

Company number 06025036

CURZON HOTELS (OPERATOR) LIMITED

Report and financial statements

**For the 52 week period from
31 December 2012 to 29 December 2013**

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CURZON HOTELS (OPERATOR) LIMITED

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CURZON HOTELS (OPERATOR) LIMITED

STRATEGIC REPORT

For the 52 week period ended 29 December 2013

The directors present their Strategic Report on the affairs of the Company together with the Directors' Report, financial statements and auditors' report for the 52 week period ended 29 December 2013.

BUSINESS REVIEW

The Company operates 19 Thistle branded hotels across the United Kingdom. Its core hotel operator strategy is focused on providing a high quality service and continued growth of the Thistle brand.

The prevailing economic conditions in the UK have made it a challenging market place over the last few years but 2013 has seen a modest return to growth. The year ended 29 December 2013 saw turnover growth of two percent and improvements across the key performance indicators as set out below.

The company continues to be loss making but the loss on ordinary activities for the year was £4,104,306 compared to £7,212,898 in 2012.

The company is funded by a mixture of equity and debt from the Irish Bank Resolution Corporation Limited ("IBRC"). On 7 February 2013, Irish Bank Resolution Corporation Limited ("IBRC"), the provider of the bank loan, was placed into special liquidation. The liquidators were appointed to oversee a valuation and sales process of the loans of IBRC. The company's loan was marketed as part of a larger tranche of debt and was sold to LSREF III Wight Limited ("the Lender") on 16 May 2014. The term of the £34.5m bank loan expired on 30 June 2012 and as at the year end it was repayable on demand. Notwithstanding this, the Lender and IBRC before that have not demanded that the loan be repaid in full and the company continues to meet its interest obligations each quarter. The Directors have engaged with the Lender to understand the implications of the bank loan transfer on the continued operation of the company. From discussions held, it is expected that the Lender will seek to restructure the existing group following a comprehensive review of the business. The company's ability to continue as a going concern is reliant upon the Lender's continued provision of the bank loan and the Lender has confirmed that its current intention is to continue to provide the bank loan to the company whilst such matters are progressed. It is unclear how long this process will take to complete and the Lender has provided no indication as to whether it intends to continue to provide the bank loan to the company once the process is completed. As a consequence of the above circumstances, the Directors consider that there is a material uncertainty that may cast significant doubt as to whether the company can continue as a going concern.

PRINCIPAL RISKS

Competitive risk

The principal business risks and uncertainties facing the company arise from economic conditions in the main geographical market outside London. Business and consumer confidence has a significant impact on the company's level of business and hence profitability.

Liquidity risk and bank covenant compliance

The company is funded by a mixture of equity and debt. The company's liquidity requirements are determined by means of regular review. Where surplus funds arise, these are generally placed on a fixed term deposit. Adequate liquidity is maintained at all times to ensure the company can meet its on going obligations.

The total bank loan outstanding at 29 December 2013 was £33,461,624. The term of the bank loan expired on 30 June 2012 and at the year end it was repayable on demand.

Currency risk

The company is not exposed to any foreign exchange risk.

Interest rate risk

The company uses fixed rate debt and interest rate derivatives as protection against adverse interest rate movements. The interest rate swap on the existing bank loan expired in 2011 and the company will review the hedging arrangements if the term of the loan is formally extended.

CURZON HOTELS (OPERATOR) LIMITED

STRATEGIC REPORT (CONTINUED)

For the 52 week period ended 29 December 2013

Key performance indicators

The key performance indicators used to measure the trading performance of the hotels are occupancy percentage, average room rate (ARR) and revenue per available room (Revpar). During the trading period, occupancy was 68.7% (2012: 68.5%) the ARR was £69 (2012: £66) and Revpar was £48 (2012: £45).

Going concern

The directors continue to adopt the going concern basis in preparing the annual report and financial statements. However, as discussed above, there is ongoing uncertainty around the continued availability of the bank loan. This represents a material uncertainty that may cast significant doubt as to whether the company can continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

CURZON HOTELS (OPERATOR) LIMITED

DIRECTORS' REPORT

For the 52 week period ended 29 December 2013

COMPANY STATUS AND PRINCIPAL ACTIVITIES

The directors present their report and the audited financial statements for the 52 week period ended 29 December 2013.

Curzon Hotels (Operator) Limited is a limited liability company domiciled and registered in England. The principal activity of the company is the ownership and operation of hotels in the UK

RESULTS AND DIVIDENDS

The Company continues to be loss making but the loss on ordinary activities for the year was £4,104,306 compared to £7,212,898 in 2012. In light of this, the directors do not therefore recommend a dividend payment.

DIRECTORS AND DIRECTORS' INTERESTS

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

Craig Johnston
Edward Barroll Brown (appointed 28 March 2013)
Iain Habbick (resigned 28 March 2013)
Howard Grace (resigned 28 March 2013)

No director had any interest in, or rights to subscribe for, shares or debentures in the company.

EMPLOYEE MATTERS

The company's policy of providing employees with information about the company has continued and regular meetings are held between management and employees to allow exchanges of information and ideas.

The company gives every consideration to applications for employment by disabled persons where the requirements of the job may be adequately filled by a disabled person. Where existing employees become disabled, it is the company's policy wherever practical to provide continuing employment under similar terms and conditions and to provide training, career development and promotion wherever appropriate.

PROVISION OF INFORMATION TO AUDITORS

In so far as the directors are aware:

- there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors is unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

CURZON HOTELS (OPERATOR) LIMITED

DIRECTORS' REPORT

For the 52 week period ended 29 December 2013

AUDITORS

BDO LLP have expressed their willingness to continue in office. Under Companies Act 2006 section 487(2) they will automatically be re-appointed as auditors 28 days after these accounts are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

Approved and signed by order of the board by



Craig Johnston
Director

3 December 2014

Registered Office: 11-14 Grafton Street, London, W1S 4EW

CURZON HOTELS (OPERATOR) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the 52 week period ended 29 December 2013

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CURZON HOTELS (OPERATOR) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CURZON HOTELS (OPERATOR) LIMITED

For the 52 week period ended 29 December 2013

We have audited the financial statements of Curzon Hotels (Operator) Limited for the 52 week period ended 29 December 2013 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council (FRC'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 FRC'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 29 December 2013 and of its loss for the 52 week period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern.

On 7 February 2013, Irish Bank Resolution Corporation Limited ("IBRC"), the provider of the bank loan, was placed into special liquidation. The liquidators were appointed to oversee a valuation and sales process of the loans of IBRC. The company's loan was marketed as part of a larger tranche of debt and was sold to LSREF III Wight Limited ("the Lender") on 16 May 2014.

The term of the £34.5m bank loan expired on 30 June 2012 and as at the year end it was repayable on demand. Notwithstanding this, the Lender and IBRC before that have not demanded that the loan be repaid in full and the company continues to meet its interest obligations each quarter.

The Directors have engaged with the Lender to understand the implications of the bank loan transfer on the continued operation of the company. From discussions held, it is expected that the Lender will seek to restructure the existing group following a comprehensive review of the business. The company's ability to continue as a going concern is reliant upon the Lender's continued provision of the bank loan and the Lender has confirmed

CURZON HOTELS (OPERATOR) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CURZON HOTELS (OPERATOR) LIMITED (CONTINUED)

For the 52 week period ended 29 December 2013

Emphasis of matter – going concern (continued)

that its current intention is to continue to provide the bank loan to the company whilst such matters are progressed. It is unclear how long this process will take to complete and the Lender has provided no indication as to whether it intends to continue to provide the bank loan to the company once the process is completed.

The company is also reliant on the continued support of its intermediate parent company, Curzon Hotel Investments Limited and its related party Curzon Finance Sarl. The directors of Curzon Hotel Investments Limited and Curzon Finance Sarl have confirmed that the respective loans due from the company (see note 13) will not be called for repayment within the next 12 months. In addition the amounts due to Curzon Hotel Investments Limited and Curzon Finance Sarl are subordinate to the bank loan.

These conditions, along with other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and company's ability to continue as a going concern. These financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report and strategic report for the financial period 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.



Gary Hanson (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

5 December 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CURZON HOTELS (OPERATOR) LIMITED**PROFIT AND LOSS ACCOUNT****For the 52 week period ended 29 December 2013**

	Notes	Period from 31 December 2012 to 29 December 2013 £	Period from 02 January 2012 to 30 December 2012 £
Turnover	1,2	85,048,692	83,371,970
Cost of sales		(76,909,449)	(76,305,294)
Gross profit		<u>8,139,243</u>	<u>7,066,676</u>
Other administrative expenses		(6,844,353)	(6,775,474)
Operating profit	3	<u>1,294,890</u>	<u>291,202</u>
Loss on disposal of tangible fixed asset	9	-	(1,293,580)
Profit / (loss) on ordinary activities before finance charges		<u>1,294,890</u>	<u>(1,002,378)</u>
Interest receivable and similar income	5	10,258	48,683
Interest payable and similar charges	6	(5,409,454)	(6,259,203)
Loss on ordinary activities before taxation		<u>(4,104,306)</u>	<u>(7,212,898)</u>
Taxation for the period	1,7	-	-
Loss on ordinary activities after taxation		<u><u>(4,104,306)</u></u>	<u><u>(7,212,898)</u></u>

All results relate to continuing operations and the company's principal activity which is solely conducted in the United Kingdom.

The accompanying notes on pages 13 to 23 form an integral part of these financial statements.

CURZON HOTELS (OPERATOR) LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****For the 52 week period ended 29 December 2013**

	Notes	Period from 31 December 2012 to 29 December 2013 £	Period from 02 January 2012 to 30 December 2012 £
Reported loss on ordinary activities before and after taxation		(4,104,306)	(7,212,898)
Unrealised gain on revaluation of short leasehold property	9	1,886,142	1,044,849
Total recognised losses relating to the period		<u>(2,218,164)</u>	<u>(6,168,049)</u>

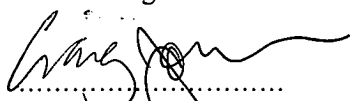
The accompanying notes on pages 13 to 23 form an integral part of these financial statements.

CURZON HOTELS (OPERATOR) LIMITED**BALANCE SHEET****As at 29 December 2013**

Company number: 06025036

	Notes	29 December 2013 £	30 December 2012 £
Fixed assets			
Intangible assets: Goodwill	8	-	-
Tangible assets	9	38,890,293	40,740,987
		<u>38,890,293</u>	<u>40,740,987</u>
Current assets			
Stock	10	407,746	442,391
Debtors	11	30,432,655	12,235,918
Cash at bank and in hand		10,745,086	14,807,736
		<u>41,585,487</u>	<u>27,486,045</u>
Creditors: amounts falling due within one year	12	(89,379,764)	(78,826,997)
Net current liabilities		<u>(47,794,277)</u>	<u>(51,340,952)</u>
Total assets less current liabilities		(8,903,984)	(10,599,965)
Creditors: amounts falling due after one year	13	(69,650,200)	(65,736,055)
Net liabilities		<u>(78,554,184)</u>	<u>(76,336,020)</u>
Capital and reserves			
Share capital	14	2	2
Revaluation reserve	15	5,235,758	3,349,616
Profit and loss account		(83,789,944)	(79,685,638)
Shareholders' deficit	16	<u>(78,554,184)</u>	<u>(76,336,020)</u>

These financial statements were approved by the board of directors and authorised for issue on 3 December 2014 and signed on its behalf by:


.....
Craig Johnston

Director

The accompanying notes on pages 13 to 23 form an integral part of these financial statements.

CURZON HOTELS (OPERATOR) LIMITED**CASH FLOW STATEMENT****For the 52 week period ended 29 December 2013**

	Notes	Period from 31 December 2012 to 29 December 2013 £	Period from 02 January 2012 to 30 December 2012 £
Net cash (outflow) / inflow from operating activities	17	(291,769)	4,685,335
Returns on investments and servicing of finance			
Interest paid		(887,104)	(1,289,345)
Interest received		10,258	51,445
Net cash outflow from returns on investment and servicing of finance		(876,846)	(1,237,900)
Capital expenditure and financial investment			
Capital expenditure		(1,884,880)	(2,054,433)
Proceeds from sale of tangible fixed asset		-	3,334,160
Net cash (outflow) / inflow from capital expenditure and financial investment		(1,884,880)	1,279,727
Net cash (outflow) / inflow before financing		(3,053,495)	4,727,162
Financing			
Debt repaid		(1,009,155)	(3,301,204)
(Decrease) / increase in cash in the period	18	(4,062,650)	1,425,958

The accompanying notes on pages 13 to 23 form an integral part of these financial statements.

CURZON HOTELS (OPERATOR) LIMITED

NOTES TO THE ACCOUNTS

For the period ended 29 December 2013

1 ACCOUNTING POLICIES

Basis of accounts preparation

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

Accounting convention

The financial statements are prepared under the historical cost convention, as modified by the revaluation of properties, and on the going concern basis, in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance, position and principal risks and uncertainties are set out in the strategic report on pages 2 and 3.

On 7 February 2013, Irish Bank Resolution Corporation Limited ("IBRC"), the provider of the bank loan, was placed into special liquidation. The liquidators were appointed to oversee a valuation and sales process of the loans of IBRC. The company's loan was marketed as part of a larger tranche of debt and was sold to LSREF III Wight Limited ("the Lender") on 16 May 2014.

The term of the £34.5m bank loan expired on 30 June 2012 and as at the year end it was repayable on demand. Notwithstanding this, the Lender and IBRC before that have not demanded that the loan be repaid in full and the company continues to meet its interest obligations each quarter.

The Directors have engaged with the Lender to understand the implications of the bank loan transfer on the continued operation of the company. From discussions held, it is expected that the Lender will seek to restructure the existing group following a comprehensive review of the business. The company's ability to continue as a going concern is reliant upon the Lender's continued provision of the bank loan and the Lender has confirmed that its current intention is to continue to provide the bank loan to the company whilst such matters are progressed. It is unclear how long this process will take to complete and the Lender has provided no indication as to whether it intends to continue to provide the bank loan to the company once the process is completed.

As a consequence of the above circumstances, the Directors consider that there is a material uncertainty that may cast significant doubt as to whether the company can continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The company is also reliant on the continued support of its intermediate parent company, Curzon Hotel Investments Limited and its related party Curzon Finance Sarl. The directors of Curzon Hotel Investments Limited and Curzon Finance Sarl have confirmed that the respective loans due from the company (see note 13) will not be called for repayment within the next 12 months. In addition the amounts due to Curzon Hotel Investments Limited and Curzon Finance Sarl are subordinate to the bank loan.

Notwithstanding the above matters, the Directors continue to adopt the going concern basis in preparing the annual report and financial statements. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

Goodwill

Goodwill arising on the acquisition of a business, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years.

CURZON HOTELS (OPERATOR) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

For the period ended 29 December 2013

1 ACCOUNTING POLICIES (CONTINUED)

Impairment tests on goodwill amortised over 20 years are undertaken at the end of the first full financial year following acquisition and then subsequently when an indicator of impairment exists.

Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

- Short leasehold property – Short leasehold properties (under 100 years) are depreciated over the remaining life of the lease.
- Short leasehold additions – Fixtures and fittings, including integral plant and the non-core elements of buildings, are depreciated over the average estimated useful life of between 5 and 15 years.

Revaluation of properties

Individual freehold and leasehold properties are revalued every year with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period. Issue costs are amortised in the profit and loss account at a constant rate on the carrying amount of the debt.

Turnover

Turnover represents sales to external customers at invoiced amounts, net of trade discounts, VAT and other sales-related taxes. Turnover comprises income from the provision of hotel services and is recognised when the service is provided.

CURZON HOTELS (OPERATOR) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

For the period ended 29 December 2013

1 ACCOUNTING POLICIES (CONTINUED)

Taxation

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief;
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences;

Deferred tax balances are not discounted.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

2 TURNOVER

In the view of the directors there is only one geographical segment, that being the UK.

3 OPERATING PROFIT

	Period from 31 December 2012 to 29 December 2013 £	Period from 02 January 2012 to 30 December 2012 £
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	5,476,819	5,399,114
Operating lease rentals – land and buildings	10,085,491	13,419,543
Audit of the company accounts	34,300	34,300
Audit related assurance services	11,200	11,200

CURZON HOTELS (OPERATOR) LIMITED**NOTES TO THE ACCOUNTS (CONTINUED)****For the period ended 29 December 2013**

4	STAFF COSTS	Period from 31 December 2012 to 29 December 2013 £	Period from 02 January 2012 to 30 December 2012 £
	Employees (excluding directors):		
	Wages and salaries	25,005,149	23,829,787
	Social security costs	1,622,372	1,593,908
	Other pension costs	263,902	218,622
		<u>26,891,423</u>	<u>25,642,317</u>

The average number of employees (excluding directors) was as follows:

	Number	Number
Operations	1,811	1,745

The directors of the company do not receive emoluments from the company.

5	INTEREST RECEIVABLE AND SIMILAR INCOME	Period from 31 December 2012 to 29 December 2013 £	Period from 02 January 2012 to 30 December 2012 £
	Bank interest receivable	10,258	48,683

6	INTEREST PAYABLE AND SIMILAR CHARGES	Period from 31 December 2012 to 29 December 2013 £	Period from 02 January 2012 to 30 December 2012 £
	Bank loan interest payable	1,005,932	2,424,354
	Other finance costs	35,000	35,000
	Other loan interest payable	4,368,522	3,799,849
		<u>5,409,454</u>	<u>6,259,203</u>

CURZON HOTELS (OPERATOR) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

For the period ended 29 December 2013

7 TAXATION

	Period from 31 December 2012 to 29 December 2013 £	Period from 02 January 2012 to 30 December 2012 £
Current tax:		
Adjustments in respect of previous years	-	-

The differences between the total current tax and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	Period from 31 December 2012 to 29 December 2013 £	Period from 02 January 2012 to 30 December 2012 £
Loss on ordinary activities before taxation	(4,104,306)	(7,212,898)
Tax credit on loss on ordinary activities at standard UK Corporation tax rate of 23.25% (prior period: 24.5%)	(954,251)	(1,767,160)
Effects of:		
Expenses not deductible for tax purposes	-	316,927
Short term timing differences	11,005	-
Depreciation in excess/(shortage) of capital allowances	205,569	(43,864)
Capital gains	-	579
Losses not utilised	737,677	1,493,518
Adjustments in respect of prior years	-	-
Current tax credit for the period	-	-

8 INTANGIBLE FIXED ASSETS: GOODWILL

	Period from 31 December 2012 to 29 December 2013 £
Cost:	
At 30 December 2012	15,642,432
At 29 December 2013	15,642,432
Amortisation and impairment	
At 30 December 2012	15,642,432
At 29 December 2013:	15,642,432
Net book value at 31 December 2012 and 29 December 2013	-

CURZON HOTELS (OPERATOR) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

For the period ended 29 December 2013

9 TANGIBLE FIXED ASSETS	Short leasehold property £	Short leasehold additions £	Total £
Cost or valuation:			
At 30 December 2012	13,880,000	47,985,391	61,865,391
Additions	280,366	1,459,617	1,739,983
Disposal	-	-	-
Revaluations	1,379,634	-	1,379,634
At 29 December 2013	<u>15,540,000</u>	<u>49,445,008</u>	<u>64,985,008</u>
Depreciation			
At 30 December 2012	-	21,124,404	21,124,404
Revaluation	(506,508)	-	(506,508)
Charge for the period	506,508	4,970,311	5,476,819
At 29 December 2013	<u>-</u>	<u>26,094,715</u>	<u>26,094,715</u>
Net book value:			
At 29 December 2013	<u>15,540,000</u>	<u>23,350,293</u>	<u>38,890,293</u>
At 30 December 2012	<u>13,880,000</u>	<u>26,860,987</u>	<u>40,740,987</u>

The short leasehold property was valued at market value as at 29 December 2013 at £15,540,000 (2012: £13,880,000) by CB Richard Ellis Hotels Limited in accordance with the Practice Statements of the RICS Appraisal and Valuation Standards.

The historical cost of the property at 29 December 2013 was £14,567,081 (2012: £14,286,717). The historic depreciated cost of the property at 29 December 2013 was £10,304,242 (2012: £10,530,384).

Disposal of asset

On 13 February 2012, CHPLP disposed of the Kingsley Hotel, Bloomsbury. The leasehold additions to that hotel recorded in the tangible fixed assets of the company with a book value of £4.6m were sold for £3.4m as part of that disposal.

The disposal is analysed as follows:

	Total £
Consideration	3,350,000
Net asset at disposal	<u>(4,627,740)</u>
	(1,277,740)
Disposal costs	<u>(15,840)</u>
Loss on disposal	<u>(1,293,580)</u>

CURZON HOTELS (OPERATOR) LIMITED**NOTES TO THE ACCOUNTS (CONTINUED)****For the period ended 29 December 2013**

10	STOCK	29 December 2013	30 December 2012
		£	£
	Food and beverage stocks	407,746	442,391
		<u> </u>	<u> </u>
11	DEBTORS: DUE IN LESS THAN ONE YEAR	29 December 2013	30 December 2012
		£	£
	Trade debtors	4,033,136	3,697,374
	Other debtors	2,352,302	3,242,724
	Prepayments and accrued income	1,760,690	1,569,112
	Amounts due from group undertaking	22,286,527	3,726,708
		<u>30,432,655</u>	<u>12,235,918</u>
		<u> </u>	<u> </u>
12	CREDITORS: AMOUNTS DUE IN LESS THAN ONE YEAR	29 December 2013	30 December 2012
		£	£
	Bank loan (secured)	33,461,624	34,461,232
	Trade creditors	6,550,324	5,343,705
	Other creditors	2,757,314	3,082,932
	Other taxation and social security	1,952,662	1,781,294
	Accruals and deferred income	44,657,840	34,157,834
		<u>89,379,764</u>	<u>78,826,997</u>
		<u> </u>	<u> </u>

The bank loan is secured on the assets, property and all undertakings of the company and jointly with the assets, property and undertakings of a fellow group subsidiary, Curzon Hotel Properties Limited Partnership.

The bank loan of £33,461,624 is with Irish Bank Resolution Corporation Limited and forms part of a larger joint facility of £240,811,728 secured on the assets, property and all undertakings of the company and its fellow group subsidiary, Curzon Hotel Properties Limited Partnership ("CHPLP"). The loan was repayable in full on 30 June 2012. The senior facility of £957,974 incurs interest at LIBOR plus 2.125% and the remaining facility of £32,503,649 incurs interest at LIBOR plus 2.5%.

On 7 February 2013, Irish Bank Resolution Corporation Limited ("IBRC"), the provider of the bank loan, was placed into special liquidation. The liquidators were appointed to oversee a valuation and sales process of the loans of IBRC. The company's loan was marketed as part of a larger tranche of debt and was sold to LSREF III Wight Limited ("the Lender") on 16 May 2014. The Directors have engaged with the Lender to understand the implications of the bank loan transfer on the continued operation of the company. From discussions held, it is expected that the Lender will seek to restructure the existing group following a comprehensive review of the business. The company's ability to continue as a going concern is reliant upon the Lender's continued provision of the bank loan and the Lender has confirmed that its current intention is to continue to provide the bank loan to the company whilst such matters are progressed. It is unclear how long this process will take to complete and the Lender has provided no indication as to whether it intends to continue to provide the bank loan to the company once the process is completed.

The implications of this are discussed in note 1.

CURZON HOTELS (OPERATOR) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

For the period ended 29 December 2013

13. CREDITORS: AMOUNTS DUE IN MORE THAN ONE YEAR	29 December 2013	30 December 2012
	£	£
Other loan (related party)	29,871,105	25,947,414
Amount owed to group undertaking	39,779,095	39,788,641
	<u>69,650,200</u>	<u>65,736,055</u>

Maturity of debt	Bank loans 29 December 2013 £	Other loans 29 December 2013 £	Bank loans 30 December 2012 £	Other loans 30 December 2012 £
Due in less than one year	33,461,624	-	34,461,232	-
Due between one and two years	-	69,650,200	-	-
Due between two and five years				65,736,055

Included in other loan and amount owed to group undertaking are the following unsecured loans:

	Repayment date	Interest rate %	29 December 2013 £	30 December 2012 £
Other loan:				
Curzon Finance Sarl	21 March 2015	15.0	29,871,105	25,947,414
Amount owed to group undertaking:				
Curzon Hotel Investments Limited	21 March 2015	nil	39,779,095	39,788,641

14. SHARE CAPITAL	29 December 2013	30 December 2012
	£	£
Authorised:		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid:		
2 Ordinary shares of £1 each	2	2

15. REVALUATION RESERVE	29 December 2013	30 December 2012
	£	£
At 31 December 2012	3,349,616	2,304,767
Revaluation gain	1,886,142	1,044,849
At 29 December 2013	<u>5,235,758</u>	<u>3,349,616</u>

CURZON HOTELS (OPERATOR) LIMITED**NOTES TO THE ACCOUNTS (CONTINUED)****For the period ended 29 December 2013****16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS DEFICIT**

	Period from 31 December 2012 to 29 December 2013 £	Period from 02 January 2012 to 30 December 2012 £
Loss for the financial period	(4,104,306)	(7,212,898)
Other recognised gains for the period	1,886,142	1,044,849
Net movement in shareholders' funds	(2,218,164)	(6,168,049)
Opening shareholders' deficit	(76,336,020)	(70,167,971)
Closing shareholders' deficit	(78,554,184)	(76,336,020)

17 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Period from 31 December 2012 to 29 December 2013 £	Period from 02 January 2012 to 30 December 2012 £
Operating profit	1,294,890	291,202
Depreciation	5,476,819	5,399,114
Decrease / (increase) in stock	34,645	(7,963)
Increase in debtors	(18,196,737)	(4,236,404)
Increase in creditors	11,098,614	3,239,386
Net cash (outflow) / inflow from operating activities	(291,769)	4,685,335

18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Period from 31 December 2012 to 29 December 2013 £	Period from 02 January 2012 to 30 December 2012 £
(Decrease) / increase in cash in the period	(4,062,650)	1,425,958
Other interest capitalised	(3,923,691)	(3,420,032)
Debt repaid	1,009,155	3,301,204
Movement in net debt	(6,977,186)	1,307,130
Opening net debt	(85,389,551)	(86,696,681)
Closing net debt	(92,366,737)	(85,389,551)

CURZON HOTELS (OPERATOR) LIMITED**NOTES TO THE ACCOUNTS (CONTINUED)****For the period ended 29 December 2013****19 ANALYSIS OF MOVEMENT IN NET DEBT**

	30 December 2012	Cash flows	Non-cash movements	29 December 2013
	£	£	£	£
Debt due within one year	(34,461,232)	999,608	-	(33,461,624)
Debt due after more than one year	(65,736,055)	9,547	(3,923,691)	(69,650,199)
Gross debt	(100,197,287)	1,009,155	(3,923,691)	(103,111,823)
Cash at bank and in hand	14,807,736	(4,062,650)	-	10,745,086
Net debt	(85,389,551)	(3,053,495)	(3,923,691)	(92,366,737)

20 FINANCIAL COMMITMENTS

The company had annual commitments under non-cancellable operating leases as follows:

	29 December 2013	30 December 2012
	Land and buildings	Land and buildings
	£	£
Operating leases which expire:		
In excess of 5 years	11,509,000	13,116,000

Leases of land and buildings are subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

21 PENSION ARRANGEMENTS

The company operates a number of defined contribution schemes for which the pension cost charge for the period amounted to £238,797 (2012: £218,622).

CURZON HOTELS (OPERATOR) LIMITED**NOTES TO THE ACCOUNTS (CONTINUED)****For the period ended 29 December 2013****22 RELATED PARTY TRANSACTIONS**

During the period the company had the following related party transactions:

Related party	Relationship	Description	29 December 2013 £	30 December 2012 £
Curzon Finance Sarl	Common control	Creditor: other loan	(29,871,105)	(25,947,414)
		Creditor: accrual	(3,703,318)	(3,258,487)
		Interest payable	4,368,522	3,799,849
		Amount owed by group undertaking	22,640	7,170
Curzon Hotel Investments Limited	Intermediate controlling party	Amount owed to group undertaking	(39,779,095)	(39,788,641)
Curzon Hotel Properties (GP) Limited re: The Curzon Hotel Properties Limited Partnership	Fellow subsidiary	Debtor: prepayment	268,973	-
		Creditor: rent accrual	(23,632,208)	(13,757,348)
		Trade creditor	-	-
		Amount owed by group undertaking	22,263,887	3,719,541
		Rent in period	9,874,859	13,221,473
CIT (GP) Limited re: The CIT Real Estate Limited Partnership	Common control	Trade creditor	(2,273,783)	(1,610,044)
		Creditor: accrual	-	(18,986)
		Property management fees in period	1,151,836	1,176,099

23 CONTROLLING PARTIES

The immediate controlling party is Curzon Hotel Holdings Limited, a company registered in the British Virgin Islands.

24 POST BALANCE SHEET EVENTS

There were no other post balance sheet events to report other than the developments surrounding the sale of the external debt as discussed in note 1.