

Summerhill Properties Limited

Directors' report and financial statements

For the year ended

30th September 2016

Registered number 3454201

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30th September 2016

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Strategic report

The directors present their strategic report of Summerhill Properties Limited ('the Company') for the year ended 30 September 2016.

Review of business

The principal activity of the Company during the year was that of owning and operating a hotel situated in Cardiff operated under the Hilton brand.

During the year ended 30 September 2016, the turnover was £9,265,000 (2015: £9,312,000) and the gross profit was £4,702,000 (2015: £5,125,000). The operating profit was £321,000 (2015: profit of £816,000).

The directors consider that the results for the period are satisfactory.

It is recognised that there are inherent risks and uncertainties in the current economic environment associated with the operation of hotels which the directors review on a regular basis. Although trading in local competitive circumstances, the Directors are satisfied that their actions have managed to produce results in line with expectations.

The cost saving drive and aggressive marketing continues, and this, together with targeted capital expenditure, ensures that a balance is maintained between customer satisfaction and profitability.

The Company's strategy is relationship-driven activity to deliver growth and profitability by controlling the brand manager tightly to deliver and maximise returns within the trading environment and long term value.

The company reviews its Capex programme regularly and continually improves the image of the hotel.

The directors believe that this will yield additional revenue and profit conversion in line with directors' expectations.

The company's parent company has indicated giving support for the next twelve months and accordingly the company is not exposed to any financial risks.

In the opinion of the directors there are no other key performance indicators apart from the financial results discussed above.

Employee involvement

The Company has continued to operate a monthly communications cycle that requires the General Managers of each hotel to meet with Departmental Managers and then meet with their supervisors and/or staff to discuss:

- (a) performance to date
- (b) problems or difficulties being experienced
- (c) future plans

and other matters those attending the meeting wish to raise.

Disabled employees

The Company gives full consideration to applicants for employment from disabled persons where the requirements of the job can be adequately fulfilled by such individuals.

Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever applicable.

Future developments

The directors have no future expansion plan for the company other than to continue trading and obtain growth organically.

A handwritten signature in black ink, appearing to be 'A Matyas', with a long horizontal stroke extending to the right.

A Matyas
Director

26th May 2017

Directors' report

The directors present their report and the audited financial statements of Summerhill Properties Limited ('the Company') for the year ended 30 September 2016.

Principal activities

The principal activity of the Company during the year was that of owning and operating a hotel situated in Cardiff operated under the Hilton brand. No change in that activity is envisaged.

Business review

The results of the year are set out in the profit and loss account on page 6.

The directors do not recommend the payment of a dividend (2015: £nil).

Going concern

The financial statements have been prepared on a going concern basis. The basis for this is described in detail in note 1 to the financial statements.

Directors

The directors who held office during the period were as follows:

A Matyas

Dr E Wojakowski

N Smith

R Robertson

Directors' and officers' liability insurance

Summerhill Properties Limited purchases and maintains liability insurance for its directors and officers.

Political and charitable contributions

The Company made no political or charitable contributions during the year (2015: £nil).

Policy and practice on payment of creditors

It is the Company policy whenever possible to agree terms of payment with supplier in advance to ensure that suppliers are made aware of the terms of payment and both parties abide by these terms. At the year end. The Company's average payment day was 19 days. (2015: 19 days)

Statement as to disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he / she ought to have taken as a director to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board,

A Matyas
Director

26th May 2017



3 Park Place
St James'
London
SW1A 1LP

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 the period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Summerhill Properties Limited

We have audited the financial statements of Summerhill Properties Limited for the period ended 30 September 2016 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 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 Financial Reporting Council'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 30 September 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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 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

Mark Summerfield (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square

London

E14 5GL

8 May 2017

Profit and loss account
for the year ended 30 September 2016

	<i>Note</i>	Year ended 30 September 2016	Year ended 30 September 2015
		£'000	£'000
Turnover	<i>1</i>	9,265	9,312
Cost of sales		(4,563)	(4,187)
Gross profit		<u>4,702</u>	<u>5,125</u>
Depreciation		(1,097)	(1,034)
Administrative expenses	<i>3</i>	(2,948)	(2,980)
Other interest receivable and similar income		19	8
Interest payable		(355)	(303)
Profit/(Loss) on ordinary activities before taxation		<u>321</u>	<u>816</u>
Tax credit on profit on ordinary activities	<i>5</i>	542	117
Profit/(Loss) on ordinary activities after taxation		<u><u>863</u></u>	<u><u>933</u></u>

There is no difference between the profit on ordinary activities before taxation in either the current or prior period stated and the historical cost equivalents.


The notes on pages 9 to 20 form part of these financial statements.

Balance sheet
at 30 September 2016

	<i>Note</i>	30 September 2016		30 September 2015	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	6		12,626		13,190
Current assets					
Stock	7	18		27	
Debtors	8	23,316		18,440	
Cash at bank and in hand		657		4,774	
		<u>23,991</u>		<u>23,241</u>	
Creditors: amounts falling due within one year	9	<u>(25,255)</u>		<u>(25,218)</u>	
Net current liabilities			<u>(1,264)</u>		<u>(1,977)</u>
Total assets less current liabilities			<u>11,362</u>		<u>11,213</u>
Creditors: Amounts falling due after more than one year	10		<u>(10,735)</u>		<u>(10,960)</u>
Provisions for liabilities and charges	11		<u>(1,419)</u>		<u>(1,908)</u>
Net liabilities			<u>(792)</u>		<u>(1,655)</u>
Capital and reserves					
Called up share capital	12	3,500		3,500	
Profit and loss account		<u>(4,292)</u>		<u>(5,155)</u>	
Shareholders' deficit			<u>(792)</u>		<u>(1,655)</u>

The notes on pages 9 to 20 form part of these financial statements.

These financial statements were approved by the board of directors on 26th May 2017 and were signed on its behalf by:


A Matyas
Director

Statement of Changes in Equity

	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 October 2014	3,500	(6,088)	(2,588)
Profit for the year	-	933	933
	<hr/>	<hr/>	<hr/>
At 30 September 2015	3,500	(5,155)	(1,655)
	<hr/>	<hr/>	<hr/>

	Share Capital £'000	Profit and loss account £'000	Total £'000
At 1 October 2015	3,500	(5,155)	(1,655)
Profit for the year	-	863	863
	<hr/>	<hr/>	<hr/>
At 30 September 2016	3,500	(4,292)	(792)
	<hr/>	<hr/>	<hr/>

Notes

(forming part of the financial statements)

Summerhill Properties Limited is a company limited by shares and incorporated and domiciled in the UK.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

1 Basis of preparation

The financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentational currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In transition to FRS 102 from old UK GAAP, the company has made measurement and recognition adjustments. An explanation of how transition to FRS 102 has affected the financial position and financial performance of the Company is provided in note 16.

The Company's parent undertaking, TH Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of TH Holdings Limited are available to the public and may be obtained from the address in note 15. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Cash flow statement and related notes; and
- Key management personnel compensation.

As the consolidated financial statements of TH Holdings Limited include the equivalent disclosures, the Company has also taken advantage of the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosure required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

1.1 Measurement convention

The financial statements have been prepared on the historical cost basis, except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

1.2 Going concern

At 30 September 2016 the Company had net current liabilities of £1,264,000 (2015: £1,977,000).

The directors have considered the letter of support provided to the Company by the intermediary parent company TH Holdings Limited indicating its intention to support the Company for at least 12 months from the date of these financial statements, and continue to make available such funds as are needed by the company and in particular not seek repayment of the amounts currently made available, including £22m owed to other group companies. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on these indicators the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

As the Company is a wholly owned subsidiary of TH Holdings Limited, the Company has taken advantage of the exemption under FRS 102 Section 33.1A: Related Party Disclosure and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

2 Accounting policies

2.1 Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Debtors and creditors payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash expected to be paid or received, net of impairment.

Borrowings classified as basic financial instruments

Borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

2.2 Other financial instruments

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

2 Accounting policies *(continued)*

2.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of tangible fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. These hotels will not be subject to revaluation and were last revalued at 31 December 1999.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight line basis over the estimated useful lives of each part of an item of tangible fixed assets. Their estimated useful lives are as follows:

Freehold Buildings	50 years
Non-core Building (Integral Plant and Surface Finishes)	10 - 30 years
Plant and Machinery	3 - 20 years
Fixtures, Fittings and Equipment	3 - 10 years
Computer Equipment	3 years

Taxation

Tax on the profit and loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Turnover

Turnover comprises the value of sales of goods and services supplied in the normal course of operations of a hotel business (excluding Value Added Tax). Income from ownership and operations of hotels is recognised at the point at which the accommodation and related services are provided.

Related parties

As the company is a wholly owned subsidiary of TPD Investments Ltd, the Company has taken advantage of the exemption contained in the FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

Employee benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Operating leases

Rentals applicable to operating leases, under which substantially all of the benefits and risks of ownership remain with the lessor, are charged to the profit and loss account on a straight line basis over the lease term.

Stock

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell.

2 Profit / (Loss) on ordinary activities before taxation

	Year ended 30 September 2016	Year ended 30 September 2015
	£'000	£'000
<i>Profit / (Loss) on ordinary activities before taxation is stated after charging</i>		
Auditor's remuneration:		
Audit of these financial statements	15	15
Operating lease rentals - property	201	201
Depreciation	1,097	1,034
	<u> </u>	<u> </u>

In 2016 and 2015 auditor's remuneration was paid by another group company.

The fees paid to the Company's auditor, KPMG LLP and its associates for the services other than the statutory audit of the Company are not disclosed in these financial statements. This is on the basis that such non-audit fees are disclosed in the accounts of the Company's immediate parent TH Holdings Limited.

Notes (continued)

3 Remuneration of directors

The directors for the year were paid by other connected undertakings.

4 Staff costs and employee information

The average number of employees during the period was:

	Year ended 30 September 2016	Year ended 30 September 2015
Operations	92	104
Management and administration	40	50
	<u>132</u>	<u>154</u>

The aggregate payroll costs of these employees were as follows:

	Year ended 30 September 2016	Year ended 30 September 2015
	£'000	£'000
Wages and salaries	2,245	2,396
Social security costs	184	185
Pension costs	15	44
	<u>2,444</u>	<u>2,625</u>

Notes (continued)

5 Taxation

Analysis of (credit) in period

	Year ended 30 September 2016		Year ended 30 September 2015	
	£'000	£'000	£'000	£'000
<i>UK corporation tax</i>				
Current tax on income for the period	-		-	
Adjustment in respect of prior period	(53)		-	
	<hr/>		<hr/>	
Total current tax		(53)		-
<i>Deferred tax</i>				
Origination of timing difference	(125)		(74)	
Effect of decreased tax rate	(273)		-	
Adjustment in respect of prior period	(91)		(43)	
	<hr/>		<hr/>	
		(489)		(117)
		<hr/>		<hr/>
Tax on profit on ordinary activities		(542)		(117)
		<hr/>		<hr/>

Factors affecting the tax charge for current period

The current tax charge for the period is lower (2015: lower) than the standard rate of corporation tax in the UK of 20% (2015: 20.5%). The differences are explained below:

	Year ended 30 September 2016 £'000	Year ended 30 September 2015 £'000
<i>Current tax reconciliation</i>		
(Loss)/Profit on ordinary activities before tax	321	816
	<hr/>	<hr/>
Current tax at 20% (2015: 20.5%)	64	167
<i>Effects of:</i>		
Fixed asset differences	19	65
Expenses not deductible for tax purposes	-	6
Adjustment to deferred tax closing rate to average rate of 20% (2015: 20.5%)	(250)	-
Group relief claimed from fellow group company	(231)	(312)
Adjustment in respect of prior period	(144)	(43)
	<hr/>	<hr/>
Total current tax credit (see above)	(542)	(117)
	<hr/>	<hr/>

Factors affecting the tax charge for future period

The rate of taxation is expected to follow the standard rate of UK Corporation tax in future years. Reduction in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. It has not yet been possible to quantify the full anticipated effect of the announced rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly.

Notes (continued)

6 Tangible assets

	Freehold land and buildings	Surface finishing's	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 October 2015	21,936	6,833	6,141	34,910
Additions	-	-	533	533
At 30 September 2016	21,936	6,833	6,674	35,443
Depreciation				
At 1 October 2015	10,783	5,281	5,656	21,720
Charge for the period	37	302	758	1,097
At 30 September 2016	10,820	5,583	6,414	22,817
Net book value				
At 30 September 2016	11,116	1,250	260	12,626
At 30 September 2015	11,153	1,552	485	13,190

Included in the cost of freehold land and buildings are cumulative capitalised interest costs of £670,000 (2015: £670,000). No interest was capitalised during the period (2015: £nil). In addition, freehold land and buildings includes £5,075,000 of land that is not depreciable (2015: £5,075,000).

7 Stocks

	30 September 2016 £'000	30 September 2015 £'000
Goods for resale and consumables	18	27

8 Debtors

	30 September 2016 £'000	30 September 2015 £'000
Trade debtors	560	395
Prepayments and other debtors	325	435
Derivative financial assets	-	30
Amounts due from group undertakings	22,431	17,580
	23,316	18,440

Notes (continued)

9 Creditors: amounts falling due within one year

	30 September 2016 £'000	30 September 2015 £'000
Trade creditors	483	592
Other taxes and social security	374	80
Other creditors and accruals	2,353	2,471
Amounts owed to group undertakings	22,045	22,045
Corporation tax	-	30
	<u>25,255</u>	<u>25,218</u>

Amounts due to group undertakings are included in amounts due within one year where there are no specified repayments terms. While amounts due to group undertakings are technically repayable on demand the directors are of the opinion that in the ordinary course of business, repayment within such a timescale would not be required.

10 Creditors: amounts falling due after more than one year

	30 September 2016 £'000	30 September 2015 £'000
Bank loan	10,735	10,960
	<u>10,735</u>	<u>10,960</u>

The credit facility of £10.96m, of which £10.73m has been drawn down in the year (2015: £10.96m) is not repayable until 2019. Interest is payable at 2.4% above sterling LIBOR. This facility is secured by a fixed and floating charge over the assets of the Company and a number of its fellow undertakings.

11 Provisions for liabilities and charges

	30 September 2016 £'000	30 September 2015 £'000
	Deferred taxation	
Balance at 1 April	1,908	2,025
Origination and reversal of timing differences	(125)	(74)
Adjustments in respect of prior years	(91)	(43)
Effect of decreased tax rate	(273)	-
	<u>1,419</u>	<u>1,908</u>
Balance at 31 September	<u>1,419</u>	<u>1,908</u>

The provision at 30 September 2016 and 30 September 2015 relates primarily to timing differences arising from accelerated capital allowances. The Company has no un provided deferred tax liabilities and no unrecognised deferred tax assets (2015: £nil)

Notes (continued)

12 Called up share capital

	30 September 2016 £'000	30 September 2015 £'000
<i>Allotted, called up and fully paid</i> 3,500,002 ordinary shares of £1 each	3,500	3,500

13 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings 30 September 2016 £'000	Land and buildings 30 September 2015 £'000
Less than one year	243	234
Between two and five years	1,075	1,034
More than five years	1,258	1,543
Total	2,576	2,811

Notes *(continued)*

14 Contingent liabilities

The Company's assets are secured by a fixed and floating charge to Santander Bank in respect of a loan provided to the company. The amount outstanding on this facility at 30 September 2016 was £10,735,000 (2014: £10,960,000).

15 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a subsidiary undertaking of Hotel Innovations (Cardiff) Limited, incorporated in England.

The largest group in which the results of the Company are consolidated is that headed by TH Holdings Limited, incorporated in England. The consolidated accounts of this group are available to the public and may be obtained from 3 Park Place, St James', London, SW1A 1LP.

The ultimate parent company is Overseas Holdings Capital Group Limited, registered in the British Virgin Islands.

Notes (continued)

16 EXPLANATION OF TRANSITION TO FRS 102 FROM OLD UK GAAP

As stated in Note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 30 September 2016 and the comparative information presented in these financial statements for the year ended 30 September 2015.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

		At 30 September 2015 £'000	At 30 September 2014 £'000
Reconciliation of equity	Note		
Equity reported under previous UK GAAP		(1,679)	(2,676)
Adjustment to equity on transition to FRS 102			
Derivative Financial Instrument	A	30	110
Deferred tax on derivative financial instruments	A	(6)	(22)
Equity reported under FRS 102		(1,655)	(2,588)

		2015 £'000
Reconciliation of profit or loss	Note	
Profit for the financial year under previous UK GAAP		997
Adjustment on transition to FRS 102:		
Loss on Derivative Financial Instrument	A	-80
Deferred tax on derivative financial instruments	A	16
Equity reported under FRS 102		933

Notes to the reconciliation

A. Derivative financial instruments

FRS 102 requires derivative financial instruments to be recognised at fair value. Under previous UK GAAP the Company did not recognise these instruments at fair value. Movements in fair value are recognised in the Profit and Loss Account.