

Ascott Hospitality Management (UK) Ltd

Directors' Report and Financial Statements

for the year ended 31 December 2017

Registered number 04319840



Ascott Hospitality Management (UK) Ltd
Directors' report and financial statements
Contents

	Page
Directors' report	1
Statement of director's responsibilities in respect of the directors' report and the financial statements	2
Independent auditor's report to the members of Ascott Hospitality Management (UK) Limited	3-4
Profit and loss account	5
Balance sheet	6
Statement of changes in equity	7
Notes to the financial statements	8-14

Ascott Hospitality Management (UK) Limited
DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 2017.

Principal activity

The Company's principal activity is operating as a management company for one hotel in central London and incurring head office costs for 4 apartment hotels in London.

Results and dividends

For the financial year 2017, the activities of the Company resulted in a loss of £734,000 (2016 : £155,000) as set out on page 5 of the financial statements.

The directors do not recommend a payment of a dividend (2016: nil).

Future developments

The directors do not currently have plans for any significant changes to the business operations, however, they are mindful of the ongoing uncertainty presented by the United Kingdom's decision to leave the European Union. The directors will continue to monitor development in this area to ensure that the company is able to mitigate any adverse consequences of this change while remaining poised to exploit any opportunities that may arise.

Directors

The directors who served during the year were as follows:

Philippe de L'Espinay
Kian Tiong Alfred Ong

The directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Company secretary's details

Reed Smith Corporate Services Ltd
The Broadgate Tower
Third Floor
20 Primrose Street
London EC2A 2RS

Registered Office

7 - 21 Goswell Road
London EC1M 7AH

Directors' remuneration

Directors' remuneration for the current and prior year was borne by other group companies

Disclosure of information to auditors

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 they ought to have taken as directors to make themselves 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 auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board on 18th September 2018.



Kian Tiong Alfred Ong
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing 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 101 *Reduced Disclosure Framework*.

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 ASCOTT HOSPITALITY MANAGEMENT (UK) LIMITED

Opinion

We have audited the financial statements of Ascott Hospitality Management (UK) Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Henry Todd (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

Date: 20 September 2018

Ascott Hospitality Management (UK) Ltd

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Turnover	2	2,185	2,905
Administrative and operating expenses		(2,924)	(3,067)
Operating loss	3	(739)	(162)
Interest income	5	5	7
Loss on ordinary activities before taxation		(734)	(155)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year		(734)	(155)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The company has no other comprehensive income than the profit above, therefore no separate statement of other comprehensive income has been presented.

The notes on pages 8 to 14 form part of the financial statements.

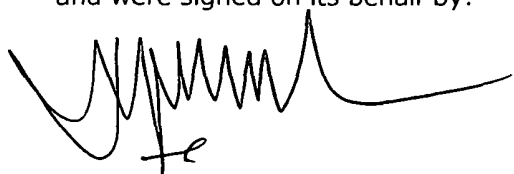
Ascott Hospitality Management (UK) Ltd

BALANCE SHEET
as at 31 December 2017

	Notes	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Tangible assets	7		263		270
Current assets					
Debtors	8	720		674	
Cash at bank and in hand		105		1,337	
		<u>825</u>		<u>2,011</u>	
Creditors:					
Amounts falling due within one year	9	(2,396)		(2,855)	
Net current liabilities			<u>(1,571)</u>		<u>(844)</u>
Net liabilities			<u>(1,308)</u>		<u>(574)</u>
Capital and reserves					
Called up share capital (one share at £1)	10		-		-
Profit and loss account			(1,308)		(574)
Equity shareholders' deficit			<u>(1,308)</u>		<u>(574)</u>

The notes on pages 8-14 form part of these financial statements.

These financial statements were approved by the Board of Directors on: 18th September 2018
and were signed on its behalf by:



Kian Tiong Alfred Ong
Director
Company Registered number 04319840

Ascott Hospitality Management (UK) Ltd

STATEMENT OF CHANGES IN EQUITY as at 31 December 2017

	Share Capital £'000	Profit and loss account £'000	Total Shareholders' funds £'000
At 1 January 2016	-	(419)	(419)
Loss for the year	-	(155)	(155)
Balance as at 31 December 2016	-	(574)	(574)
At 1 January 2017	-	(574)	(574)
Loss for the year	-	(734)	(734)
Balance as at 31 December 2017	-	(1,308)	(1,308)

The notes on pages 8-14 form part of these financial statements.

Ascott Hospitality Management (UK) Ltd

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1 Accounting policies

Basis of accounting

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The presentation currency of these financial statements is sterling. In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Under FRS 101, the Company is considered to be a qualifying entity and has applied the exemptions available in respect of the following disclosures:

Cash flow statement and related notes
Comparative period reconciliations for share capital and tangible fixed assets
Disclosures in respect of capital management
The effects of new but not yet effective IFRSs
Disclosures in respect of the compensation of Key Management Personnel
Disclosures in respect of related parties

The company is dependant for its working capital on funds provided to it by The Ascott Limited. The Ascott Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as they are needed by the company and in particular will not seek repayment of the amounts currently made available. There are also funds available from other group companies if required. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for repayment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that 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.

The financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Computer equipment and software	3 years
Fixtures and fittings	7 years

Leased assets and obligations

All leases are operating leases and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

Ascott Hospitality Management (UK) Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required under FRS 101.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the quoted rates of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Critical accounting judgements and key sources of estimation uncertainty

- (a) The preparation of the Financial Statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. The estimates and associated assumptions are based on historical experience, expectations of future events and other factors that are considered to be relevant.
However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.
- (b) There were no significant judgements made in 2017 aside from these accounts being prepared on a going concern basis, as explained in note 1.

2 Turnover

Turnover, all of which is derived from operations in the United Kingdom, represents the invoiced value of management fees for services supplied to other group companies stated net of value added tax.

Ascott Hospitality Management (UK) Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

3 Operating Loss	2017 £'000	2016 £'000
This is stated after charging:		
Depreciation	29	-
Auditor's remuneration:		
Audit of these financial statements	5	5

No other fees were payable to the company's auditor.

4 Staff numbers and costs	2017 £'000	2016 £'000
Wages and salaries	1,215	1,331
Social security costs	171	254
Other pension costs	35	42
	1,421	1,627

Director's remuneration is borne by other group companies and none of the directors received any remuneration from the company for their services during the year (2016: £nil).

Average number of employees during the year

Administration and operations	24	24
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5 Interest income	2017 £'000	2016 £'000
Interest on intercompany loan	5	7
	5	7

Ascott Hospitality Management (UK) Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

6 Taxation

(a) Analysis of charge in year	2017 £'000	2016 £'000
Current tax:		
UK corporation tax on profits of the year	-	-
	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

(b) Factors affecting tax charge for the year

The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows:

	2017 £'000	2016 £'000
Loss on ordinary activities before tax	<u>(734)</u>	<u>(155)</u>
Profit on ordinary activities multiplied by standard rate of 19.25% (2016: 20%)	(141)	(31)
Effects of:		
Group relief surrendered/(claimed) for nil payment	141	-
Adjustments in respect of future periods	<u>-</u>	<u>31</u>
	<u>-</u>	<u>-</u>

The company generated losses during the financial year of approximately £734,000 (2016: 155,000) that may be utilised against tax liabilities arising within the group. A deferred tax asset has not been recognised in respect of these amounts due to the uncertainty as to whether these losses will be utilised.

Factors that affect future tax charges

Reductions in the UK corporation tax from 20% 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.

This will reduce the Company's future current tax charge accordingly.

Ascott Hospitality Management (UK) Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

7 Tangible fixed assets

	Leasehold improvements £'000	Fixtures fittings and equipment £'000	Computer equipment and software £'000	Total £'000
Cost				
At 1 January 2017	245	26	14	285
Additions	-	22	25	47
Disposal	(25)	-	-	(25)
At 31 December 2017	<u>220</u>	<u>48</u>	<u>39</u>	<u>307</u>
Depreciation				
At 1 January 2017	-	8	7	15
Charge for the year	22	1	6	29
Disposal	-	-	-	0
At 31 December 2017	<u>22</u>	<u>9</u>	<u>13</u>	<u>44</u>
Net book value				
At 1 January 2017	<u>245</u>	<u>18</u>	<u>7</u>	<u>270</u>
At 31 December 2017	<u>198</u>	<u>39</u>	<u>26</u>	<u>263</u>

8 Debtors

	£'000	£'000
Trade debtors	40	14
Amount due from related party	351	540
Other debtors, prepayments and accrued income	329	120
	<u>720</u>	<u>674</u>

Amounts due from related parties contains an interest-bearing loan made to Citadines St Marks Limited. The amount of the loan is £200k. Interest is calculated at 3.32% per annum. All amounts due from related parties are repayable on demand.

9 Creditors

	2017 £'000	2016 £'000
Amounts falling due within one year:		
Trade creditors	(73)	(29)
Amount due to fellow subsidiary (interest free, repayable on demand)	(1,212)	(1,741)
Accruals and deferred income	(1,099)	(1,061)
Other creditors and taxes	(12)	(24)
	<u>(2,396)</u>	<u>(2,855)</u>

Ascott Hospitality Management (UK) Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

10 Called up share capital	2017	2016
	£	£
Allotted, issued and fully paid : One ordinary share of £1 each	<u>1</u>	<u>1</u>

11 Related parties

Balances with related parties at 31 December 2017 were as follows, of which none are provided for:

Trading balances
Receivables/(payables)

	2017	2016
	£'000	£'000
FBM London Limited	16	-
Citagrep Limited	8	-
Citadines Islington Square (Jersey) Property Ltd	-	21

During the year the company received the following income from related parties for the provision of management services:

	2017	2016
	£'000	£'000
FBM London Limited	(991)	(1,107)
Citagrep Limited	(192)	(209)

Ascott Hospitality Management (UK) Ltd takes advantage of the related party exemption within IAS 24 in not disclosing transactions or balances with an entity which has control, joint control or significant influence over the entity or is another entity that is under the control, joint control or significant influence of the same ultimate parent as the entity.

The nature of significant related party balances not disclosed above are disclosed in notes 8 and 9.

Ascott Hospitality Management (UK) Ltd

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

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

The company is a wholly owned subsidiary of Ascott International Management (2001) Pte Limited, a company incorporated in Singapore.

The smallest group in which the results of the company are consolidated is that headed by The Ascott Limited, a company incorporated in Singapore.

The group financial statements can be obtained from The Ascott Limited, N° 168 Robinson Road #30-01 - Capital Tower- Singapore 069812.

The largest group in which they were consolidated is that headed by Capitaland Limited (ultimate parent company), N° 168 Robinson Road #30-01 - Capital Tower- Singapore 069812, a company incorporated in Singapore and listed on the Singapore Stock Exchange.