

South Bank Hotel Management Company Limited

Report and Financial Statements

Year Ended

31 March 2018

Company Number 05014155



South Bank Hotel Management Company Limited

Company Information

Directors	C N A Duggan (appointed 20 November 2017) D Marley G H Lakha (appointed 20 November 2017)
Registered number	05014155
Registered office	55 Baker Street London W1U 7EU
Independent auditor	Sam Rogoff & Co Ltd 167-169 Great Portland Street London W1W 5PF
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP

South Bank Hotel Management Company Limited

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South Bank Hotel Management Company Limited

Strategic Report for the Year Ended 31 March 2018

The directors present the strategic report and financial statements for the year ended 31 March 2018.

Fair review of business

The company's principal activity remains the operation of the Park Plaza County Hall Hotel in London on behalf of its Investors. This, the tenth full year of trading, has been a period of consolidation for the business. A management decision to raise salaries of lower paid staff, together with extraneous factors such as a significant increase in business rates have put upward pressure on the hotel's fixed costs base. The hotel continues to perform well in both the business and leisure sectors with the above-average room sizes being in high demand with families. Overall, turnover was up a little year on year to £25,579,979 (2017 - £25,559,047) with gross profit of £19,152,131 (2017 - £19,533,710).

The key performance indicators used to monitor business performance are:

- Turnover growth
- Occupancy rates
- Average room rate (ARR)
- Revenue per available room (REVPAR)
- Profit margin

The hotel has continued to perform above average in its sector and class on all the above indicators.

Principal risks and uncertainties

The company has stringent food safety policies to minimise any health risk relating to food. Market risk is minimised by the monitoring of trading results and economic indicators which allows for swift rectifications when required. Consumer trends are analysed and competitor activity is monitored regularly.

The company had no borrowings and has accumulated a substantial reserve to cover ongoing maintenance, improvement and refurbishment costs.

Credit risks arise from trade debtors and other debtors. The company has no significant exposure as the hotel services are mostly paid at check-out. The only exception to this is corporate customers who have undergone credit worthiness checks.

We do not believe there to be any significant risks and uncertainties facing the business, other than those normally encountered within the industry.

Development and performance

Sustainable profitability and cash generation remain key priorities for the company. The hotel continues to perform well when measured against competitors. Management continue to keep a check on costs where these are within the control of the business.

The area around County Hall and Waterloo continues to see rapid development and improvement which the management expect to benefit the business in the medium to long term. Maintenance costs are expected to increase as the hotel becomes older but directors expect to meet these out of budgeted reserves. Management has commenced a programme of refurbishment of all 399 rooms and work on this project is now underway.

Meeting and events demand continues to grow strongly.

South Bank Hotel Management Company Limited

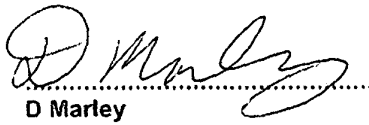
Strategic Report (continued)
for the Year Ended 31 March 2018

Other information and explanations

Future Outlook

The management expect the company to continue with the level of trading into the foreseeable future, based upon the current strategies.

This report was approved by the board and signed on its behalf.


.....
D Marley
Director

Date: 21/12/18

South Bank Hotel Management Company Limited

Directors' Report for the Year Ended 31 March 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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). 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 to 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.

Under Companies Act 2006, s454, on a voluntary basis, the directors can amend these financial statements if they subsequently prove to be defective.

Principal activity

The principal activity of the company is that of hotel management.

Results and dividends

The loss for the year, after taxation, amounted to £2,906 (2017 - loss £439).

The directors do not recommend payment of a dividend (2017 - £Nil).

Directors

The directors who served during the year were:

C C Moravsky (appointed 20 July 2017, resigned 20 November 2017)
C J Duffy (resigned 20 July 2017)
C N A Duggan (appointed 20 November 2017)
D Marley
G H Lakha (appointed 20 November 2017)
N G T Brown (resigned 20 July 2017)
V Ebbon (appointed 20 July 2017, resigned 20 November 2017)

South Bank Hotel Management Company Limited

Directors' Report (continued) for the Year Ended 31 March 2018

Disclosure of information to auditor

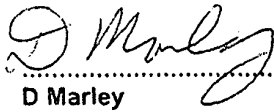
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- 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 ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Sam Rogoff & Co Ltd, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.


.....
D Marley
Director

Date: 21/12/18

South Bank Hotel Management Company Limited

Independent Auditor's Report to the Members of South Bank Hotel Management Company Limited

Opinion

We have audited the financial statements of South Bank Hotel Management Company Limited ("the Company") for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) .

In our opinion, the financial statements:

- at fair value with changes recognised in the Statement of comprehensive income
- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its loss 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.

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 the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

South Bank Hotel Management Company Limited

Independent Auditor's Report to the Members of South Bank Hotel Management Company Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the [Strategic report and] Director's report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

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, and for such internal control as the Directors 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 further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

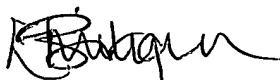
<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

South Bank Hotel Management Company Limited

Independent Auditor's Report to the Members of South Bank Hotel Management Company Limited (continued)

Use of our report

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.



Emily Brown (senior statutory auditor)
For and on behalf of Sam Rogoff & Co Ltd, statutory auditor
167-169 Great Portland St
London
W1W 5PF
United Kingdom

Date: 21.12.18

South Bank Hotel Management Company Limited

Statement of Comprehensive Income for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Revenue	4	25,579,979	25,559,047
Cost of sales		(6,427,848)	(6,025,337)
Gross profit		19,152,131	19,533,710
Administrative expenses		(19,177,446)	(19,555,453)
Operating loss	5	(25,315)	(21,743)
Interest receivable and similar income	8	22,409	21,304
Loss for the financial year		(2,906)	(439)

All amounts relate to continuing operations.

There was no other comprehensive income for 2018 (2017:£NIL).

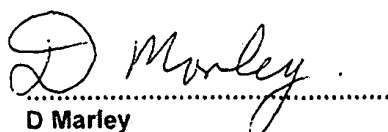
The notes on pages 12 to 20 form part of these financial statements.

South Bank Hotel Management Company Limited
Registered number: 05014155

Statement of Financial Position
as at 31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Property, plant and equipment	10	1	1
Investments	11	2	2
		<u>3</u>	<u>3</u>
Current assets			
Inventories	12	43,568	43,478
Trade and other receivables	13	1,267,909	1,075,033
Cash And Cash Equivalents		7,055,133	6,508,837
		<u>8,364,396</u>	<u>7,627,348</u>
Current liabilities	14	(4,551,051)	(4,203,562)
Net current assets		<u>3,813,345</u>	<u>3,423,786</u>
Total assets less current liabilities		<u>3,813,348</u>	<u>3,423,789</u>
Provisions for liabilities			
Other provisions		(3,803,535)	(3,408,857)
		<u>(3,803,535)</u>	<u>(3,408,857)</u>
Net assets		<u><u>12,027</u></u>	<u><u>14,932</u></u>
Capital and reserves			
Share capital	17	399	398
Retained earnings	18	11,628	14,534
		<u>12,027</u>	<u>14,932</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


D Marley
Director

Date: 21/12/18

The notes on pages 12 to 20 form part of these financial statements.

South Bank Hotel Management Company Limited

Statement of Changes in Equity for the Year Ended 31 March 2018

	Share capital £	Retained earnings £	Total equity £
At 1 April 2016	398	14,973	15,371
Comprehensive loss for the year			
Loss for the year	-	(439)	(439)
At 1 April 2017	398	14,534	14,932
Comprehensive income for the year			
Loss for the year	-	(2,906)	(2,906)
Shares issued during the year	1	-	1
At 31 March 2018	399	11,628	12,027

The notes on pages 12 to 20 form part of these financial statements.

South Bank Hotel Management Company Limited

Statement of Cash Flows for the Year Ended 31 March 2018

	2018 £	2017 £
Cash flows from operating activities		
Loss for the financial year	(2,906)	(439)
Adjustments for:		
Interest received	(22,409)	(21,304)
(Increase)/decrease in stocks	(89)	3,498
(Increase)/decrease in debtors	(211,695)	209,785
Increase in creditors	365,912	815,602
Increase in provisions	394,678	-
Net cash generated from operating activities	523,492	1,007,142
Cash flows from investing activities		
Interest received	22,409	21,304
Net cash from investing activities	22,409	21,304
Cash flows from financing activities		
Issue of ordinary shares	397	-
Net cash used in financing activities	397	-
Net increase in cash and cash equivalents	546,298	1,028,446
Cash and cash equivalents at beginning of year	6,508,837	5,480,391
Cash and cash equivalents at the end of year	7,055,135	6,508,837
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	7,055,135	6,508,837
	7,055,135	6,508,837

The notes on pages 12 to 20 form part of these financial statements.

South Bank Hotel Management Company Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

1. General information

South Bank Hotel Management Company Limited is a private company, limited by shares, incorporated in England and Wales under Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activity are set out in the strategic and directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

2.3 Revenue

Revenues relate to amounts invoiced, excluding the value added tax, in respect of the sale of goods and services to customers in the normal course of running the hotel. All of the revenue is derived from UK operations.

2.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-	2% straight line
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Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

South Bank Hotel Management Company Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

2. Accounting policies (continued)

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.11 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

South Bank Hotel Management Company Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

2. Accounting policies (continued)

2.11 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.13 Taxation

Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

There are no estimates and judgements that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the financial year.

South Bank Hotel Management Company Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

4. Revenue

	2018 £	2017 £
Revenue	<u>25,579,979</u>	<u>25,559,047</u>

All revenue arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	2018 £	2017 £
Bad debt expense	<u>19,412</u>	<u>16,906</u>

6. Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<u>15,000</u>	<u>18,000</u>

7. Employees

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	<u>5,245,304</u>	<u>3,417,005</u>
	<u>5,245,304</u>	<u>3,417,005</u>

Senior management compensation during the period totalled £246,506.

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

	2018 No.	2017 No.
Employees	<u>189</u>	<u>141</u>

South Bank Hotel Management Company Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

8. Interest receivable

	2018 £	2017 £
Interest on bank deposits	22,409	21,304

9. Taxation

	2018 £	2017 £
Current tax on profits for the year	-	-
Total current tax	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - the same as) the standard rate of corporation tax in the UK of 19% (2017 - 19%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	(2,906)	(439)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	(552)	(83)
Effects of:		
Other adjustments	552	83
Total tax charge for the year	-	-

Factors that may affect future tax charges

The main rate of UK corporation tax will decrease from 19% to 17% from 1 April 2020. As these changes had not been substantially enacted at the statement of financial position date, their effects are not included in the financial statements.

South Bank Hotel Management Company Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

10. Property, plant and equipment

	Land and buildings freehold £
Cost	
At 1 April 2017 and 31 March 2018	1
Depreciation and impairment	
At 1 April 2017 and 31 March 2018	-
Net book value	
At 31 March 2018	1
At 31 March 2017	1

The freehold of the hotel was transferred to South Bank Hotel Management Company Limited in April 2014 for a nominal value of £1.

11. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 April 2017 and 31 March 2018	2
Net book value	
At 31 March 2018	2
At 31 March 2017	2

South Bank Hotel Management Company Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

11. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Park Plaza County Hall London Limited	Ordinary	100 %	Dormant

The registered office address of the above entity is Park Plaza County Hall, 1 Addington Street, London, SE1 7RY.

12. Inventories

	2018 £	2017 £
Finished goods and goods for resale	<u>43,568</u>	<u>43,478</u>

13. Trade and other receivables

	2018 £	2017 £
Trade receivables	1,077,853	834,528
Other receivables	17,229	16,396
Share capital not paid	-	396
Prepayments	172,827	223,713
	<u>1,267,909</u>	<u>1,075,033</u>

14. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	256,552	410,191
Other taxation and social security	941,315	717,009
Other creditors	841,175	1,524,470
Accruals and deferred income	2,512,009	1,551,892
	<u>4,551,051</u>	<u>4,203,562</u>

South Bank Hotel Management Company Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

15. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets measured at amortised cost	<u>7,272,831</u>	<u>7,359,761</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>6,475,734</u>	<u>6,895,014</u>

Financial assets measured at amortised cost comprise cash, trade receivables and other receivables.

Financial liabilities measured at amortised cost comprise trade payables, amounts due to shareholders, other payables and accruals.

16. Provisions

	Replacement reserve provision £
At 1 April 2017	3,408,857
Provided in the period in accordance with contractual obligation	1,945,996
Amounts charged against provision in period	(1,551,318)
At 31 March 2018	<u><u>3,803,535</u></u>

The provision arises as a result of the contractual obligation with the entity managing the hotel which requires that 4% of revenue is retained. The provision is applied in refurbishing and repairing the rooms and common areas of the hotel. If the amount of provision is more than that required, then the amount would be due to the investors, but this is subject to the company's contractual obligations with the company managing the day to day operation of the hotel.

The provision was reanalysed from creditors in the prior year as the treatment was deemed more appropriate.

17. Share capital

	2018 £	2017 £
Allotted and called up		
399 (2017 - 398) Ordinary shares of £1 each	<u>399</u>	<u>398</u>

During the year, the company issued £1 Ordinary share at par.

South Bank Hotel Management Company Limited

Notes to the Financial Statements for the Year Ended 31 March 2018

18. Reserves

Retained earnings

Retained earnings represent cumulative profits or losses, net of dividends paid and other adjustments.

19. Related party transactions

The company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

20. Controlling party

In the opinion of the directors' there is no ultimate controlling party.