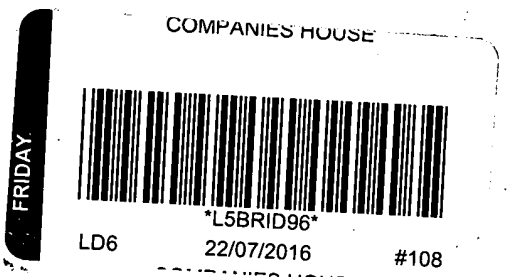


Hotel Innovations (Cardiff) Limited

**Directors' report and financial
statements**

Registered number 5497110

**For the year ended 30 September
2015**



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Strategic report

The directors present their strategic report of Hotel Innovations (Cardiff) Limited ('the Company') for the year ended 30 September 2015. The comparative period is the 18 month period from 1 April 2013 to 30 September 2014.

Review of business

The principal activity of the Company during the period was that of a holding company and accordingly it is not exposed to any trading risks.

The loss for the year ended 30 September 2015 was £490 (2014: loss £3,611,574). The directors consider that the results for the period are satisfactory and in line with expectations.

The company's parent company has indicated giving support for the next twelve months and accordingly the company is not exposed to any financial risks.

In the opinion of the directors there are no key performance indicators apart from the financial results discussed above.

Future developments

The directors have no future expansion plan for the company other than continue as a holding company.



A Matyas
Director

14 July 2016

Directors' report

The directors present their report and the audited financial statements of Hotel Innovations (Cardiff) Limited ('the Company') for the year ended 30 September 2015.

Principal activities

The principal activity of the Company during the year was that of a holding company.

Results and dividends

The results of the year are set out in the profit and loss account on page 5.

The directors do not recommend the payment of a dividend (2014: £nil).

Going concern

The financial statements have been prepared on a going concern basis. The basis for this is described in detail in note 1 to the financial statement.

Directors

The directors who held office during the period were as follows:

A Matyas

Dr E Wojakowski

R Robertson

N Smith

Directors' and officers' liability insurance

Summerhill Cardiff Limited purchase and maintain on behalf of the Company, liability insurance for its directors and officers.

Political and charitable contributions

The Company made no political or charitable contributions during the year (2014: £nil).

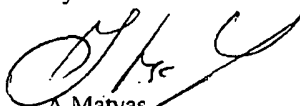
Statement as to disclosure of information to auditors

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

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board



A Matyas
Director

14 July 2016

3 Park Place
St James's
London
SW1A 1LP

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

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK 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 the period. 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; 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 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.

Independent auditor's report to the members of Hotel Innovations (Cardiff) Limited

We have audited the financial statements of Hotel Innovations (Cardiff) Limited for year ended 30 September 2015 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30th September 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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



Mark Summerfield (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square

London
E14 5GL

20 July 2016

Profit and loss account
for the year ended 30 September 2015

	<i>Note</i>	Year ended 30 September 2015	Year ended 30
		£	£
Administrative expenses		(500)	(500)
Operating loss		(500)	(500)
Interest receivable	5	10	65
Impairment of investment	7	-	(3,611,139)
Loss on ordinary activities before taxation		(490)	(3,611,574)
Tax credit on loss on ordinary activities	6	-	-
Loss on ordinary activities after taxation		(490)	(3,611,574)

The results shown above are derived wholly from continuing operations.

There were no recognised gains or losses in either the current or prior period except as shown above. Consequently, a statement of total recognised gains and losses has not been prepared.

The notes on pages 7 to 12 form part of these financial statements.

Balance sheet
at 30 September 2015

	Note	30 September 2015		30 September 2014	
		£	£	£	£
Fixed assets					
Investments	7		-		-
Current assets					
Debtors	8	19,146,803		19,146,803	
Cash at bank and in hand		2,095		2,085	
		<u>19,148,898</u>		<u>19,148,888</u>	
Creditors: amounts falling due within one year	9	<u>(26,507,250)</u>		<u>(26,506,750)</u>	
Net current liabilities			<u>(7,358,352)</u>		<u>(7,357,862)</u>
Net liabilities			<u>(7,358,352)</u>		<u>(7,357,862)</u>
Capital and reserves					
Called up share capital	10		100		100
Profit and loss account	11		<u>(7,358,452)</u>		<u>(7,357,962)</u>
Shareholders deficit			<u>(7,358,352)</u>		<u>(7,357,862)</u>

The notes on pages 7 to 12 form part of these financial statements.

These financial statements were approved by the board of directors on 14 July 2016 and were signed on its behalf by:


A Matyas
Director

Notes

(forming part of the financial statements)

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

1 Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

At 30 September 2015 the Company had net liabilities of £7,358,351 (2014: £7,357,862). This includes a current debt of £26.5m owed to other group undertaking and £19.1m owed by other group undertaking.

The directors have considered the letter of support provided to the Company by the intermediary parent company TH Holdings Limited indicating its intention to support the Company for at least 12 months from the date of these financial statements, and continue to make available such funds as are needed by the company and in particular not seek repayment of the amounts currently made available, including £19.1m owed by other group undertaking and £26.5m owed to other group undertaking. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on these indicators the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

1 Basis of preparation

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of TH Holdings Limited, the Company has taken advantage of the exemption contained within FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

2 Accounting policies

Investments

Investments in subsidiary undertakings are stated at cost less provision for diminution in value.

Accounting policies (continued)

Taxation

The charge for taxation is based on the loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

3 (Loss)/Profit on ordinary activities before taxation

	Year ended 30 September 2015	18 months ended 30 September 2014
	£	£
<i>(Loss)/profit on ordinary activities before taxation is stated after charging</i>		
Impairment of investment	-	3,611,139
Auditor's remuneration:		
Audit of these financial statements	500	8,583

In 2015 and 2014, auditor's remuneration was paid by another group company.

The fees paid to the Company's auditors, KPMG LLP and its associates for the services other than the statutory audit of the Company are not disclosed in these financial statements. This is on the basis that such non – audit fees are disclosed in the consolidated accounts of the Company's intermediary parent TH Holdings Limited.

4 Staff Costs and Directors Remuneration

The directors of the Company are also directors of other undertakings and the directors' remuneration for the period was paid by other undertakings. The directors do not believe that is practicable to apportion this amount between services as directors of the Company and their services as directors of fellow subsidiary undertakings.

The Company has no employees other than the directors.

5 Interest receivable

	Period ended 30 September 2015	18 months ended 30 September 2014
	£	£
Other - Bank	10	65

Notes (continued)

6 Taxation

(a) Tax charge

There is no tax charge for the current or prior period.

(b) Factor affecting the tax charge for current period

The current tax charge for the period is higher (2014: higher) than the standard rate of corporation tax in the UK of 20.5% (2014: 22.33%). The differences are explained below:

	Year ended 30 September 2015	Period ended 30 September 2014
	£	£
<i>Current tax reconciliation</i>		
(Loss) / Profit on ordinary activities before tax	(490)	(3,611,574)
Current tax at 20.5 % (2014: 22.33%)	(100)	(806,541)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	806,444
Utilisation of tax losses and other deductions	-	-
Group relief surrendered	100	97
Total current tax charge (see above)	-	-

(c) Factors affecting the future tax charge

Potential deferred tax assets measured at 20% (2014: 20%) totalling £79,247 (2014: £79,247) in respect of carried forward losses have not been recognised as it is not expected that these assets can be utilised to offset taxable profits in the foreseeable future.

The rate of taxation is expected to follow the standard rate of UK Corporation tax in future years. Reduction in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 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 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was announced in the budget on 16 March 2016. It has not yet been possible to quantify the full anticipated effect of the announced rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly.

Notes (continued)

7 Investments

	Subsidiary undertakings
	£
Cost	
At 1 October 2014 and 30 September 2015	3,611,139
	<u> </u>
Provision for impairment	
At 1 October 2014 and 30 September 2015	<u>3,611,139</u>
Net book value	
At 30 September 2015	-
	<u> </u>
At 30 September 2014	-
	<u> </u>

The investment above represents the Company's interest in 100% of the ordinary £1 shares of its subsidiary undertaking, Summerhill Properties Limited. Summerhill Properties Limited is incorporated in England and its principal activity is that of a hotel operator.

8 Debtors

	30 September 2015	30 September 2014
	£	£
Amounts owed by group undertakings	19,146,803	19,146,803
	<u> </u>	<u> </u>

The above amount is loaned to other group undertakings and is repayable on demand.

9 Creditors: amounts falling due within one year

	30 September 2015	30 September 2014
	£	£
Amounts owed to group undertakings	26,500,000	26,500,000
Other creditors and accruals	7,250	6,750
	<u> </u>	<u> </u>
	26,507,250	26,506,750
	<u> </u>	<u> </u>

Amounts due to group undertakings are included in amounts due within one year where there are no specified repayments terms. While amounts due to group undertakings are technically repayable on demand the directors are of the opinion that in the ordinary course of business, repayment within such a timescale would not be required.

Notes (continued)

10 Called up share capital

30 September 2015 30 September 2014

Allotted, called up and fully paid

100 ordinary shares of £1 each	100	100
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11 Reconciliation of movement in shareholders' deficit

	Share capital	Profit and loss account	Shareholders' deficit
	£	£	£
At 1 October 2014	100	(7,357,962)	(7,357,862)
Loss for the year	-	(490)	(490)
At 30 September 2015	100	(7,358,452)	(7,358,352)

12 Related parties

The following amounts were owed by / (owed to) group undertakings:

	30 September 2015	30 September 2014
	£	£
Owed by Tonstate Metropole Hotels Limited	3,565	3,565

Notes *(continued)*

13 Contingent liabilities

The Company's assets are secured by a fixed and floating charge to Santander Bank in respect of a loan provided to Summerhill Properties Limited, a fellow subsidiary undertaking. The amount outstanding on this facility at 30 September 2015 was £10,960,000 (2014: £6,000,000).

14 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a subsidiary undertaking of Summerhill Cardiff Limited, incorporated in England.

The largest group in which the results of the Company are consolidated is that headed by TH Holdings Limited, incorporated in England. The consolidated accounts of this group are available to the public and may be obtained from 3 Park Place, St James', London, SW1A 1LP.

The ultimate parent company is Overseas Holdings Capital Group Limited, registered in the British Virgin Islands.