GLH Hotels Holdings Limited

Annual report and financial statements

Registered number 4560805

30 June 2018

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Contents

Strategic report

The directors present their strategic report for the year ended 30 June 2018.

Company status and principal activities

GLH Hotels 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

During the year ended 30 June 2018 the Company and its subsidiaries operated 18 hotels, which also comprises the 'Group'.

Two newly refurbished hotels have opened in the year in Luton and Swindon, opening in July and August 2017 respectively. These hotels operate under the Group's new Thistle Express brand.

Part way though the financial year trading ceased at the Thistle Euston. On 23 February 2017, Royal Assent was given to the HS2 rail line and the Government issued a Compulsory Purchase Order ("CPO"), with the hotel closing on 4 October 2017. During the year the Group has received and recognised partial compensation of £27.5m with final compensation negotiations ongoing.

The Group continues to focus on driving value from its portfolio of hotels both through operational excellence and asset transformation.
An agreement with Hard Rock to transform The Cumberland was signed on 15 June 2016. Refurbishment works commenced in May 2017 and continued throughout the financial year. The hotel is planned to launch as Hard Rock London in Spring 2019.

The Group closed the Grand Imperial restaurant at the Grosvenor Hotel in May 2018.

The Group has loan borrowings of £194.3m (2017: £194.1m) of which £55.2m (2017: £55.2m) are listed on the London Stock Exchange. Subsequent to the year end on the 2 July 2018 £28m of the £138m principal bank loan was repaid.

Performance of the London hotel market is expected to be modest in the near/medium term, and GLH continues to maintain a cautious outlook given the increased supply of hotel rooms into the London market and the continuing uncertainty regarding Brexit.

Review of the business

The Company and its subsidiaries ('the Group') were impacted by the closure of Euston and disruption caused by the refurbishment of the Cumberland. The results for the year ended 30 June 2018 show a 6% decrease in revenue primarily driven by 80,000 room nights being lost due to refurbishment works at The Cumberland and the closure of Euston. Profit before tax for the year is £38,685,000 (2017: £14,468,000) increased on last year due to the income recognised of £27,523,000 following the closure of Euston by Compulsory Purchase Order "CPO".

The net asset position of the Group has improved to £175.7m (2017: £128.1m).

The Key Performance Indicators (KPIs) used to measure trading performance of the hotel are occupancy percentage, average room rate (ARR) and revenue per available room (RevPAR).

KPIs: Movement vs. prior year	**Year ended 30 June 2018**	Year ended 30 June 2017
	%	%
Occupancy	**(0.8)**	(5.1)
Average room rate	**(4.1)**	7.0
Revenue per available room (RevPAR)	**(5.0)**	1.6

Strategic report *(continued)*
Principal risks and uncertainties

Principal risks	Mitigating activities
Brand reputation The Company is reliant upon the reputation of the GLH Hotels Group ('the Group') brands. 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.	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. 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.
Political or economic uncertainty The Company and the Group are exposed to the risk of adverse political or economic developments. In particular, on 23 June 2016, the UK electorate voted to discontinue its membership of the EU. Until further clarity is known regarding the terms in which the UK will exit, there is overall uncertainty on the impact for the Group. However, in terms of impact on revenue and profitability, the UK's exit has potential to impact in three primary ways: 1) Changes in the GBP exchange rate may result in overseas travel to the UK being more or less attractive. To date, given the weakening of GBP relative to other major worldwide currencies, this has had a positive impact. 2) UK domestic travel (both in terms of the corporate and leisure markets) may be impacted by overall economic growth predictions, and overall confidence. 3) Should it become more difficult to visit the UK if legislation were to restrict movement into the country there would be an obvious impact on overseas demand. In terms of the Group's cost base, the largest impact is on our workforce. Similar to nearly all other business concentrated in London hospitality, our current workforce contains a diverse mix of nationalities. Whilst the wider impact of the UK's exit from the EU remains far from certain, any legislation that restricts freedom of movement of labour is likely to adversely impact both the availability and cost of labour. A negative impact on the Group's revenue and profitability will also have a direct impact on the valuation of property, plant and equipment, recoverability of company's investment in subsidiaries and other areas that depend on forecasts.	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. Although there may be a short period of hesitation with respect of tourism in the UK, we expect this not to have a significant impact on the Group's operations due to the reasons mentioned above. The Group retains a proactive focus on costs and in the event of a down-turn this enhanced competitiveness allows us to protect our margins. The Group's Procurement team has a specific Brexit risk mitigation plan in place. Contingency plans for the Group's supply chain include: - Joint business plans with key suppliers,to mitigate risks caused by currency fluctuations and potential changes in import procedures, - Implementation of risk management procedures including contingency planning; - Where there is a potential risk of increased costs in the supply chain due to a shortage of raw and/or manpower, price fixes/ price caps are being negotiated. - For high risk products, alternative suppliers and products are being identified and alternative menus developed for high risk products to ensure business continuity. The Group constantly reviews it's approach to being a compelling employer choice for UK nationals and overseas nationals alike. This includes focusing on creating a great place to work, career development opportunities, employee engagement as well as competitive compensation and benefits.
Events affecting international travel Given the international customer base, the Company is exposed to the risk of significant events impacting international travel (such as acts of terrorism and outbreaks of disease).	The Group retains a proactive focus on costs and in the event of a down-turn this enhanced competitiveness allows us to protect our margins.
Treasury risk 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.	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.

By order of the board

Neil Gallagher
Director
29 March 2019

Directors' report

The directors present their Directors' report and financial statements for the year ended 30 June 2018.

Result and dividends

The results for the year ended 30 June 2018 are set out in the Statement of Profit and Loss and Other Comprehensive Income on page 9. Profit after tax for the year was £30,120,000 (2017: £13,743,000).

During the year ended 30 June 2018, the Company issued its parent company a dividend of £nil (2017: £nil).

Directors & directors' interests

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

Susan Lim Geok Mui
Kah Meng Ho
Neil Gallagher

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.

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.

Financial Risk

The Group's policy and objectives related to financial risk management, including the policy for hedging, is considered in Note 18 to the financial statements. This also considers the position in relation to credit risk, liquidity risk and cashflow risk.

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.

Donations & Political contributions

The Company made no charitable or political donations or incurred any political expenditure during the year (2017: £Nil).

Directors' report *(continued)*

Risk Management & Internal Controls

The Board recognises the importance of a sound system of internal controls to safeguard shareholders' interests and investments and the Group's assets, and to manage risks. The Board determines the Group's risk profile and oversees the formulation, implementation and monitoring of the Group's internal controls. Management articulates the Group's risk policies by identifying significant risks which might impact the Group's business. The Company maintains a Risk Register which is reviewed periodically by the Board and Management. A risk rating system has been established to identify the tolerance level for the various identified risks and to determine the likelihood of incidence of such risks. Guidelines and strategies for the mitigation of such risks are set out in the Risk Register. The Board ensures the effective implementation and monitoring of internal controls by Management and the Internal Audit Department. The Internal Audit Department reports directly to the Board. The Internal Audit Department adheres to an audit plan approved by the Board in reviewing and testing the adequacy and effectiveness of the Group's internal controls. On an annual basis, an Internal Audit and Risk Assurance Report is presented to the Board on significant risks and risk exposures impacting the Group's key businesses and the measures taken by Management to address them. The Board recognises that no system of control will provide absolute assurance against material misstatement or loss. However, based on reviews carried out by the Internal Audit Department and Management, the Board is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems, are adequate and effective. On 24 August 2018, the Board received assurance from Mr Neil Gallagher and Mr Peter Herbert, who are the Chief Executive Officer and Chief Financial Officer respectively of the Company, that:

• The financial records of the Company have been properly maintained and the financial statements for FY2018 give a true and fair view of the Company's operations and finances; and

• The Company's system of risk management and internal controls is effective in addressing the material risks in its current business environment including financial, operational, compliance and information technology risks.

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 auditor is aware of that information.

Other Information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

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

Neil Gallagher
Director

29 March 2019

Registered Office
110 Central Street
London
United Kingdom
EC1V 8AJ

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

The directors are responsible for preparing the Annual Report and the Group and parent Company 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 International Financial Reporting Standards as adopted by the European Union (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, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent 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 Group or the parent 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 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 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 group and to prevent and detect fraud and other irregularities.

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLH HOTELS HOLDINGS LIMITED

Opinion

We have audited the financial statements of GLH Hotels Holdings Limited ("the company") for the year ended 30 June 2018 which comprise the Consolidated Statement of Profit and Loss and Other Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Changes in Equity, Consolidated and Company Statement of Cash Flows 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 group's and of the parent company's affairs as at 30 June 2018 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (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.

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 group 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.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the carrying value of property, plant and equipment, defined benefit pension obligation and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLH HOTELS HOLDINGS LIMITED (CONTINUED)

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

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

Our responsibility is to read the strategic report and 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 strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out 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; 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 group and parent 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 group or the parent 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLH HOTELS HOLDINGS LIMITED (CONTINUED)

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.

Chrissy Douka (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
29 March 2019

Consolidated Statement of Profit and Loss and Other Comprehensive Income

for the year ended 30 June 2018

	Note	Year ended 30 June 2018 £000's	Year ended 30 June 2017 £000's
Revenue	3	**234,593**	250,278
Finance income	6	**164**	152
Depreciation & Amortisation	4	**(11,596)**	(12,192)
Management fees	24	**(27,059)**	(27,026)
Property rent	4	**(37,906)**	(43,817)
Employee Benefits expense	5	**(45,657)**	(46,172)
Finance costs	7	**(17,062)**	(16,714)
Professional Fees		**(2,029)**	(6,610)
Direct expenses		**(12,421)**	(11,180)
Property management cost		**(24,068)**	(24,538)
Rooms commissions		**(17,977)**	(18,953)
Food and beverage cost of sales		**(9,182)**	(9,280)
Maintenance and Service Costs		**(4,693)**	(6,754)
Profit on Disposal through Compulsory Purchase Order	8	**20,811**	-
Rental Costs		**(2,055)**	(2,138)
Other costs		**(5,178)**	(10,588)
Profit before tax		**38,685**	14,468
Taxation	9	**(8,565)**	(725)
Profit for the year		**30,120**	13,743
Profit for the year attributable to:			
Equity Holders of the Parent		**30,191**	13,821
Non-controlling interest		**(71)**	(78)
Profit for the year		**30,120**	13,743
Other comprehensive income			
Items that will not be reclassified to Profit or Loss			
Actuarial Gains/(losses) on defined benefit pension plans	23	**5,120**	(4,343)
Deferred tax on other comprehensive income	9	**(887)**	273
Current tax on other comprehensive income	9	**-**	-
Items that are or may be reclassified subsequently to profit or loss			
Change in fair value on cashflow hedge	16	**2,997**	1,731
Deferred tax on change in fair value on cash flow hedge	9	**(509)**	(374)
Total comprehensive income for the year		**36,841**	11,030
Total Comprehensive income for the period attributable to:			
Equity Holders of the Parent		**36,912**	11,108
Non-controlling interest		**(71)**	(78)
Total comprehensive income for the year		**36,841**	11,030

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

The accompanying notes on pages 13 to 33 form an integral part of these financial statements.

Consolidated and Company
Statement of Financial Position
At 30 June 2018

	Note	Group 30 June 2018 £000's	Group 30 June 2017 £000's	Company 30 June 2018 £000's	Company 30 June 2017 £000's
ASSETS					
Non-current assets					
Property, plant and equipment	10	630,497	619,351	-	-
Investment in subsidiaries	11	-	-	378,716	367,922
Pension benefit surplus	23	8,644	527	-	-
Total non-current assets		639,141	619,878	378,716	367,922
Current assets					
Inventories	12	341	409	-	-
Trade and other receivables	13	17,131	35,098	-	-
Cash and cash equivalents		53,103	28,071	-	-
Total current assets		70,575	63,578	-	-
Total assets		709,716	683,456	378,716	367,922
EQUITY AND LIABILITES					
Shareholders' equity					
Share capital	19	37,000	37,000	37,000	37,000
Share premium	20	10,794	-	10,794	-
Hedging reserve	21	(2,691)	(5,179)	-	-
Retained earnings	22	132,625	98,201	(57,359)	(51,407)
		177,728	130,022	(9,565)	(14,407)
Non-Controlling interest	22	(1,982)	(1,911)	-	-
Total equity		175,746	128,111	(9,565)	(14,407)
Non-current liabilities					
Borrowings	15	194,279	194,109	-	-
Deferred tax	17	14,399	9,744	-	-
Derivative financial instrument	16	3,243	6,240	-	-
Pension benefit deficit	23	-	76	-	-
Total non-current liabilities		211,921	210,169	-	-
Current liabilities					
Trade and other payables	14	322,049	345,176	388,281	382,329
Total current liabilities		322,049	345,176	388,281	382,329
Total liabilities		533,970	555,345	388,281	382,329
Total equity and liabilities		709,716	683,456	378,716	367,922

The accompanying notes on pages 13 to 33 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 21 March 2019 and were signed on its behalf by:

Neil Gallagher
Director

Consolidated Statement of Changes in Equity

for the year ended 30 June 2018

	Share Capital	Share Premium	Hedging Reserve	Retained Earnings	Non-Controlling Interest	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 30 June 2016	37,000	-	(6,536)	88,450	(1,833)	117,081
Total Comprehensive income for the year						
Profit or loss	-	-	-	13,821	(78)	13,743
Other Comprehensive income	-	-	1,731	(4,343)	-	(2,612)
Deferred Tax on other comprehensive income	-	-	(374)	273	-	(101)
Balance at 30 June 2017	37,000	-	(5,179)	98,201	(1,911)	128,111
Total Comprehensive income for the year						
Profit or loss	-	-	-	30,191	(71)	30,120
Other Comprehensive income	-	-	2,997	5,120	-	8,117
Deferred Tax on other comprehensive income	-	-	(509)	(887)	-	(1,396)
Share Issue	-	10,794	-	-	-	10,794
Balance at 30 June 2018	37,000	10,794	(2,691)	132,625	(1,982)	175,746

Company Statement of Changes in Equity

for the year ended 30 June 2018

	Share Capital	Share Premium	Retained Earnings	Total
	£000's	£000's	£000's	£000's
Balance at 30 June 2016	37,000	-	(41,050)	(4,050)
Total Comprehensive income for the year				
Profit or loss	-	-	(10,357)	(10,357)
Balance at 30 June 2017	37,000	-	(51,407)	(14,407)
Total Comprehensive income for the year				
Profit or loss	-	-	(5,952)	(5,952)
Share Issue	-	10,794	-	10,794
Balance at 30 June 2018	37,000	10,794	(57,359)	(9,565)

The accompanying notes on pages 13 to 33 form an integral part of these financial statements.

Consolidated and Company

Statement of Cash Flows for the year ended 30 June 2018

	Group		Company	
	Year ended 30 June 2018 £000's	Year ended 30 June 2017 £000's	**Year ended 30 June 2018 £000's**	Year ended 30 June 2017 £000's
Cash flows from operating activities				
Profit/(loss) for the financial year from continuing activities	**30,120**	13,743	**(5,952)**	(10,357)
Adjustments for:				
Taxation	**8,565**	725	**-**	-
Finance Costs	**17,062**	16,714	**10,188**	10,357
Finance Income	**(164)**	(152)	**-**	-
Depreciation & Amortisation	**11,596**	12,192	**-**	-
Pension fund payments in excess of P&L charge	**(3,073)**	(2,961)	**-**	-
Amortisation of Debenture fees	**525**	485	**-**	-
Loss on disposal of fixed assets	**73**	7,965	**-**	-
Dividends Received	**-**	-	**(4,247)**	
Changes in working capital:				-
Decrease / (Increase) in inventories	**68**	(73)	**-**	-
Decrease / (Increase) in trade & other receivables	**28,761**	772	**-**	-
(Decrease)/ Increase in trade & other payables	**(32,539)**	(12,151)	**11**	-
(Decrease) in provisions	**-**	(531)	**-**	-
Cash generated from operating activities	**60,994**	36,728	**-**	-
Interest Paid	**(9,377)**	(8,200)	**-**	-
Tax Paid	**(3,863)**	(1,322)	**-**	-
Net Cash generated from operating activities	**47,754**	27,206	**-**	-
Cash flows from investing activities				
Purchase of property, plant and equipment	**(22,815)**	(10,855)	**-**	-
Interest Received	**93**	58	**-**	-
Net cash (used in)/generated from investing activities	**(22,722)**	(10,797)	**-**	-
Net increase in cash and cash equivalents	**25,032**	16,409	**-**	-
Cash and cash equivalent at the start of the year	**28,071**	11,662	**-**	-
Cash and cash equivalents at the end of the year	**53,103**	28,071	**-**	-
Changes in working capital includes the following non-cash adjustments:				
Share Issue	**10,794**	-	**10,794**	-
Investment in Subsidary	**-**	-	**(10,794)**	-
Dividends Received	**-**	-	**4,247**	-

The accompanying notes on pages 13 to 33 form an integral part of these financial statements.

Notes to the financial statements

1 – Accounting policies

Basis of preparation
GLH Hotels Holdings Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 4560805 and the registered address is 110 Central Street, London, EC1V 8AJ.

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and Joint Ventures. The parent company financial statements present information about the Company as a separate entity and not about its group.

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"). The Company has elected to prepare its parent company financial statements in accordance with IFRS; these are presented on pages 13 to 33.

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.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 27.

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.

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

The Group has a diverse range of customers and contracts with suppliers across different geographic areas and industries meaning the Group is not reliant on one single market. As a consequence, combined with the considerable financial resources of the Group , the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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 Company:

International Financial Reporting Standards		Effective for accounting periods starting on or after
IFRS 16	Leases	1 January 2019
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial Instruments	1 January 2018

The application of these standards, with the exception of IFRS 16, is not anticipated to have a material effect on the financial statements except for additional disclosure.

Potential impact on IFRS 16 leases
IFRS 16 introduces a single, on-balance sheet accounting model for lessees. The company as a lessee would be required to recognise a right-of-use asset (ROU) representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This would result in a material impact to the Company's balance sheet. There are optional exemptions for short-term leases and leases of low value items.

The directors have performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee. They expect these operating leases, other than those which meet the short-term or low value criteria, to be recognised as ROU assets with corresponding lease liabilities under the new standard. The expected Impact on the group Financial Statements is:

IFRS16 Leases (effective 1 Jan 2019) Note 25

	Balance Sheet Impact £000's	Income Statement Impact £000's
Recognise lease asset	255,484	-
Recognise lease liability	(247,391)	-
Excess Lease Liability over Lease Asset	8,093	-
(Increase) in P&L Expense during the year	-	(7,820)

Potential impact on IFRS 15 revenue recognition
The directors are required to determine whether IFRS 15 Revenue Recognition will change the profile of revenue and profit recognition in the financial statements.

The core principle of IFRS 15 is that an entity recognises revenue in line with identified performance obligations, measured as the amount to which the entity expects to be entitled in exchange for those goods or services.

GLH's hotel, food and beverage and meeting and events revenues are recognised when the rooms are occupied and the services are performed. Management fees include a percentage of hotel revenue and profit and is recognised when earned and realised under the terms of the agreement. Rental revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease agreement.

This is considered to be consistent with the requirements of IFRS 15 and as such they have assessed that the new standard IFRS 15 has no material impact on the accounting and / or financial statements.

Notes to the financial statements *(continued)*

1 – Accounting policies *(continued)*

Potential impact on IFRS 9 Hedging not adopted in the financial statements
The directors are required to determine whether the hedging relationship qualifies for hedge accounting against the following criteria:

- Formal designation and documentation.
- The hedging relationship consists of eligible hedging instruments and hedged items.
- The hedge is effective.

After consideration of the above, the directors concluded that the financial instruments held by the Group still meet the definition of a hedge and there is no expected material impact.

The directors have also considered any potential impact of IFRS 9 on simple financial instruments such as Trade and Other receivables and Trade and Other payables. The company will need to apply an expected credit loss model when calculating impairment losses on its trade and other receivables (both current and non-current). The directors have considered the current provision policy and do not expect there to be a material impact.

Basis of Consolidation

The financial statements incorporate the accounts of the Company and all its subsidiaries for the year ended 30 June 2018. 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.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Joint Arrangements

A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. These joint arrangement are in turn classified as:

- Joint ventures whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities; and
- Joint operations whereby the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

Associates
Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Separate parent company financial statements
In the parent company financial statements, all investments in subsidiaries are carried at cost less impairment.

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

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The principal expected useful economic lives are:

Freehold land	Not depreciated
Core elements of freehold 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, equipment and fit out costs	5 to 15 years

Repairs and maintenance costs are expensed as incurred.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Leased assets
Operating lease payments
Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement 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.

Notes to the financial statements *(continued)*

1 – Accounting policies *(continued)*

Inventories
Inventories comprise food, 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.

Cost is based on the first-in first-out principle that includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition.

Classification of financial instruments
Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Classification of non-derivative financial 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.

Interest - bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

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

Investments in debt and equity securities
Debentures are stated at amortised cost less impairment. Financial instruments held for trading are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Classification of derivative financial instruments
The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Notes to the financial statements *(continued)*

1 – Accounting policies *(continued)*

Cash flow hedge
When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in fair value of the derivative is recognised in OCI and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged items is a non-financial asset, the amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affected profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Impairment excluding inventories, and deferred tax assets
Financial assets (including receivables)
A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-Financial Assets
The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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 from hotel operations is recognised in the profit or loss on an accrual basis, upon services being rendered which include rooms revenue. Revenue from hotel operations includes income earned from sales of food and beverages, meetings and events income and other miscellaneous income. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or associated costs. All revenue is excluding VAT and is generated in the UK.

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

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 temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes to the financial statements *(continued)*

1 – Accounting policies *(continued)*

Financing income and costs
Financing costs 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 sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement, 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 sterling at foreign exchange rates ruling at the dates the fair value was determined.

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit pension schemes
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), adjusted for employer contributions paid into the Scheme.

The discount rate is the yield at the reporting date on AA credit rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

A formal actuarial valuation is performed at least once every three years by a qualified actuary and informal valuations are carried out in the intervening years using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Re-measurements of the net defined benefit liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in OCI and all expenses related to defined benefit plans in employee benefits expense in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

Retirement benefit costs
Payments to defined contribution pension schemes are charged as an expense as they fall due.

For defined benefit pension schemes, the cost of providing benefits is determined using the projected unit credit actuarial cost method, with informal actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the income statement and are presented in the SOCI.

Both current and past service costs are the amounts recognised in the income statement, reflecting the expense associated with the individuals. Current service cost represents the increase in the present value of the scheme liabilities expected to arise from employee service in the current period. Past service cost is recognised immediately to the extent that the benefits are already vested. Gains and losses on curtailments or settlements are recognised in the income statement in the period in which the curtailment or settlement occurs.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligations as adjusted for unrecognised past service costs, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds (which is only recognised to the extent that the Group has an unconditional right to receive it) and reductions in future contributions to the scheme. To the extent that an economical benefit is available as a reduction in future contributions and there is a minimum funding requirement required of the Group, the economic benefit available as a reduction in contributions is calculated as the present value of the estimated future service cost in each year, less the estimated minimum funding contributions required in respect of the future accrual and benefits in the year.

Notes to the financial statements *(continued)*

2 - Operating Segments

A. Basis for Segmentation

The Group operates the following brands: Amba, every (ceased partway through the financial year with the every Piccadilly moving to the Thistle Brand), Guoman, Thistle and Thistle Express. All hotels are operated in or around the London area and there is no one customer that represents a material proportion of the Group's total revenues.

B. Information about reportable segments

Profit and loss statement for the year ended 30 June 2018

	Guoman	Amba	every, Thistle, Thistle Express	Central	Total
	£000's	£000's	£000's	£000's	£000's
Revenue	117,553	61,199	54,576	1,265	**234,593**
Other Income	-	-	27,523	-	**27,523**
Depreciation	(4,238)	(4,713)	(2,718)	73	**(11,596)**
Management Fees	(12,584)	(6,916)	(5,614)	(1,945)	**(27,059)**
Property Rent	(26,168)	(227)	(11,376)	(135)	**(37,906)**
Employee Benefit Expense	(23,404)	(9,898)	(11,609)	(746)	**(45,657)**
Finance Costs/(Income)	790	302	(2,010)	(15,980)	**(16,898)**
Other Costs	(39,649)	(17,920)	(26,437)	(309)	**(84,315)**
					-
Profit Before Tax	12,300	21,827	22,335	(17,777)	**38,685**
Tax	(1,976)	(2,136)	(3,882)	(571)	**(8,565)**
Profit for the year	10,324	19,691	18,453	(18,348)	**30,120**

Profit and loss statement for the year ended 30 June 2017

	Guoman	Amba	every, Thistle, Thistle Express	Central	Total
	£000's	£000's	£000's	£000's	£000's
Revenue	123,903	62,606	62,299	1,470	**250,278**
Other Income	-	-	2,507	(2,355)	**152**
Depreciation	(4,258)	(4,732)	(3,191)	(11)	**(12,192)**
Management Fees	(13,466)	(6,949)	(6,611)	-	**(27,026)**
Property Rent	(25,370)	(172)	(19,240)	965	**(43,817)**
Employee Benefit Expense	(22,972)	(9,880)	(12,488)	(832)	**(46,172)**
Finance Costs/(Income)	(4,899)	(3,031)	(877)	(7,907)	**(16,714)**
Other Costs	(40,812)	(18,266)	(22,036)	(8,927)	**(90,041)**
Profit Before Tax	12,126	19,576	363	(17,597)	**14,468**
Tax	(140)	(620)	125	(90)	**(725)**
Profit for the year	11,986	18,956	488	(17,687)	**13,743**

Balance Sheet at 30 June 2018

	Guoman	Amba	every, Thistle, Thistle Express	Central	Total
	£000's	£000's	£000's	£000's	£000's
Non-current assets					
Property, plant and equipment	336,117	246,685	47,542	153	**630,497**
Pension benefit surplus	-	-	-	8,644	**8,644**
Current assets					
Inventories	191	62	71	17	**341**
Trade and other receivables	48,382	57,387	43,169	(131,807)	**17,131**
Cash and cash equivalents	3,258	1,933	1,584	46,328	**53,103**
Non-current liabilities					
Borrowings	-	-	-	(194,279)	**(194,279)**
Deferred tax	(4,879)	(3,642)	(5,267)	(611)	**(14,399)**
Preference Shares	30	-	-	(30)	**-**
Derivative financial instrument	-	-	-	(3,243)	**(3,243)**
Current liabilities					
Trade and other payables	(42,940)	(15,509)	(31,262)	(232,338)	**(322,049)**
Net assets/ (liabilities)	340,159	286,916	55,837	(507,166)	175,746

Notes to the financial statements *(continued)*

2 - Operating Segments *(continued)*

Balance Sheet at 30 June 2017

	Guoman	Amba	Every, Thistle, Thistle Express	Central	Total
	£000's	£000's	£000's	£000's	£000's
Non-current assets					
Property, plant and equipment	320,574	250,807	47,846	124	**619,351**
Pension benefit surplus	-	-	-	527	**527**
Current assets					
Inventories	215	77	88	29	**409**
Cash and cash equivalents	1,858	1,450	1,634	23,129	**28,071**
Trade and other receivables	33,085	28,861	43,071	(69,919)	**35,098**
Non-current liabilities					
Borrowings	-	-	-	(194,109)	**(194,109)**
Deferred tax	(4,981)	(4,735)	(1,287)	1,259	**(9,744)**
Preference Shares	30	-	-	(30)	**-**
Derivative financial instrument	-	-	-	(6,240)	**(6,240)**
Pension benefit deficit	-	-	-	(76)	**(76)**
Current liabilities					
Trade and other payables	(20,968)	(9,236)	(53,891)	(261,081)	**345,176**
Deferred tax	-	-	(97)	97	**-**
Net assets/ (liabilities)	329,813	267,224	37,364	(506,290)	**128,111**

3 - Revenue

Revenue consists of the following revenue streams:

	Group Year ended 30 June 2018	Year ended 30 June 2017
	£000's	£000's
Rooms revenue	**187,713**	202,443
Food and beverage	**23,142**	23,989
Meetings and events	**17,812**	18,012
Other	**5,926**	5,834
Total revenue	**234,593**	250,278

4 - Expenses and Auditor's Remuneration

The Group's profit before tax is stated after charging;	Group Year ended 30 June 2018	Year ended 30 June 2017
	£000's	£000's
Amounts payable to auditor:		
Audit of these financial statements	**11**	10
Audit of financial statements of subsidiaries	**134**	106
Pension Scheme audit-defined benefit plan	**17**	15
Audit-related assurance services	**5**	7
Depreciation and other amounts written off tangible fixed assets	**11,596**	12,192
Equipment rentals payable under operating leases	**790**	793
Property rentals payable under operating leases	**37,906**	43,817

Notes to the financial statements *(continued)*

5 - Employee, Directors and Key Management information

	Group Year ended 30 June 2018 £000's	Year ended 30 June 2017 £000's
Employee costs during the year:		
Agency wages	14,945	14,040
Employee wages and salaries	27,830	29,170
Employer's social security costs	2,339	2,441
Employer's pension costs	543	521
	45,657	46,172
	No.	No.
Average monthly staff employed:		
Hotel Operating Staff (excluding agency)	1,600	1,690

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

The expenses for employers' pension costs include expenses related to the defined benefit and defined contribution schemes.

The directors are remunerated for their services to the group as a whole which is disclosed in the financial statements of GLH Hotels Management (UK) Limited and GL Limited. An amount of £184,000 (2017: £153,000) has been apportioned to the Group based on the services performed by directors for the individual undertakings within the Group.

6 – Finance Income

	Group Year ended 30 June 2018 £000's	Year ended 30 June 2017 £000's
Bank Interest receivable	93	50
Net interest income on retirement benefit obligations	48	102
Other finance income	23	-
	164	152

7 – Finance Costs

	Group Year ended 30 June 2018 £000's	Year ended 30 June 2017 £000's
Bank Overdraft	123	244
Debenture Stock and loan interest	9,832	9,085
Amortisation of fair value adjustment on debentures	(355)	(355)
Interest paid to related parties	7,462	7,740
Total other costs	17,062	16,714

Notes to the financial statements *(continued)*

8 – Profit from Disposal through Compulsory Purchase Order

	Group Year ended 30 June 2018 £000's	Year ended 30 June 2017 £000's
Profit from Disposal through Compulsory Purchase Order	20,811	-
	20,811	-

On 23 February 2017, Royal Assent was given to the HS2 rail line and the Government issued a Compulsory Purchase Order ("CPO"), with the Euston hotel closing on 4 October 2017. During the year the Group has received and recognised partial compensation of £27.5m with final compensation negotiations ongoing. £6.7m represents impairment of the assets held by Euston Hotel at the date of the CPO.

9 - Taxation

	Group Year ended 30 June 2018 £000's	Year ended 30 June 2017 £000's
Recognised in the Income Statement		
UK Corporation tax		
Current tax on profits for the year	5,730	2,616
Adjustments in respect of previous years	(424)	(549)
Current tax charge	5,306	2,067
Deferred taxation		
Current year tax charge/(credit)	4,462	(992)
Adjustments in respect of previous years	(1,163)	227
Effect of changes in tax rates	(40)	(577)
Deferred tax charge/(credit) recognised in statement of income	3,259	(1,342)
Actual Tax charge recognised in the income statement	8,565	725
Recognised in Other Comprehensive Income		
Deferred tax on pension surplus	870	(273)
Deferred tax on pension deficit-prior year	17	-
Actual Tax charge/(credit) recognised in other comprehensive statement	887	(273)
Recognised in Equity		
Deferred tax on interest rate swap	509	374
Actual Tax charge recognised in equity	509	374

Reconciliation of Effective tax rate	Year ended 30 June 2018 %	Year ended 30 June 2018 £000's	Year ended 30 June 2017 %	Year ended 30 June 2017 £000's
Profit before tax for the year	100.0	38,685	100.0	14,469
Expected tax charge at 19.00% (2017: 19.75%)	19.0	7,350	19.8	2,857
Adjustments in respect of previous years	(4.1)	(1,587)	(2.2)	(322)
Items not subject to tax or deductible for tax purposes	2.7	1,038	22.4	3,236
Income not taxable	(1.8)	(681)	-	-
Tax rate changes	(0.1)	(40)	(3.8)	(555)
Group relief payable for nil consideration	0.6	239	(25.7)	(3,713)
Amounts not recognised	4.6	1,783	-	-
Movement in unprovided deferred tax	-	-	0.9	128
Reduction in deferred tax liability as a result of indexation on the base cost of the asset	1.2	463	(6.3)	(906)
Actual tax charge	22.1	8,565	5.0	725

A reduction 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 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax liability at 30 June 2018 has been calculated based on these rates.

Notes to the financial statements *(continued)*

10 - Property, plant and equipment

As at 30 June 2018-Group	**Land and buildings**	**Fit out costs, plant and equipment**	**Total**
	£000's	**£000's**	**£000's**
Cost			
At the beginning of the year	613,196	211,099	824,295
Additions	12,023	10,792	22,815
Disposals	-	(275)	(275)
At the end of the year	625,219	221,616	846,835
Depreciation			
At the beginning of the year	61,159	143,785	204,944
Charge for the year	5,474	6,122	11,596
Disposals	-	(202)	(202)
At the end of the year	66,633	149,705	216,338
Net book value			
As at 30 June 2018	558,586	71,911	630,497

As at 30 June 2017-Group	**Land and buildings**	**Fit out costs, plant and equipment**	**Total**
	£000's	**£000's**	**£000's**
Cost			
At the beginning of the year	620,138	213,045	833,183
Additions	796	10,059	10,855
Disposals	(7,738)	(12,005)	(19,743)
At the end of the year	613,196	211,099	824,295
Depreciation			
At the beginning of the year	56,894	147,636	204,530
Charge for the year	5,908	6,284	12,192
Disposals	(1,643)	(10,135)	(11,778)
At the end of the year	61,159	143,785	204,944
Net book value			
As at 30 June 2017	552,037	67,314	619,351

One property (2017: one) with aggregate carrying value of £89,135,000 (2017: £89,860,000) is charged as security for the Group's debenture borrowing facilities.

At 30 June 2018, certain of the Group's properties were tested for impairment.

The recoverable amounts of the properties are determined from value in use calculations or fair value less costs to sell. In the 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 a pre-tax discount factor of 9.5% (2017: 8.38%) over the forecast period.

	June 2019	**June 2020 onwards**
Average revenue portfolio	11.5%	2%

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 recoverable amount of all properties exceeded their book value and therefore no hotels needed to be impaired.

Notes to the financial statements *(continued)*

11 - Investment in subsidiaries - Company

As at 30 June 2018	
	£000's
Cost and Net Book Value	
At the beginning of the financial year	**367,922**
Additions	**10,794**
At the end of the financial year	**378,716**

As at 30 June 2017	
	£000's
Cost and Net Book Value	
At the beginning of the financial year	367,922
Additions	-
At the end of the financial year	367,922

The Company holds 100% of the ordinary shares in GLH Hotels Limited. During the year, the Company accquired one additional share in GLH Hotels Limited for a consideration of £10,794,000, which remains unpaid at the year end.

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

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

All of the companies are registered and incorporated in the United Kingdom. The registered address for all the companies is 110 Central Street, London, EC1V 8AJ.

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. The registered address for Grand Imperial Restaurant LLP is 110 Central Street, London, EC1V 8AJ.

12 - Inventories-Group

As at 30 June 2018	Food Inventory	Beverage Inventory	Total
	£000's	**£000's**	**£000's**
Cost			
At the beginning of the year	**218**	**191**	**409**
Purchases	**7,301**	**1,813**	**9,114**
Utilised during the year	**(7,328)**	**(1,854)**	**(9,182)**
At the end of the year	**191**	**150**	**341**

As at 30 June 2017	Food Inventory	Beverage Inventory	Total
	£000's	**£000's**	**£000's**
Cost			
At the beginning of the year	184	152	336
Purchases	7,384	1,969	9,353
Utilised during the year	(7,350)	(1,930)	(9,280)
At the end of the year	218	191	409

All inventories held are expected to be utilised within 12 months.

Company
The company did not hold any inventory (2017: £nil).

Notes to the financial statements *(continued)*

13 - Trade and other receivables

	Group		Company	
	30 June 2018	30 June 2017	**30 June 2018**	30 June 2017
	£000's	£000's	**£000's**	£000's
Current Assets				
Trade receivables	**11,908**	13,999	-	-
Provision for bad debt	**(258)**	(168)	-	-
Net trade receivables	**11,650**	13,831	-	-
Amounts owed by related parties	**199**	8,222	-	-
Other receivables	**3,018**	8,240	-	-
Prepayments	**2,264**	4,805	-	-
	17,131	35,098	-	-

Trade receivables that are not impaired

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

	Group		Company	
	30 June 2018	30 June 2017	**30 June 2018**	30 June 2017
	£000's	£000's	**£000's**	£000's
Neither past due nor impaired	**6,462**	7,846	-	-
Less than 1 month past due	**3,305**	5,011	-	-
1 to 3 months past due	**1,744**	974	-	-
Greater than 3 months past due	**139**	-	-	-
	11,650	13,831	-	-

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.

14 - Trade and other payables

	Group		Company	
	30 June 2018	30 June 2017	**30 June 2018**	30 June 2017
	£000's	£000's	**£000's**	£000's
Current liabilities				
Trade payables	**6,829**	4,907	-	-
Other taxation and social security	**6,229**	2,595	-	-
Other payables	**16,239**	25,291	**22**	-
Amounts owed to subsidiaries	-	-	**108,923**	92,273
Amounts owed to parent companies of the group	**279,336**	300,806	**279,336**	290,056
Amounts owed to related parties	**7,060**	213	-	-
Accruals	**2,824**	11,105	-	-
Corporation Tax	**3,532**	259	-	-
	322,049	345,176	**388,281**	382,329

Notes to the financial statements *(continued)*

15 - Borrowings

	Group	
	30 June 2018	30 June 2017
	£000's	£000's
Non-current		
Unsecured bank loan	**137,298**	136,811
7.875% fixed rate debenture stock - repayable 2022	**56,981**	57,298
	194,279	194,109

The value of the debentures shown above includes a fair value uplift of £1,775,000 (2017: £2,130,000) 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.

The bank loan is an unsecured 5-year £200m facility maturing in December 2019, £138m of which has been drawn-down and has interest rate of LIBOR plus 1.15% The fixed debenture stock is listed on the London Stock Exchange.

16 - Derivative Financial Instrument

	Group	
	30 June 2018	30 June 2017
	£000's	£000's
Fair Value of interest rate swap liability	**3,243**	6,240
	3,243	6,240

A forward rate interest swap with a nominal value of £138m was entered for hedging purposes during 2016 for a 3 year tenor starting from December 2017. This interest swap is designated as a cash flow hedge with notional contractual amounts of £138m which requires the Group to pay a fixed interest rate of 2.47% and allows the Group to receive a variable rate equal to LIBOR on the notional amount. The forward interest rate swap is valued based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

17 - Deferred tax assets and liabilities

The movements in deferred tax assets and liabilities were as follows:

	30 June 2017	Recognised in profit and loss	Recognised in other comprehensive income	**30 June 2018**
	£000's	£000's	**£000's**	**£000's**
Group				
Liability/(Assets)				
Employee Benefits	66	516	887	**1,469**
Property	11,562	(1,393)	-	**10,169**
Losses	(462)	58	-	**(404)**
Gains	-	4,023	-	**4,023**
Interest Rate Swap	(1,061)	-	509	**(552)**
Provisions/unpaid Accruals	-	(5)	-	**(5)**
Other (FV)	(361)	60	-	**(301)**
	9,744	3,259	1,396	**14,399**

	30 June 2016	Recognised in profit and loss	Recognised in other comprehensive income	**30 June 2017**
	£000's	£000's	**£000's**	**£000's**
Group				
Liability/(Assets)				
Employee Benefits	338	1	(273)	**66**
Property	13,203	(1,641)	-	**11,562**
Losses	(894)	432	-	**(462)**
Gains	-	-	-	**-**
Interest Rate Swap	(1,435)	-	374	**(1,061)**
Other (FV)	(496)	135	-	**(361)**
	10,716	(1,073)	101	**9,744**

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 liabilities are recognised on the basis that they will be absorbed by forecast future taxable profits. As at 30 June 2018, the Group has temporary differences of £5,017,000 (2017: £10,031,000) (unprovided deferred tax asset in respect of unrealised capital losses) 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)*

18 - 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 manages financial risk within its general risk management philosophy and framework.

Derivative financial instruments may be used to reduce the exposure of underlying assets and liabilities to fluctuations in interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

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 on behalf of the Company and its subsidiaries 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 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 can be required to pay.

As at 30 June 2018	**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's	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
Group						
Non-derivative financial liabilities						
Secure Debenture Stocks	**56,981**	**72,818**	**4,360**	**4,360**	**64,098**	-
Unsecure bank loans	**137,298**	**141,970**	**3,176**	**138,794**	-	-
Trade and Other payables	**322,049**	**322,049**	**322,049**	-	-	-
Derivative financial liabilities						
Derivative financial instrument	**3,243**	**5,103**	**3,402**	**1,701**	-	-
	519,571	**541,940**	**332,987**	**144,855**	**64,098**	**-**

As at 30 June 2017	**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's	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
Group						
Non-derivative financial						
Secure Debenture Stocks	57,298	77,178	4,360	4,360	13,080	55,378
Unsecure bank loans	136,811	141,970	1,588	140,382	-	-
Trade and Other payables	345,175	345,175	345,175	-	-	-
Derivative financial liabilities						
Derivative financial instrument	6,240	8,505	3,402	5,103	-	-
	545,524	572,828	354,525	149,845	13,080	55,378

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.

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 14-90 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.

Notes to the financial statements *(continued)*

18 - Financial Instruments *(continued)*

d) Interest rate risk
The Group's interest rate risk arises from treasury activities and borrowings. Interest rate risk is managed by the treasury department within approved limits. The Group also uses interest rate swaps to manage its interest rate exposure as appropriate. As at 30 June 2018, the Group has an interest rate swap classified as cash flow hedges with notional contractual amounts of £138m (2017: £138m) which requires them to pay a fixed interest rate of 2.47% (2017: 2.47%) and allows them to receive a variable rate equal to LIBOR on the notional amount.

There is no sensitivity to changes in floating interest rates as movements in the floating rate of the unsecured bank loan will offset with the amount received on the interest rate swap.

e) Currency risk
The Group'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 2018 comprised interest bearing cash balances of £53,103,000 (2017: £28,071,000) and receivables of £17,131,000 (2017: £35,098,000). There was no difference between the carrying value and the fair value of financial assets at 30 June 2018 (2017: no difference).

The Company's financial assets as at 30 June 2018 comprised interest bearing cash balances of £nil (2017: £nil), and receivables of £nil (2017: £nil). There was no difference between the carrying value and the fair value of financial assets at 30 June 2018 (2017: 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 2017 and 30 June 2018.

h) Fair value of financial instruments
The table below analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

Group- As at 30 June 2018	Carrying amount £000's	Fair value £000's	Level 1 £000's	Level 2 £000's	Level 3 £000's
Loans and receivables					
Cash and cash equivalents	53,103	53,103	-	53,103	-
Trade receivables (note 13)	11,908	11,908	-	11,908	-
Other receivables (note 13)	3,018	3,018	-	3,018	-
Pension plan assets (note 23)					
Equities	51,863	51,863	-	51,863	-
Bonds	46,012	46,012	-	46,012	-
Cash	169	169	-	169	-
Total financial assets	166,073	166,073	-	166,073	-
Financial liabilities held for					
Interest Rate Swaps (note 16)	(3,243)	(3,243)	-	(3,243)	-
Financial liabilities measured					
Trade payables (note 14)	(6,829)	(6,829)	-	(6,829)	-
Other payables (note 14)	(16,239)	(16,239)	-	(16,239)	-
Total financial liabilities	(26,311)	(26,311)	-	(26,311)	-
Total financial instruments	139,762	139,762	-	139,762	-

Notes to the financial statements *(continued)*

18 - Financial Instruments *(continued)*

Group - As at 30 June 2017	Carrying amount £000's	Fair value £000's	Level 1 £000's	Level 2 £000's	Level 3 £000's
Loans and receivables					
Cash and cash equivalents	28,071	28,071	-	28,071	-
Trade receivables (note 13)	13,999	13,999	-	13,999	-
Other receivables (note 13)	8,240	8,240	-	8,240	-
Pension plan assets (note 23)					
Equities	51,870	51,870	-	51,870	-
Bonds	45,961	45,961	-	45,961	-
Cash	277	277	-	277	-
Total financial assets	148,418	148,418	-	148,418	-
Financial liabilities held for					
Interest Rate Swaps (note 16)	(6,240)	(6,240)	-	(6,240)	-
Financial liabilities measured at					
Trade payables (note 14)	(4,907)	(4,907)	-	(4,907)	-
Other payables (note 14)	(25,291)	(25,291)	-	(25,291)	-
Total financial liabilities	(36,438)	(36,438)	-	(36,438)	-
Total financial instruments	111,980	111,980	-	111,980	-

Financial Instrument	Valuation Technique
Interest rate swap	The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

19 - Share Capital

	Number of shares 30 June 2018	Number of shares 30 June 2017	Nominal Value 30 June 2018	Nominal Value 30 June 2017
Ordinary shares of £1 each	**No.**	No.	**£000's**	£000's
Issued and fully paid:				
At the beginning of the year	**37,000,002**	37,000,002	**37,000**	37,000
Shares Issued	**1**	-	-	-
At the end of the year	**37,000,003**	37,000,002	**37,000**	37,000

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.

20 - Share premium

During the year the company issued one share for a premium of £10,794,000 which remains unpaid as at year end.

21- Hedging Reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

22- 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 £1,982,000 (2017: £1,911,000) relates to the loss attributable to the other members of the Grand Imperial Restaurant LLP.

Notes to the financial statements *(continued)*

23 - Retirement benefit obligations

The Group operates two Schemes, both of which are closed to new members, which 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 2017 to 30 June 2018 and comprise:

	30 June 2018	30 June 2017	30 June 2016	30 June 2015	30 June 2014	30 June 2013
Fair Value of Schemes' investment assets	98,044	98,108	94,473	92,057	85,619	77,860
Present value of unfunded obligations	(89,400)	(97,657)	(92,522)	(85,476)	(83,459)	(76,842)
Net Surplus in schemes	8,644	451	1,951	6,581	2,160	1,018

Statement of Financial Position Reconciliation	**30 June 2018 £000's**	30 June 2017 £000's
Net asset at beginning of the year	**451**	1,951
Pension (expense) / credit recognised in P&L in the financial year	**(158)**	(118)
Amounts recognised in OCI in the financial year	**5,120**	(4,343)
Employer contributions made in the financial year	**2,977**	2,961
Insurance Rebate	**254**	-
Net asset at the end of the year	**8,644**	451

The below table provides an estimate of contributions for the year ended 30 June 2019	**30 June 2019 £000's**
Company contributions	**2,886**
Member contributions	**5**
Total	**2,891**

Neither scheme has any minimum funding requirements.

The Trustees are responsible for:
- Running the scheme (supported by advisors as required to fulfil their duties);
- Agreeing cash funding from the company; and
- Setting a formal investment strategy for the scheme that balances risk and return.

The schemes are ring-fenced from the company and administered under UK Trust Law.

Principal actuarial assumptions
The principal assumptions used

	30 June 2018 %	30 June 2017 %
Financial assumptions		
Discount rate	**2.85**	2.65
Inflation assumption (RPI)	**3.10**	3.20
Inflation assumption (CPI)	**2.00**	2.10
Rate of increase in salaries	**3.60**	3.70
Rate of increase to pensions in payment (RPI maximum 5% pa)	**3.00**	3.05
Rate of increase to pensions in payment (CPI maximum 3% pa)	**1.80**	1.85
Rate of increase to pensions in payment (CPI maximum 2.5% pa)	**1.65**	1.70
Demographic assumptions		
Life expectancy at age 65 of male member aged 65 at year-end	**21.9 years**	22.3 years
Life expectancy at age 65 of male member aged 45 at year-end	**23.3 years**	23.7 years

Changes in the fair value of the Schemes' assets	**30 June 2018 £000's**	30 June 2017 £000's
Fair value of Schemes' assets at start of the financial year	**98,108**	94,473
Net interest on Scheme assets	**2,585**	2,882
Remeasurement (loss)/gain on scheme assets	**(1,226)**	1,875
Contributions from the Company	**2,977**	2,961
Contributions from members	**7**	24
Insurance Rebate	**254**	-
Benefits paid	**(4,661)**	(4,107)
Fair value of Schemes' assets at end of the financial year	**98,044**	98,108

Notes to the financial statements *(continued)*

23 - Retirement benefit obligations *(continued)*

Analysis of Scheme assets

	30 June 2018 £000's	30 June 2017 £000's
Equities / Diversified Growth Fund	51,863	51,870
Bonds	46,012	45,961
Cash	169	277
Total market value of assets	98,044	98,108

All the Schemes' assets are quoted on active investments markets.
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' unfunded obligations

	30 June 2018 £000's	30 June 2017 £000's
Present value of the Schemes' obligation at the start of the financial year	97,657	92,522
Current service cost	206	220
Interest cost	2,537	2,780
Actuarial (gain)/ loss arising from changes in financial assumptions	(3,415)	8,061
Actuarial gain arising from changes in demographic assumptions	(1,391)	(1,526)
Actuarial gain arising from experience	(1,540)	(317)
Contributions from members	7	24
Benefits paid	(4,661)	(4,107)
Present value of the Schemes' obligation at the end of the financial year	89,400	97,657

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

	30 June 2018 Increase/ (decrease) £000's	30 June 2017 Increase/ (decrease) £000's
Discount rate:		
0.1 percentage point increase	1,340	1,550
0.1 percentage point decrease	-1,340	-1,550
Inflation:		
0.1 percentage point increase	-530	-710
0.1 percentage point decrease	710	720
Life expectancy:		
One-year increase	-3,750	-4,200
One-year decrease	3,750	4,200

Amounts recognised in the Statement of Profit and Loss and Other Comprehensive Income

	30 June 2018 £000's	30 June 2017 £000's
Included in operating costs:		
Current service cost	206	220
Included in financing costs:		
Net interest receivable on the Scheme's surplus	(48)	(102)
Pension expense recognised in profit and loss	158	118
Included in other comprehensive income:		
Return on plan assets below/ (in excess of) that recognised in net interest	1,226	(1,875)
Actuarial (gain)/ loss arising from changes in financial assumptions	(3,415)	8,061
Actuarial gain arising from changes in demographic assumptions	(1,391)	(1,526)
Actuarial gain arising from experience	(1,540)	(317)
Total (gain)/loss recognised in other comprehensive income	(5,120)	4,343
Total (gain)/loss recognised in the Statement of Profit and Loss and Other Comprehensive Income	(4,962)	4,461

Defined contribution pension schemes

The Group operates defined contribution pension schemes for certain employees. Costs for the financial year amounted to £513,000 *(2017: £451,000)*.

Notes to the financial statements (continued)

24 - Related party transactions

Group

Management fees of £1,945,000 (2017: £1,262,000) are payable to GGMC Limited, a member of the Hong Leong Group. The amount accrued but unpaid at the year-end amounted to £1,762,000 (2017: £1,116,000).

Income of £290,000 (2017: £290,000) is receivable from GLH Hotels Management (UK) Limited a related party in respect for rent and services charges for office space.

The Group also provided a financial clerical services function to Clermont Leisure (UK), a subsidiary of GL Limited. These transactions were fully recharged and amounted to £165,000 (2017: £125,000).

Annual rent of £9,500,000 (2017: £14,250,000) is due to GLH RHG Limited and GLH KG Limited, both of which are controlled by GLH Hotels Group Limited.

In addition, the group entered into the following aggregate transactions with GLH Hotels Management (UK) Limited of £25,114,000 (2017: £27,026,000) in respect of management fees.

The net movements from these transactions are accumulated in the amounts owed to or from related parties, immediate parent company and subsidiaries shown in Notes 13 and 14.

	Receivable 30 June 2018 £000's	Receivable 30 June 2017 £000's
Amounts owed by related parties		
GLH IP Holdings Limited	**199**	-
GLH KG Limited	**-**	2,469
GLH RHG Limited	**-**	650
GLH Hotels Management (UK) Limited	**-**	5,103
	199	8,222

	Payable 30 June 2018 £000's	Payable 30 June 2017 £000's
Amounts owed to parent companies of the group		
GLH Hotels Group Limited – parent company	**(279,336)**	(300,806)
	(279,336)	(300,806)
Amounts owed to related parties		
GLH IP Holdings Limited	**-**	(213)
GLH Hotels Management (UK) Limited	**(893)**	-
GLH KG Limited	**(1,026)**	-
GLH RHG Limited	**(3,379)**	-
GGMC Limited	**(1,762)**	-
	(7,060)	(213)

Notes to the financial statements (continued)

25 - Financial commitments

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

	30 June 2018 Property	30 June 2018 Plant and Equipment	30 June 2017 Property	30 June 2017 Plant and Equipment
	£000's	£000's	£000's	£000's
Payments which fall due				
Less than one year	41,946	492	49,589	749
Between one and five years	167,555	319	205,600	68
More than five years	537,255	-	704,954	-
Total payable over the life of the leases	746,756	811	960,143	817

	30 June 2018 £000's	30 June 2017 £000's
Capital commitments		
Contracted for but not provided in the accounts	9,029	20,216

26 -Post Balance Sheet Event

On the 2 July £28m was repaid on the unsecured borrowings, reducing the principal bank loan outstanding to £110m and the maturity date of the remaining borrowings was revised to 30 September 2023.

27 - 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:

Judgement

The Group is required to assess whether there is indication of impairment to the carrying value of assets. In making that assessment, judgements are made in calculating a recoverable amount. The Group maintains a value in use model to ascertain that the carrying value of it tangible assets can be supported by the higher of the fair value less cost to sell or value in use as required under IFRS. The following assumptions are used in that model:

• WACC Rate – 9.5% (pre tax rate) was considered a reasonable rate for the group. The WACC was calculated based on the debt – equity ratio, cost of equity and cost of debt with an updated company specific Alpha and Beta updated to reflect long term yield rates. There is an unchanged market risk premium from the prior year and the exit multiples of 9-12.5 have been deemed reasonable for the hotels. A WACC of 10.34% or more (pre-tax) would be required to reduce the headroom to NIL for the hotels.

• Short term and long term growth rate – The judgement applied in setting the short and long term growth rate is based on the budget for the hotels. Significant judgement is used to set the budget and the group looks specifically at each hotel the initiative they apply combined with initiative set at a group level. Based on these factors the group will determine the expected uplift in the hotels.

Consideration of impairment to the carrying values of assets has been made and the directors concluded that the individual carrying values of operating assets are supportable by the value in use or fair value less costs to sell. The impact of the current economic conditions on the assessment of going concern has been considered.

Estimation

• 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. The selection of these residual values and estimated lives requires the exercise of judgement.

• Hedging Reserve- In October 2014, the Company entered into an agreement to hedge interest rate exposure relating to the variable rate on the 5-year £138m DBS facility. The interest rate swap covers the 3 year period from 16th December 2016 to 16th December 2019. Consistent with IAS 39, the effectiveness of the hedge is assessed on a quarterly basis allowing a comparison to be made in the movement between the derivative gain/loss and a 'hypothetic derivative' which would model the future highly probable cash flows on the borrowing. The terns of the hedging instrument are equal to the hedged item, with both items with the same counter -party, therefore for every £1 gain them will be an offsetting £1 loss. We have therefore assessed the hedge as effective.

Notes to the financial statements (continued)

28 - 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 GL Limited, a company registered in Bermuda and listed on the Singapore Stock Exchange.

GL 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.