	20	<u>(33,358)</u>	<u>(37,419)</u>

The Lancaster Landmark Hotel Company Limited
Notes to the Financial Statements
For the year ended 31 October 2013

1. Principal Accounting Policies

(a) Basis of accounting

The financial statements have been prepared in accordance with United Kingdom Accounting Standards (Generally Accepted Accounting Practice)

(b) Going Concern

As stated in note 22, a fellow group company has provided a guarantee to ensure that group liabilities falling due within one year can be met. The financial statements have, accordingly, been prepared on the going concern basis.

(c) Tangible fixed assets

Tangible fixed assets are stated at historical cost less depreciation and any write down for impairment.

Assets other than long leasehold land and buildings and operating equipment are being written off on a straight line basis over their remaining useful lives at the following rates -

Fixtures, fittings and equipment	- 5-33% per annum
Plant and machinery	- 4-33% per annum

It is the company's policy to maintain its long leasehold land and buildings to a high standard on an ongoing basis. The directors consider that the life of the property is so long and the residual value so high that any depreciation on land and buildings would be immaterial, so none is charged. The directors perform annual impairment reviews in accordance with the requirements of FRS 15 "Tangible Fixed Assets" and FRS 11 "Impairment of Fixed Assets and Goodwill" to ensure that the carrying value is not higher than the recoverable amount.

All items costing less than £1,000 are written off to the profit and loss account as incurred, unless a number of similar items are bought at the same time together costing over £1,000, in which case they are considered as a group and are capitalised.

(d) Stocks

Stocks are valued at the lower of cost and net realisable value.

(e) Turnover

Turnover represents the net amounts receivable from customers for services provided in the normal course of business, exclusive of value added tax, and is confined to the United Kingdom.

(f) Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted to reflect the time value of money.

The Lancaster Landmark Hotel Company Limited
Notes to the Financial Statements
For the year ended 31 October 2013

1. Principal Accounting Policies (Continued)

(g) Operating leases

The annual rentals payable under operating leases are charged to the profit and loss account on a level term basis over the life of each lease

(h) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Any exchange differences are reflected in the profit and loss account for the year

(i) Pension costs

The company operates defined contribution pension schemes with guaranteed minimum benefits for certain members. The company also operates a defined benefit scheme which is now closed to new members

Contributions are paid to the schemes in accordance with the actuaries' guidance and are charged against profits in the year to which they relate in accordance with the provisions of FRS 17 "Retirement Benefits"

2. Operating Profit

	2013	2012
	£'000	£'000
Operating profit is stated after charging		
Depreciation	2,106	2,101
Auditors' remuneration - audit	38	38
- non audit (taxation and others)	29	12
Loss on disposal of fixed assets	10	109
Expenditure on repairs and maintenance	1,116	1,222
Operating lease rentals -		
Land and buildings	827	1,013
Other	<u>20</u>	<u>20</u>

3 Directors and Employees

There were no directors emoluments paid during the year (2012 £Nil)

Staff costs during the year were as follows

	2013	2012
	£'000	£'000
Wages and salaries	7,917	7,623
Social security costs & related	651	674
Pension costs	<u>160</u>	<u>155</u>
	<u>8,728</u>	<u>8,452</u>

The Lancaster Landmark Hotel Company Limited
Notes to the Financial Statements
For the year ended 31 October 2013

3. Directors and Employees (Continued)

The average monthly number of full time equivalent employees during the year was as follows

	2013 No.	2012 No
Rooms	94	92
Catering	164	178
Sales	18	17
Administration	31	31
Service	13	14
	<u>320</u>	<u>332</u>

4. Interest Receivable

	2013 £'000	2012 £'000
Bank interest	22	31
Net return on pension scheme assets and liabilities	114	92
	<u>136</u>	<u>123</u>

5. Interest Payable

	2013 £'000	2012 £'000
Interest on inter-company loans	1,784	2,036

6. Taxation on Profit on Ordinary Activities

	2013 £'000	2012 £'000
Corporation tax on the profit for the year	1,606	498
Adjustment in respect of prior years	(8)	14
	<u>1,598</u>	<u>512</u>

	2013 £'000	2012 £'000
Deferred taxation (note 12)		
Current year	(86)	378
- adjustment in respect of previous year	(452)	(221)
- pension scheme deficit	28	14
	<u>(510)</u>	<u>171</u>
Total	<u>1088</u>	<u>683</u>

The Lancaster Landmark Hotel Company Limited
Notes to the Financial Statements
For the year ended 31 October 2013

6. Taxation on Profit on Ordinary Activities (Continued)

The actual tax charge for the year is higher (2012 lower) than the standard rate of tax for the reasons set out below

	2013 £'000	2012 £'000
Profit on ordinary activities before taxation	<u>4,759</u>	<u>3,650</u>
Tax on profit on ordinary activities at 23.41% (2012 24.83%)	1,114	906
<i>Factors affecting the charge for the year</i>		
Disallowable expenditure	47	86
Transfer pricing adjustment	869	1,027
Reversal of transfer pricing adjustment	(869)	(1,027)
Capital allowances in excess of depreciation	54	19
Other timing differences including FRS 17 adjustment	(27)	(19)
Short term timing differences	<u>418</u>	<u>(494)</u>
Tax charge on profit on ordinary activities	<u>1,606</u>	<u>498</u>

7. Tangible Fixed Assets

	Long Leasehold Land & Buildings £'000	Plant & Machinery £'000	Fixtures, Fittings & Equipment £'000	Total £'000
Cost				
At 1 November 2012	58,405	23,182	13,459	95,046
Additions	970	369	440	1,779
Disposals	<u>-</u>	<u>(44)</u>	<u>(2)</u>	<u>(46)</u>
At 31 October 2013	<u>59,375</u>	<u>23,507</u>	<u>13,897</u>	<u>96,779</u>
Depreciation				
As 1 November 2012	-	9,874	9,556	19,430
Charge for the year	-	1,351	755	2,106
Disposals	<u>-</u>	<u>(35)</u>	<u>(1)</u>	<u>(36)</u>
At 31 October 2013	<u>-</u>	<u>11,190</u>	<u>10,310</u>	<u>21,500</u>
Net book value				
At 31 October 2013	<u>59,375</u>	<u>12,317</u>	<u>3,587</u>	<u>75,279</u>
At 31 October 2012	<u>58,405</u>	<u>13,308</u>	<u>3,903</u>	<u>75,616</u>

The Lancaster Landmark Hotel Company Limited
Notes to the Financial Statements
For the year ended 31 October 2013

8 Stocks

	2013	2012
	£'000	£'000
Raw materials and consumables	<u>52</u>	<u>54</u>

9. Debtors

	2013	2012
	£'000	£'000
Amounts falling due within one year		
Trade debtors	1,824	1,671
Amount due from fellow subsidiary undertakings (note 22)	-	3,250
Other debtors	81	98
Prepayments and accrued income	<u>364</u>	<u>364</u>
	<u>2,269</u>	<u>5,383</u>
Amounts falling due after more than one year		
Amount due from fellow subsidiary undertakings (note 22)	100,946	115,696
Other debtors	<u>108</u>	<u>110</u>
	<u>101,054</u>	<u>115,806</u>

Amounts due from fellow subsidiary undertakings include £100.9m (2012 £115.7m) from a fellow subsidiary, whose principal asset is a freehold property. Although the debt is repayable within 12 months of notice to repay, it can only currently be repaid on the disposal of the property, which is presently not for sale.

10. Creditors: Amounts Falling Due Within One Year

	2013	2012
	£'000	£'000
Trade creditors	1,083	1,164
Amounts due to fellow subsidiary undertakings (note 22)	1,288	1,330
Amounts due to intermediate parent undertakings (note 22)	40,568	173
Corporation tax	853	250
Other creditors	205	368
Other taxation and social security costs	1,097	1,318
Accruals and deferred income	3,048	2,352
Payments on account	<u>1,677</u>	<u>1,653</u>
	<u>49,819</u>	<u>8,608</u>

11. Creditors: Amounts Falling Due After One Year

	2013	2012
	£'000	£'000
Amounts due to intermediate parent undertaking (note 22)	<u>-</u>	<u>40,400</u>
	<u>-</u>	<u>40,400</u>

The Lancaster Landmark Hotel Company Limited
Notes to the Financial Statements
For the year ended 31 October 2013

12 Provision for Liabilities

	2013 £'000	2012 £'000
Deferred tax		
At 1 November 2012	1,968	1,811
Movement in the year (note 6)	<u>(539)</u>	<u>157</u>
At 31 October 2013	<u>1,429</u>	<u>1,968</u>
The deferred tax liability consists of		
Accelerated capital allowances	1,819	2,498
Loan relationship deficit	<u>(390)</u>	<u>(530)</u>
	<u>1,429</u>	<u>1,968</u>

Of the movement in the year £221,000 (2012 £nil) was released following the reduction in the applicable tax rates

13 Share Capital

	2013 £'000	2012 £'000
Allotted, called up and fully paid 1,000,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
All shares rank equally in respect of shareholders rights		

14. Reserves

Profit and Loss Account		
	2013 £'000	2012 £'000
At 1 November 2012	138,995	136,008
Profit for the year	3,671	2,967
Dividends paid	(18,000)	-
Actuarial (loss) / gain on pension scheme	<u>(68)</u>	<u>20</u>
At 31 October 2013	<u>124,598</u>	<u>138,995</u>
Capital redemption reserve At 31 October 2012 and 2013	<u>9,000</u>	<u>9,000</u>

15. Reconciliation of Movements in Shareholder's Funds

	2013 £'000	2012 £'000
At 1 November 2012	148,995	146,008
Profit for the year	3,671	2,967
Dividends paid	(18,000)	-
Actuarial (loss) / gain on pension scheme	<u>(68)</u>	<u>20</u>
At 31 October 2013	<u>134,598</u>	<u>148,995</u>

The Lancaster Landmark Hotel Company Limited
Notes to the Financial Statements
For the year ended 31 October 2013

16. Pensions

The company sponsors the Royal Lancaster Hotel Retirement Benefits Plan which is a defined contribution arrangement, although certain members have a defined benefit underpin to their emerging benefits. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 5 April 2012 and updated on an approximate basis to 31 October 2013.

The contributions made by the employer over the financial year were £90,000 (2012 £66,000). There are two groups of members:

- i Defined contribution members. Contribution to this section of the scheme ceased in 2009.
- ii Members with a defined benefit underpin. The ordinary rate of employer contribution is fixed at either 8% or 10% of Pensionable Salary depending on category. The employer also pays additional contingency contributions, which were 8.2% of Pensionable Salary up to May 2013 and are now paid 13.6% of Pensionable Salary. Members contribute 8% of pensionable salary.

The assets of the scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions:

	31 October 2013 %p.a.	31 October 2012 %p.a.	31 October 2010 %p.a.
Inflation (RPI)	3.2%	2.5%	2.6%
Rate of increase in salaries	4.7%	4.0%	4.1%
LPI pension in payment increases			
GMPs accrued before 6 April 1988	Nil	Nil	Nil
GMPs accrued after 5 April 1988	Nil	Nil	Nil
Excess over GMP accrued before 6 April 1997	Nil	Nil	Nil
Revaluation rate for deferred pensioners	N/A	n/a	3.0%
Discount rate	4.3%	4.9%	5.2%
Allowance for commutation of pension for cost at retirement	Nil	Nil	Nil

The mortality assumptions adopted at 31 October 2013 imply the following life expectancies at age 65:

	2013
Male retiring at age 65 in 2013	22.3 years
Female retiring at age 65 in 2013	24.4 years
Male retiring at age 65 in 2033	24.1 years
Female retiring at age 65 in 2033	26.3 years

The Lancaster Landmark Hotel Company Limited
Notes to the Financial Statements
For the year ended 31 October 2013

16. Pensions (Continued)

The assets in the scheme and the expected rate of return were

	Long term rate of return expected at 31 October 2013 %p a	Value at 31 October 2013 £'000	Long term rate of return expected at 31 October 2012 %p a	Value at 31 October 2012 £'000	Long term rate of return expected at 31 October 2010 %p a	Value at 31 October 2011 £'000
Equities	6.8%	10,322	7.3%	8,446	8.1%	7,761
Fixed interest bonds	2.7%	2,619	3.2%	2,575	4.0%	2,553
Cash	0.5%	3	0.5%	9	0.5%	3
Total market value of assets		12,444		11,030		10,317
Present value of scheme liabilities		(12,747)		(10,858)		(10,246)
Surplus in the scheme		197		172		71
Related deferred tax liability		(47)		(41)		(20)
Net pension asset		150		131		51
Level of funding		101.6%		101.6%		100.7%

Analysis of the amount charged to operating profit

	2013 £'000	2012 £'000
Current service cost	89	83
Past service cost	-	-
Total operating charge	89	83

Analysis of the amounts credited to other finance income

	2013 £'000	2012 £'000
Expected return on pension scheme assets	412	399
Interest on pension scheme liabilities	(298)	(307)
Net return	114	92
Total credit to profit and loss account	(25)	(9)

The Lancaster Landmark Hotel Company Limited
Notes to the Financial Statements
For the year ended 31 October 2013

16. Pensions (Continued)

Statement of total recognised gains and losses

	2013	2012
	£'000	£'000
Actual return less expected return on pension scheme assets	999	354
Percentage of scheme assets	8.03%	3.21%
Experience (losses) / gains arising on the scheme liabilities	(590)	68
Effects of the changes in demographic and financial assumptions underlying the present value of the scheme liabilities	(499)	(396)
Percentage of present value of scheme liabilities	-3.92%	-3.65%
Actuarial (loss)/gain	(90)	26

Movement in deficit during the year

	2013	2012
	£'000	£'000
Surplus/(deficit) in scheme at beginning of the year	172	71
Movement in year		
Current service cost	(89)	(83)
Net finance charge	114	92
Contributions	90	66
Actuarial (loss)/gain	(90)	26
Surplus in scheme at end of the year	197	172

The valuation at 31 October 2013 shows a movement from a surplus position of £172,000 to a surplus of £197,000. The company expects to contribute £83,600 to the scheme in 2014, which is similar to that for 2013.

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16. Pensions (Continued)

History of experience gains and losses

A liability of the amounts recognised in the statement of total recognised gains and losses for the current and previous for accounting year are as follows

	2013	2012	2011	2010
	£'000	£'000	£'000	£'000
Difference between the expected and actual return on scheme assets				
Amount	999	354	(130)	366
percentage of the scheme assets	8.03%	3.2%	-1.26%	3.3%
Experience (losses)/gains on scheme liabilities				
Amount	(590)	68	(142)	120
percentage of the present value of the scheme liabilities	4.6%	1.3%	-1.4%	1.1%
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities				
Amount	(499)	(396)	257	(318)
percentage of the present value of the scheme liabilities	-3.9%	-3.7%	-2.51%	2.9%
Total actuarial (loss)/gain				
Amount	(90)	26	(15)	168
percentage of the present value of the scheme liabilities	0.7%	0.2%	-0.1%	1.5%

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17 Operating Lease Commitments

The company has the following annual commitments under non-cancellable operating leases which expire -

	Land and buildings		Other	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Over five years	<u>950</u>	<u>950</u>	<u>-</u>	<u>-</u>

18. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2013	2012
	£'000	£'000
Operating profit	6,407	5,563
Depreciation	2,106	2,101
Decrease in stocks	2	16
Decrease in debtors	17,866	554
Increase in creditors	(1,576)	(3,091)
Loss on disposal of fixed assets	<u>10</u>	<u>109</u>
Net cash inflow	<u>24,815</u>	<u>5,252</u>

19. Analysis of Cash Flows for headings netted in the Cash Flow Statement

Returns on investment and servicing of finance

	2013	2012
	£'000	£'000
Interest received	<u>22</u>	<u>31</u>

Taxation

	2013	2012
	£'000	£'000
Corporation tax paid	<u>(997)</u>	<u>(1,971)</u>

Capital expenditure and financial investment

	2013	2012
	£'000	£'000
Purchase of tangible fixed assets	(1,779)	(1,218)
Proceeds on disposal of tangible fixed assets	<u>-</u>	<u>-</u>
	<u>(1,779)</u>	<u>(1,218)</u>

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20. Analysis of net debt

	2012	Cash flow	2013
	£'000	£'000	£'000
Cash at bank and in hand	2,981	4,061	7,042
Bond (note 22)	<u>(40,400)</u>	<u>-</u>	<u>(40,400)</u>
Net debt	<u>(37,419)</u>	<u>4,061</u>	<u>(33,358)</u>

21 Ultimate Parent Company

The ultimate parent company of The Lancaster Landmark Hotel Company Limited is Siam Property Development Company Limited, a company incorporated in Thailand. There is no one ultimate controlling party.

The immediate parent company is Lancaster Hotel Jersey Limited.

22. Related Party Transactions

The directors have taken advantage of the exemption provided by FRS8 and have therefore not disclosed transactions with wholly owned entities which form part of the group headed by Siam Property Development Company Limited.

At 31 October 2013 the company owed Landmark Overseas Development Company Limited £167,897 (2012 £173,181).

At 31 October 2013 the company had the following balances due (to)/from fellow subsidiary companies:

	<u>2013</u>	<u>2012</u>
Landmark Hotel London Limited	(£1,279,612)	(£1,259,612)
K West Hotel London Limited	(£6,780)	(£6,780)
Basil Street Apartments London Limited	(£751)	(£61,821)

Following the disposal of certain hotel interests to fellow subsidiary companies in a prior year the company was also owed £100,945,506 (2012 £115,695,506) by Landmark Hotel London Limited at 31 October 2013. The loan is repayable within 12 months of written notice to repay and is interest free.

At 31 October 2013 the company owed £40.4m (2012 £40.4m) to LODJ Limited, a fellow group company, under the terms of a two year bond repayable at a value of £43.98m on 30 September 2014. Accruals include £1,935,217 (2012 £150,974) in respect of interest payable on the bond.

A fellow subsidiary company has given a guarantee to provide sufficient financial support to enable the company to continue as a going concern until, at the earliest, 30th April 2015.