

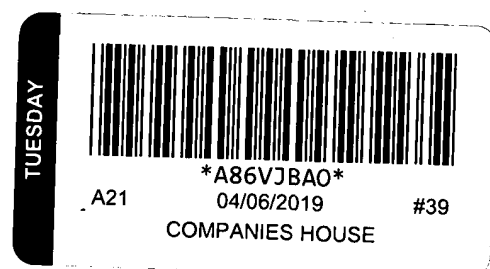
Hotel Innovations (Cardiff) Limited

Annual report and financial statements

Registered number 5497110

For the year ended 30 September

2017



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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 2017.

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 profit for the year ended 30 September 2017 was £5 (2017: loss £490). The directors consider that the results for the period are in line with expectations.

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

28 May 2019

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 2017.

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 (2016: £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 (resigned 9 October 2018)

N Smith (resigned 24 October 2017)

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 (2016: £nil).

Statement as to disclosure of information to auditors

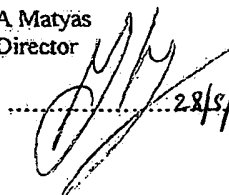
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he / she ought to have taken as a director to make 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



28/5/2019

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 group and parent company financial statements for each financial year. However, as explained in note 1 to the financial statements, group accounts, as required by the Companies Act 2006, have not been prepared. Under that law they have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 its profit or loss 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 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 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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

Qualified opinion

We have audited the financial statements of Hotel Innovations (Cardiff) Limited ("the company") for the year ended 30 September 2017 which comprise the Profit and loss account and other comprehensive income, Balance sheet and Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements;

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit for the year then ended; and
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion, except for the matter described in the basis for qualified opinion section of our report, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

As stated in note 1 to the financial statements, group accounts, as required by the Companies Act 2006, have not been prepared.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our qualified opinion.

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

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

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

Material uncertainty related to going concern

We draw attention to Note 1 to the financial statements which indicates that the Company's ability to continue to as a going concern is dependent on the Company continuing to hold its investment in a subsidiary and the continued financial support of its immediate parent company. These conditions, along with the other matters explained in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Strategic report and directors' report

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

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.



Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, 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 in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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

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

31 May 2019

Profit and loss account and other comprehensive income
for the year ended 30 September 2017

	<i>Note</i>	Year ended 30 September 2017	Year ended 30 September 2016
		£	£
Administrative expenses		-	(500)
Operating loss		-	(500)
Interest receivable	4	5	10
Profit /(loss) on ordinary activities before taxation		5	(490)
Tax credit on profit / (loss) on ordinary activities	5	-	-
Profit / (loss) for the financial year		5	(490)

The results shown above are derived wholly from continuing operations.

There were no recognised gains or losses in the year other than those recognised in the profit and loss account.

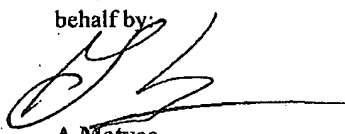
The notes on pages 10 to 15 form part of these financial statements.

Balance sheet
at 30 September 2017

	Note	30 September 2017	30 September 2016
		£	£
Fixed assets			
Investments	6	-	-
Current assets			
Debtors	7	19,146,803	19,146,803
Cash at bank and in hand		2,110	2,105
		<u>19,148,908</u>	<u>19,148,908</u>
Creditors: amounts falling due within one year	8	(26,507,750)	(26,507,750)
Net current liabilities		<u>(7,358,837)</u>	<u>(7,358,842)</u>
Net liabilities		<u>(7,358,837)</u>	<u>(7,358,842)</u>
Capital and reserves			
Called up share capital	9	100	100
Profit and loss account		(7,358,937)	(7,358,942)
Shareholders deficit		<u>(7,358,837)</u>	<u>(7,358,842)</u>

The notes on pages 10 to 15 form part of these financial statements.

These financial statements were approved by the board of directors on 28 May 2017 and were signed on its behalf by:


A Matyas
Director

Statement of Changes in Equity

	Share Capital £	Profit and loss account £	Total £
At 1 October 2015	100	(7,358,452)	(7,358,352)
Loss for the year	-	(490)	(490)
At 30 September 2016	100	(7,358,942)	(7,358,842)

	Share Capital £	Profit and loss account £	Total £
At 1 October 2016	100	(7,358,942)	(7,358,842)
Profit for the year	-	5	5
At 30 September 2017	100	(7,358,937)	(7,358,937)

The notes on pages 10 to 15 form part of these financial statements.

Cash flow statement

For the year ended 30 September 2017

	Note	2017 £'000	2016 £'000
Cash flows from operating activities			
Profit for the year		5	(490)
Adjustments for:			
Interest receivable and similar income		(5)	(10)
		<hr/>	<hr/>
(Decrease)/increase in trade and other creditors		-	500
		<hr/>	<hr/>
Net cash from operating activities		-	-
		<hr/>	<hr/>
Cash flows from investing activities			
Interest received		5	10
		<hr/>	<hr/>
Net cash from investing activities		5	10
		<hr/>	<hr/>
Cash flows from financing activities			
Interest paid		-	-
		<hr/>	<hr/>
Net cash from financing activities		-	-
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		5	10
Cash and cash equivalents at 1 October		2,105	2,095
		<hr/>	<hr/>
Cash and cash equivalents at 30 September		2,110	2,105
		<hr/>	<hr/>

The notes on pages 10 to 15 form part of these financial statements.

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

Hotel Innovations (Cardiff) Limited is a company limited by shares and incorporated and domiciled in the UK.

The financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentational currency of these financial statements is sterling.

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

These financial statements present information about the Company as an individual undertaking and not about its group. In previous years, the Company has not prepared consolidated financial statements as it was exempt from the requirements to do so by Section 400 of the Companies Act 2006 as it was a wholly owned subsidiary of TH Holdings Limited and its results were included in the consolidated financial statements of that entity. In the current year, the Company has missed the financial statement filing deadline and, as such, is required to file consolidated financial statements. The Company has chosen not to do so, due to the amount of time it would take to prepare consolidated financial statements and the urgent requirement to file the financial statements at Companies House. Accordingly, the auditors have issued a qualified audit opinion as set out on pages 4 and 5.

Going concern

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The Company's principal activity is that of an intermediate holding company of one subsidiary, which owns and manages a hotel. The directors of the subsidiary are considering the future of the Company, options which may include entering into discussions with its bankers to refinance the current external debt, disposal of the hotel and subsequent liquidation of the company or disposal of the business altogether. Should the subsidiary be liquidated or disposed of, the Company will no longer act as an intermediate holding company.

The ability of the Company to continue to be able to settle its liabilities as they fall due in the ordinary course of business is also dependent on its immediate parent company not seeking repayment of the amounts currently due to the group, which at 30 September 2017 amounted to £26,500,000. Summerhill Cardiff Limited has indicated that it does not intend to seek repayment of these amounts for at least the next twelve months from the date of approval of these financial statements. 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.

However, the intention of Summerhill Cardiff Limited to continue to provide this support is dependent on the Company continuing to act as an intermediate holding company to its only subsidiary. Should the directors of the subsidiary elect to dispose of the hotel and liquidate the subsidiary company or dispose of the business, Hotel Innovation (Cardiff) Limited would no longer act as an intermediate holding company.

Based on the above indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these conditions constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Notes (continued)

1 Accounting policies

As the Company is a wholly owned subsidiary of TH Holdings Limited, the Company has taken advantage of the exemption available under FRS102 section 33.1A: Related Party Disclosures and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

Investments

Investment are shown at cost less provision for impairment.

Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Debtors and creditors payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash expected to be paid or received, net of impairment.

Borrowings classified as basic financial instruments

Borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes (continued)

2 (Loss)/Profit on ordinary activities before taxation

	Year ended 30 September 2017	Year ended 30 September 2016
	£	£
<i>(Loss)/profit on ordinary activities before taxation is stated after charging</i>		
Auditor's remuneration:		
Audit of these financial statements	500	500

In 2017 and 2016, 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 accounts of the Company's intermediary parent TH Holdings Limited.

3 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.

4 Interest receivable

	Year ended 30 September 2017	Year ended 30 September 2016
	£	£
Other - Bank	5	10

Notes (continued)

5 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 (2016: higher) than the standard rate of corporation tax in the UK of 19.5% (2016: 20%). The differences are explained below:

	Year ended 30 September 2016	Year ended 30 September 2017
	£	£
<i>Current tax reconciliation</i>		
Profit/(Loss) on ordinary activities before tax	5	(490)
	<hr/>	<hr/>
Current tax at 19.5 % (2016: 20%)	1	(98)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	-
Deferred tax not recognised	(1)	-
Group relief surrendered	-	98
	<hr/>	<hr/>
Total tax charge (see above)	-	-
	<hr/>	<hr/>

(c) Factors affecting the future tax charge

Potential deferred tax assets measured at 17% (2016: 17%) totalling £67,359 (2016: £67,360) 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 20% 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 substantively enacted on 6 September 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.

Notes (continued)

6 Investments

	Subsidiary undertakings
	£
Cost	
At 1 October 2016 and 30 September 2017	3,611,139
	<u> </u>
Provision for impairment	
At 1 October 2016 and 30 September 2017	3,611,139
	<u> </u>
Net book value	
At 30 September 2017	-
	<u> </u>
At 30 September 2016	-
	<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, with the same registered address as the Company.

7 Debtors

	30 September 2017 £	30 September 2016 £
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.

8 Creditors: amounts falling due within one year

	30 September 2017 £	30 September 2016 £
Amounts owed to group undertakings	26,500,000	26,500,000
Other creditors and accruals	7,750	7,750
	<u> </u>	<u> </u>
	26,507,750	26,507,750
	<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)

9 Called up share capital

30 September 2017 30 September 2016

Allotted, called up and fully paid

100 ordinary shares of £1 each

100

100

10 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 2017 was £10,435,000 (2016: £10,735,000)

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