

**COMPANIES HOUSE
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10 OCT 2018

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**Holland House Hotels
(Cardiff) Limited**

Directors' report and
financial statements

Year ended 31 December 2017

Registered number: 04607925

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COMPANIES HOUSE

Holland House Hotels (Cardiff) Limited

Directors' report and financial statements

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Holland House Hotels (Cardiff) Limited

Directors and other information

Directors	Christos Dimitriadis (appointed 29 March 2018) Robert Gray (resigned 29 March 2018) Neal Morar (resigned 3 October 2017) Darren Guy (appointed 27 July 2016; resigned 20 December 2017) John Brennan (appointed 27 July 2016; resigned 29 March 2018) Vincent Vernier (appointed 6 October 2017; resigned 29 March 2018) Michael Gallagher (appointed 20 December 2017; resigned 29 March 2018)
Company secretary	Neal Morar (resigned 3 October 2017) Vincent Vernier (appointed 6 October 2017; resigned 29 March 2018)
Registered office	60 Welbeck Street London W1G 9XB
Independent auditor	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2
Registered number	04607925

Holland House Hotels (Cardiff) Limited

Strategic report

The main activity of Holland House Hotels (Cardiff) Limited ("the Company") continues to be the operation of a hotelier in the United Kingdom.

The Company achieved a turnover of £7,854k in the year ended 31 December 2017 (2016: £7,416k). This was an increase of 6% compared to the year ended 31 December 2016. This increase was driven by improved market conditions in the provincial UK market during the year ended 31 December 2017.

The Company produced an operating profit of £250k in the year ended 31 December 2017, which was an increase on the operating loss recognised to 31 December 2016 (2016: £346k). This improved result was due to cost of sales remaining stable year-on-year despite the 6% increase in revenue. There continues to be strong controls in place over payroll and expenses and cost savings have been achieved in the current year.

The key performance indicators for the Company are highlighted in the below table:

	2017	2016
Gross profit %	40	37
Operating profit %	3	(5)

Business risks and uncertainties

The hotel industry's performance is closely aligned to the general economic environment. Therefore, a key risk facing the Company is adverse economic conditions. The Company has a low cost business model, charging its customers rates that vary depending on levels of demand. This reduces, though does not eliminate, the financial impact arising from such adverse conditions.

There are a number of operational risks which could affect the Company, including the reservation and other information systems which are critical for the smooth running of the business. The internal control structure which is in place, which includes disaster recovery plans, debtor and creditor control management, along with the investment made in staff training help to mitigate such operational risks.

The Company has responsibilities under its rental leases which necessitate investment by way of preventative maintenance. This focus on the quality of the hotel portfolio, as well as an ongoing focus on the cost base of the Company, also helps to reduce the impact of rival products in the markets where the hotels operate.

Business review

The Company expects 2018 to improve in terms of trading, and is confident that trading will perform above market levels.

Key performance indicators

Key financial performance indicators include:

- Monitoring of industry standard measures such as occupancy and average room rates against prior year and budget and against competitors;
- Monitoring of departmental revenues and profitability; and
- Working capital management.

Holland House Hotels (Cardiff) Limited

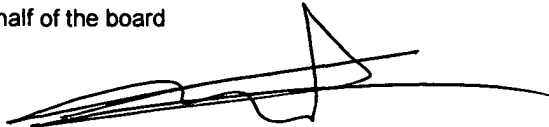
Strategic report *(continued)*

Key performance indicators *(continued)*

Key non-financial performance indicators include:

- Monitoring of quality: the Company monitors a number of quality indicators using data from a number of sources including guest questionnaires, mystery guest programs and feedback on third-party travel review websites; and
- Success of advertising and marketing campaigns, measured by indicators such as the number of guests making direct bookings through the Mercure website.

On behalf of the board



Christos Dimitriadis
Director

02 October 2018

Holland House Hotels (Cardiff) Limited

Directors' report

The directors submit their directors' report together with the audited financial statements of Holland House Hotels (Cardiff) Limited (the "Company") for the year ended 31 December 2017.

Principal activities

The Company is part of a leading hotel group and operates a hotel in the United Kingdom.

In March 2018, the Company along with its immediate parent Laser Tradeco Limited was purchased by LRC-Group.

Effective 29 March 2018, the Company's ultimate parent company changed from AMR Hospitality (Ireland) DAC (formerly Amaris Hospitality DAC) to LRC-Group.

On 30 March 2018, through a separate corporate transaction, the company's ultimate parent company became Arountown S.A.

Going concern

The financial statements have been prepared on a going concern basis which assumes the Company will continue in existence for the foreseeable future notwithstanding net liabilities at 31 December 2017 at £8.1 million (2016: £8.3 million). The Company's parent company have confirmed their continuing financial support to the Company for a period at least 12 months from the date of approval of these financial statements.

Results and dividends

The results of the Company for the year are set out in the profit and loss account on page 10 and in the related notes.

There were no dividends proposed during the year (2016: £Nil).

Directors and secretary and their interests

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Christos Dimitriadis (appointed 29 March 2018)

Robert Gray (resigned 29 March 2018)

Neal Morar (resigned 3 October 2017)

Darren Guy (appointed 27 July 2016; resigned 20 December 2017)

John Brennan (appointed 27 July 2016; resigned 29 March 2018)

Vincent Vernier (appointed 6 October 2017; resigned 29 March 2018)

Michael Gallagher (appointed 29 December 2017; resigned 29 March 2018)

The directors and secretary who held office at 31 December 2017 had no interests in the shares, loan stock or debentures of the Company or the entity's ultimate parent undertaking.

Disabled persons

It is the policy of the Company to give fair and full consideration to registered disabled persons applying for employment and to the continuing employment and appropriate training of staff who become disabled having regard to their particular aptitudes and abilities.

Holland House Hotels (Cardiff) Limited

Directors' report *(continued)*

Employee participation

The Company places particular importance on the involvement of its employees keeping them regularly informed through meetings on matters affecting them as employees and on issues affecting the Company's performance. The training and development of employees at all levels continues to be a major priority.

Subsequent events

In March 2018, the Company along with its immediate parent Laser Tradeco Limited was purchased by LRC-Group.

Effective 29 March 2018, the Company's ultimate parent company changed from AMR Hospitality (Ireland) DAC to LRC-Group.

On 30 March 2018, through a separate corporate transaction, the Company's ultimate parent company became Aroundtown S.A.

There were no other subsequent events to the balance sheet date that require adjustment to or disclosure in the financial statements.

Political donations

The Company made no political donations during the year (2016: £Nil).

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk and interest rate risk.

Liquidity risk

The Company's short and long-term debt structure is designed to ensure that the Company has sufficient available funds for operations and planned expansion.

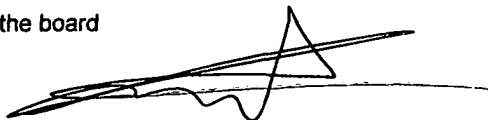
Disclosure of information to the auditor

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.

Independent auditor

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

On behalf of the board



Christos Dimitriadis
Director

 October 2018

Holland House Hotels (Cardiff) Limited

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

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


Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 101 *Reduced Disclosure Framework*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2006.

On behalf of the board



Christos Dimitriadis
Director

02 October 2018



KPMG
Audit
1 Stokes Place
St. Stephen's Green,
Dublin 2
D02 DE03
Ireland

Independent auditor's report to the members of Holland House Hotels (Cardiff) Limited

1 Report on the audit of the financial statements

Opinion

We have audited the financial statements of Holland House Hotels (Cardiff) Limited ('the Company') for the year ended 31 December 2017 set out on pages 10 to 24, which comprise the Profit and loss account and other comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is UK Law and FRS 101 *Reduced Disclosure Framework*.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 101 *Reduced Disclosure Framework* and
- have been properly 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 under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We have nothing to report on going concern

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

Independent auditor's report to the members of Holland House Hotels (Cardiff)
Limited *(continued)*

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic and directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the directors report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report on these matters/in regard to these matters.

Independent auditor's report to the members of Holland House Hotels (Cardiff)
Limited (*continued*)

2 Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and 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.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

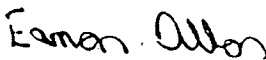
Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

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

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

Our 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.



Eamon Dillon
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

2 October 2018

Holland House Hotels (Cardiff) Limited

Profit and loss account and other comprehensive income

for the year ended 31 December 2017

Continuing operations

	Note	2017 £000	2016 £000
Turnover	3	7,854	7,416
Cost of sales		(4,704)	(4,646)
Gross profit		3,150	2,770
Administrative expenses		(2,900)	(3,116)
Operating profit(loss)	4	250	(346)
Interest receivable and similar income	7	3	3
Interest payable and similar charges	8	(62)	(81)
Profit(loss) on ordinary activities before taxation		191	(424)
Tax on profit(loss) on ordinary activities	9	-	-
Profit(loss) for the financial year		191	(424)
Other comprehensive income\expense)		-	-
Total comprehensive profit(loss) for the year		191	(424)

The notes on pages 13 to 24 form part of these financial statements.

Holland House Hotels (Cardiff) Limited

Balance sheet

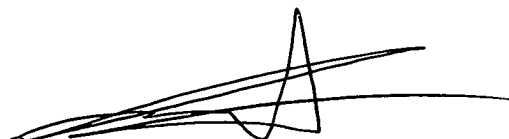
as at 31 December 2017

	Note	2017 £000	2016 £000
Fixed assets			
Tangible assets	10	845	855
		<u>845</u>	<u>855</u>
Current assets			
Stocks	11	78	57
Debtors	12	22,459	20,597
Cash at bank and in hand		446	275
		<u>22,983</u>	<u>20,929</u>
Creditors: amounts falling due within one year	13	<u>(30,739)</u>	<u>(28,886)</u>
Net current liabilities		<u>(7,756)</u>	<u>(7,957)</u>
Total assets less current liabilities		<u>(6,911)</u>	<u>(7,102)</u>
Creditors: amounts falling due after more than one year	14	<u>(1,202)</u>	<u>(1,202)</u>
Net liabilities		<u>(8,113)</u>	<u>(8,304)</u>
Capital and reserves			
Called up share capital	16	2,719	2,719
Profit and loss account		(10,832)	(11,023)
Total shareholders' deficit		<u>(8,113)</u>	<u>(8,304)</u>

The notes on pages 13 to 24 form part of these financial statements.

The financial statements were approved by the board of directors on 02 October 2018 and were signed on its behalf by:

Christos Dimitriadis
Director



02 October 2018

Company registration number: 04607925

Holland House Hotels (Cardiff) Limited

Statement of changes in equity for the year ended 31 December 2017

	Called up share capital £000	Profit and loss account £000	Total shareholders' deficit £000
At 1 January 2016	2,719	(10,599)	(7,880)
Comprehensive loss for the year			
Loss for the financial year	-	(424)	(424)
	<hr/>	<hr/>	<hr/>
Total comprehensive loss for the year	-	(424)	(424)
	<hr/>	<hr/>	<hr/>
At 31 December 2016	2,719	(11,023)	(8,304)
Comprehensive profit for the year			
Profit for the financial year	-	191	191
	<hr/>	<hr/>	<hr/>
Total comprehensive profit for the year	-	191	191
	<hr/>	<hr/>	<hr/>
At 31 December 2017	2,719	(10,832)	(8,113)
	<hr/>	<hr/>	<hr/>

The notes on 13 to 24 form part of these financial statements.

Holland House Hotels (Cardiff) Limited

Notes

forming part of the financial statements

1 Reporting entity

Holland House Hotels (Cardiff) Limited is a Company incorporated in the United Kingdom. The Company's registered office is 60 Welbeck Street, London, W1G 9XB. The Company registration number is 04607925.

2 Significant accounting policies

2.1 Basis of preparation of financial statements

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("EU IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

In these financial statements, the Company has adopted certain disclosure exemptions available under FRS 101. These include:

- a cash flow statement and related notes;
- disclosures in respect of the compensation of key management personnel;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- certain comparative information; and
- the effects of new but not yet effective IFRSs.

As the consolidated financial statements of AMR Hospitality (Ireland) DAC include the equivalent disclosures, the Company has also taken the exemption under FRS 101 available in respect of the following:

- certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*; and
- certain disclosures required by IAS 36 *Impairment of Assets*.

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

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis.

2.3 Functional currency

These financial statements are presented in Sterling, being the functional currency of the Company. All financial information presented in Sterling has been rounded to the nearest thousand, except where otherwise stated.

Holland House Hotels (Cardiff) Limited

Notes *(continued)*

2 Significant accounting policies *(continued)*

2.4 Use of estimates and judgements

In preparing these financial statements management has made judgements, estimates and assumptions that affect application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable. Actual outcomes may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2.5 Going concern

The financial statements have been prepared on a going concern basis which assumes the Company will continue in existence for the foreseeable future notwithstanding net liabilities at 31 December 2017 at £8.1 million (2016: £8.3 million). The Company's parent company have confirmed their continuing financial support to the Company for a period at least 12 months from the date of approval of these financial statements.

2.6 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values. When measuring the fair value of an asset or liability the Company uses market observable data as far as possible.

2.7 Revenue

Revenue represents sales (excluding VAT and similar taxes) of goods and services net of trade discounts provided in the normal course of business.

Revenue is derived from hotel operations and includes the rental of rooms, food and beverage sales, and other revenue. Revenue is recognised when rooms are occupied and food and beverages are sold.

2.8 Leases

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's balance sheet. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense 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.

Holland House Hotels (Cardiff) Limited

Notes (continued)

2 Significant accounting policies (continued)

2.9 Finance income and finance costs

Interest income or expenses are recognised using the effective interest method.

2.10 Taxation

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

Current tax is the expected tax payable on the taxable income for the year using tax rates and laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: those differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of reversal and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised to the extent that it is probable future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

2.11 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Holland House Hotels (Cardiff) Limited

Notes (continued)

2 Significant accounting policies (continued)

2.12 Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and impairment. Impairment losses are recognised in profit and loss.

Depreciation

Other tangible fixed assets are depreciated to a residual value over the estimated useful lives.

The estimated useful lives range as follows:

Plant and equipment	-	10 years
Computer equipment, fixtures and fittings	-	5 years

Depreciation is charged to the income statement on a straight line basis over the estimated useful life. Residual value is reassessed annually.

2.13 Pension

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

2.14 Stock

Stock is measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principal.

2.15 Trade and other debtors

Trade and other debtors are measured at their nominal amount less any allowance for doubtful amounts. An allowance is made when collection of the full amount is no longer considered probable.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less.

Cash equivalents are short-term highly liquid investments with an original maturity of three months or less from the date of acquisition that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

2.17 Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

Holland House Hotels (Cardiff) Limited

Notes (continued)

2 Significant accounting policies (continued)

2.17 Financial instruments (continued)

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Company initially recognises loans and receivables issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets – measurement

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents include bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iv) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Ordinary dividends declared as final dividends are recognised as a liability in the period in which they are approved by shareholders. Interim dividends are recognised as a liability when declared.

Holland House Hotels (Cardiff) Limited

Notes (continued)

2 Significant accounting policies (continued)

2.18 Provisions and contingent liabilities

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of that outflow can be measured reliably. If the effect is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of an outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of an outflow of economic benefits is remote.

3 Turnover

The whole of the turnover is attributable to the Company's main activity which is carried out in the United Kingdom. Turnover analysis is not presented due to its commercial sensitivity.

4 Operating profit(loss)

The operating profit(loss) is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible assets	194	431
Operating lease rentals:		
- plant and machinery	-	1
- land and buildings	1,759	1,759
	<u>1,759</u>	<u>1,759</u>

Auditors' remuneration was borne by another group company in both years.

5 Staff numbers and costs

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	1,612	1,605
Social security costs	114	105
Other pension costs	19	17
	<u>1,745</u>	<u>1,727</u>

Holland House Hotels (Cardiff) Limited

Notes (continued)

5 Staff numbers and costs (continued)

The average monthly number of employees, including the directors, employed by the Company during the year was as follows:

	2017 Number	2016 Number
Hotel operations	110	108

6 Directors' remuneration

There was no remuneration paid to the directors by the Company during the year (2016: £Nil). There were no retirement benefits accruing to the directors (2016: £Nil).

7 Interest receivable and similar income

	2017 £000	2016 £000
Bank interest receivable	3	3
	3	3

8 Interest payable and similar charges

	2017 £000	2016 £000
Interest payable on bank loans	11	26
Interest payable to group undertakings	51	54
Interest payable on finance lease agreements	-	1
	62	81

Holland House Hotels (Cardiff) Limited

Notes (continued)

9 Tax on profit(loss) on ordinary activities	2017 £000	2016 £000
<i>Corporation tax</i>		
Current tax on profit(loss) for the year	-	-
	<hr/>	<hr/>
Total current tax	-	-
	<hr/>	<hr/>

Factors affecting tax charge for the year

The tax assessed differs from the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%).
The differences are explained below:

	2017 £000	2016 £000
Profit(loss) on ordinary activities before taxation	191	(424)
	<hr/>	<hr/>
Profit(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	37	(85)
<i>Effects of:</i>		
Group relief utilised	21	-
Group relief not paid for	-	1
Expenses not deductible	(2)	(3)
Accelerated capital allowances and other timing differences	(95)	87
Adjustment for depreciation	39	-
	<hr/>	<hr/>
Total tax charge for the year	-	-
	<hr/>	<hr/>

Factors that may affect future tax charges

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were enacted on 26 October 2015. Finance Bill 2016 further reduced the 18% rate to 17% from 1 April 2020, following substantial enactment on 6 September 2016. Together this will reduce the Company's future tax charges accordingly.

Holland House Hotels (Cardiff) Limited

Notes (continued)

10 Tangible assets

Fixtures, fittings & equipment £000

Cost

At 1 January 2017

5,358

Additions

184

At 31 December 2017

5,542

Accumulated depreciation

At 1 January 2017

4,503

Charge for the year

194

At 31 December 2017

4,697

Net book value

At 31 December 2017

845

At 31 December 2016

855

11 Stocks

2017
£000

2016
£000

Food and beverage stocks

78

57

78

57

Holland House Hotels (Cardiff) Limited

Notes (continued)

12 Debtors	2017 £000	2016 £000
Trade debtors	191	258
Amounts owed by group undertakings	22,238	20,320
Other debtors	30	19
	<hr/>	<hr/>
	22,459	20,597
	<hr/>	<hr/>

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

13 Creditors: amounts falling due within one year	2017 £000	2016 £000
Trade creditors	305	195
Amounts owed to group undertakings	29,702	27,898
Other creditors	305	272
Accruals and deferred income	427	521
	<hr/>	<hr/>
	30,739	28,886
	<hr/>	<hr/>

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

14 Creditors: amounts falling due after more than one year	2017 £000	2016 £000
Loans owed to parent company	1,202	1,202
	<hr/>	<hr/>
	1,202	1,202
	<hr/>	<hr/>

Loans owed to parent companies comprise two facilities and are repayable in 2019. Variable and fixed interest rates are charged on these loans.

Holland House Hotels (Cardiff) Limited

Notes (continued)

15 Financial instruments

The Company had the following financial instruments:

	2017 £000	2016 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	22,459	20,597
	<u>22,459</u>	<u>20,597</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(31,514)	(29,567)
	<u>(31,514)</u>	<u>(29,567)</u>

16 Called up share capital

	2017 £000	2016 £000
Allotted and fully paid		
156,181 (2016: 156,181) "A" ordinary shares of £1 each	156	156
162,556 (2016: £162,556) "B" ordinary shares of £1 each	163	163
2,400,000 (2016: £2,400,000) "C" shares of £1 each	2,400	2,400
	<u>2,719</u>	<u>2,719</u>

The shares have attached to them full voting, dividend and capital distribution rights. They do not confer any rights of redemption.

17 Commitments

(a) Capital commitments

At 31 December 2017 the Company had no capital commitments (2016: £Nil).

(b) Operating lease commitments

	2017 £000	2016 £000
Not later than 1 year	-	-
Later than 1 year and not later than 5 years	-	1
	<u>-</u>	<u>1</u>
Total	<u>-</u>	<u>1</u>

Holland House Hotels (Cardiff) Limited

Notes (continued)

18 Group relationships and ultimate controlling parties

At 31 December 2017, the immediate parent of the Company was LSREF 3 Laser (Mercure) Limited and the indirect parent company of both the Company and LSREF 3 Laser (Mercure) Limited was AMR Hospitality (Ireland) DAC. The ultimate controlling party of AMR Hospitality (Ireland) DAC is Lone Star Real Estate Partners III (U.S.) L.P. and Lone Star Real Estate Partners III (Bermuda) L.P.

At the date of signing these financial statements, the immediate parent company is Laser Tradeco Limited and the ultimate parent company is Aroundtown S.A.

19 Related party transactions

The Company has availed of the exemptions available in FRS 101 from disclosing transactions entered into between two or more members of a group and also key management personnel compensation disclosures.

There were no other related party transactions.

20 Guarantees

At 31 December 2017, the Company was a guarantor to LSREF III Laser Investments DAC's £592.5m 3 year sterling term loan. Subsequent to the year end, LSREF III Laser Investments DAC fully repaid the term loan.

21 Subsequent events

In March 2018, the Company along with its immediate parent Laser Tradeco Limited was purchased by LRC-Group.

Effective 29 March 2018, the Company's ultimate parent company changed from AMR Hospitality (Ireland) DAC to LRC-Group.

On 30 March 2018, through a separate corporate transaction, the Company's ultimate parent company became Aroundtown S.A.

There were no other subsequent events to the balance sheet date that require adjustment to or disclosure in the financial statements.

22 Approval of financial statements

The financial statements were approved by the directors on 02 October 2018.