TPD Investments Limited

Annual Report and Consolidated Financial Statements
Registered number 05997318
For the year ended 30 September 2016

Contents

Strategic Report

The directors present their strategic report of TPD Investments Limited and its subsidiary undertakings ('the Group') for the year ended 30 September 2016.

Business review

The principal activity of the Group is the provision of accommodation and conference facilities from its hotels in London and Birmingham, via a management arrangement with Hilton Worldwide.

Results and performance

The turnover of the Group for the year was £99.6 million (2015: £101.1 million). Earnings before interest, tax and depreciation were £31.2 million (2015: £35.2 million). The combined turnover was marginally lower than last year, reflecting a difficult trading environment in London. We anticipate that overall demand for hotel services will improve through 2017.

Strategy and objectives

The long term objective of the Group is to maximize performance of the portfolio through continuation of the close working relationship with Hilton. In pursuing this objective the Group intends to maintain sound financial management and continue to build on relationships with all stakeholders. The strategy is constantly reviewed by the Board in the light of performance and changing market conditions to ensure it remains appropriate to achieve the objectives of the Group.

In pursuit of its objectives the Group has a number of key business strategies which have been successfully implemented over recent years.

We aim to secure increased trading and profitability through:

- Continuous investment of capital expenditure including refurbishment of bedrooms to a high standard
- *Maintain and build on relationships with lenders*
- Focus on the key relationships within Hilton to ensure 'best in class' performance
- Investment in management to provide exceptional service levels
- The Group has continued to perform well during challenging market conditions for the leisure and conferencing sector.

Key performance indicators

Hilton and the management of the Group compare the performance of its hotels on achieved room rate, occupancy and RevPar against a selected group of hotels in the nearby areas. These reports are confidential. The hotels perform well in comparison with these selected hotels.

Principal risks and uncertainties

The Companies Act 2006 requires that the strategic report to include description of the principal risks and uncertainties facing the company.

Like most hoteliers a negative impact on its performance including the reputational damage that might arise from any breach of ever changing regulations and legislations. Hilton and the directors of the Group are responsible for the company's system of internal control and risk management, and for reviewing its effectiveness. In discharging and delegating that responsibility, the Board has regard to the balance of risk, cost and opportunity.

The key risk areas which could affect the Group's business, revenue, operating profit, earnings, net asset and liquidity and/or capital resources:

- Changes in key market segments
- Increase in UK interest rates
- Further hotels in the pipeline

The Group seeks to manage as far as possible the key risks that it faces.

Customer pricing is under constant and dynamic review with management. Excellent customer service and investment of capital expenditure, as well as strong client relationships are used to mitigate this risk.

The Group had external borrowings throughout the year and in return, several subsidiaries of the company have given guarantees and fixed and floating charges over their assets to secure the borrowings. It is therefore reliant on the performance of the Group to ensure compliance with financial covenants.

Having considered the above risks and uncertainties, the Directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Environmental policy

The Group is committed to adopting a responsible approach to environmental matters.

In addition to financial measures, the Board also monitors the Group operations with the objective of ensuring that health and safety is at the core of all working practices. In measuring the success of this, the Board reviews the level of reported incidents and monitors the training being undertaken by all relevant employees.

Future prospects

The Board is confident that the strategy of the Group will continue to deliver results and meet expectations of our various stakeholders.

Based on the Group forecasts and the financing agreements in place the Group is considered to have access to sufficient working capital to trade on an orderly basis for the foreseeable future.

Employees

The Group employs a number of disabled people and will continue to do so wherever possible, through recruitment, by retention of persons who become disabled during service and by appropriate training, career development and promotion. The Group seeks to ensure that all employees, job applicants and prospective job applicants, are afforded equality of job opportunity in all areas of employment.

The Health & Safety Policy of the Group fully recognises the responsibility for the health and safety of employees and members of the community in which they work.

The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed of matters affecting them as employees.

By order of the board

Mr A Matyas
Director
15 February 2017

Directors' Report – registered number 05997318

The directors present their report and the audited financial statements for the year ended 30 September 2016.

Principal activities

The principal activity of the Group is that of owning and operating hotels situated in London and Birmingham. Both hotels operate under the brand name of Hilton. The directors are continually analysing the viability of having further rooms to be added in the hotels.

The directors consider the market value of the hotels to be in excess of their book value.

Results and dividends

During the year ended 30 September 2016, the turnover was £99,616,000 (2015: £101,089,000) and the gross profit was 46,848,000 (2015: £47,658,000). The operating profit was £19,191,000 (2015: £24,822,000), which was 22.6% below the previous year. Loss on ordinary activities before taxation was £10,780,000 (2015: £8,325,000). The directors consider that the results for the year are in line with expectations given the difficult trading environment in London in the first 6 months of 2016. Factors such as Brexit have improved performance slightly in the second half of 2016.

The directors do not recommend the payment of a dividend (2015: £nil).

Directors

The directors who held office during the period and up until the date of this report were as follows:

A Matyas

Dr E Wojakovski

N Smith

R E Robertson

Employees

It is the policy of the Group through Hilton to train and develop its staff in close relationship with various training organisations. The Group recognises the need to ensure effective communication with employees.

Senior management are regularly informed of company development in strategic, financial, commercial and personnel matters to enable them to inform and discuss these issues with employees as appropriate. The Group believes in promoting from within the organisation on the basis of ability and merit.

Full and fair consideration is given to applications for employment by disabled persons, having regard to their particular aptitudes and abilities. Wherever possible, arrangements are made for the continued employment of persons who have become disabled during service and for the appropriate training, career development and promotion of disabled persons.

The directors value each employee's contribution in achieving the standards of service set by the Group and recognise their contribution in ensuring the continuing performance of the hotels.

Directors' and officers' liability insurance

Tonstate Metropole Hotels Limited purchase and maintain on behalf of the Group, liability insurance for its directors and officers as permitted by Section 233 of the Companies Act 2006.

Political and charitable contributions

The Company made no political or charitable contributions during the year (2015: Nil).

Disclosure of information to auditor

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

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

Mr A Matyas
Director

3 Park Place
St James'
London
SW1A 1LP

15 February 2017

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 group and 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 group and parent company and of their 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; 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent 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 group and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of TPD Investments Limited

We have audited the financial statements of TPD Investments Limited for the year ended 30 September 2016 set out on pages 7 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 web-site at www.frc.org.uk/uditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 30th September 2016 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's 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
15 February 2017

Consolidated Profit and loss account and Other Comprehensive Income

For the year ended 30 September 2016

	Note	**Year ended 30 September 2016**	Year ended 30 September 2015
		£'000	£'000
Turnover	*2*	**99,616**	101,089
Cost of sales		**(52,768)**	(53,431)
Gross profit		**46,848**	47,658
Depreciation		**(9,846)**	(8,252)
Administrative expenses		**(15,637)**	(13,902)
Other income		**-**	1,492
Amortisation		**(2,174)**	(2,174)
Operating profit	*3-4*	**19,191**	24,822
Interest Receivable		**328**	233
Interest Payable and Similar Charges	*5*	**(30,299)**	(33,380)
Loss on ordinary activities before taxation	*3*	**(10,780)**	(8,325)
Tax credit on loss on ordinary activities	*6*	**2,403**	439
Loss on ordinary activities after taxation		**(8,377)**	(7,886)

The results shown above are derived wholly from continuing operations.

The notes on pages 12 to 25 form an integral part of these financial statements.

Consolidated Balance sheet

At 30 September 2016

	Note	30 September 2016		30 September 2015	
		£'000	**£'000**	**£'000**	**£'000**
Fixed assets					
Intangible assets - Goodwill	*7*		**22,218**		**24,392**
Tangible assets	*8*		**392,042**		**397,802**
Current assets					
Stock	*10*	**84**		**137**	
Debtors	*11*	**5,274**		**6,872**	
Cash at bank and in hand		**35,265**		**33,858**	
		40,623		**40,867**	
Creditors: amounts falling due within one year	*12*	**(29,515)**		**(27,763)**	
Net current assets			**11,108**		**13,104**
Total assets less current liabilities			**425,368**		**435,298**
Creditors: amounts falling due after more than one year	*12*		**(490,559)**		**(490,030)**
Provisions for liabilities and charges	*14*		**(13,993)**		**(16,075)**
Net liabilities			**(79,184)**		**(70,807)**
Capital and reserves					
Called up share capital	*15*		**-**		**-**
Share premium account			**16,706**		**16,706**
Profit and loss account			**(95,890)**		**(87,513)**
Shareholders' funds			**(79,184)**		**(70,807)**

The notes on pages 12 to 25 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 15 February 2017 and were signed on its behalf by:

Mr A Matyas
Director

Company Balance sheet
At 30 September 2016

	Note	30 September 2016		30 September 2015	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	9		-		-
Current assets					
Debtors	11	49,779		49,479	
Cash at bank and in hand		-		-	
		49,779		49,479	
Creditors: amounts falling due within one year	12	(239)		(89)	
Net current assets			49,540		49,390
Total assets less current liabilities			49,540		49,390
Creditors: amounts falling due after more than one year	13		(75,478)		(72,998)
Net liabilities			(25,938)		(23,608)
Capital and reserves					
Called up share capital	15		-		-
Share premium account			16,706		16,706
Profit and loss account			(42,644)		(40,314)
Shareholders' funds			(25,938)		(23,608)

The notes on pages 12 to 25 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 15 February 2017 and were signed on its behalf by:

M A Matyas
Director

Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 October 2014	-	*16,706*	*(79,627)*	*(62,921)*
Loss for the year	-	-	*(7,886)*	*(7,886)*
At 30 September 2015	-	*16,706*	*(87,513)*	*(70,807)*

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 October 2015	-	*16,706*	*(87,513)*	*(70,807)*
Loss for the year	-	-	*(8,377)*	*(8,377)*
At 30 September 2016	-	*16,706*	*(95,890)*	*79,184*

Company Statement of Changes in Equity

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 October 2014	-	*16,706*	*(37,980)*	*(21,274)*
Loss for the year	-	-	*(2,334)*	*(2,334)*
At 30 September 2015	-	*16,706*	*(40,314)*	*(23,608)*

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 October 2015	-	*16,706*	*(40,314)*	*(23,608)*
Loss for the year	-	-	*(2,330)*	*(2,330)*
At 30 September 2016	-	*16,706*	*(42,644)*	*(25,938)*

Consolidated Cash Flow Statement

for year ended 30 September 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Profit for the year		**(8,377)**	(7,886)
Adjustments for:			
Depreciation, amortisation and impairment		**12,020**	10,426
Interest receivable and similar income		**(328)**	(233)
Interest payable and similar charges		**30,299**	33,380
Taxation		**(2,403)**	(439)
(Increase)/decrease in trade and other debtors		**1,598**	(2,009)
(Increase)/decrease in stocks		**53**	-
(Decrease)/increase in trade and other creditors		**407**	604
(Decrease)/increase in provisions and employee benefits			-
Net cash from operating activities		**33,269**	33,843
Cash flows from investing activities			
Interest received		**328**	233
Acquisition of tangible fixed assets	*8*	**(4,086)**	(4,055)
Net cash from investing activities		**(3,758)**	(3,822)
Cash flows from financing activities			
Interest paid		**(26,224)**	(26,731)
Repayment of borrowings		**(1,880)**	-
Increase of loans from fellow group & related undertakings		**-**	13,779
Net cash from financing activities		**(28,104)**	(12,952)
Net increase/(decrease) in cash and cash equivalents		**1,407**	17,069
Cash and cash equivalents at 1 October		**33,858**	16,789
Cash and cash equivalents at 30 September	*20*	**35,265**	33,858

Notes
(forming part of the financial statements)

1 Accounting policies

TPD Investments 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 presentational currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

FRS 102 grants certain first time adoption exemptions from the full requirements of FRS 102. The following exemptions have been applied in these financial statements:

- Fair value or revaluation as deemed cost – The previous GAAP revaluation at transition date has been used as deemed cost for freehold and long leasehold properties.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.
- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

1.1 Measurement convention

The financial statements have been prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments.

1.2 Going concern

The directors have prepared forecasts for the period to 30 June 2018, and reviewed forecasts for the components of the financial covenants, taking account of the actual experience and trends in the second half of 2016 and forecast for 2017 which indicates that the Group has sufficient cash reserves to meet its day to day working capital requirements for the foreseeable future, being 12 months from the date of signature of these accounts. The directors are therefore fully confident that it is appropriate to prepare the accounts on the stated basis of going concern.

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 September 2016. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The Company made a loss for the year of £2,330,000 (2015: £2,334,000).

1 Accounting policies *(continued)*

1.4 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.

1.5 Other financial instruments

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of tangible fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation. These hotels will not be subject to revaluation and were last revalued at 31 December 1999.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight line basis over the estimated useful lives of each part of an item of tangible fixed assets. Their estimated useful lives are as follows:

Freehold Buildings	50 years
Non-core Building (Integral Plant and Surface Finishes)	10 - 30 years
Plant and Machinery	3 - 20 years
Fixtures, Fittings and Equipment	3 - 10 years
Computer Equipment	3 years

1.7 Intangible assets

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

1.8 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.

1.9 Turnover

Turnover comprises the value of sales of goods and services supplied in the normal course of operations of a hotel business (excluding Value Added Tax). Income from ownership and operations of hotels is recognised at the point at which the accommodation and related services are provided.

1.10 Employee benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

1.11 Operating leases

Rentals applicable to operating leases, under which substantially all of the benefits and risks of ownership remain with the lessor, are charged to the profit and loss account on a straight line basis over the lease term.

1.12 Stock

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell.

Notes *(continued)*

2 Profit on ordinary activities before taxation

	Year ended 30 September 2016 £'000	Year ended 30 September 2015 £'000
Profit on ordinary activities before taxation is stated after charging		
Auditor's remuneration:		
Audit of these financial statements	100	55
Management charge payable to a group undertaking	300	300
Depreciation	9,846	8,253
Operating lease rentals - property	916	916
Operating lease rentals – Equipment	230	230

In 2016 and 2015, auditors' 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.

3 Remuneration of directors

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

Notes (continued)

4 Staff costs and employee information

The average number of employees during the year was:

	Year ended 30 September 2016	Year ended 30 September 2015
Operations	**1,020**	1,018
Management and administration	**190**	194
	1,210	1,212

The aggregate payroll costs of these employees were as follows:

	Year ended 30 September 2016 £'000	Year ended 30 September 2015 £'000
Wages and salaries	**16,884**	**16,856**
Social security costs	**1,326**	**1,377**
Pension costs	**243**	**235**
	18,453	**18,468**

5 Interest Payable

	Year ended 30 September 2016 £000	Year ended 30 September 2015 £000
On bank loans and overdrafts	**26,224**	26,731
On all other loans	**2,409**	2,409
Net loss on derivative financial instruments	**1,666**	4,240
	30,299	33,380

Interest on bank loans and overdrafts relates to interest charged on the term facility disclosed in note 11, which was entered into in April 2014.

Notes *(continued)*

6 Taxation

Analysis of charge in period

		Year ended 30 September 2016		Year ended 30 September 2015
	£'000	**£'000**	£'000	£'000
UK corporation tax				
Current tax on income for the period	**-**		**463**	
Adjustments in respect of prior years	**(321)**		**(136)**	
Total current tax		**(321)**		**327**
Deferred tax				
Origination of timing difference		**207**		**(784)**
Adjustment in respect of prior period		**144**		**-**
Effect of decreased tax rate		**(2,433)**		**18**
Tax charge / (credit) on profit on ordinary activities		**(2,403)**		**(439)**

Factors affecting the tax charge for current year

The current tax charge for the period is different from the standard rate of corporation tax in the UK of 20% (2015: 20.5%). The differences are explained below:

	Year ended 30 September 2016	Year ended 30 September 2015
	£'000	£'000
Current tax reconciliation		
Loss on ordinary activities before tax	**(10,780)**	(8,325)
Current tax at 20% *(2015: 20.5 %)*	**(2,156)**	(1,707)
Effects of:		
Expenses not deductible for tax purposes	**885**	463
Fixed asset differences	**1,132**	680
Losses not utilised	**382**	224
Adjustments in respect of prior years	**(177)**	(118)
Adjustment to deferred tax closing rate to average rate of 20% (2015: 20.5%)	**(1,378)**	19
Deferred tax not recognised	**(1,091)**	-
Total current tax credit (see above)	**(2,403)**	(439)

Notes *(continued)*

6 *Taxation (continued)*

Factors affecting the future tax charges

The rate of taxation is expected to follow the standard rate of UK Corporation tax in future years.

Reductions 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 substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly The deferred tax liability at 30 September 2016 has been calculated based on these rates.

7 *Intangible fixed assets*

Group

	Goodwill
	£000
Cost	
At 1 October 2015 and 30 September 2016	**43,488**
Amortisation	
At 1 October 2015	**19,096**
Charged for the period	**2,174**
At 30 September 2016	**21,270**
Net book value	
At 30 September 2016	**22,218**
As 30 September 2015	**24,392**

The company owns no intangible fixed assets

Notes (continued)

8 Tangible assets

	Freehold land and properties	Long leasehold properties	Fixtures and fittings & equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 October 2015	*300,364*	*99,121*	*57,669*	*457,154*
Additions	-	-	*4,086*	*4,086*
Disposals	-	-	-	-
At 30 September 2016	***300,364***	***99,121***	***61,755***	***461,240***
Depreciation				
At 1 October 2015	*17,084*	*12,092*	*30,176*	*59,352*
Charge for the period	*1,941*	*1,376*	*6,529*	*9,846*
At 30 September 2016	***19,025***	***13,468***	***36,705***	***69,168***
Net book value				
At 30 September 2016	***281,339***	***85,653***	***25,050***	***392,042***
At 30 September 2015	*283,280*	*87,029*	*27,493*	*397,802*

The hotels were revalued as part of the acquisitions in 2007 to fair value and are not to be subject to revaluation in future periods.

The Company owns no tangible fixed assets

Notes *(continued)*

9 Fixed asset investments

	Shares in group undertaking £
Company	
Cost and net book value at 1 October 2015	2
Additions during the year	-
Cost and net book value at 30 September 2016	2

The following group undertakings are included in the Group results:

	Country of Incorporation	Principal Activity	Ordinary Shares held
Mint Property Investments Limited	England	Holding company	100%
Annie Property Investments Limited*	England	Holding company	100%
Tonstate Metropole Hotels Limited*	England	Holding company	100%
London & Birmingham Hotels Limited*	England	Holding company	100%
Metropole Hotels (Holdings) Limited*	England	Hotels operator	100%
Birmingham Metropole Hotels Limited*	England	Dormant company	100%

* Indirect subsidiary undertakings of TPD Investments Limited.

10 Stocks

Group	30 September 2016 £'000	30 September 2015 £'000
Goods for resale and consumables	84	137

The Company has no stocks

11 Debtors

	Group		Company	
	30 September 2016 £'000	30 September 2015 £'000	30 September 2016 £'000	30 September 2015 £'000
Trade debtors	3,993	4,934	-	-
Prepayments and other debtors	1,281	1,938	-	-
Amounts due from group undertakings	-	-	49,779	49,479
	5,274	6,872	49,779	49,479

12 Creditors: amounts falling due within one year

	Group		**Company**	
	30 September 2016 £'000	30 September 2015 £'000	**30 September 2016 £'000**	30 September 2015 £'000
Trade creditors	**5,119**	8,546	**-**	-
Corporation tax	**66**	387	**-**	-
Other taxes and social security	**1,160**	1,193	**-**	-
Other creditors and accruals	**14,973**	11,007	**21**	89
Amounts owed to group undertakings	**4**	103	**218**	-
Derivative Financial Instruments	**8,193**	6,527	**-**	-
	29,515	27,763	**239**	89

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)*

13 Creditors: amounts falling due after more than one year

	Group		Company	
	30 September 2016 £000	30 September 2015 £000	**30 September 2016 £000**	30 September 2015 £000
Bank loans repayable between one and five years	**415,128**	417,032	**-**	-
Amounts owed to TH Holdings Limited	**30,647**	29,658	**30,694**	29,658
Other loans from minority shareholders	**44,784**	43,340	**44,784**	43,340
	490,559	**490,030**	**75,478**	72,998

The Group has entered into a loan agreement with a financial institution in respect of the following loan:

- £300m term facility, repayable in April 2019 with interest payable at 2.85% above sterling LIBOR
- £100m Mezzanine term facility, repayable in April 2019, annual interest payable at 9.5%
- £20m term facility, repayable in April 2020, with interest payable at 11% above sterling LIBOR
- Credit facility of £10.6m, repayable in April 2019, within interest payable at 2.4% above sterling LIBOR

These facilities are secured by a fixed and floating charge over the assets of the Company and a number of its fellow group undertakings.

From March 2014, the Group entered into a swap arrangement effective from 17 March 2014 to 25 April 2019 to hedge £141,375,000 of loan on a reducing balance in line with scheduled repayments. The swap fixed rate is 2.64% and the cap strike rate is 2.00% on 3 month Libor rates. The fair value of these derivative financial instruments is included in debtors and creditors.

The amounts owed to fellow group undertaking TH Holdings Limited were advanced on the basis that they are repayable on demand, but have been treated as repayable in more than one year on the basis that the Company to whom the amount is owed has provided written confirmation that the Group will not be required to repay these balances within twelve months of the date of approval of these financial statements.

Other loans have been provided to the Group by various parties. Interest is payable at 6% per annum. Interest is being paid at 2% on £15,000,000 due to TH Holdings Limited.

Notes *(continued)*

14 Provisions for liabilities and charges

Group	Deferred taxation	
	30 September 2016	30 September 2015
	£'000	£'000
Balance at 1 October 2015	**16,075**	16,841
Origination and reversal of timing differences	**207**	(784)
Adjustment in respect of prior periods	**144**	18
Effect of decrease in tax rate	**(2,433)**	-
Balance at 30 September 2016	**13,993**	16,075

The provision at 30 September 2016 and 30 September 2015 relates primarily to timing differences arising from accelerated capital allowances. The group has unrecognised gross tax losses of £33,476,000 (2015: £33,476,000) and unrecognised gross timing differences of £2,580,000 (£2,580,000).

The Company has no provisions for liabilities and charges

15 Called up share capital

	30 September 2016	30 September 2015
	£	£
Allotted, called up and fully paid		
313 Ordinary shares of £1 each	**313**	313

16 Financial instruments

16 (a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2016	2015
	£000	£000
Assets measured at fair value through profit or loss	**35,265**	33,858
Assets measured at amortised cost	**5,781**	6,872
Liabilities measured at fair value through profit or loss	**8,193**	6,527
Liabilities measured at amortised cost	**21,782**	21,236
Loan commitments measured at cost less impairment	**490,606**	490,030

16 (b) Financial instruments measured at fair value

Derivative financial instruments

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Notes *(continued)*

17 Operating leases

Group

Non-cancellable operating lease rentals are payable as follows:

	30 September 2016	30 September 2015
	£'000	£'000
Leases expiring:		
Less than one year	**923**	916
Between one and five years	**3,691**	3,666
More than five years	**49,250**	49,829
	53,864	54,411

The Company has no operating leases

18 Related parties

During the year a management fee was charged by Tonstate Group Limited, a related party through common ownership, amounting to £300,000 (2015: £300,000).

The following amounts were owed by the Group to equity holders

	30 September 2016	30 September 2015
	£'000	£'000
Tonstate Group Limited	**-**	-
Other Equity holders	**44,784**	43,340
TH Holdings Limited (parent undertaking)	**30,647**	29,658
	75,431	72,998

Interest is being paid at 2% on £15m the TH Holdings Limited loan. Interest is being paid at 6% on all other Equity Holders' Loans and Tonstate Group Limited loan. Tonstate Group Limited is connected by virtue of common directorships.

The above amounts are considered to be repayable after more than one year as there are no specific repayment terms.

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

The Company is a subsidiary undertaking of TH Holdings 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 British Virgin Islands.