

Registration number: 04712802
(England and Wales)

HI (London Heathrow Ariel) Limited

Annual report and financial statements

For the year ended 31 December 2015

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HI (London Heathrow Ariel) Limited

Contents

Company information	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4
Profit and loss account	5
Balance sheet	6
Statement of changes in equity	7
Notes to the financial statements	8

HI (London Heathrow Ariel) Limited

Company information

Directors

PT Mabry
JB Robinson
SM Teasdale

Company secretary

Haysmacintyre Company Secretaries Limited
26 Red Lion Square
London
United Kingdom
WC1R 4AG

Company registration number

04712802

Registered office

26 Red Lion Square
London
United Kingdom
WC1R 4AG

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

HI (London Heathrow Ariel) Limited

Directors' report

For the year ended 31 December 2015

The directors present their annual report and the financial statements for the year ended 31 December 2015.

Principal activity

The principal activity of the company is the ownership of hotels in the UK and to provide operating leases to other group companies operating hotels in the UK.

On 1 December 2015, the company was acquired by Ribbon Holdco Limited and its subsidiaries (together the "group"). The group owns and operates hotels in the UK.

Results

The profit after taxation for the year ended 31 December 2015 was £383,000 (2014: £3,045,000).

Directors of the company

The directors who held office during the year and until the date of the financial statements were as follows:

PT Mabry	(appointed 17 December 2015)
JB Robinson	(appointed 17 December 2015)
SM Teasdale	(appointed 17 December 2015)
P Loynes	(appointed 1 December 2015, resigned 17 December 2015)
SF Baker	(appointed 1 December 2015, resigned 17 December 2015)
I Kolev	(appointed 1 December 2015, resigned 17 December 2015)
PCM Ekas	(resigned 1 December 2015)
RD Prince	(resigned 1 December 2015)

Going concern

The directors' assessment of the company's ability to adopt the going concern basis of accounting is set out in note 1 to the financial statements.

Small companies provisions statement

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Disclosure of information to auditor


Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



JB Robinson
Director

Date: 30 September 2016

Directors' responsibilities statement

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

Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of HI (London Heathrow Ariel) Limited

We have audited the financial statements of HI (London Heathrow Ariel) Limited for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- The directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report or from preparing the Strategic Report.


Timothy Steel ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

Date: 30/9/16

HI (London Heathrow Ariel) Limited

Profit and loss account

For the year ended 31 December 2015

	<i>Note</i>	2015 £'000	2014 £'000
Turnover	3	748	750
Depreciation costs		(250)	(228)
Impairment reversal of land and buildings		-	2,674
Operating profit	4	498	3,196
Interest payable and similar charges	6	(67)	(66)
Profit on ordinary activities before tax		431	3,130
Tax on profit on ordinary activities	7	(48)	(85)
Profit for the financial year		383	3,045

All amounts relate to continuing operations.

There is no other comprehensive income for the current or prior year other than those included above, therefore a statement of other comprehensive income has not been presented.

The notes on pages 8 to 16 are an integral part of these financial statements.

HI (London Heathrow Ariel) Limited

Balance sheet

As at 31 December 2015

	<i>Note</i>	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	8	12,336	12,395
Current assets			
Debtors: Amounts falling due within one year	9	358	15
Creditors: Amounts falling due within one year	10	(1,720)	(1,768)
Net current liabilities		(1,362)	(1,753)
Total assets less current liabilities		10,974	10,642
Provisions for liabilities	11	(398)	(449)
Net assets		10,576	10,193
Capital and reserve			
Called up share capital	12	100	100
Share premium	12	9,875	9,875
Retained earnings	12	601	218
Shareholder's funds		10,576	10,193

The notes on pages 8 to 16 are an integral part of these financial statements.

These financial statements were approved by the Board of directors on 30 September 2016 and were signed on its behalf by:



JB Robinson
Director

Company registered number: 04712802

HI (London Heathrow Ariel) Limited

Statement of changes in equity

For the year ended 31 December 2015

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2014 (as previously reported)	100	9,875	(2,795)	7,180
Adjustment to equity on transition to FRS 101 (note 14)	-	-	(32)	(32)
Restated balance at 1 January 2014	100	9,875	(2,827)	7,148
Profit for the year	-	-	3,045	3,045
Total comprehensive income for the year	-	-	3,045	3,045
Balance at 31 December 2014	100	9,875	218	10,193
Profit for the year	-	-	383	383
Total comprehensive income for the year	-	-	383	383
Balance as at 31 December 2015	100	9,875	601	10,576

Notes to the financial statements

For the year ended 31 December 2015

1. Accounting policies

a) General information

HI (London Heathrow Ariel) Limited (the company) is a limited company incorporated and domiciled in the United Kingdom. The company is registered in England and Wales and the address of its registered office is disclosed in the company information. The principal activity of the company is described in the Directors' report.

Adoption of new and revised Standards

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015. Their adoption has had an impact on the disclosures or on the amounts reported in these financial statements. The impact is outlined in note 14.

Annual Improvements
to IFRSs: 2011-2013

The Company has adopted the various amendments to a number of standards. IFRS 3 *Business Combinations*, IFRS 13 *Fair Value Measurement* and IAS 40 *Investment Property*. The majority of the amendments are in the nature of clarifications rather than substantive changes to existing requirements.

b) Basis of preparation

The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the company has changed its accounting framework from pre-2015 UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. The financial statements have therefore been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The prior year financial statements were restated for material adjustment on adoption of FRS 101 in the current year. Please refer to note 15 for further information.

The following exemptions from the requirements of IFRS have been applied in preparation of these financial statements, in accordance with FRS 101:

- IFRS 7 Financial instruments: Disclosures,
- The following paragraphs of IAS 1 Presentation of financial statements:
 - 10(d) statement of cash flows,
 - 16 statement of compliance with all IFRS,
 - 134-136 capital management disclosures,
- Paragraph 30 and 31 of IAS 8, disclosure and impact of new IFRSs that has been issued but not yet effective, and
- The requirements in IAS 24 of Related party disclosures, to disclose related party transactions entered between two or more members of a group.

Where relevant equivalent disclosures have been given in the consolidated financial statements of Ribbon Midco Limited. The consolidated financial statements of Ribbon Midco Limited are available to the public and can be obtained from 26 Red Lion Square, London, WC1R 4AG.

The financial statements have been prepared on the historical cost basis and in accordance with the Companies Act 2006.

The presentation and functional currency of the company is pounds sterling. The financial statements are presented in thousands of pounds (£'000) unless stated otherwise.

Notes to the financial statements *(continued)*
For the year ended 31 December 2015

c) Going concern

On 1 December 2015, the company was acquired by Ribbon Holdco Limited and its subsidiaries (together the "group"). The group owns and operates hotels in the UK.

The company has net current liabilities as a result of intercompany loans which are payable on demand and accordingly is dependent on continuing support being made available by its parent undertaking to enable it to continue operating and to meet its liabilities as they fall due. The company has received a letter from its parent company confirming that it will provide continuing support, for at least 12 months.

The group meets its day to day working capital requirements from normal trading activities through its portfolio of hotels. The group's existing debt facility is secured until 2018. The group's financial forecasts, taking account of the existing loan terms and current trading performance, show that the group will be able to operate within the level of its current and future facilities and remain in compliance with the terms of its loan agreements.

After making enquiries, the directors have a reasonable expectation that the Group and the company has adequate resources to continue in operational existence for at least the twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

d) Foreign currencies

In preparing these financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

e) Revenue recognition

The revenue is primarily derived from provision of operating leases to group companies operating hotels in the UK. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Revenue is measured at the fair value of the consideration received or receivable excluding value added tax. Revenue is reduced for discounts and other similar allowances.

f) Tangible assets

Tangible assets are stated at cost less accumulated depreciation and impairment losses. Parts of an item of tangible assets having different useful lives are accounted for as separate items.

Freehold land is not depreciated.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is provided to write off the cost less estimated residual value, of each asset evenly over its expected useful life as follows:

Asset class	Depreciation rate
Freehold buildings	Periods up to 50 years
Non-core assets (including building surface finishes and services)	Periods up to 25 years
Plant and machinery	Between 5 and 15 years
Furniture and equipment	Between 3 and 20 years

An item of tangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of tangible assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the financial statements (continued)
For the year ended 31 December 2015

g) Impairment of tangible assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The impairment review is performed on an income generating unit basis.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

h) Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value.

The company's non-derivative financial instruments include loans and receivables and other financial liabilities.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. These include:

Trade and other receivables

Trade receivables comprise amounts due from group undertakings in respect of the operating lease receivables. Trade and other receivables are initially recognised at fair value, based upon discounted cash flows at prevailing interest rates for similar instruments, or at their nominal amount less impairment losses if due in less than 12 months. Subsequent to initial recognition, trade and other receivables, including lease receivables from group undertakings, are valued at amortised cost less impairment losses.

Other financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

Trade and other payables

Trade and other payables, including amounts owed to group undertakings, are initially recognised at fair value based upon the nominal amount outstanding. Subsequent to initial recognition, they are recorded at amortised cost.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. These financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Objective evidence of impairment could include:

- Default by a debtor; and/or
- significant financial difficulty of the debtors or counterparty.

Notes to the financial statements *(continued)*
For the year ended 31 December 2015

h) Financial instruments *(continued)*

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derecognition of financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. Any interest in such transferred financial assets that is created or retained by the company is recognised as a separate asset or liability.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

i) Taxation

Tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the profit and loss account because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

2. Critical accounting judgements and sources of estimation uncertainty

In the application of the company's accounting policies, the directors of the company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Notes to the financial statements *(continued)*
For the year ended 31 December 2015

2. Critical accounting judgements and sources of estimation uncertainty *(continued)*

Key sources of estimation uncertainty

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Impairment of land and buildings

Determining whether the company's land and buildings have been impaired requires estimations of their values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the use of the asset over its estimated useful life and suitable discount rate in order to calculate present values. Based on the assessment made during the period, the company's land and buildings are not considered to be impaired.

Deferred tax

The determination as to whether assets will be consumed through use or sale can have a significant impact on their tax bases, which has a material impact on the deferred tax liability arising on differences between their carrying values and tax bases. Management has concluded that the short leasehold land and buildings will be consumed in full over the life of the lease and that long leasehold and freehold buildings will be partially consumed through use in line with the depreciation policy. All other fixed assets are assumed to be consumed through use.

3. Turnover

The revenue of the company is derived from its principal activity of providing operating leases to group companies and all within the United Kingdom.

Rents receivable under operating leases in the year ended 31 December 2015 amounted to £748,000 (2014: £750,000).

4. Operating profit

Operating profit is stated after charging/(crediting):

	2015 £'000	2014 £'000
Depreciation of tangible assets	249	228
Impairment reversal on land and buildings	-	(2,674)

Auditor's remuneration of £3,300 (2014: £2,600) has been borne by a fellow group undertaking in both the current and prior year.

There were no staff employed by the company in either the current or prior year.

5. Directors' remuneration

The directors received no emoluments or benefits from the company for their services in the current or prior year.

6. Interest payable and similar charges

	2015 £'000	2014 £'000
Interest on amounts owed to group undertakings	67	66

Notes to the financial statements (continued)
For the year ended 31 December 2015

7. Tax

	2015 £'000	2014 £'000
Current tax		
Corporation tax charge for current year	100	105
Adjustment in respect of prior years	-	-
Total current tax	<u>100</u>	<u>105</u>
Deferred tax		
Origination and reversal of temporary differences	(6)	3
Adjustment in respect of previous years	(1)	-
Effect of changes in tax rates	(45)	(23)
Total deferred tax	<u>(52)</u>	<u>(20)</u>
Total tax charge for the year	<u>48</u>	<u>85</u>

Factors affecting current tax charge for the year

The tax on loss (2014: profit) on ordinary activities for the year is higher than (2014: lower than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%).

The differences are reconciled below:

	2015 £'000	2014 £'000
(Loss)/profit on ordinary activities before tax	<u>431</u>	<u>3,130</u>
Corporation tax at standard rate	87	673
Effects of:		
Income not chargeable for tax purposes	-	(1)
Change in unrecognised deferred tax assets	4	10
Property valuation movement	2	(575)
Adjustments in respect of previous years	(1)	-
Effect of changes in tax rate	(44)	(22)
Total tax charge for the year	<u>48</u>	<u>85</u>

Factors affecting the tax charge in future years

Reductions in the UK corporation tax rate from 21% (effective from 1 April 2014) to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017), and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the future current tax charges accordingly.

Notes to the financial statements (continued)
For the year ended 31 December 2015

8. Tangible assets

	Freehold land and buildings £'000	Plant and machinery £'000	Furniture and fittings £'000	Total £'000
Cost				
At 1 January 2015	10,702	2,330	4,157	17,189
Additions	-	22	169	191
At 31 December 2015	10,702	2,352	4,326	17,380
Depreciation				
At 1 January 2015	1,614	871	2,309	4,794
Charge for the year	10	66	174	250
At 31 December 2015	1,624	937	2,483	5,044
Net book value				
At 31 December 2015	9,078	1,415	1,843	12,336
At 31 December 2014	9,088	1,459	1,848	12,395

All of the above assets were held for use in operating leases.

The company's land and buildings are held as security in respect of bank loans taken by Ribbon Holdco Limited and Ribbon Midco Limited, company's intermediate parent undertakings.

9. Debtors: Amounts falling due within one year

	2015 £'000	2014 £'000
Amounts due from fellow group undertakings	358	10
Other taxes	-	5
	<u>358</u>	<u>15</u>

Amounts owed by fellow group undertakings are repayable on demand and no interest is charged on the balance.

10. Creditors: Amounts falling due within one year

	2015 £'000	2014 £'000
Trade payables	-	25
Amounts owed to group undertakings	1,719	1,743
	<u>1,719</u>	<u>1,768</u>

Amounts owed to fellow group undertakings are repayable on demand and interest is charged on certain balances at Libor +1% (2014: Libor +1%).

Notes to the financial statements *(continued)*
For the year ended 31 December 2015

11. Provisions for liabilities

Deferred tax liabilities are attributable to the following:

	Property timing differences £'000
At 1 January 2015	449
Credit to profit or loss	(51)
Deferred tax liability as at 31 December 2015	(398)

Deferred tax asset in respect of potential capital losses on the eventual disposal of land and residual value of buildings have not been recognised. The total unrecognised deferred tax asset is estimated at £912,000 (2014: £965,000).

12. Commitments

(a) Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £4,000 (2014: £53,000).

(b) Operating lease arrangements

The company as a lessor

The company has leased out its buildings and related assets to fellow group undertaking on a one year rolling basis. The current annual rent receivable is £750,000.

13. Parent and ultimate controlling party

The immediate parent of the company is Ribbon Hotels Limited (formerly LRG Hotels Limited), a company incorporated in the United Kingdom. Between 1 January and 30 November 2015, the company was controlled by LRG Holdings Limited, a company incorporated in the United Kingdom, which was the company's ultimate controlling party during that period. On 1 December 2015, the company was acquired by Ribbon Holdco Limited and its subsidiaries and from that date onwards the ultimate controlling party is Apollo Global Management, LLC, a company incorporated in Delaware, United States of America.

The largest group to consolidate these financial statements from 1 December 2015 is that of Apollo Global Management, LLC. The consolidated financial statements of Apollo Global Management, LLC for the year ended 31 December 2015 are available to the public and may be obtained from the principal place of business, 9 West 57th Street, 43rd Floor, New York, New York 10019, United States of America.

The smallest group to consolidate these financial statements from 1 December 2015 is that of Ribbon Midco Limited. The consolidated financial statements of Ribbon Midco Limited for the 2-month period ended 31 December 2015 are available to the public and may be obtained from the principal place of business 26 Red Lion Square, London, WC1R 4AG.

Notes to the financial statements *(continued)*
For the year ended 31 December 2015

14. Transition from pre-2015 UK GAAP to FRS 101

This is the first year that the company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (pre-2015 UK GAAP) were for the year ended 31 December 2014 and the date of transition to FRS 101 was therefore 1 January 2014.

Reconciliation of equity	1 January 2014 £'000	31 December 2014 £'000
Equity reported under previous UK GAAP	<u>7,180</u>	<u>10,210</u>
Adjustment to equity on transition to FRS 101:		
- Deferred tax	<u>(32)</u>	<u>(17)</u>
Equity reported under FRS 101	<u>7,148</u>	<u>10,193</u>

Reconciliation of total comprehensive income for the year ended 31 December 2014

	2014 £'000
Total comprehensive income for the financial year under previous UK GAAP	3,030
- Deferred tax	<u>15</u>
Total comprehensive income for the financial year under FRS 101	<u>3,045</u>

Notes to the reconciliation of profit or loss on transition to FRS 101

Deferred tax

As a result of adoption of FRS 101, the company has changed its accounting policy for measuring deferred tax from timing differences to temporary differences. This has resulted into an additional deferred tax liability charge recognised in the financial statements.