

# **Summerhill Cardiff Limited**

**formerly Tonstate (Hotels) Cardiff Limited**

## **Directors' report and financial statements**

**Registered number 05999250**

**For the period from 1 April 2013 to  
30 September 2014**

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## Strategic report

The directors present their strategic report of Summerhill Cardiff Limited ('the Company') for the period ended 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.

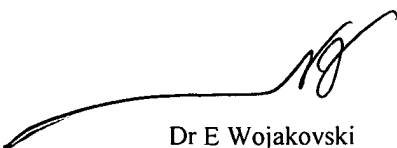
The loss for the 18 month period ended 30 September 2014 was £7,699,581 (2013: loss £1,889,581). The directors consider that the results for the period are satisfactory and in line with expectations

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.



Dr E Wojakowski  
Director

30 June 2015

## **Directors' report**

The directors present their report and the audited financial statements of Summerhill Cardiff Limited ('the Company') for the period ended 30 September 2014

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

The company changed its name on 26 July 2013

### **Results and dividends**

The company changed its year end to 30 September accordingly these accounts comprise the results for the period from 1 April 2013 to 30 September 2014

The directors do not recommend the payment of a dividend (2013: £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 statements.

### **Directors**

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

A Matyas

Dr E Wojakowski

R Robertson (appointed 1 July 2013)

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 (2013: £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 auditors are 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 auditors are 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

Dr E Wojakowski  
Director

30 June 2015

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 Summerhill Cardiff Limited**

We have audited the financial statements of Summerhill Cardiff Limited for the period ended 30 September 2014 set out on pages 5 to 13. 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](http://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 30<sup>th</sup> September 2014 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

30 June 2015

30 September 2014

**Profit and loss account***for the year period from 1 April 2013 to 30 September 2014*

	Note	Period ended 30 September 2014	Year ended to 31 March 2013
		£	£
Administrative expenses		(264,533)	(110,490)
<b>Operating loss</b>	3	(264,533)	(110,490)
Other income- bank loan no longer payable	10	15,999,997	-
Interest receivable	5	5,565	6,883
Interest payable	6	(687,110)	(1,785,974)
Impairment of Investment	8	(22,753,500)	-
<b>Profit / (loss) on ordinary activities before taxation</b>		(7,699,581)	(1,889,581)
Tax on profit / (loss) on ordinary activities	7	-	-
<b>Profit / (loss) on ordinary activities after taxation</b>		(7,699,581)	(1,889,581)

The results shown above are derived wholly from continuing operations.

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

The notes on pages 7 to 13 form part of these financial statements.

30 September 2014

**Balance sheet**  
at 30 September 2014

	<i>Note</i>	<b>30 September 2014</b>		<b>31 March 2013</b>	
		£	£	£	£
<b>Fixed assets</b>					
Investments	8		-		22,753,500
<b>Current assets</b>					
Debtors	9	160,317		50,000	
Cash at bank and in hand		35,380		28,411	
		<u>195,697</u>		<u>78,411</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(21,926,365)</u>		<u>(42,040,398)</u>	
<b>Net current liabilities</b>			<u>(21,730,668)</u>		<u>(41,961,987)</u>
<b>Total assets less current liabilities</b>			<u>(21,730,668)</u>		<u>(19,208,487)</u>
<b>Creditors: amounts falling due after more than one year</b>	11		<u>(7,754,437)</u>		<u>(2,577,136)</u>
<b>Net liabilities</b>			<u>(29,485,105)</u>		<u>(21,785,623)</u>
<b>Capital and reserves</b>					
Called up share capital	12		100		1
Profit and loss account	13		<u>(29,485,205)</u>		<u>(21,785,624)</u>
<b>Shareholders' deficit</b>			<u>(29,485,105)</u>		<u>(21,785,623)</u>

The notes on pages 7 to 13 form part of these financial statements.

These financial statements were approved by the board of directors on 30 June 2015 and were signed on its behalf by:



**Dr E Wojakowski**  
Director



## Notes

*(forming part of the financial statements)*

### Accounting Policies

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 2014 the Company had net current liabilities of £21,730,668 (2013: £41,961,987) which include £21.8m (2013: 12.6m) owed to associated undertakings.

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 to 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 £21.8m owed to other group companies. 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.

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 impairment.

##### *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.

30 September 2014

**Notes (continued)****3 Loss on ordinary activities before taxation**

<b>Period ended 30 September 2014</b>	<b>Year ended 31 March 2013</b>
	<b>£</b>

*Loss on ordinary activities before taxation is stated after (crediting) /charging*

Auditor's remuneration:

Audit of these financial statements

Provision for impairment

Bank loan waived – note 10

<b>42,917</b>	<b>5,000</b>
<b>22,753,500</b>	<b>-</b>
<b>(15,999,997)</b>	<b>-</b>

**4 Remuneration of directors**

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

The Company has no other employees.

**5 Interest receivable**

<b>Period ended 30 September 2014</b>	<b>Year ended 31 March 2013</b>
	<b>£</b>
<b>5,565</b>	<b>6,883</b>
<b>5,565</b>	<b>6,883</b>

Bank interest receivable

30 September 2014

**Notes (continued)****6 Interest payable**

	Period ended 30 September 2014	Year ended 31 March 2013
	£	£
On bank loans	687,110	1,785,974

**7 Taxation**

There is no tax charge for the current or prior period

***Factors affecting the tax charge for current period***

The current tax charge for the period is higher (2013: higher) than the standard rate of corporation tax in the UK of 22.33% (2013: 24%). The differences are explained below:

	Period ended 30 September 2014	Year ended 31 March 2013
	£	£
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(7,699,581)	(1,889,581)
	<hr/>	<hr/>
Current tax at 22.33 % (2013: 24%)	(1,719,480)	(453,499)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	5,086,922	-
Group relief surrendered fellow group company free of charge	205,696	453,499
Trading losses carried forward	(3,573,138)	-
	<hr/>	<hr/>
Total current tax charge (see above)	-	-
	<hr/>	<hr/>

***Factors affecting the future tax charge***

Potential deferred tax assets measured at 21% (2013: 23%) totalling £25,857 (2013: £29,735) 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.

Reductions in the UK corporation tax rate to 21% (effectively from 1 April 2014) and 20% (effectively from 1 April 2015) were substantively enacted on 2 July 2013.

This will reduce the company's future current tax charge accordingly.

**Notes (continued)****8 Investments**

	<b>Subsidiary undertakings</b>
	<b>£</b>
<b>Cost</b>	
At 1 April 2013 and 30 September 2014	<b>33,907,500</b>
	<hr/>
<b>Provision for impairment</b>	
At 1 April 2013	11,154,000
Impairment charge	<u>22,753,500</u>
At 30 September 2014	<b><u>33,907,500</u></b>
<b>Net book value</b>	
At 30 September 2014	-
	<hr/>
<b>At 31 March 2013</b>	<b>22,753,500</b>
	<hr/>

The investment represents the Company's interest in 100% of the share capital of its subsidiary undertaking, Hotel Innovations (Cardiff) Limited. Hotel Innovations (Cardiff) Limited is incorporated in England and its principal activity is that of a holding company. The Company holds an indirect 100% interest in the share capital of Summerhill Properties Limited, a company incorporated in England and its principal activity is that of a hotel operator.

**9 Debtors**

	<b>30 September 2014</b>	<b>31 March 2013</b>
	<b>£</b>	<b>£</b>
Amounts owed by group undertakings	-	-
Other debtors	<b>160,317</b>	50,000
	<hr/>	<hr/>
	<b>160,317</b>	50,000
	<hr/>	<hr/>

30 September 2014

**Notes (continued)****10 Creditors: amounts falling due within one year**

	<b>30 September 2014</b>	<b>31 March 2013</b>
	<b>£</b>	<b>£</b>
Bank loans	-	29,000,000
Amounts due to group undertakings	21,832,972	12,633,969
Other creditors and accruals	93,393	406,429
	<u>21,926,365</u>	<u>42,040,398</u>

Amounts due to group undertakings are included in amounts due within one year where there are no specific repayment 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.

The above bank loan was settled by a payment of £13 million with the remainder £16 million by debt for equity issue. Subsequently, the 3 A ordinary shares were acquired at par upon exercise of the call option, resulting in a gain of £15,999,997.

**11 Creditors: amounts falling due after more than one year**

	<b>30 September 2014</b>	<b>31 March 2013</b>
	<b>£</b>	<b>£</b>
Amounts due to connected undertakings	7,754,437	2,577,136
	<u>7,754,437</u>	<u>2,577,136</u>

30 September 2014

**Notes (continued)****12 Called up share capital**

	30 September 2014	31 March 2013
	£	£
<i>Allotted, called up and fully paid</i>		
97 (2013: 1) ordinary share of £1 each	97	1
3 (2013: nil) B ordinary shares of £1 each	3	-
	<u>100</u>	<u>1</u>

During the year, 96 ordinary shares and 3 B ordinary shares were issued at par. The B ordinary shares rank pari-passu with the ordinary shares.

**13 Reconciliation of movement in shareholders' deficit**

	Share capital	Profit and loss account	Shareholders' deficit
	£	£	£
At 1 April 2013	1	(21,785,624)	(21,785,623)
Issue of shares during the year	99	-	99
Profit for the year	-	(7,699,581)	(7,699,581)
	<u>100</u>	<u>(29,485,205)</u>	<u>(29,485,105)</u>
At 30 September 2014	100	(29,485,205)	(29,485,105)

**14 Related parties**

At the year end, the following amounts were owed to / by group undertakings:

	30 September 2014	31 March 2013
	£	£
Owed to Tonstate Metropole Hotels Limited	1,350,244	1,350,244
Owed to Tonstate Group Limited	7,754,437	2,577,136
Owed to TPD Investments Limited	-	3,105,754
	<u>9,104,681</u>	<u>7,033,134</u>

During the period management fee of £150,000 (2013: £100,000) was charged by Tonstate Group Limited.

**Notes** *(continued)*

**15 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.