

Company number 06025036

CURZON HOTELS (OPERATOR) LIMITED

Report and financial statements

**For the 52 week period from
30 December 2013 to 28 December 2014**

TUESDAY



L4LCL4K1

LD2

01/12/2015

#83

COMPANIES HOUSE

CURZON HOTELS (OPERATOR) LIMITED

CONTENTS	Page
Strategic report	2
Director's report	4
Statement of director's responsibilities	6
Independent auditors' report	7
Profit and loss account	9
Statement of total recognised gains and losses	10
Balance sheet	11
Cash flow statement	12
Notes to the accounts	13

CURZON HOTELS (OPERATOR) LIMITED

STRATEGIC REPORT

For the 52 week period ended 28 December 2014

The Director presents the Strategic Report on the affairs of the company together with the Director's Report, financial statements and auditors' report for the 52 week period ended 28 December 2014.

BUSINESS REVIEW

During the period the company operated 19 Thistle branded hotels across the United Kingdom. Its core hotel operator strategy is focused on providing a high quality service.

The prevailing economic conditions in the UK have made it a challenging market place over the last few years but 2014 has seen a return to growth. The period ended 28 December 2014 saw turnover growth of five 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 period was £2,890,786 compared to £4,104,306 in 2013.

The company is funded by a mixture of equity and debt. On 7 February 2013, Irish Bank Resolution Corporation Limited ("IBRC"), the original provider of the company's 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 £34,500,000 bank loan expired on 30 June 2012 and as at the year end it was repayable on demand. Notwithstanding this, the Lender has not demanded that the loan be repaid in full and the company continues to meet its interest obligations each quarter.

On 21st April 2015, as part of a restructure of the group, the right to recover the Curzon Finance Sarl loans were assigned to LSREF III Wight Hotel Holdings Limited and on 3rd July 2015 these loans were assigned to LSREF III Wight Limited. The loan to Curzon Finance Sarl of £39,907,000 and former IBRC loan of £38,806,000 were then released in exchange for equal value, newly issued and fully paid £1 ordinary shares, in a debt for equity swap. As part of this restructure, £39,759,000 of the amounts owed to group undertakings was waived. The company continues to have a £9,700,000 debt facility owed to LSREF III Wight Limited subsequent to the changes primarily due to interest and fees. The restructure allows the company to return to a net asset, solvent position and the Director is confident that the entity will have the ability to meet its obligations as they fall due in the foreseeable future.

On 30th July 2015, the company paid £8,500,000 to exit its agreement with Thistle, at which point the management of the hotels was taken over by The Hotel Collection.

It is the intention of the Director to continue to operate this entity for the foreseeable future. As at the date of signing the financial statements, it is likely that several of the hotel operations will be transferred to a related company, and will be rebranded from a Thistle hotel to another reputable hotel brand.

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 28 December 2014 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. Events subsequent to the year end in respect of the stated loan are discussed above within the Business Review.

Currency risk

The company is not exposed to any foreign exchange risk.

CURZON HOTELS (OPERATOR) LIMITED

STRATEGIC REPORT (CONTINUED)

For the 52 week period ended 28 December 2014

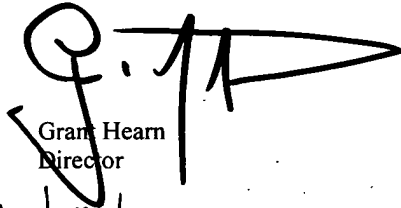
Key performance indicators

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 70.1% (2013: 68.7%) the ARR was £72 (2013: £69) and Revpar was £51 (2013: £48).

Going concern

The Director continues to adopt the going concern basis in preparing the annual report and financial statements. As noted above, due to the restructure which occurred in July 2015 the company is, at the date of authorisation of these financial statements, in a net asset, solvent position and the Director is confident that the company will have sufficient reserves to meet obligations as they fall due in the foreseeable future.

Approved and signed by

A handwritten signature in black ink, appearing to read 'G. Hearn', with a large, stylized flourish extending to the right.

Graham Hearn
Director

30 November 2015

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

CURZON HOTELS (OPERATOR) LIMITED

DIRECTOR'S REPORT

For the 52 week period ended 28 December 2014

COMPANY STATUS AND PRINCIPAL ACTIVITIES

The Director presents his report and the audited financial statements for the 52 week period ended 28 December 2014.

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 period was £2,890,786 compared to £4,104,306 in 2013. In light of this, the Director does not therefore recommend a dividend payment (2013: Nil).

There are no other matters to report other than those disclosed elsewhere in the strategic report and financial statements.

DIRECTORS AND DIRECTORS' INTERESTS

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

Craig Johnston
Edward Barroll Brown

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

On 21 April 2015 both Directors (Mr Craig Johnston and Edward Barroll Brown) resigned and Mr. Grant Hearn was appointed as a Director with immediate effect.

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 Director is 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
- the 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

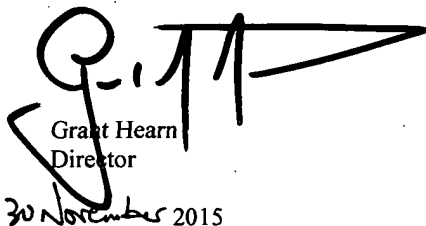
DIRECTOR'S REPORT

For the 52 week period ended 28 December 2014

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

A handwritten signature in black ink, appearing to read 'G. Hearn', with a long horizontal stroke extending to the right.

Grant Hearn
Director

30 November 2015

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

CURZON HOTELS (OPERATOR) LIMITED

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

For the 52 week period ended 28 December 2014

The Director is responsible for preparing the strategic report, Director's Report and the financial statements in accordance with applicable law and regulations. Company law requires the director to prepare financial statements for each financial year. Under that law the Director has 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 Director must not approve the financial statements unless he is 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 Director is 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 Director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 28 December 2014

We have audited the financial statements of Curzon Hotels (Operator) Limited for the 52 week period ended 28 December 2014 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 director and auditors

As explained more fully in the statement of Director's responsibilities, the Director is 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 28 December 2014 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.

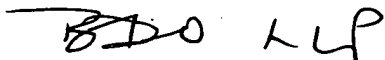
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Director's 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 Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

 BDO LLP

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

1 December 2015

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 28 December 2014**

	Notes	Period from 30 December 2013 to 28 December 2014 £	Period from 31 December 2012 to 29 December 2013 £
Turnover	1,2	89,533,013	85,048,692
Cost of sales		(79,195,398)	(76,909,449)
Gross profit		<u>10,337,615</u>	<u>8,139,243</u>
Other administrative expenses		(7,187,742)	(6,844,353)
Operating profit	3	<u>3,149,873</u>	<u>1,294,890</u>
Profit on ordinary activities before finance charges		<u>3,149,873</u>	<u>1,294,890</u>
Interest receivable and similar income	5	5,163	10,258
Interest payable and similar charges	6	(6,045,822)	(5,409,454)
Loss on ordinary activities before taxation		<u>(2,890,786)</u>	<u>(4,104,306)</u>
Taxation for the period	1,7	-	-
Loss on ordinary activities after taxation		<u>(2,890,786)</u>	<u>(4,104,306)</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 28 December 2014

	Notes	Period from 30 December 2013 to 28 December 2014 £	Period from 31 December 2012 to 29 December 2013 £
Reported loss on ordinary activities before and after taxation		(2,890,786)	(4,104,306)
Unrealised gain on revaluation of short leasehold property	15	464,700	1,886,142
Total recognised losses relating to the period		<u>(2,426,086)</u>	<u>(2,218,164)</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 28 December 2014

Company number: 06025036

	Notes	28 December 2014 £	29 December 2013 £
Fixed assets			
Intangible assets: Goodwill	8	-	-
Tangible assets	9	37,103,559	38,890,293
		<u>37,103,559</u>	<u>38,890,293</u>
Current assets			
Stock	10	364,438	407,746
Debtors	11	10,108,985	30,432,655
Cash at bank and in hand		16,372,410	10,745,086
		<u>26,845,833</u>	<u>41,585,487</u>
Creditors: amounts falling due within one year	12	(144,929,662)	(89,379,764)
Net current liabilities		<u>(118,083,829)</u>	<u>(47,794,277)</u>
Total assets less current liabilities		<u>(80,980,270)</u>	<u>(8,903,984)</u>
Creditors: amounts falling due after one year	13	-	(69,650,200)
Net liabilities		<u>(80,980,270)</u>	<u>(78,554,184)</u>
Capital and reserves			
Share capital	14	2	2
Revaluation reserve	15	5,700,458	5,235,758
Profit and loss account		(86,680,730)	(83,789,944)
Shareholders' deficit	16	<u>(80,980,270)</u>	<u>(78,554,184)</u>

These financial statements were approved by the sole Director and authorised for issue on 30 November 2015 and signed by:


Grant Hearn

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 28 December 2014**

	Notes	Period from 30 December 2013 to 28 December 2014 £	Period from 31 December 2012 to 29 December 2013 £
Net cash inflow/ (outflow) from operating activities	17	10,076,327	(291,769)
Returns on investments and servicing of finance			
Interest paid	(861,881)	(887,104)	
Interest received	5,163	10,258	
Net cash outflow from returns on investment and servicing of finance		(856,718)	(876,846)
Net cash outflow from capital expenditure and financial investment		(3,579,325)	(1,884,880)
Net cash inflow / (outflow) before financing		5,640,284	(3,053,495)
Financing			
Debt repaid		(12,960)	(1,009,155)
Increase / (decrease) in cash in the period	18	5,627,324	(4,062,650)

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 28 December 2014

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 original 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 has not demanded that the loan be repaid in full and the company continues to meet its interest obligations each quarter.

On 21st April 2015, as part of a restructure of the group, the right to recover the Curzon Finance Sarl loans were assigned to LSREF III Wight Hotel Holdings Limited and on 3rd July 2015 these loans were assigned to LSREF III Wight Limited. The loan to Curzon Finance Sarl of £39,907,000 and former IBRC loan of £38,806,000 were then released in exchange for equal value, newly issued and fully paid £1 ordinary shares, in a debt for equity swap. As part of this restructure, £39,759,000 of the amounts owed to group undertakings was waived. The company continues to have a £9,700,000 debt facility owed to LSREF III Wight Limited subsequent to the changes primarily due to interest and fees.

On 30th July 2015, the company paid £8,500,000 to exit its agreement with Thistle, at which point the management of the hotels was taken over by The Hotel Collection and branding and investment opportunities are being pursued.

It is the intention of the Director to continue to operate this entity for the foreseeable future. As at the date of signing the financial statements, it is likely that several of the hotel operations will be transferred to a related company, and will be rebranded from a Thistle hotel to another reputable hotel brand.

The restructure ensures that the company returns to a net asset, solvent position and the Director deems it appropriate to prepare the financial statements on a going concern basis as there is confidence that the entity will have the ability to meet its obligations as they fall due in the foreseeable future.

CURZON HOTELS (OPERATOR) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

For the period ended 28 December 2014

1 ACCOUNTING POLICIES (CONTINUED)

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.

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 28 December 2014

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 Director there is only one geographical segment, that being the UK.

3 OPERATING PROFIT

	Period from 30 December 2013 to 28 December 2014 £	Period from 31 December 2012 to 29 December 2013 £
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	5,830,759	5,476,819
Operating lease rentals – land and buildings	11,706,542	10,085,491
Audit of the company accounts	34,300	34,300
Audit related assurance services	11,200	11,200
	<hr/>	<hr/>

CURZON HOTELS (OPERATOR) LIMITED**NOTES TO THE ACCOUNTS (CONTINUED)****For the period ended 28 December 2014****4 STAFF COSTS**

	Period from 30 December 2013 to 28 December 2014 £	Period from 31 December 2012 to 29 December 2013 £
Employees (excluding Director):		
Wages and salaries	25,904,645	25,005,149
Social security costs	1,702,809	1,622,372
Other pension costs	422,785	263,902
	<u>28,030,239</u>	<u>26,891,423</u>

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

	Number	Number
Operations	2,062	1,811

The Director of the company does not receive emoluments from the company.

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	Period from 30 December 2013 to 28 December 2014 £	Period from 31 December 2012 to 29 December 2013 £
Bank interest receivable	5,163	10,258

6 INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 30 December 2013 to 28 December 2014 £	Period from 31 December 2012 to 29 December 2013 £
Bank loan interest payable	1,002,762	1,005,932
Other finance costs and other interest	21,112	35,000
Other loan interest payable	5,021,948	4,368,522
	<u>6,045,822</u>	<u>5,409,454</u>

CURZON HOTELS (OPERATOR) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

For the period ended 28 December 2014

7 TAXATION

	Period from 30 December 2013 to 28 December 2014 £	Period from 31 December 2012 to 29 December 2013 £
--	---	---

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 30 December 2013 to 28 December 2014 £	Period from 31 December 2012 to 29 December 2013 £
--	---	---

Loss on ordinary activities before taxation (2,890,786) (4,104,306)

Tax credit on loss on ordinary activities at standard UK Corporation tax rate of 21.5% (prior period: 23.25%)

(621,519) (954,251)

Effects of:

Expenses not deductible for tax purposes

- -

Short term timing differences

- 11,005

Depreciation in excess/(shortage) of capital allowances

430,577 205,569

Capital gains

- -

Losses not utilised

190,942 737,677

Adjustments in respect of prior years

- -

Current tax credit for the period

- -

8 INTANGIBLE FIXED ASSET: GOODWILL

	28 December 2014 £
Cost:	
At 29 December 2013	15,642,432
At 28 December 2014	15,642,432
Amortisation and impairment	
At 29 December 2013	15,642,432
At 28 December 2014:	15,642,432
Net book value at	
29 December 2013 and 28 December 2014	-

CURZON HOTELS (OPERATOR) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

For the period ended 28 December 2014

9	TANGIBLE FIXED ASSETS	Short leasehold property £	Short leasehold additions £	Total £
	Cost or valuation:			
	At 29 December 2013	15,540,000	49,445,008	64,985,008
	Additions	75,056	3,504,269	3,579,325
	Revaluations	(45,056)	-	(45,056)
	At 28 December 2014	<u>15,570,000</u>	<u>52,949,277</u>	<u>68,519,277</u>
	Depreciation			
	At 29 December 2013	-	26,094,715	26,094,715
	Revaluation	(509,756)	-	(509,756)
	Charge for the period	509,756	5,321,003	5,830,759
	At 28 December 2014	<u>-</u>	<u>31,415,718</u>	<u>31,415,718</u>
	Net book value:			
	At 28 December 2014	<u>15,570,000</u>	<u>21,533,559</u>	<u>37,103,559</u>
	At 29 December 2013	<u>15,540,000</u>	<u>23,350,293</u>	<u>38,890,293</u>

The short leasehold property was valued at market value as at 28 December 2014 at £15,570,000 (2013: £15,540,000) 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 28 December 2014 was £14,642,137 (2013: £14,567,081). The historic depreciated cost of the property at 28 December 2014 was £9,869,542 (2013: £10,304,242).

10	STOCK	28 December 2014 £	29 December 2013 £
	Food and beverage stocks	<u>364,438</u>	<u>407,746</u>

CURZON HOTELS (OPERATOR) LIMITED**NOTES TO THE ACCOUNTS (CONTINUED)****For the period ended 28 December 2014**

11	DEBTORS: DUE IN LESS THAN ONE YEAR	28 December 2014	29 December 2013
		£	£
	Trade debtors	4,467,963	4,033,136
	Other debtors	3,857,651	2,352,302
	Prepayments and accrued income	1,749,495	1,760,690
	Amounts due from group undertaking	33,876	22,286,527
		<u>10,108,985</u>	<u>30,432,655</u>
12	CREDITORS: AMOUNTS DUE IN LESS THAN ONE YEAR	28 December 2014	29 December 2013
		£	£
	Bank loan (secured)	33,461,624	33,461,624
	Trade creditors	3,692,678	6,550,324
	Other loans (related party)	34,383,349	-
	Amounts owed to group undertaking	45,881,866	-
	Other creditors	3,145,331	2,757,314
	Other taxation and social security	2,296,406	1,952,662
	Accruals and deferred income	22,068,408	44,657,840
		<u>144,929,662</u>	<u>89,379,764</u>

Included in amounts owed to group undertaking is an amount of £6,115,732 due to Curzon Hotel Properties Limited Partnership (note 22).

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 LSREF III Wight 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 £32,503,650 incurs interest at LIBOR plus 2.5%.

On 7 February 2013, Irish Bank Resolution Corporation Limited ("IBRC"), the original provider of the company's 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 has not demanded that the loan be repaid in full and the company continues to meet its interest obligations each quarter.

On 21st April 2015, as part of a restructure of the group, the right to recover the Curzon Finance Sarl loans were assigned to LSREF III Wight Hotel Holdings Limited and on 3rd July 2015 these loans were assigned to LSREF III Wight Limited. The loan to Curzon Finance Sarl of £39,907,000 and former IBRC loan of £38,806,000 were then released in exchange for equal value, newly issued and fully paid £1 ordinary shares, in a debt for equity swap. As part of this re-structure, £39,759,000 of the amounts owed to group undertakings was waived. The company will still be left with a £9.7m debt facility owed to LSREF III Wight Limited after the changes primarily due to interest and fees.

CURZON HOTELS (OPERATOR) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

For the period ended 28 December 2014

13. CREDITORS: AMOUNTS DUE IN MORE THAN ONE YEAR	28 December 2014	29 December 2013
	£	£
Other loan (related party)	-	29,871,105
Amount owed to group undertaking	-	39,779,095
	<u>-</u>	<u>69,650,200</u>

Maturity of debt	Bank loans 28 December 2014 £	Other loans 28 December 2014 £	Bank loans 29 December 2013 £	Other loans 29 December 2013 £
Due in less than one year	33,461,624	34,383,349	33,461,624	-
Due between one and two years	-	-	-	29,871,105
Due between two and five years	-	-	-	-

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

	Repayment date	Interest rate %	28 December 2014 £	29 December 2013 £
Other loan:				
Curzon Finance Sarl	21 March 2015	15.0	34,383,349	29,871,105
Amount owed to group undertaking:				
Curzon Hotel Investments Limited	21 March 2015	nil	39,779,095	39,779,095

14 SHARE CAPITAL	28 December 2014	29 December 2013
	£	£
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	28 December 2014	29 December 2013
	£	£
At 30 December 2013	5,235,758	3,349,616
Revaluation gain	464,700	1,886,142
At 28 December 2014	<u>5,700,458</u>	<u>5,235,758</u>

CURZON HOTELS (OPERATOR) LIMITED**NOTES TO THE ACCOUNTS (CONTINUED)****For the period ended 28 December 2014****16 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS DEFICIT**

	Period from 30 December 2013 to 28 December 2014 £	Period from 31 December 2012 to 29 December 2013 £
Loss for the financial period	(2,890,786)	(4,104,306)
Other recognised gains for the period	464,700	1,886,142
Net movement in shareholders' deficit	(2,426,086)	(2,218,164)
Opening shareholders' deficit	(78,554,184)	(76,336,020)
Closing shareholders' deficit	(80,980,270)	(78,554,184)

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

	Period from 30 December 2013 to 28 December 2014 £	Period from 31 December 2012 to 29 December 2013 £
Operating profit	3,149,873	1,294,890
Depreciation	5,830,759	5,476,819
Decrease in stock	43,308	34,645
Decrease / (increase) in debtors	20,323,670	(18,196,737)
(Decrease) / increase in creditors	(19,271,283)	11,098,614
Net cash inflow / (outflow) from operating activities	10,076,327	(291,769)

18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Period from 30 December 2013 to 28 December 2014 £	Period from 31 December 2012 to 29 December 2013 £
Increase/ (decrease) in cash in the period	5,627,324	(4,062,650)
Other interest capitalised	(4,512,234)	(3,923,691)
Debt repaid	12,960	1,009,155
Movement in net debt	1,128,050	(6,977,186)
Opening net debt	(92,366,737)	(85,389,551)
Closing net debt	(91,238,687)	(92,366,737)

CURZON HOTELS (OPERATOR) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

For the period ended 28 December 2014

19 ANALYSIS OF MOVEMENT IN NET DEBT

	29 December 2013	Cash flows	Non-cash movements	28 December 2014
	£	£	£	£
Debt due within one year	(33,461,624)	-	(74,149,473)	(107,611,097)
Debt due after more than one year	(69,650,199)	12,960	69,637,239	-
Gross debt	(103,111,823)	12,960	(4,512,234)	(107,611,097)
Cash at bank and in hand	10,745,086	5,627,324	-	16,372,410
Net debt	(92,366,737)	5,640,284	(4,512,234)	(91,238,687)

20 FINANCIAL COMMITMENTS

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

	28 December 2014	29 December 2013
	Land and buildings	Land and buildings
	£	£
Operating leases which expire:		
In excess of 5 years	11,509,000	11,509,000

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 £422,785 (2013: £263,902).

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	28 December 2014 £	29 December 2013 £
Curzon Finance Sarl	Common control	Creditor: other loan	(34,383,349)	(29,871,105)
		Creditor: accrual	(4,213,020)	(3,703,318)
		Interest payable	5,021,948	4,368,522
		Amount owed by group undertaking	33,876	22,640
Curzon Hotel Investments Limited	Intermediate controlling party	Amount owed to group undertaking	(39,766,134)	(39,779,095)
Curzon Hotel Properties (GP) Limited re: The Curzon Hotel Properties Limited Partnership	Fellow subsidiary	Debtor: prepayment	-	268,973
		Creditor: rent accrual	-	(23,632,208)
		Trade creditor	-	-
		Amount owed (to)/by group undertaking	(6,115,732)	22,263,887
		Rent in period	11,477,569	9,874,859
CIT (GP) Limited re: The CIT Real Estate Limited Partnership	Common control	Trade creditor	(2,415,417)	(2,273,783)
		Creditor: accrual	-	-
		Property management fees in period	1,161,931	1,151,836

23 CONTROLLING PARTIES

The immediate controlling party is Curzon Hotels Holdings Limited, a company registered in the British Virgin Islands. The ultimate controlling party subsequent to the restructuring is LS XXXVII Charitable Trust, a trust registered in Ireland.

24 POST BALANCE SHEET EVENTS

On 21st April 2014, as part of a restructure of the group, the right to recover the Curzon Finance Sarl loans were assigned to LSREF III Wight Hotel Holdings Limited and on 3rd July 2015 these loans were assigned to LSREF III Wight Limited. The loan to Curzon Finance Sarl of £39,907,000 and former IBRC loan of £38,806,000 were then released in exchange for equal value, newly issued and fully paid £1 ordinary shares, in a debt for equity swap. As part of this re-structure, £39,759,000 of the amounts owed to group undertakings was waived. The company will still be left with a £9,700,000 debt facility owed to LSREF III Wight Limited after the changes primarily due to interest and fees. This refinancing has made the company balance sheet solvent.

On the 30th of July 2015, the company paid £8.5m to exit its agreement with Thistle. The hotels are now being managed by Hotel Collection.