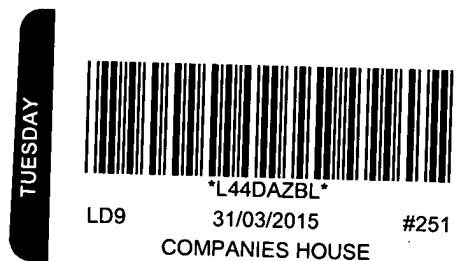


GLH Hotels Holdings Limited

Annual report and financial statements

Registered number 4560805

30 June 2014



Contents	Page
Strategic report	1
Directors' report	3
Statement of director's responsibilities in respect of the Strategic report and Directors' report and the financial statements	5
Independent Auditor's Report to the Members of GLH Hotels Holdings Limited	6
Consolidated Statement of Comprehensive Income	8
Consolidated and Company Statement of Financial Position	9
Consolidated and Company Statement of Changes in Equity	10
Consolidated and Company Statement of Cashflows	11
Notes to the financial statements	12

Strategic report

The directors present their strategic report and financial statements for the year ended 30 June 2014.

Company status and principal activities

GLH Hotel Holdings Limited ('the Company') is a limited liability company domiciled and registered in England. The principal activity of the Company is the ownership and operation of hotels in the UK.

Strategy and developments

The vision of glh is to be the world's best managed hospitality company at the hotel level. We continue to focus on our new brands, London and international expansion.

October 2013 saw the launch of two new brands:

- **Clermont:** A new global luxury hotel and private residences brand. Clermont will deliver a luxury experience with consistently warm and personalised service, seamless technology and a true understanding of the rituals of genuine luxury. glh's strategy is to launch 30 Clermont hotels in globally significant locations over the next decade.
- **Amba:** A new global 4-star hotel brand. Our extensive and industry shaping market research shows there is a significant opportunity to develop the four star market. glh. is targeting 30 key cities for the Amba brand and will expand the brand internationally in China, the USA and Europe across the best locations.

In January 2014 glh implemented fast, free unlimited Wi-Fi across all its hotels, in partnership with BT.

The first Amba Hotel worldwide, Amba Hotel Charing Cross, was launched in December 2014. The hotel offers the fastest Wi-Fi in the world in any Meetings & Events hotels. The Superfast WIFI at Amba Hotel Charing Cross recently achieved a prestigious second place in the Project of the Year category at the Technology Awards.

July 2014 saw the launch of our third new brand, every, which is our direct response to the pressure that four star hoteliers are experiencing globally. The launch of every hotel Piccadilly in February 2015 will be followed by Bloomsbury, Hyde Park and Leicester Square over the next 18 months with an ambition to add up to another 50 hotels globally by the end of the decade.

Review of the business

The Company and its subsidiaries ('the Group') had a strong year, with growth in both occupancy and average room rate. This improved performance more than offsets the impact of a significant number of rooms out of service for refurbishment in the second half of the year. The consolidated results for the year ended 30 June 2014 showed a £4.6m (or 1.9%) improvement in revenue.

The operating profit conversion was in line with the prior year, with an additional benefit in the year on reduced rent at one of the large London properties. This resulted in a significant increase in profit before tax, which rose to £1.6m (2013: loss of £1.1m).

The Key Performance Indicators used to measure trading performance of the hotels are occupancy percentage, average room rate (ARR) and revenue per available room (RevPAR). Occupancy declined slightly and ARR improved during the year. These combined to give an increase in RevPAR.

KPIs: % movement vs prior year	Year Ended 30 June 2014	Year Ended 30 June 2013
Occupancy	1.1	(1.7)
Average room rate	2.9	6.6
Revenue per available room (RevPAR)	4.0	4.8

Principal risks and uncertainties

Principal risks	Mitigating activities
<p>Brand reputation</p> <p>The Company and the Group are reliant upon the reputation of the Group brands and the protection of its intellectual property rights. Any event that materially damages the reputation of one or more of the Group's brands and/or failure to sustain the appeal of the Group's brands to its customers may have an adverse impact on subsequent revenues from that brand or related operation.</p>	<p>Each of the brands in our portfolio is designed to meet specific guest needs. The consistency of our brands is managed through the brand standard requirements. We continually review ways to increase awareness and loyalty towards our brands.</p> <p>We are committed to conducting business in a responsible manner. We have put in place a set of internal policies and procedures, which are supported by training, monitoring and reporting.</p>
<p>Political or economic uncertainty</p> <p>The Company and the Group are exposed to the risk of adverse political or economic developments. Business and consumer confidence has a significant impact on the Group's levels of business and hence profitability.</p> <p>Events affecting international travel</p> <p>Given the international customer base, the Group is exposed to the risk of significant events impacting international travel (such as acts of terrorism and outbreaks of disease).</p>	<p>The Group operates a diverse range of brands, with hotels in the 3, 4 and 5 star markets. These brands have been designed to have international appeal, and the customer base is not concentrated in any specific geographical region.</p> <p>The Group retains a proactive focus on costs and in the event of a down-turn this enhanced competitiveness allowed us to protect our margins.</p>
<p>Treasury risk</p> <p>The Group is exposed to treasury risks relating to interest rates on overdrafts, counterparty credit and management of cash, ensuring liabilities are met as they fall due.</p>	<p>The Group's Treasury function manages both the activities of all operating companies within the Group and the Group's borrowings. The Group's treasury activities, including the use of financial instruments, are overseen by the Treasury Review Management Committee.</p>

By order of the board


Michael Bernard DeNoma
Director

26 March 2015

Directors' report

The directors present their directors' report and financial statements for the year ended 30 June 2014.

Result and dividends

The results for the year ended 30 June 2014 are set out in the Statement of Comprehensive Income on page 8. Profit after tax for the year was £1,213,000 (2013: £4,204,000).

Nil interim dividends were paid during the financial year (2013: £Nil). The directors do not recommend the payment of a final dividend (2013: £Nil).

Directors and directors' interests

The directors who held office during the financial year were as follows:

Premod Paul Thomas	Resigned	1 August 2014
Michael DeNoma		
Susan Lim Geok Mui		

Kah Meng Ho was appointed on 1 August 2014.

No director had any interests in, or rights to subscribe for, shares or debentures in the Company or any fellow subsidiary during the financial year.

Michael DeNoma is a director of the intermediate parent company, GuocoLeisure Limited, and his interests in its shares and share options are disclosed in that company's accounts.

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

Going concern

After making due enquiries, the directors have a reasonable expectation that the Company and the Group has adequate resources to continue operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

The Company is funded by its immediate subsidiary company, GLH Hotels Limited, which has net assets of £493m (2013: £490m) and a modest gearing ratio of around 30% (2013: around 30%). On 20 December 2014, GLH Hotels Limited repaid the £138m of outstanding 10.75% 2014 Debenture Stock. This was replaced with an unsecured 5-year £200m facility, £138m of which was drawn-down in order to redeem the 2014 Stock.

Employee matters

The Group's policy of providing employees with information about the Company and the Group has continued and regular meetings are held between management and employees to allow exchanges of information and ideas.

The Group gives every consideration to applications for employment by disabled persons where the requirements of the job may be adequately filled by a disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under similar terms and conditions and to provide training, career development and promotion wherever appropriate.

Directors' report (*continued*)

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 ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board


Michael Bernard DeNoma
Director

26 March 2015

Registered Office
Stephenson House
75 Hampstead Road
London
NW1 2PL

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

The directors are responsible for preparing the Strategic report and Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the Group and the parent company financial statements in accordance with IFRSs as adopted by the EU 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 Group and parent company and of their profit or loss for that period. In preparing each of the group and parent company 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 they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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 group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditor's report to the members of GLH Hotels Holdings Limited

We have audited the financial statements of GLH Hotels Holdings Limited for the year ended 30 June 2014 set out on pages 8 to 31. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 on page 5, 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 group's and of the parent company's affairs as at 30 June 2014 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the members of GLH Hotels Holdings Limited (formerly Guoman Hotel Holdings Limited)
(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.



Lindsey Crossland (Senior Statutory Auditor)

For and on behalf of

KPMG LLP
Statutory Auditor

Chartered Accountants
1 The Embankment
Leeds
West Yorkshire
LS1 4DW

30 March 2015

**Consolidated statement of comprehensive income
for the year ended 30 June 2014**

	Note	Year ended 30 June 2014 £000's	Year ended 30 June 2013 Restated ¹ £000's
Revenue	1	242,869	238,293
Financial income	4	126	253
Other gains & losses	2	-	999
Depreciation and amortisation	2	(10,892)	(11,535)
Management fees & brand licence	20	(25,983)	(22,139)
Property rent	2	(55,431)	(57,765)
Employee benefits expense	3	(51,235)	(51,477)
Finance costs	5	(21,135)	(21,734)
Other costs		(76,766)	(75,958)
Profit / (loss) before tax		1,553	(1,063)
Taxation	6	(340)	5,267
Profit for the year		1,213	4,204
Attributable to			
Equity holders of the parent		1,435	4,495
Non-Controlling Interest		(222)	(291)
		1,213	4,204
Other comprehensive income			
Actuarial gains / (losses) on defined benefit pension plans		(1,947)	5,473
Deferred tax on other comprehensive income		(198)	(260)
Total comprehensive income for the year		(932)	9,417
Attributable to			
Equity holders of the parent		(710)	9,708
Non-Controlling Interest		(222)	(291)
		(932)	9,417

Apart from the results of Thistle Westminster shown in Note 2, the whole of the profit or loss for each of the financial years noted above derives from continuing operations.

There were no items of recognised income or expense other than as shown in the Consolidated Statement of Comprehensive Income above.

The notes set out on pages 12 to 31 form part of these financial statements.

¹ Restated on adoption of the revised IAS 19, Employee Benefits (refer to Note 1)

Statements of Financial Position at 30 June 2014

		Group		Company	
		30 June 2014	30 June 2013	30 June 2014	30 June 2013
		£000's	£000's	£000's	£000's
ASSETS					
Non-current assets					
Property, plant and equipment	7	608,122	600,461	-	-
Investment in subsidiaries	8	-	-	367,922	367,922
Retirement benefit surplus	19	2,160	1,018	-	-
Total non-current assets		<u>610,282</u>	<u>601,479</u>	<u>367,922</u>	<u>367,922</u>
Current assets					
Inventories	9	424	554	-	-
Cash and cash equivalents		3,721	-	-	-
Trade and other receivables	10	<u>36,017</u>	<u>40,443</u>	<u>-</u>	<u>-</u>
Total current assets		<u>40,162</u>	<u>40,997</u>	<u>-</u>	<u>-</u>
Total assets		<u>650,444</u>	<u>642,476</u>	<u>367,922</u>	<u>367,922</u>
EQUITY AND LIABILITIES					
Shareholders' Equity					
Ordinary shares	15	-	-	-	-
Retained earnings	18	<u>76,042</u>	<u>76,752</u>	<u>(23,938)</u>	<u>(13,003)</u>
		<u>76,042</u>	<u>76,752</u>	<u>(23,938)</u>	<u>(13,003)</u>
Non-controlling interest	18	<u>(1,454)</u>	<u>(1,232)</u>	<u>-</u>	<u>-</u>
Total equity		<u>74,588</u>	<u>75,520</u>	<u>(23,938)</u>	<u>(13,003)</u>
Non-current liabilities					
Borrowings	12	58,248	202,527	-	-
Deferred tax	13	<u>13,977</u>	<u>13,934</u>	<u>-</u>	<u>-</u>
Total non-current liabilities		<u>72,225</u>	<u>216,461</u>	<u>-</u>	<u>-</u>
Current liabilities					
Bank overdrafts		10,358	1,301	-	-
Borrowings	12	140,050	-	-	-
Trade and other payables	11	<u>353,223</u>	<u>349,194</u>	<u>391,860</u>	<u>380,925</u>
Total current liabilities		<u>503,631</u>	<u>350,495</u>	<u>391,860</u>	<u>380,925</u>
Total liabilities		<u>575,856</u>	<u>566,956</u>	<u>391,860</u>	<u>380,925</u>
Total equity and liabilities		<u>650,444</u>	<u>642,476</u>	<u>367,922</u>	<u>367,922</u>

These financial statements were approved by the board of directors on 26 March 2015 and were signed on its behalf by:


Michael Bernard DeNoma
Director

**Consolidated Statement of Changes in Equity
for the year ended 30 June 2014**

	Ordinary Shares	Share Premium	Employee Comp'n Reserve	Retained Earnings	Non - Controlling Interest	Total
	£000's	£000's	£000's	£000's	£000's	£000's
At 3 July 2012	-	-	(5,000)	67,044	(941)	61,103
Profit attributable to equity holders of the parent ¹	-	-	-	4,495	(291)	4,204
Other Comprehensive Income ¹	-	-	-	5,213	-	5,213
Share based payment	-	-	5,000	-	-	5,000
At 30 June 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,752</u>	<u>(1,232)</u>	<u>75,520</u>
Profit attributable to equity holders of the parent	-	-	-	1,435	(222)	1,213
Other Comprehensive Income	-	-	-	(2,145)	-	(2,145)
At 30 June 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,042</u>	<u>(1,454)</u>	<u>74,588</u>

**Company Statement of Changes in Equity
for the year ended 30 June 2014**

	Ordinary Shares	Share Premium	Employee Comp'n Reserve	Retained Earnings	Total
	£000's	£000's	£'000	£000's	£000's
At 3 July 2012	-	-	-	(2,556)	(2,556)
Loss attributable to equity holders of the parent	-	-	-	(10,447)	(10,447)
At 30 June 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,003)</u>	<u>(13,003)</u>
Loss attributable to equity holders of the parent	-	-	-	(10,935)	(10,935)
At 30 June 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,938)</u>	<u>(23,938)</u>

GLH Hotels Holdings Limited
Annual report and financial statements
For the year ended 30 June 2014
Registered Number 4560805

Cashflow Statements for the year ended 30 June 2014

	Group		Company	
	30 June 2014	30 June 2013¹	30 June 2014	30 June 2013
	£'000	£'000	£'000	£'000
Cash flows from operating activities				
Profit / (loss) for the financial year	1,213	4,204	(10,935)	(10,447)
Adjustments for:				
Taxation	340	(5,267)	-	-
Interest expense	21,135	21,734	10,935	10,447
Interest income	(126)	(253)	-	-
Depreciation	10,892	11,535	-	-
Pension fund payments in excess of P&L charge	(2,980)	(2,686)	-	-
Changes in working capital:				
Decrease / (increase) in inventories	130	(80)	-	-
Decrease / (increase) in trade & other receivables	4,426	(2,825)	-	-
Increase in trade & other payables	16,383	18,774	-	-
Cash generated from operations	51,413	45,136	-	-
Interest paid	(25,196)	(25,574)	(10,935)	(10,447)
Net cash generated from operating activities	26,217	19,562	(10,935)	(10,447)
Cash flows from investing activities				
Purchase of tangible fixed assets	(18,553)	(6,562)	-	-
Net cash used in investing activities	(18,553)	(6,562)	-	-
Cash flows from financing activities				
Repayment of loan from parent company	-	(14,000)	-	-
New loan (to)/from group companies	(13,000)	-	10,935	10,447
Net cash used in financing activities	(13,000)	(14,000)	10,935	10,447
Net decrease in cash and cash equivalents	(5,336)	(1,000)	-	-
Cash and cash equivalent at the start of the year	(1,301)	(301)	-	-
Cash and cash equivalents at the end of the year	(6,637)	(1,301)	-	-

1 Restated on adoption of the revised IAS 19, Employee Benefits (refer to Note 1)

Notes to the financial statements

1 – Accounting Policies

Basis of preparation

These financial statements have been prepared and approved by the directors under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU ("Adopted IFRSs").

The financial statements have been prepared on the going concern basis which assumes that the Company and Group will be able to continue to trade for the foreseeable future.

The Group has considerable financial resources together with contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

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.

Both the parent company financial statements and the Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). On publishing the parent company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements.

Adoption of new standards

With effect from 1 July 2013, the Group has adopted the following amendment to an existing standard and new standard: –

International Accounting Standard (IAS) 19 (revised 2011), Employee Benefits, replaces interest cost on gross pension liabilities and expected return on gross pension assets with a finance cost on the net pension deficit calculated using the rate currently used to discount defined benefit pension liabilities. The discount rate is lower than the expected return on plan assets, increasing finance costs recognised in the income statement and correspondingly reducing remeasurements recognised in other comprehensive income. In addition, certain costs associated with the administration of the Group's pension schemes are now reported within operating costs rather than finance costs. The net pension surplus is not affected by these changes.

These changes have been applied retrospectively to the comparative financial information for 2013, and have the effect of reducing profit after taxation for that year by £1,267,000 with a corresponding increase in other comprehensive income.

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement disclosure requirements for use across other standards within IFRSs. IFRS 13 does not extend the use of fair value accounting and has not impacted the fair value measurements carried out by the Group. IFRS 13 requires specific disclosures on fair values, which are provided in the relevant notes to the Group accounts.

Future changes to accounting standards

There are a number of standards and interpretations issued by the IASB that are effective for financial statements after this reporting period. The following have not been early adopted by the Group:

International Financial Reporting Standards	Effective for accounting periods starting on or after
IFRS 10, Consolidated financial statements	1 July 2014
IFRS 11, Joint arrangements	1 July 2014
IFRS 12 Disclosures of interests in other entities	1 July 2014
IAS 27, Separate financial statements	1 July 2014
IAS 28, Associates and joint ventures	1 July 2014

The application of these standards is not anticipated to have a material effect on the Group's financial statements except for additional disclosure.

Notes to the financial statements (*continued*)

1 – Accounting Policies (*continued*)

Consolidation

The financial statements incorporate the accounts of the Company and all its subsidiaries for the year ended 30 June 2014. The results of subsidiaries acquired or disposed of during the year are included in the Group profit and loss account from or up to the effective date of acquisition or disposal.

Apart from Grand Imperial Restaurant LLP, all the Group's subsidiary undertakings are wholly owned companies. The parent company financial statements present information about the Company as a separate entity and not about its group.

Inventories

Inventories comprise food and beverages, and retail vouchers for resale and are stated at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Note 9 shows further details of the charge to the statement of comprehensive income.

Property, plant and equipment

All property, plant and equipment is stated at cost or deemed cost less depreciation and any necessary provision for impairment.

Freehold land is not depreciated. All other property, plant and equipment are depreciated to a residual value over their estimated useful lives. Residual value is reassessed annually.

The principal expected useful economic lives are:

Freehold land	Not depreciated
Core elements of freehold and long leasehold land and buildings	Up to 100 years
Integral plant and non-core elements of buildings	15 to 30 years
Short leasehold property (less than 50 years remaining)	Remaining life of the lease
Plant and equipment	5 to 15 years

Repairs and maintenance costs are expensed as incurred.

Leased assets

Operating lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Classification of non-derivative financial instruments

A non-derivative is where a company has no obligation to deliver a variable number of the company's own equity instruments. Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Specific to the Company are:

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

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 Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes to the financial statements *(continued)*

1 – Accounting Policies *(continued)*

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Provisions

A provision is recognised in the statement of financial position when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Revenue

Revenue comprises income from the ownership, management and operation of hotels, excluding VAT, and is recognised as the related services are provided.

Taxation

Taxation comprises corporation tax and deferred tax and is recognised solely in the Statement of Comprehensive Income.

Corporation tax is the expected tax payable or recoverable on the taxable income for the period together with any adjustments to tax payable in respect of previous periods.

Deferred taxation is provided using the balance sheet liability method providing for differences between the carrying amounts of assets and liabilities and their equivalent amounts used for tax purposes. The deferred tax provision is calculated using tax rates substantially enacted at the balance sheet date.

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is restated as if the operation has been discontinued from the start of the comparative period.

Notes to the financial statements (continued)

2 - Expenses and Auditor's Remuneration

The Group's profit/(loss) before tax is stated after charging:-

	Group	
	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Amounts payable to auditors:		
Audit of these financial statements	5	5
Audit of financial statements of subsidiaries pursuant to legislation	152	150
Pension scheme audit	11	11
Depreciation and other amounts written off tangible fixed assets	10,892	11,535
Equipment rentals payable under operating leases	708	845
Property rentals payable under operating leases	<u>55,431</u>	<u>57,765</u>
All fees payable to the auditors were incurred by GLH Hotels Limited.		
<i>Exceptional items disclosed separately due to their size or incidence</i>		
Profit on disposal of property, plant and equipment	<u>-</u>	<u>999</u>

Discontinued operations

On 29 September 2012, the Group's lease at Thistle Westminster was terminated under a landlord break clause within the lease. Compensation was paid under the terms of this break clause. Excluding the £999,000 compensation shown above, Thistle Westminster Limited contributed £364,000 to Group profit before tax in the year ended 30 June 2013.

Notes to the financial statements (continued)

3 - Employee, Directors and Key Management information

	Group	
	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Employee costs during the year:		
Agency wages	15,106	14,386
Employee wages and salaries	33,049	33,774
Employer's social security costs	2,636	2,976
Employer's pension costs	444	341
	51,235	51,477

	Group	
	Year ended 30 June 2014 Number	Year ended 30 June 2013 Number
Average monthly staff employed (excluding agency staff):		
Hotel operating staff	1,720	1,672
Management, administration and support staff	48	48
Total employees	1,768	1,720

All employees are employed by GLH Hotels Limited or GLH Hotels HR Limited and a recharge is made by these Companies in respect of the persons employed each hotel.

Both defined benefit and defined contribution costs are included within the employers' pension costs.

4. Financial Income

	Group	
	Year ended 30 June 2014 £'000	Year ended 30 June 2013¹ £'000
Bank interest receivable	17	-
Interest paid by related parties	-	253
Net interest income on retirement benefit obligations	109	-
	126	253

5 - Financial Expenses

	Group	
	Year ended 30 June 2014 £000's	Year ended 30 June 2013¹ £000's
Bank overdrafts	16	43
Debenture stock interest	19,219	19,271
Amortisation of fair value adjustment on debentures	(4,229)	(4,594)
Interest paid to related parties	6,096	6,783
Net interest expense on retirement benefit obligations	-	231
Other interest	33	-
	21,135	21,734

1 Restated on adoption of the revised IAS 19, Employee Benefits (refer to Note 1)

Notes to the financial statements (continued)

6 - Taxation

	Group			
	Year ended 30 June 2014 £'000		Year ended 30 June 2013 £'000	
<i>Recognised in the Statement of Comprehensive Income</i>				
UK corporation tax				
Adjustments in respect of previous years		495		(222)
Current tax charge/(credit)		495		(222)
Deferred taxation				
Effect of changes in tax rate		(2,025)		-
Current year tax charge		140		234
Adjustments in respect of previous years		1,730		(5,279)
Deferred tax credit recognised in statement of comprehensive income		(155)		(5,045)
Actual tax charge/(credit) recognised in the income statement		340		(5,267)
Recognised in Other Comprehensive Income				
Deferred tax on pension surplus		198		260
Actual tax charge recognised in other comprehensive income		198		260
<i>Reconciliation of effective tax rate</i>				
	Year ended 30 June 2014		Year ended 30 June 2013 ¹	
	%	£000's	%	£000's
Profit / (loss) for the year	100	1,553	100	(1,063)
Expected tax charge at 22.5% / 23.75%	22.5	349	23.75	(252)
Items not subject to tax or deductible for tax purposes	95.3	1,480	(259.7)	2,761
Group relief receivable for nil consideration	(33.6)	(522)	240.4	(2,555)
Movement in unprovided deferred tax	(26.7)	(415)	(180.3)	1,917
Deferred tax rate change	(130.4)	(2,025)	69.9	(743)
Movement of provision on capital gains	(46.3)	(719)	60.9	(647)
Non-taxable income on disposal of property	(2.1)	(33)	23.2	(247)
Adjustments in respect of previous years	143.3	2,225	517.5	(5,501)
Actual tax charge/(credit) in income statement	22.0	340	495.6	(5,267)

The Finance Act 2013 was enacted in July 2013 and included provisions to reduce the main rate of UK Corporation Tax to 21% from 1 April 2014 and to 20% from 1 April 2015. These reductions were enacted at the balance sheet date and so have been used to measure deferred tax assets and liabilities in these financial statements.

1 Restated on adoption of the revised IAS 19, Employee Benefits (refer to Note 1)

Notes to the financial statements (continued)

7 - Property, Plant and Equipment

As at 30 June 2014

	Land and Buildings	Fit out costs, plant and equipment	Group Total
	£000's	£000's	£000's
Cost			
At the beginning of the financial year	554,366	218,414	772,780
Additions	2,032	16,521	18,553
At the end of the financial year	<u>556,398</u>	<u>234,935</u>	<u>791,333</u>
Depreciation			
At the beginning of the financial year	13,523	158,796	172,319
Charge for the financial year	2,050	8,842	10,892
At the end of the financial year	<u>15,573</u>	<u>167,638</u>	<u>183,211</u>
Net book value			
As at 30 June 2014	<u>540,825</u>	<u>67,297</u>	<u>608,122</u>

As at 30 June 2013

	Land and Buildings	Fit out costs, plant and equipment	Group Total
	£000's	£000's	£000's
Cost			
At the beginning of the financial year	559,066	219,221	778,287
Additions	1,373	5,189	6,562
Disposals	(6,073)	(5,996)	(12,069)
At the end of the financial year	<u>554,366</u>	<u>218,414</u>	<u>772,780</u>
Depreciation			
At the beginning of the financial year	18,438	154,415	172,853
Charge for the financial year	1,158	10,377	11,535
Disposals	(6,073)	(5,996)	(12,069)
At the end of the financial year	<u>13,523</u>	<u>158,796</u>	<u>172,319</u>
Net book value			
As at 30 June 2013	<u>540,843</u>	<u>59,618</u>	<u>600,461</u>

Notes to the financial statements (continued)

7 – Property, Plant and equipment (continued)

Three (2013: three) properties with aggregate carrying values of £387 million (2013: £384 million) have been charged as security for the Group's debenture borrowing facilities.

At 30 June 2014, certain of the Group's properties were tested for impairment.

The recoverable amounts of the properties are determined from value in use calculations. The key assumptions used are in relation to discount and growth rates. Growth rates incorporate occupancy, room rate, volume and direct cost changes. Management used pre-tax discount factor of 10.1% over the forecast period.

When performing the impairment review the relevant growth rates included were specific to each operating site and reflected their particular circumstances. The average growth rate across the portfolio was as follows:

	June 2015	June 2016	June 2017 to June 2023	June 2024 onwards
Average portfolio growth	13.8%	9.9%	5.5-5.7%	3.8%

This analysis took into account external views of the London hotel market and the likely time of continuing recovery from the current economic environment.

At the beginning and end of the financial year the calculations indicated that the value in use of all properties exceeded their book value and therefore no hotels needed to be impaired.

Group	30 June 2014 £'000	30 June 2013 £'000
Freehold	212,416	212,424
Long leasehold	316,422	316,430
Short leasehold	11,987	11,989
	540,825	540,843

8 - Investment in subsidiaries

	30 June 2014 £'000's	30 June 2013 £'000's
Net book value at the beginning and end of the year	367,922	367,922

The Company holds 100% of the shares in GLH Hotels Limited.

GLH Hotels Limited holds 100% of the shares in the following companies

The Cumberland Hotel (London) Limited	The Tower Hotel (London) Limited	Barbican Hotel (London) Limited
Bloomsbury Hotel (London) Limited	Charing Cross Hotel Limited	Thistle Edinburgh Tenant Limited
Euston Hotel (London) Limited	Heathrow Hotel (London) Limited	GLH Hotels HR Limited
Thistle Hotels & Restaurants Limited	Thistle Westminster Limited	Trafalgar Hotel (London) Limited
Kensington Gardens Hotel (London) Limited	Marble Arch Hotel (London) Limited	Hyde Park Hotel (London) Limited
The Royal Horseguards Hotel Limited	The Grosvenor Hotel Victoria Limited	Piccadilly Hotel (London) Limited

All of the companies are registered and incorporated in the United Kingdom.

The Company is a 50% member of the limited liability partnership in the Grand Imperial Restaurant LLP, but holds a casting vote. This has been consolidated as a subsidiary in the group accounts.

Notes to the financial statements (continued)

9 - Inventories

As at 30 June 2014

	Food Stock	Beverage Stock	Other Stock	Total
	£'000	£'000	£'000	£'000
Cost				
At the beginning of the financial year	198	316	40	554
Purchases	7,930	2,092	-	10,022
Utilised during the year	(7,919)	(2,193)	(40)	(10,152)
At the end of the financial year	<u>209</u>	<u>215</u>	<u>-</u>	<u>424</u>

As at 30 June 2013

	Food Stock	Beverage Stock	Other Stock	Total
	£'000	£'000	£'000	£'000
Cost				
At the beginning of the financial year	154	246	74	474
Purchases	7,274	2,345	(15)	9,604
Utilised during the year	(7,230)	(2,275)	(19)	(9,524)
At the end of the financial year	<u>198</u>	<u>316</u>	<u>40</u>	<u>554</u>

All stock held is expected to be utilised within 12 months. Other stock comprises retail vouchers for sale to hotel guests.

Notes to the financial statements (continued)

10 - Trade and other receivables

	Group		Company	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	£'000	£'000	£'000	£'000
<i>Current assets</i>				
Trade debtors	14,128	16,571	-	-
Provision for bad debt	(84)	(119)	-	-
Net trade debtors	14,044	16,452	-	-
Other debtors	3,763	3,557	-	-
Prepayments and accrued income	18,210	20,434	-	-
	<u>36,017</u>	<u>40,443</u>	<u>-</u>	<u>-</u>

Trade debtors that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	Group		Company	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	£'000	£'000	£'000	£'000
Neither past due nor impaired	10,986	12,719	-	-
Less than 1 month past due	3,016	3,398	-	-
1 to 3 months past due	42	335	-	-
	<u>14,044</u>	<u>16,452</u>	<u>-</u>	<u>-</u>

Trade debtors that are not impaired refer to debtors where no provision of doubtful debts is provided and aging is past credit term.

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as these are considered fully recoverable. The Group does not hold any collateral over these balances.

Notes to the financial statements (continued)

11 - Trade and other payables

	Group		Company	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	£'000	£'000	£'000	£'000
Current liabilities				
Trade creditors	20,437	18,380	-	-
Other taxation and social security	1,647	3,591	-	-
Other creditors	23,262	18,920	193	-
Amounts owed to parent company of the group	252,629	247,002	252,629	246,554
Amounts owed to related parties	42,911	49,532	139,038	134,371
Accruals and deferred income	12,337	11,769	-	-
	353,223	349,194	391,860	380,925

The contractual cashflows of trade creditors and accruals will see these liabilities settled in the next six months. Amounts owed to related parties and to the parent company of the group are not expected to be settled within 12 months.

12 - Debentures

	Group	
	30 June 2014	30 June 2013
	£'000	£'000
Non-current		
10.75% fixed rate debenture stock - repayable 2014	-	143,960
7.875% fixed rate debenture stock - repayable 2022	58,248	58,567
Current		
10.75% fixed rate debenture stock - repayable 2014	140,050	-
	198,298	202,527

The value of the debentures shown above includes a fair value uplift of £5,137,000 (2013: £9,403,000) that was created on the acquisition of GLH Hotels limited by GLH Hotel Holdings Limited. The fair value uplift is being unwound over the maturity of the debenture instruments.

On 20 December 2014, GLH Hotels Limited repaid the £138m of outstanding 10.75% 2014 Debenture Stock. This was replaced with an unsecured 5-year £200m facility, £138m of which was drawn-down in order to redeem the 2014 Stock.

Notes to the financial statements (continued)

13- Deferred tax

The movements in deferred tax assets and liabilities during the financial year were as follows:-

	30 June 2013	Recognised in comprehensive income	Recognised in other comprehensive income	30 June 2014
Group	£000's	£000's	£000's	£000's
Assets				
Other	(2,163)	1,135	-	(1,028)
	<u>(2,163)</u>	<u>1,135</u>	<u>-</u>	<u>(1,028)</u>
Liabilities				
Employee benefits	260	(26)	198	432
Property assets	14,656	(1,264)	-	13,392
Other	1,181	-	-	1,181
	<u>16,097</u>	<u>(1,290)</u>	<u>198</u>	<u>15,005</u>
Total	<u>13,934</u>	<u>(155)</u>	<u>198</u>	<u>13,977</u>

The movements in deferred tax assets and liabilities during the previous financial year were as follows:-

	3 July 2012	Recognised in statement of comprehensive income	Recognised in other comprehensive income	30 June 2013
Group	£000's	£000's	£000's	£000's
Assets				
Other	(3,273)	1,110	-	(2,163)
	<u>(3,273)</u>	<u>1,110</u>	<u>-</u>	<u>(2,163)</u>
Liabilities				
Employee benefits	-	-	260	260
Property assets	20,811	(6,155)	-	14,656
Other	1,181	-	-	1,181
	<u>21,992</u>	<u>(6,155)</u>	<u>260</u>	<u>16,097</u>
Total	<u>18,719</u>	<u>(5,045)</u>	<u>260</u>	<u>13,934</u>

Deferred tax assets and liabilities are offset when there is a right to set off current tax assets and liabilities which relate to the same taxation jurisdiction.

Deferred tax assets are recognised on the basis that they will be absorbed by forecast future taxable profits. As at 30 June 2014 the Group has tax losses and other temporary differences of £6,823,000 on which no deferred tax asset is recognised due to insufficient evidence that these amounts will be recovered in the foreseeable future.

Notes to the financial statements (continued)

14 - Financial instruments

a) Financial risk management policies and objectives

Exposure to credit, interest rate and currency risk arises in the normal course of the Group's business. The Group and the Company manage financial risk within its general risk management philosophy and framework.

Throughout both financial years the Group's policy has been that trading in financial instruments is not undertaken.

b) Liquidity risk

Liquidity is managed on a daily basis by the treasury and finance departments of the Group. They are responsible for ensuring that the Group has adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches. The Group manages liquidity risk by holding sufficient liquid assets of appropriate quality to ensure that short term funding requirements are covered within prudent limits.

The following table details the remaining contractual maturities at the balance sheet date of the Group's and the Company's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay.

As at 30 June 2014	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	£'000	£'000	£'000	£'000	£'000	£'000
Group						
<i>Non-derivative financial liabilities</i>						
Bank overdraft	10,358	10,358	10,358	-	-	-
Secured debenture stocks	198,620	235,795	149,891	4,361	13,083	68,460
Trade and other payables	353,223	353,223	353,223	-	-	-
	562,201	599,376	513,472	4,361	13,083	68,460
As at 30 June 2013	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	£'000	£'000	£'000	£'000	£'000	£'000
Group						
<i>Non-derivative financial liabilities</i>						
Bank overdraft	1,301	1,301	1,301	-	-	-
Secured debenture stocks	202,527	254,997	19,208	149,891	13,080	72,818
Trade and other payables	349,194	349,194	349,194	-	-	-
	553,022	605,492	369,703	149,891	13,080	72,818

Notes to the financial statements (continued)

c) Credit Risk

The Group's credit risks are primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Company's bank deposits are managed by the Group and are only deposited in, and debt securities are only purchased from, counterparties who have high credit quality. Transactions involving derivative financial instruments are with counterparties with sound credit ratings. The Group has limits for exposures to individual counterparty and country to manage concentration risk.

The hotel business has its own credit policy to allow credit period of 14 days for its customers. The Group has no significant concentrations of credit risks and does not obtain any collateral from customers.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet after deducting any impairment allowance.

d) Interest rate risk

The Group's debt comprises fixed rate debenture stocks. The Group uses interest rate swaps to manage interest rates wherever there is a perceived foreseeable long term cash benefit available. No swaps were used during either year.

e) Currency risk

The Company's net monetary assets and liabilities are denominated in sterling and therefore are not subject to currency risk.

f) Financial assets

The Group's financial assets as at 30 June 2014 comprised interest bearing cash balances of £Nil (2013: £nil) and debtors of £36,017,000 (2013: £40,443,000). There was no difference between the carrying value and the fair value of financial assets at 30 June 2014 (2013: no difference).

The Company's financial assets as at 30 June 2014 comprised interest bearing cash balances of £Nil (2013: £nil), and receivables of £nil (2013: £nil). There was no difference between the carrying value and the fair value of financial assets at 30 June 2014 (2013: no difference).

g) Capital Management

The Group defines the capital that it manages as the Group's total equity and net debt balances.

The Group's objectives are to safeguard its ability to continue as a going concern providing returns to shareholders, through the optimization of the debt and equity balances, and to maintain a strong credit rating and headroom. The Group manages its capital structure and makes appropriate decisions in light of the current economic conditions and strategic objectives of the Group.

There has been no change in the objectives, policies or processes with regards to capital management during the years ended 30 June 2013 and 30 June 2014.

15 - Ordinary Shares

	Number of shares		Nominal Value	
	30 Jun 2014	30 Jun 2013	30 Jun 2014	30 Jun 2013
	No	No	£	£
Ordinary shares of £1 each				
Issued and fully paid:				
At the beginning and end of the financial year	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Notes to the financial statements (continued)

16 - Share premium

The share premium reserve comprises the amount subscribed for share capital in excess of nominal value, and deduction of costs of raising equity.

17 – Employee compensation reserve

The employee compensation reserve comprises the costs of shares in GuocoLeisure Limited held by the ESOP trust, to the extent that they have not become realised losses. When they become realised losses, they are transferred to retained earnings. During the previous financial year, the company returned these shares to GuocoLeisure at nil gain.

18 - Retained earnings

The retained earnings reserve comprises the cumulative net gains and losses recognised earnings in the consolidated statement of comprehensive income.

The non-controlling interest balance of £1,454,000 (2013: £1,232,000) relates to the loss attributable to the other members of the Grand Imperial Restaurant LLP.

19 - Retirement Benefit Obligations

The Group operates two Schemes covering, both of which are closed to new members, are of the funded defined benefit type and their assets are held in separate funds administered by Trustees.

The amounts recognised in the balance sheet have been determined by a qualified independent actuary by updating the latest full actuarial assessments of the schemes as at 1 May 2011 to 30 June 2014 and comprise:

	30 June 2014 £'000	30 June 2013 £'000	3 July 2012 £'000	27 June 2011 £'000	28 June 2010 £'000
Fair value of Schemes' investment assets	85,619	77,860	70,421	65,050	57,760
Present value of unfunded obligations	(83,459)	(76,842)	(77,060)	(67,671)	(66,491)
Net surplus/ (deficit) in schemes	<u>2,160</u>	<u>1,018</u>	<u>(6,639)</u>	<u>(2,621)</u>	<u>(8,731)</u>

Principal actuarial assumptions

The principal assumptions used are estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily occur in practice.

	30 June 2014 %	30 June 2013 %
Financial assumptions		
Discount rate	4.10	4.55
Inflation assumption (RPI)	3.35	3.40
Inflation assumption (CPI)	2.35	2.50
Rate of increase in salaries	3.85	3.90
Rate of increase to pensions in payment (RPI maximum 5% pa)	3.20	3.20
Rate of increase to pensions in payment (CPI maximum 3% pa)	2.00	2.10
Rate of increase to pensions in payment (CPI maximum 2.5% pa)	1.80	1.90
Demographic assumptions		
Life expectancy at age 65 of male member aged 65 at year-end	22.2 years	22 years
Life expectancy at age 65 of male member aged 45 at year-end	23.5 years	23.4 years

Notes to the financial statements (continued)

19 - Retirement Benefit Obligations (continued)

Changes in the fair value of the Schemes' assets

	30 June 2014 £'000	30 June 2013 £'000
Fair value of Schemes' assets at start of the financial year	77,860	70,421
Net interest on Scheme assets	3,556	3,000
Return on plan assets in excess of that recognised in interest	3,475	4,108
Contributions from the Company	3,220	2,686
Contributions from members	22	22
Benefits paid	(2,514)	(2,377)
Fair value of Schemes' assets at end of the financial year	<u>85,619</u>	<u>77,860</u>

Analysis of Scheme assets

	30 June 2014 £'000	30 June 2013 £'000
Equities / Diversified Growth Fund	46,753	43,723
Bonds	38,262	33,668
Cash	604	469
Total market value of assets	<u>85,619</u>	<u>77,860</u>

No amounts are included in the Schemes' assets in respect of the shares of the Company or its ultimate parent company.

Changes in the present value of the Schemes' funded obligations

	30 June 2014 £'000	30 June 2013 £'000
Present value of the Schemes' obligation at the start of the financial year	76,842	77,060
Current service cost	240	271
Interest cost	3,447	3,231
Actuarial loss/(gain) arising from changes in financial assumptions	5,383	(1,719)
Actuarial loss arising from experience	39	354
Contributions from members	22	22
Benefits paid	(2,514)	(2,377)
Present value of the Schemes' obligation at the end of the financial year	<u>83,459</u>	<u>76,842</u>

Sensitivity analysis

Changes in the following principal actuarial assumptions would have the following effect on the defined benefit surplus:

	Increase/(decrease) £'000
Discount rate:	
0.1 percentage point increase	1,261
0.1 percentage point decrease	(1,285)
Inflation:	
0.1 percentage point increase	(621)
0.1 percentage point decrease	758
Life expectancy:	
One-year increase	(2,516)
One-year decrease	2,442

Notes to the financial statements (continued)

19 - Retirement Benefit Obligations (continued)

Amounts recognised in the Statement of Comprehensive Income

	Year ended 30 June 2014 £'000	Year ended 30 June 2013 £'000
Included in operating costs:		
Current service cost	240	271
Included in financing costs:		
Net interest (receivable)/payable on the Scheme's surplus	(109)	231
Pension expense recognised in profit and loss	131	502
Included in other comprehensive income:		
Return on plan assets in excess of that recognised in net interest	(3,475)	(4,108)
Actuarial loss/(gain) arising from changes in financial assumptions	5,383	(1,719)
Actuarial loss arising from experience	39	354
Total loss/(gain) recognised in other comprehensive income	1,947	(5,473)
Total loss/(gain) recognised in the Statement of Comprehensive Income	2,078	(4,971)

Defined contribution pension schemes

The Group operates defined contribution pension schemes for certain employees. Costs for the financial year amounted to £385,000 (2013: £124,000).

Notes to the financial statements (continued)

20 - Related party transactions

Group

Management fees of £568,000 (2013: £591,000) are payable to GGMC Limited, a company controlled by Tan Sri Quek Leng Chan. The amount accrued but unpaid at the year-end amounted to £469,000 (2013: £449,000).

Management fees of £715,000 (2013: £695,000) are payable to GuocoLeisure Limited. The amount accrued but unpaid at the year-end amounted to £715,000 (2013: £695,000).

Purchases of £1.7m (2013: £Nil) furniture from Hume Furniture Sdn, a company controlled by Tan Sri Quek Leng Chan.

Income of £548,000 (2013: £865,000) from GLH Hotels Management (UK) Limited in respect for rent and services charges for office space.

Rent of £14.25 million (2013: £14.25 million) was payable to GLH RHG Limited and GLH KG Limited, both of which are controlled by GLH Hotels Group Limited.

Company

Management fees of £568,000 (2013: £591,000) are payable to GGMC Limited, a company controlled by Tan Sri Quek Leng Chan. The amount accrued but unpaid at the year-end amounted to £469,000 (2013: £449,000).

Management fees of £715,000 (2013: £695,000) are payable to GuocoLeisure Limited. The amount accrued but unpaid at the year-end amounted to £715,000 (2013: £695,000).

The Company operates a central treasury function to which subsidiaries transfer their cash receipts and which settles all the subsidiaries' trading liabilities. It is not practicable to quantify the gross amounts of these transactions. The net movements from these transactions are accumulated in the amounts owed to or from Group companies shown in Notes 10 and 11.

In addition, the Company entered into the following aggregate transactions with its subsidiaries and GLH Hotels Management (UK) Limited:

	Year ended 30 Jun 2014 £'000	Year ended 30 Jun 2013 £'000
Interest expense on group balances	(10,742)	(10,447)
Management fees & brand licence	(25,983)	(22,139)
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The Group also provided an accounts payable function to Clermont Leisure UK, a subsidiary of GuocoLeisure. These transactions were fully recharged and amounted to £239,000 (2013: £230,000).

Notes to the financial statements (continued)

21 - Financial commitments

The total amounts payable over the remainder of the life of non-cancellable operating leases is as follows

	30 June 2014		30 June 2013	
	Property £'000	Plant and Equipment £'000	Property £'000	Plant and Equipment £'000
Payments which fall due				
Within one year	50,531	602	56,887	608
In the second to fifth years inclusive	204,572	488	227,548	499
After five years	794,215	-	925,376	-
Total payable over the life of the leases	<u>1,049,318</u>	<u>1,090</u>	<u>1,209,811</u>	<u>1,107</u>

	30 June 2014 £'000	30 June 2013 £'000
<i>Capital Commitments</i>		
Contracted for but not provided in the accounts	<u>7,187</u>	<u>3,438</u>

22 - Financial commitments

The Group is subject to three legal claims in relation to properties previously leased and operated by the Group. The Group accepts no liability in relation to these claims and will robustly defend its position.

23 - Accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Whilst some outcomes have been affected by the volatility in the financial markets, all judgements and assumptions in the accounting policies remain consistent with previous years.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Consideration of impairment to the carrying values of assets has been made and we concluded that the individual carrying values of operating assets are supportable by value in use. The impact of the current economic conditions on the assessment of going concern has been considered.
- Note 7 – Property, plant and equipment - Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the accounting policies for property, plant and equipment and intangible assets. The selection of these residual values and estimated lives requires the exercise of judgement. The Company is required to assess whether there is indication of impairment to the carrying value of assets. In making that assessment, judgements are made in estimating value in use. The directors consider that the individual carrying values of assets are supportable by value in use.
- Note 13 - Deferred tax assets – Represents the extent to which future profits are expected to be offset by losses in the foreseeable future. The Company recognises expected liabilities and assets for tax based on an estimation of the likely taxes affect, which requires judgement as to the ultimate tax determination of certain items.

Notes to the financial statements *(continued)*

24 - Parent and ultimate parent undertakings and controlling parties

The immediate parent undertaking is GLH Hotels Group Limited, a company registered in Bermuda. The financial statements of GLH Hotels Group Limited are not available to the public.

GLH Hotels Group Limited is a wholly owned subsidiary of GuocoLeisure Limited, a company registered in Bermuda and listed on the Singapore Stock Exchange. Copies of the accounts of GuocoLeisure Limited can be obtained from its website www.guocoleisure.com or from its offices at 9 Temasek Boulevard, #11-01 Suntec Tower Two, Singapore.

GuocoLeisure Limited is both controlled and its financial results consolidated by Guoco Group Limited, a company registered in Hong Kong and listed on the Hong Kong Stock Exchange. Copies of the accounts of Guoco Group Limited are available from its website www.guoco.com. The directors of Guoco Group Limited consider its ultimate controlling party to be Hong Leong Company (Malaysia) Berhad, a private company registered in Malaysia. The financial statements of Hong Leong Company (Malaysia) Berhad are not available to the public.