

L51N LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED
31 December 2017

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L51N LIMITED

Annual report and financial statements for the year ended 31 December 2017

Company information

Directors:

Ben Lewis
Clive Lewis
Julian Lewis
Michael Rosehill

Secretary and registered office:

Cavendish Square Secretariat
Chelsea House, West Gate, London, W5 1DR

Auditor:

KPMG LLP
15 Canada Square, London, E14 5GL

Company number:

06791528

Date of incorporation:

14 January 2009

The directors present their strategic report on the group for the year ended 31 December 2017.

Principal activities

The parent company co-ordinates and manages the activities of its subsidiaries and administers group investments.

The principal activities of the group comprise:-

- Hotel operations and ownership
- Property development, trading and investment
- Investment management

Results for the year

The results for the group for the year are set out on page 10. The overall result after tax changed from a profit of £11.4 million to a profit of £9.1 million. The consolidated statement of financial position shows a net asset position of £359.0 million (2016: £303.9 million).

Future developments

The group will endeavour to seek opportunities to expand all its major divisions. The group sees organic growth in its major markets as its core strategy.

The group is also in the process of liquidating its former insurance company, CMI US Unlimited. This is to be completed during 2018.

Dividends

A dividend of nil pence per share (2016: 237.91 pence per share) totalling £nil (2016: £90 million) was paid to the holders of income access shares in LTG (IAS) Limited, a wholly owned subsidiary. A dividend of £0.6 million (2016: £0.6 million) was paid to the holder of income access shares in LFS Access Limited. A dividend of £nil (2016: £22.0 million) was paid to the holders of ordinary shares.

The directors are optimistic about the future development of the group, as set out in the financial review below.

Financial review

Hotel operations and ownership

US

During 2017, the division operated two hotels, the largest of which is a 309 room, five star, five diamond luxury resort in Palm Beach, Florida.

Divisional turnover grew up from £42.6 million in 2016 to £45.8 million. This was broadly in line with expectations.

Property investment and development

The property division, which trades under the name UK & European Investments, owns, manages and develops property assets in the UK, Europe, US, the Caribbean and Thailand.

The division progressed with a number of development projects over the year including residential developments in the UK, Spain and Barbados. The business has a number of active commercial projects including an office development in Barcelona. Asset management of the investment portfolio focuses on reducing vacancy, improving income and value.

The group continued to make selective sales of smaller and non-core commercial properties from the portfolio as well as recently developed to sell residential units.

Financial Review (continued)***Property investment and development (continued)***

The US property division includes three active projects encompassing multifamily and senior living. The business continues to sell assets selectively in line with individual asset business plans.

The main external risks affecting this division are; changing property values, changing investor and occupier demand and tenant default. Risk is mitigated by a diverse portfolio across sectors and geographies together with maintaining a strong credit worthy tenant mix. Divisional management also maintains tight controls over operating costs.

Investment management

The group continues to hold a globally diversified portfolio of private equity funds, direct investments into private companies, and listed equity funds. During the year, the group made one new co-investment into a retail brand based in the US. Private equity funds are long-term investments, are performing in line with expectations, and generated a net cash inflow to the group during 2017. Listed equities performed well in 2017, broadly in line with the global equity market. Appreciation of Sterling during the year partially offset local currency performance of international investments. The group injected further capital into portfolios of certain existing equities managers.

The group statement of financial position has current asset investments, which includes listed investments, totalling £236.1 million (2016: £159.5 million) which are stated at market value.

The group fund manager, Cavendish Asset Management Ltd, rebalanced its funds under management to £1,663.4 million at the end of December 2017 (2016: £1,385.0 million) excluding cash. The directors are confident in its overall long-term trend.

Financial instruments and principal risks and uncertainties of the group

The objectives, policies and strategies applied by the group with respect to management of commercial and financial risks are determined at both group and divisional levels. The principal financial instruments used by the group to finance its operations are cash generated from retained earnings and loans.

▪ Foreign currency risk

The group's reporting currency is sterling, but it operates in different parts of the world in different currencies. Foreign currency risk is managed by the ultimate group parent.

▪ Interest rate risk

The group's exposure to interest rate fluctuations is constantly monitored; there is no formal policy on bank loans, but a variety of methods are used to control interest costs, including obtaining a balance between fixed and floating rates, and between secured and unsecured loans. In addition, the ultimate group parent enters into interest rate swap transactions in order to hedge its exposure.

Financial instruments (continued)▪ **Liquidity risk**

The divisions monitor cash flow as part of their day to day control procedures. The group prepares cash flow projections on a monthly basis, allowing an assessment of the cash requirements of the group to manage liquidity risk. Surplus funds are invested in high quality short term liquid investments. Cash is placed with several counterparties in order to spread the risk in the event of bank failure. Since 2014, the group's policy is to hold a substantial proportion of cash equivalents in Treasury Bills due to the uncertainty of the banking system which has been relaxed, but the group continues to monitor the situation closely.

▪ **Credit risk**

The majority of the group's trade debtors are represented by amounts due from commercial property tenants, whose credit ratings are checked before we enter into transactions with them. No significant credit risk is perceived. Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. All amounts owed by the group are considered recoverable.

Group's net debt position

	Cash and cash equivalents £million	Borrowings £million	Total £million
At 1 January 2017	128.2	(1,019.2)	(891.0)
Cash flow	9.7	337.3	347.0
Exchange movements	(2.0)	5.8	3.8
At 31 December 2017	135.9	(676.1)	(540.2)

Comprising:

	2017 £million	Restated 2016 £million
Cash at bank and in hand	133.7	125.1
Cash on deposit	1.0	1.4
Restricted cash at bank	1.2	1.7
Cash and cash equivalents	135.9	128.2
Other current liabilities	(492.4)	(609.7)
Non current liabilities	(183.7)	(409.5)
Total	(540.2)	(891.0)

Strategic report for the year ended 31 December 2017 (continued)

Key performance indicators

The directors monitor group performance on both weekly and periodic (four-weekly) cycles using a wide range of financial and non-financial indicators.

The main key performance indicators that are reviewed according to the market sector are as follows:

Hotel – occupancy ratios and revenue per available room.

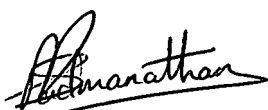
Property – yields and market value year on year, together with growth in market sectors.

Various productivity ratios are monitored to ensure that the group is maximising the use of its assets.

	2017	Restated 2016
Turnover from continuing activities (£m)	99.2	80.2
Gross margin from continuing operations (%)	21.0	27.5
Gross margin from continuing operations (£m)	20.8	22.0

Approval

This strategic report was approved by Order of the Board on 22 June 2018



Soumitra Padmanathan

For and on behalf of Cavendish Square Secretariat - Secretary

Report of the directors for the year ended 31 December 2017

The directors present their report and the audited financial statements for the year ended 31 December 2017.

Directors

The directors of the company are set out below:-

Ben Lewis
Clive Lewis
Julian Lewis
Michael Rosehill

Future development and financial instruments

The future development and risks associated with financial instruments are discussed in the strategic report.

Dividends

Dividends are detailed in the strategic report and in note 9 of the financial statements.

Subsequent events

Subsequent events are detailed in note 34 of the financial statements.

Directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their income statement for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Disclosure of information to auditor

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

Report of the directors for the year ended 31 December 2017 (continued)

Employees

The business requires the employment of dedicated and talented individuals.

The group is committed to providing equal opportunities in employment for all employees. This means that all job applicants and employees will not be treated less favourably on the grounds of sex, marital status, family status, sexual orientation race, colour, nationality, ethnic or national origin, religion, age or disability.

Promotion within the company is based certainly on merit and without regarding to sex, marital status, family status, sexual orientation race, colour, nationality, ethnic or national origin, religion, age or disability

Within the UK, staff communication includes a group run website through which:

- Training and personal development opportunities can be accessed;
- Job opportunities are advertised;
- Group policies and procedures are circulated; and
- General corporate communication notices are disseminated.

It is group policy to ensure that employees are provided with information on all matters of concern to them. Accordingly, appropriate steps are taken to ensure that employees, or their representative, are aware of the financial economic factors affecting the group's performance, are consulted wherever necessary and are encouraged generally to be involved in the group's overall performance. In addition, all employees are eligible to participate in discretionary bonus schemes which reward performance against the group's profitability targets.

Within the group, we believe in the importance of developing our people and enabling them to grow, both professionally and personally.

Donations

The group made charitable donations of £4.0 million (2016: £4.0 million) and political donations of £nil (2016: £nil) during the year.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approval

This directors' report was approved by Order of the Board.



Soumitra Padmanathan
For and on behalf of Cavendish Square Secretariat
Chelsea House, West Gate, London, W5 1DR
Secretary

Date: 22 June 2018

Company registered number: 06791528

Opinion

We have audited the financial statements of L51N Limited ("the company") for the year ended 31 December 2017 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and company statement of financial position, consolidated and company statement of changes in equity, consolidated statement of cash flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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



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

Date: 25 JUNE 2018

L51N LIMITED
Consolidated income statement for the year ended 31 December 2017

	Note	2017 £million	Restated 2016 £million
Turnover	2	99.2	80.2
Cost of sales		(78.4)	(58.2)
Gross profit		20.8	22.0
Administrative expenses		(27.0)	(11.8)
Profit on disposal of fixed assets		0.6	0.3
Operating (loss)/profit		(5.6)	10.5
Loss on disposal of fixed asset investments		(2.0)	(3.6)
Profit on sale of current asset investments		1.6	5.0
Other income	4	7.8	3.4
Movement in fair value of fixed asset investments	14	(9.8)	6.8
Movement in fair value of current asset investments	18	18.4	13.2
Movement in fair value of investment properties		4.0	(9.0)
Share of loss in joint ventures/associates		(0.1)	(1.3)
Interest receivable and similar income	5	19.1	21.9
Interest payable and similar charges	6	(25.1)	(42.2)
Profit before taxation	2	8.3	4.7
Taxation on profit	8	0.8	6.7
Profit for the financial year		9.1	11.4

The notes on pages 19 to 54 form part of these financial statements.

Consolidated statement of comprehensive income for the year ended at 31 December 2017

	2017 £million	Restated 2016 £million
Profit for the financial year	9.1	11.4
Other comprehensive income		
Unrealised surplus on revaluation of owner occupied properties	0.7	0.1
Currency translation differences	(24.9)	54.0
Other comprehensive (expense)/income for the year	(24.2)	54.1
Total comprehensive (expense)/income for year	(15.1)	65.5
Profit/(loss) for the financial year attributable to:		
Non-controlling interest	2.0	(3.7)
Owners of the parent company	7.1	15.1
	9.1	11.4
Total comprehensive (expense)/income attributable to:		
Non-controlling interest	1.7	(2.4)
Owners of the parent company	(16.8)	67.9
	(15.1)	65.5

The notes on pages 19 to 54 form part of these financial statements.

L51N LIMITED
Consolidated and company statement of financial position at 31 December 2017

Company number: 06791528

	Note	Group		Company	
		2017	Restated 2016	2017	2016
		£million	£million	£million	£million
Fixed assets					
Intangible assets					
Goodwill		8.1	9.9	-	-
Negative goodwill		(13.2)	(18.4)	-	-
Net goodwill	11	(5.1)	(8.5)	-	-
Tangible assets	12	566.9	559.2	-	-
Investments	14/32	76.9	81.9	111.8	407.6
Total fixed assets		638.7	632.6	111.8	407.6
Current assets					
Stock	15	177.2	160.0	-	-
Debtors (including £123.4 million (2016: £48.1 million) due after more than one year)	16	187.7	575.1	423.5	326.3
Investments	18	236.1	159.5	-	-
Cash at bank and in hand	19	135.9	128.2	2.0	3.8
Total current assets		736.9	1,022.8	425.5	330.1
Creditors: amounts falling due within one year	20	(795.3)	(903.2)	(178.3)	(481.9)
Net current (liabilities)/assets		(58.4)	119.6	247.2	(151.8)
Total assets less current liabilities		580.3	752.2	359.0	255.8
Creditors: amounts falling due after one year	21	(211.7)	(436.2)	-	-
Provisions for liabilities	24	(9.6)	(12.1)	-	-
Net assets		359.0	303.9	359.0	255.8
Capital and reserves					
Called up share capital	25	-	-	-	-
Share premium		69.9	-	69.9	-
Revaluation reserve	26	0.8	0.9	-	-
Merger reserve	26	(407.8)	(410.5)	-	-
Other reserves	26	225.8	225.8	227.9	230.0
Retained earnings		450.0	469.1	61.2	25.8
Equity attributable to the owners of the parent company		338.7	285.3	359.0	255.8
Non-controlling interest		20.3	18.6	-	-
Shareholders' funds		359.0	303.9	359.0	255.8

The financial statements were approved by the board of directors and authorised for issue on 22 June 2018


 Michael Rosehill - Director

The notes on pages 19 to 54 form part of these financial statements.

L51N LIMITED
Consolidated and company statement of changes in equity for the year ended 31 December 2017

GROUP	Share premium £million	Re- valuation reserve £million	Merger reserve £million	Other reserve £million	Retained earnings £million	Non- controlling interest £million	Total £million
At 31 December 2015 (unaudited and restated)	-	0.8	(410.5)	226.5	513.2	21.0	351.0
Profit/(loss) for the year	-	-	-	-	15.1	(3.7)	11.4
Other comprehensive income							
Currency translation differences	-	-	-	0.1	52.6	1.3	54.0
Unrealised surplus on revaluation of property	-	0.1	-	-	-	-	0.1
Total comprehensive income/(expense)	-	0.1	-	0.1	67.7	(2.4)	65.5
Dividend – third party	-	-	-	-	(90.6)	-	(90.6)
Dividend - group	-	-	-	-	(22.0)	-	(22.0)
Transfer of reserves on disposal of subsidiaries	-	-	-	(0.8)	0.8	-	-
Total transaction with owner recognised directly in equity	-	-	-	(0.8)	(111.8)	-	(112.6)
At 31 December 2016 (restated)	-	0.9	(410.5)	225.8	469.1	18.6	303.9
Profit for the year	-	-	-	-	7.1	2.0	9.1
Other comprehensive income							
Currency translation differences	-	-	2.7	-	(27.3)	(0.3)	(24.9)
Unrealised (deficit)/surplus on revaluation of property	-	(0.1)	-	-	0.8	-	0.7
Total comprehensive (expense)/income	-	(0.1)	2.7	-	(19.4)	1.7	(15.1)
Dividend - third party	-	-	-	-	(0.6)	-	(0.6)
Additional share premium	69.9	-	-	-	-	-	69.9
Other distribution	-	-	-	-	0.9	-	0.9
Total transactions with owner recognised directly in equity	69.9	-	-	-	0.3	-	70.2
At 31 December 2017 (Note 26)	69.9	0.8	(407.8)	225.8	450.0	20.3	359.0

The notes on pages 19 to 54 form part of these financial statements.

Consolidated and company statement of changes in equity for the year ended 31 December 2017 (continued)

COMPANY	Share premium £million	Other reserves £million	Retained earnings £million	Total £million
Balance as at 1 January 2016 (restated)	-	230.0	83.1	313.1
Loss for the year	-	-	(57.3)	(57.3)
Total comprehensive loss for the year	-	-	(57.3)	(57.3)
Balance as at 31 December 2016	-	230.0	25.8	255.8
Profit for the year	-	-	34.5	34.5
Total comprehensive income for the year	-	-	34.5	34.5
Additional share premium	69.9	-	-	69.9
Capital contribution	-	(2.1)	-	(2.1)
Other distribution	-	-	0.9	0.9
Balance at 31 December 2017	69.9	227.9	61.2	359.0

The notes on pages 19 to 54 form part of these financial statements.

Consolidated statement of cash flows for the year ended 31 December 2017

	Note	2017 £million	Restated 2016 £million
Net cash outflow from operating activities			
Profit for the financial year		9.1	11.4
Share of profits for the year of equity accounting		0.1	6.1
Change in fair value of investment property		(4.0)	9.1
Change in fair value of fixed asset investments		9.8	(6.8)
Change in fair value of current asset investments		(18.4)	(13.2)
Profit on disposal of fixed assets		(0.6)	(0.3)
Loss on disposal of fixed assets investments		2.0	3.6
Profit on disposal of current asset investments		(1.6)	(5.0)
Other income		(7.8)	(3.4)
Net interest payable	5/6	6.0	20.3
Taxation credit	8	(0.8)	(6.7)
Depreciation and amortisation charges	3	3.5	1.5
Movement in provisions made against fixed asset investments		0.1	2.3
Movement in provisions made against current asset investments		-	4.5
Increase in stocks		(19.2)	(34.3)
Decrease in debtors		5.1	13.1
Increase in creditors		8.2	11.5
Decrease in net banking liabilities		-	(18.1)
Purchase of current asset investments		(151.9)	(55.2)
Proceeds from current asset investments		95.5	72.0
Dividends received from investments		3.2	2.7
Cash distribution from unlisted investments		2.1	0.7
Receipts in respect of financial instruments		(0.6)	-
Other receipts		2.5	-
Cash from operations		(57.7)	15.8
Interest paid		(20.1)	(42.2)
Corporation tax paid		(3.0)	(1.5)
Net cash used in operating activities		(80.8)	(27.9)
Cash flows from investing activities			
Purchase of intangible fixed assets	11	(0.1)	-
Purchase of tangible fixed assets	12	(38.7)	(27.4)
Proceeds from sales of tangible fixed assets		9.0	8.4
Purchase of shares in fixed asset investments	14	(10.7)	(12.7)
Proceeds from shares in fixed asset investments		1.2	4.7
Interest received		20.0	21.3
Net cash from investing activities		(19.3)	(5.7)

The notes on pages 19 to 54 form part of these financial statements.

Consolidated statement of cash flows for the year ended 31 December 2017 (continued)

	2017 £million	Restated 2016 £million
Cash flows from financing activities		
New loans	94.5	31.8
Loan repayments	(411.9)	(127.2)
Equity dividends paid	-	(112.5)
Movement of loans from fellow subsidiary undertaking	427.3	222.9
Net cash used in financing activities	109.9	15.0
Increase/(decrease) in cash and cash equivalents	9.8	(18.6)
Cash and cash equivalents at the beginning of the year	128.2	139.8
Foreign exchange gains and losses	(2.1)	7.0
Cash and cash equivalents at the end of the year	135.9	128.2
Cash and cash equivalents comprise of:		
Cash at bank and in hand	133.7	125.1
Cash on deposit	1.0	1.4
Restricted cash at bank	1.2	1.7
	135.9	128.2

The notes on pages 19 to 54 form part of these financial statements.

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1 Accounting policies

L51N Limited is a company limited by shares and incorporated and domiciled in the UK.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, owner occupied properties, fixed asset unlisted investments and current asset investments. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland as issued in August 2014. The amendments to FRS102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £0.1 million.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies.

Parent company disclosure exemptions

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

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

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

1.1. Going concern

FRS 102 requires management to make an assessment of the group and parent company's ability to continue as a going concern taking into account all available information about the future, which is at least, but not limited to, twelve months from the date when the financial statements are authorised for issue. The ultimate controlling company has guaranteed to provide financial support to the group for a period of no less than twelve months from the date of approval of the financial statements, and these accounts have accordingly been prepared on a going concern basis. The group and parent company therefore continue to adopt the going concern basis in preparing their financial statements.

1.2. Acquisition of entities under common control

Business combinations arising from transfer of interest in entities that are under the common control of the shareholders that control the group are accounted for using book values of the acquired entities at the date of acquisition. The components of equity of the acquired entity are added as part of the equity of the group. Such business combinations arising from transfer of interest in entities that are under the control of the shareholders who control the group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The components of equity of the acquired entities are added to the same components within the group equity except that any share capital of the acquired entities is recognised as part of share premium.

1 Accounting policies (continued)**1.3. Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 December 2017. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated income statement from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

A special purpose entity (SPE) is consolidated if the Group concludes that it controls the SPE.

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significant influence is presumed to exist when the investors holds between 20% and 50% of the equity voting rights.

A joint venture is a contractual arrangement undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated income statement and its interest in their net assets is recorded on the statement of financial position using the equity method.

Where a group company is party to a joint venture which is not an entity that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement.

In the parent financial statements, investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

1.4. Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the income statement.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the statement of financial position date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

1 Accounting policies (continued)

1.5. Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.6. Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

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

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through the income statement. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in the income statement. Other investments are measured at cost less impairment in the income statement.

Cash and cash equivalents

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

1.7. Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in the income statement except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.

1 Accounting policies (continued)

1.8. Tangible fixed assets

Tangible fixed assets, other than investment properties and owner occupied properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets, the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the income statement during the period in which they are incurred.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased assets are classified as finance leases. All other leases are classified as operating leases.

Depreciation is charged to the income statement over the estimated useful lives of each part of an item of tangible fixed asset as follows:

- *Freehold properties*
Straight line basis over the life of the building element of the property subject to a maximum of 50 years
- *Long leasehold properties*
Straight line basis over the life of the lease up to a maximum of 50 years in relation to the building element
- *Hotel buildings*
Straight line basis over estimated remaining life of up to 50 years
- *Plant and equipment*
Between 4% and 40% on a straight line basis
- *Motor vehicles*
Between 25% and 30% on a written down value basis

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Land is not depreciated.

Fixed assets - Investment properties

Investment property is carried at fair value determined annually either by an employee of the group who is a member of the Royal Institution of Chartered Surveyors or through an external valuation. The fair value is derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Any movements in fair value are recognised in the income statement. Investment properties are not depreciated.

Fixed assets – Owner occupied properties

Owner occupied properties are stated at fair value less any subsequent accumulated depreciation and impairment losses. Gains on revaluation are recognised in other comprehensive income and accumulated revaluation reserve. However, the increase is recognised in the income statement to the extent that it reverses a revaluation decrease previously recognised in the income statement.

Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in the income statement.

1 Accounting policies (continued)

1.9. Purchases and sales of properties

Purchases and sales of properties are accounted for at the date of completion of the relevant transaction.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

1.10. Leases

As the group holds no finance leases, all leases are treated as operating leases. Annual rentals are charged to the income statement on a straight line basis over the term of the lease.

The group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before 1 January 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

1.11. Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the statement of financial position as negative goodwill.

1 Accounting policies (continued)

1.12. Intangible assets, goodwill and negative goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Negative goodwill

Negative goodwill arising on business combinations in respect of acquisitions is included on the statement of financial position immediately below any positive goodwill and released to the income statement in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in the income statement in the periods expected to benefit.

Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- goodwill – 5 to 20 years

The basis for choosing these useful lives is explained below:

If a reliable estimate cannot be made, the useful life of goodwill is presumed to be 5 years. Both positive and negative goodwill is amortised over periods ranging from 5 to 20 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.13. Stocks

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads. Where stock represents property acquired for development, cost comprises the purchase cost of land and buildings and development expenditure.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the income statement.

1.14. Pensions

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

1 Accounting policies (continued)**1.15. Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, other comprehensive income or directly in equity, consistently with the recognition of items it relates to.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the financial position date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.16. Investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted company shares, which have been classified as fixed asset investments as the Group intends to hold them on a continuing basis, are held at fair value at each reporting date. Movements in fair value are recognised in the income statement for the period.

Investments in listed company shares, which have been classified as current asset investments, are held at fair value at each reporting date. Movements in fair value are recognised in the income statement for the period.

1.17. Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

1.18. Revenue

Revenue represents amounts receivable from third parties, exclusive of VAT and similar sales taxes, from the supply of goods and services, the rental of properties and the dealing in securities. Revenue from the supply of goods is recognised when the risks and rewards of owning the goods has passed to the customer, which is generally on the point of sale. Revenue from the supply of hotel accommodation and ancillary services is recognised as earned on the close of business each day. Advance reservations represent deposits received from guests for future reservations. These deposits are shown in creditors until the services are provided, at which time they are released to turnover. Banking fee and commission income is accounted for in the period when receivable.

1 Accounting policies (continued)**1.19. Accrued income**

Rental income from investment properties is recognised for the rent free period granted to certain tenants as part of the terms of their leases. These amounts are based upon future minimum rental payments and are allocated on a straight line basis over the period to the end of the lease.

Amounts received on long term accommodation contracts are allocated in accordance with actual use.

1.20. Finance costs

Finance costs are charged to the income statement over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument and amortised over the period of the loan.

1.21. Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.22. Judgements in applying accounting policies and key sources of estimation uncertainty

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- *Tangible fixed assets (see note 12)*
Tangible fixed assets, other than investment properties and owner occupied properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Investment properties are valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate, but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself. Key inputs into the valuations include annual rent per square metre and capitalisation rate.

1 Accounting policies (continued)

- *Investments (see notes 14 and 18)*

The most critical estimates, assumptions and judgements relate to the determination of the carrying value of investments at fair value through the income statement. In determining this, the group follows the International Private Equity and Venture Capital Valuation Guidelines, applying the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstance of the investment drives the valuation methodology.

Listed investments are valued at the quoted bid price at the reporting date. Unquoted investments are valued using a price/earnings multiple methodology. The relevant price/earnings multiple is determined by reference to those applying to quoted companies in similar industries after adjustment for the reduced liquidity of unquoted companies. This multiple is then applied to the earnings of the investee company in the period, after adjustments for one-off unusual income or expenditure in the period

- *Goodwill (see note 11)*

Goodwill represents the excess (positive goodwill) or deficit (negative goodwill) of the cost of a business combination over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. If a reliable estimate cannot be made, the useful life of goodwill is presumed to be 5 years. Goodwill is being amortised over periods ranging from 5 to 20 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Other identifiable intangibles are included in the financial statements at fair value to the business.

- *Stock (see note 15)*

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell.

Factors taken into consideration for stock provisioning include nature and condition of the inventory, current economic environment, ultimate resale values, additional cost to completion and historic trade patterns in ensuring that stock recoverability is appropriately estimated.

- *Deferred taxation (see notes 8, 17 and 24)*

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

- *Holiday pay accruals*

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the reporting date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement.

2 Turnover and profit before tax**Analysis of turnover and profit before tax****Analysis of turnover**

	Turnover excluding intra group sales		Turnover including intra group sales	
	2017	Restated 2016	2017	Restated 2016
	£million	£million	£million	£million
Analysis by class of business:				
Hotels, travel and tourism	50.2	46.3	50.2	46.8
Property	40.8	26.0	47.0	33.7
Investment and finance	8.2	7.9	121.5	10.0
	<u>99.2</u>	<u>80.2</u>	<u>218.7</u>	<u>90.5</u>

	Analysis by geographical market:	
	2017	Restated 2016
	£million	£million
United Kingdom	17.3	10.7
Overseas	81.9	69.5
	<u>99.2</u>	<u>80.2</u>

Analysis of profit before tax

	Analysis of profit before tax	
	2017	Restated 2016
	£million	£million
Hotels, travel and tourism	(5.0)	(7.5)
Property	2.9	7.9
Investment and finance	10.4	4.3
	<u>8.3</u>	<u>4.7</u>

3 Expenses and auditors' remuneration

	2017	Restated
	£million	2016
		£million
Included in profit/loss are the following:		
Depreciation and amortisation	3.5	1.5
Operating lease rentals:		
Plant and machinery	-	-
Land and buildings	1.4	1.2
Other provision costs:		
Defined contribution pension cost	3.4	0.7
Plant and equipment scrapped	0.1	0.4
Currency translation gains	1.3	(15.6)
Auditors' remuneration:		
Audit of these financial statements	0.1	0.1
Audit of subsidiaries pursuant to legislation	0.5	0.5
Other auditors' remuneration:		
Audit	-	0.3

4 Other income

	2017	2016
	£million	£million
Other income from listed investments	3.2	2.7
Other income from non-listed investments	2.1	0.7
Other income	2.5	-
	7.8	3.4

5 Interest receivable

	2017	Restated
	£million	2016
		£million
Interest on loans with other group companies	17.7	19.5
Interest from bank deposits and other loans	0.3	0.7
Other finance income	1.1	1.7
	19.1	21.9

6 Interest payable and similar charges

	2017	2016
	£million	£million
Interest on loans with other group companies	18.6	36.1
Interest on loans and overdrafts	6.0	5.3
Other finance charges	0.5	0.8
	25.1	42.2

7 Directors and employees

	2017 £million	Restated 2016 £million
Aggregate directors' emoluments	0.7	0.8
Contributions to the pension scheme paid on behalf of the directors	-	-
Emoluments of the highest paid director	0.4	0.5
Accrued benefits of highest paid director under a defined benefit scheme:		
Annual pension	0.2	0.2
	2017 £million	Restated 2016 £million
Number of directors in defined benefit schemes	4	4
	2017 £million	Restated 2016 £million
The aggregate payroll costs of the below persons were as follows:		
Wages and salaries	26.5	24.7
Social security costs	5.3	5.6
Other pension costs (see note 29)	2.0	0.8
	33.8	31.1

	2017		2016	
	Full time number	Part time number	Full time number	Part time number
The group's average number of employees during the year were:				
Operations	484	65	482	49
Administration	84	11	95	7
	568	76	577	56

8 Taxation

	2017 £million	2017 £million	Restated 2016 £million	Restated 2016 £million
(a) Analysis of tax charge in the year				
<i>Current tax on profit</i>				
UK corporation tax for current period	(0.6)		(0.8)	
Adjustment to tax charge in respect of previous periods	<u>0.2</u>		<u>-</u>	
		(0.4)		(0.8)
Overseas tax for current period	0.5			
Adjustment to tax credit in respect of previous periods	<u>-</u>		<u>(0.4)</u>	
		0.5		(0.4)
Total current tax		0.1		(1.2)
<i>Deferred Tax</i>				
Origination and reversal of timing differences		<u>(0.9)</u>		<u>(5.5)</u>
Total tax credit (note b)		<u>(0.8)</u>		<u>(6.7)</u>
(b) Factors affecting tax charge/(credit) for period				
The tax assessed for the period differs from the standard rate of corporation tax in the UK of 19.25% (2016: 20%).				
Profit before tax		<u>8.3</u>		<u>4.7</u>
Profit multiplied by the standard rate of UK corporation tax of 19.25% (2016: 20%).		1.6		0.9
Effect of:				
Expenses not deductible for tax purposes		2.6		(0.8)
Non controlling interest		(0.9)		(0.2)
Group relief		-		(0.2)
Non taxable income		(0.2)		0.1
Depreciation in excess of capital allowances		(1.9)		(2.3)
Dividends		(0.6)		-
Loss/(profit) on disposal of investments		(3.3)		0.6
Loss/(profit) on disposal of property		-		-
Losses carried forward		0.8		0.5
Losses/(profits) utilised		(0.8)		(0.5)
Net chargeable gains		-		-
FRS 102 – fair value gains/losses		(0.3)		0.2
Foreign taxes		0.2		0.1
Adjustments to tax charge in respect of previous periods – current tax		0.2		-
Withholding taxes		-		(0.4)
Change in recognised deferred tax base cost		3.2		(1.0)
Differences in tax rates		(1.4)		(3.7)
Total tax (credit)/charge for the year		<u>(0.8)</u>		<u>(6.7)</u>

(c) Factors affecting future tax charges

The UK corporation tax rate was reduced to 19% from 1 April 2017. A further reduction to 17%, effective from 1 April 2020, was substantively enacted on 6 September 2016.

9 Dividends

	2017 £million	2016 £million
Ordinary shares		
Interim dividend paid for the year of nil pence (2016: 237.91 pence) per share held in LTG (IAS) Ltd	-	90.0
Paid dividend for the year to external parties	0.6	0.6
Paid dividend for the year to the group	-	22.0
	<u>0.6</u>	<u>112.6</u>

10 Parent company income statement for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent company for the year was £34.5 million (2016: loss of £57.3 million).

11 Intangible assets

Group	Positive Goodwill £million	Negative Goodwill £million	Trade Name £million	Total £million
<i>Cost or valuation</i>				
At 1 January 2017	17.5	(25.0)	-	(7.5)
Acquisitions	-	-	0.1	0.1
Disposals	-	1.7	-	1.7
Currency translation	0.1	-	-	0.1
At 31 December 2017	<u>17.6</u>	<u>(23.3)</u>	<u>0.1</u>	<u>(5.6)</u>
<i>Amortisation</i>				
At 1 January 2017	7.6	(6.6)	-	1.0
Charge/(credit) for year	1.9	(5.2)	0.1	(3.2)
Disposals	-	1.7	-	1.7
At 31 December 2017	<u>9.5</u>	<u>(10.1)</u>	<u>0.1</u>	<u>(0.5)</u>
<i>Net book value</i>				
At 31 December 2017	<u>8.1</u>	<u>(13.2)</u>	<u>-</u>	<u>(5.1)</u>
At 31 December 2016	<u>9.9</u>	<u>(18.4)</u>	<u>-</u>	<u>(8.5)</u>

12 Tangible assets

Group	Land and Buildings (see below) £million	Plant, equipment and vehicles £million	Total £million
<i>Cost or valuation</i>			
At 1 January 2017	589.0	38.9	627.9
Additions at cost	32.6	6.1	38.7
Disposals	(8.8)	(1.1)	(9.9)
Revaluation	4.6	-	4.6
Currency translation differences	(23.1)	(3.4)	(26.5)
At 31 December 2017	594.3	40.5	634.8
<i>Depreciation</i>			
At 1 January 2017	43.1	25.6	68.7
Charge for year	4.7	2.0	6.7
Disposals	(0.7)	(0.8)	(1.5)
Currency translation differences	(3.9)	(2.1)	(6.0)
At 31 December 2017	43.2	24.7	67.9
<i>Net book value</i>			
At 31 December 2017	551.1	15.8	566.9
At 31 December 2016	545.9	13.3	559.2

12 Tangible assets (continued)

Group	Land and Buildings				
	Freehold	Long	Short	Buildings	Total
<i>Cost or valuation</i>	£million	Leasehold	Leasehold	Under construction	£million
At 1 January 2017	567.4	0.2	0.9	20.5	589.0
Additions at cost	4.9	-	0.2	27.5	32.6
Disposals	(8.8)	-	-	-	(8.8)
Revaluation	4.5	0.2	(0.1)	-	4.6
Reclassification	(6.1)	-	-	6.1	-
Currency translation differences	(19.9)	-	-	(3.2)	(23.1)
At 31 December 2017	542.0	0.4	1.0	50.9	594.3
<i>Depreciation</i>					
At 1 January 2017	43.3	-	(0.2)	-	43.1
Charge for year	4.7	-	-	-	4.7
Disposals	(0.7)	-	-	-	(0.7)
Reclassification	(0.2)	-	0.2	-	-
Currency translation differences	(3.9)	-	-	-	(3.9)
At 31 December 2017	43.2	-	-	-	43.2
<i>Net book value</i>					
At 31 December 2017	498.8	0.4	1.0	50.9	551.1
At 31 December 2016	524.1	0.2	1.1	20.5	545.9

The above figure includes owner occupied properties total fair value at £3.8 million (2016: £12.3 million).

The above also includes a category of assets, hotels, which are not revalued. These are analysed in the table below:

	Land and Buildings – Hotels
<i>Cost</i>	Freehold
	£million
At 1 January 2017	171.5
Additions at cost	1.0
Currency translation differences	(14.9)
At 31 December 2017	157.6
<i>Depreciation</i>	
At 1 January 2017	43.1
Charge for year	3.9
Currency translation differences	(3.9)
At 31 December 2017	43.1
<i>Net book value</i>	
At 31 December 2017	114.5
At 31 December 2016 (restated)	128.4

12 Tangible assets (continued)**Group**

The net book value of investment properties included in land and buildings is analysed as follows:

	Freehold £million	Long Leasehold £million	Short Leasehold £million	Total £million
At 31 December 2017	380.5	0.4	0.9	381.8
At 31 December 2016 (restated)	389.8	0.2	1.1	391.1

The historic cost of land and buildings classified as investment properties is £366.3 million (2016: £387.9 million).

The gross value of land and buildings is analysed as follows:

	2017 £million	2016 £million
Properties stated at year end valuation	313.2	348.4
Properties stated at cost	281.1	240.6
	594.3	589.0

Freehold and long leasehold properties, other than hotels, are revalued annually by an employee of the group who is a member of the Royal Institution of Chartered Surveyors; these assets are recorded at current valuation based on existing use or open market value in the case of investment properties. Additionally, these freehold and leasehold properties are valued at least every five years, on a rolling basis, by an independent firm of chartered surveyors in accordance with the Royal Institution of Chartered Surveyors Statement of Asset Valuation Practice and Guidance notes. All other tangible fixed assets are stated at depreciated historic cost less any provision for impairment.

13 Capitalised interest**Group**

	2017 Land and buildings £million	2016 Land and buildings £million
Borrowing costs capitalised during the period	2.0	-

14 Fixed asset investments

Group

	Analysis by category of investment			
	Investments in joint ventures £million	Investments in associated undertakings (see below) £million	Unlisted investments - shares £million	Total £million
<i>Cost or valuation</i>				
At 1 January 2017	26.6	10.6	52.2	89.4
Additions	0.7	0.2	9.8	10.7
Share of (loss)/profit for the year	(0.4)	0.3	-	(0.1)
Revaluation	-	-	(9.8)	(9.8)
Currency translation differences	(2.3)	-	(0.2)	(2.5)
Disposals and write offs	-	-	(3.2)	(3.2)
At 31 December 2017	24.6	11.1	48.8	84.5
<i>Provisions</i>				
At 1 January 2017	-	7.5	-	7.5
Charge for year	-	0.1	-	0.1
At 31 December 2017	-	7.6	-	7.6
<i>Net book value</i>				
At 31 December 2017	24.6	3.5	48.8	76.9
At 31 December 2016	26.6	3.1	52.2	81.9

14 Fixed asset investments (continued)

	Investments in associated undertakings		
	Associates £million	Advances £million	Total £million
<i>Cost or valuation</i>			
At 1 January 2017	3.2	7.4	10.6
Additions	-	0.2	0.2
Share of profit	0.3	-	0.3
At 31 December 2017	3.5	7.6	11.1
<i>Provisions</i>			
At 1 January 2017	0.1	7.4	7.5
Charge for the year	-	0.1	0.1
At 31 December 2017	0.1	7.5	7.6
<i>Net book value</i>			
At 31 December 2017	3.4	0.1	3.5
At 31 December 2016	3.1	-	3.1

A full list of subsidiary and associated undertakings are shown in note 32.

Company

	Shares in subsidiary undertakings £million
<i>Cost</i>	
At 1 January 2017	1,939.0
Additions	69.9
Disposals	(69.9)
At 31 December 2017	1,939.0
<i>Provisions</i>	
At 1 January 2017	1,531.4
Additions	295.8
At 31 December 2017	1,827.2
<i>Net book value</i>	
At 31 December 2017	111.8
At 31 December 2016 (restated)	407.6

15 Stock

	Group	
	2017	2016
	£million	£million
Raw materials and consumables	1.0	1.2
Property developments work in progress	176.2	158.8
	177.2	160.0

The replacement cost of stock is not considered to be materially different from the carrying value.

16 Debtors

	Group		Company	
	2017	Restated 2016	2017	2016
	£million	£million	£million	£million
Amounts falling due within one year				
Trade debtors	4.3	5.3	-	-
Amounts due from fellow subsidiaries	43.9	478.1	408.3	326.3
Other debtors	8.3	40.8	-	-
Accrued income	3.4	-	-	-
Prepayments	4.4	2.8	-	-
	64.3	527.0	408.3	326.3
Amounts falling due after one year				
Other debtors	0.8	1.1	-	-
Accrued income	-	4.0	-	-
Prepayments	2.0	2.5	-	-
Amounts due from fellow subsidiaries	120.6	40.5	15.2	-
	123.4	48.1	15.2	-
Total debtors	187.7	575.1	423.5	326.3

16 Debtors (continued)

	Group		Company	
	2017	Restated 2016	2017	2016
	£million	£million	£million	£million
<i>Other debtors due within one year comprise:</i>				
Other loans	-	25.9	-	-
Corporation tax	0.4	0.4	-	-
UK deferred tax asset (note 17)	1.9	3.2	-	-
Tax recoverable	0.1	0.2	-	-
Sundry debtors	5.9	11.1	-	-
	8.3	40.8	-	-
<i>Other debtors due after more than one year comprise:</i>				
Deferred tax asset - overseas (note 17)	0.8	1.1	-	-

17 Deferred tax assets

Analysis of UK deferred tax asset due within one year movement during the year:

Balance at 1 January	3.2	3.7	-	-
Released during the year	(1.3)	(0.5)	-	-
Balance at 31 December	1.9	3.2	-	-

The closing balance of UK deferred tax asset due within one year is in respect of:

Short term timing differences	1.9	3.2	-	-
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Analysis of UK deferred tax asset due after more than one year movement during the year:

Balance at 1 January	-	1.1	-	-
Charge during the year	-	(1.2)	-	-
Reallocation from tax provisions	-	0.1	-	-
Balance at 31 December	-	-	-	-

The closing balance of the UK deferred tax asset is in respect of accelerated capital allowances.

Analysis of overseas deferred tax asset due after more than one year movement during the year:

Balance at 1 January	1.1	6.6	-	-
Charged during the year	(0.4)	3.4	-	-
Reallocation from tax provisions	-	(9.6)	-	-
Currency translation differences	0.1	0.7	-	-
Balance at 31 December	0.8	1.1	-	-

The closing balance of the overseas deferred tax asset consist of revenue losses for both years.

In addition to the deferred tax asset above, the group has additional unrecognised gross tax losses of £94.6 million (2016: £85.5 million).

18 Current asset investments

	Group		Company	
	2017	2016	2017	2016
	£million	£million	£million	£million
Listed investments:				
UK Stock Exchange	185.1	106.2	-	-
Other	26.0	53.3	-	-
	211.1	159.5	-	-
Unlisted investments – shares	25.0	-	-	-
Market value	236.1	159.5	-	-

All listed current asset investments are shares traded on a regular basis. The total income recognised on these investments in the period was £21.6 million (2016: £15.9 million) representing the fair value remeasurements of £18.4 million (2016: £13.2 million) and dividends received of £3.2 million (2016: £2.7 million).

19 Cash at bank and in hand

Included in cash at bank and in hand is restricted cash at bank of £1.2 million (2016: £1.7 million). This represents deposit accounts pledged by certain subsidiaries as collateral with their loan note holders, as required by the loan agreements and capital expenditure designated deposits.

20 Creditors: amounts falling due within one year

	Note	Group		Company	
		2017	Restated 2016	2017	2016
		£million	£million	£million	£million
Borrowings	22	49.3	17.6	-	-
Borrowings – amounts due to fellow subsidiaries	22	443.1	592.1	137.0	427.0
Other creditors and bank deposit liabilities	23	36.0	31.5	-	-
Other amounts due to fellow subsidiaries		266.9	262.0	41.3	54.9
Total creditors due within one year		795.3	903.2	178.3	481.9

21 Creditors: amounts falling due after one year

	Note	Group		Company	
		2017	2016	2017	2016
		£million	£million	£million	£million
Borrowings	22	165.6	192.0	-	-
Borrowings – amounts due to fellow subsidiaries	22	18.1	217.5	-	-
Other creditors	23	28.0	26.7	-	-
Total creditors due after one year		211.7	436.2	-	-

22 Borrowings

	Group		Company	
	2017	2016	2017	2016
	£million	£million	£million	£million
(a) Repayment analysis				
Due in one year or less	49.3	17.6	-	-
Due after one year but not more than two years	63.1	48.0	-	-
Due after two years but not more than five years	70.8	60.0	-	-
Due after five years payable by instalments (c)	-	51.3	-	-
Due after five years not payable by instalments (d)	31.7	32.7	-	-
Due after one year	165.6	192.0	-	-
Total borrowings	214.9	209.6	-	-

	Group		Company	
	2017	2016	2017	2016
	£million	£million	£million	£million
(b) Analysis of borrowings				
Total borrowings comprise:				
Bank and other loans (e)	214.9	209.6	-	-
	214.9	209.6	-	-

(c) Analysis of borrowings due after five years payable by instalments

		Group	
		2017	2016
		£million	£million
Type of bank loan	Interest rate %		
In, or linked to, US Dollar	Libor +1.10 to 3.10	-	5.2
In, or linked to, Euro	Euribor 1.60	-	46.1
		-	51.3

(d) Analysis of borrowings due after five years not payable by instalments

		Group		Company -	
		2017	2016	2017	2016
		£million	£million	£million	£million
Type of bank loan	Interest rate %				
In, or linked to, Euro	Fixed 7.00	-	2.2	-	-
In, or linked to, Euro	Euribor +1.71	31.7	30.5	-	-
		31.7	32.7	-	-

22 Borrowings (continued)**(e) Bank and other loans**

		Group		Company	
		2017	2016	2017	2016
		£million	£million	£million	£million
Type of bank loan	Interest rate %				
<i>Secured loans</i>					
In, or linked to, Sterling	Libor +1.00 to 3.00	6.7	3.0	-	-
In, or linked to, US Dollar	Libor +2.25 to 3.00	96.4	102.6	-	-
In, or linked to, Euro	Euribor +1.6 to 3.30	89.2	92.3	-	-
In, or linked to, Euro	Fixed 2.7	12.7	2.4	-	-
In, or linked to, Sterling	Fixed 5.00	1.0	-	-	-
In, or linked to, Euro	Fixed 7.00	2.6	-	-	-
Total secured loans		208.6	200.3	-	-

The secured loans are secured on property and certain assets of subsidiaries of the group.

	Group		Company	
	2017	2016	2017	2016
	£million	£million	£million	£million
<i>Unsecured loans</i>				
Loans from minority shareholders in subsidiary companies	5.0	7.4	-	-
Loan notes	1.3	1.9	-	-
Total unsecured loans	6.3	9.3	-	-
Total loans	214.9	209.6	-	-

	Group		Company	
	2017	2016	2017	2016
	£million	£million	£million	£million
(f) Amounts owed to fellow subsidiaries - loans				
Due in one year or less	443.1	592.1	137.0	427.0
Due after one year	18.1	217.5	-	-
	461.2	809.6	137.0	427.0

23 Other creditors

Amounts falling due within one year	Group		Company	
	2017 £million	2016 £million	2017 £million	2016 £million
Trade creditors	14.0	3.9	-	-
Corporation tax	1.2	3.3	-	-
Taxation and social security	-	0.1	-	-
VAT payable	1.3	0.6	-	-
Sundry creditors	4.4	4.6	-	-
Accruals and deferred income	15.0	18.7	-	-
Payments on account	0.1	0.3	-	-
	36.0	31.5	-	-
Amounts falling due after one year				
Accruals and deferred income	27.6	26.3	-	-
Payments on account	0.4	0.6	-	-
Sundry creditors	-	(0.2)	-	-
	28.0	26.7	-	-

24 Provisions for liabilities

Group

Analysis of movements during the year

	Deferred Taxation		
	United Kingdom £million	Overseas £million	Total £million
Balance at 1 January 2017	12.6	(0.5)	12.1
(Charged)/credited during the year	(3.8)	1.3	(2.5)
Balance at 31 December 2017	8.8	0.8	9.6

	2017		2016	
	United Kingdom £million	Overseas £million	United Kingdom £million	Overseas £million
The closing deferred tax provision is in respect of:				
Timing differences	8.8	0.8	12.6	(0.5)

Deferred tax is not provided in respect of liabilities which might arise on the distribution of unappropriated profits of overseas subsidiaries.

25 Called up share capital

	Group and Company	
	2017 £	2016 £
Allotted, called up and fully paid Ordinary shares of £1 each	350	349
Shares classified in shareholders' funds	350	349

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Share premium

The share premium account was created due to a rights issue in favour of the parent company for the purchase of MH UK Finance Limited.

26 Reserves**Revaluation reserve**

This reserve records the movement in property valuation relating to owner used and mixed used properties.

Merger reserve

The merger reserve arose on the 2009 group reorganisation, whereby, the company purchased the shares of Lewis Trust Group Limited from LFH International Limited. This was calculated based on the difference between the consideration, £1,939 million and the nominal value of the shares in Lewis Trust Group Limited, £3.7 million, together with the share premium balance of £0.5 million.

As a consequence, merger reserves have been credited for £1,934.8 million.

A merger reserve also arose from transactions in connection with the 2009 acquisition of the non-controlling interest in UK & European Investments Limited.

As a consequence, merger reserves have been debited for £32.7 million.

On 30 November 2016, the shareholders agreed to transfer all their shares previously held in Acorn International Hotels Corporation from Lewis Trust Group Limited to UK & European Investments Limited, a company under common control. The consideration for the transfer of the shares was £134.7 million.

The corresponding cost of investments for Acorn International Hotels Corporation was recorded at the book value of its total equity at the date of the transfer, and the difference to share capital at nominal value was recognised as merger reserves.

As a consequence, merger reserves have been debited for £42.3 million.

On 9 December 2016, the shareholders agreed to transfer all their shares previously held in AIH Holdings, Spa Products and UKI Providence Inc from UK & European Investments Limited to Acorn International Hotels Corporation, a company under common control. The consideration for the transfer of the shares was £51.2 million.

The corresponding cost of investments for all the entities were recorded at the book value of its total equity at the date of the transfer, and the difference to share capital at nominal value was recognised as merger reserves.

As a consequence, merger reserves have been credited for £0.8 million.

On 15 December 2016, the shareholders agreed to transfer all their shares previously held in Consolidated Mutual Insurance Unlimited from CPI BCP Limited to Acorn International Hotels Corporation, a company under common control. The consideration for the transfer of the shares was £5.7 million.

The corresponding cost of investments for all the entities were recorded at the book value of its total equity at the date of the transfer, and the difference to share capital at nominal value was recognised as merger reserves.

As a consequence, merger reserves have been credited for £14.6 million.

On 31 December 2016, the shareholders agreed to transfer all their shares previously held in AIH Holdings, Spa Products and UKI Providence Inc from Acorn International Hotels Corporation to AV Delaware holding Limited, a company under common control. The consideration for the transfer of the shares was £51.2 million.

The corresponding cost of investments for all the entities were recorded at the book value of its total equity at the date of the transfer, and the difference to share capital at nominal value was recognised as merger reserves.

As a consequence, merger reserves have been credited for £33.3 million.

On 12 December 2017, the equity holding of MH UK Finance Limited was transferred from LFH International Holdings Cooperative U.A. to L51N Limited. As a group reconstruction, merger accounting principals have been applied.

26 Reserves (continued)**Merger reserve (continued)**

In March 2017, AV Delaware Holdings Limited issued 100 new shares of stock to its parent, Acorn International Hotels Corporation ("AIHC"), in exchange for all of the ownership interest in Inexcal Inc. and the remaining 20% ownership in AIH Holdings Inc. ("AIHH"). At that date, AV Delaware Holdings Limited already owned the other 80% ownership interest in AIHH and AIHH was already part of the consolidated financial statements of L51N Limited. As a group reconstruction, merger accounting principals have been applied.

Other reserve

This reserve records non income statement gains or losses due to group re-organisation and also capital contributions due to present valuation of loans to market value.

Retained earnings

This reserve records retained earnings and accumulated losses.

27 Financial instruments

The group's and company's financial instruments can be analysed as follows:

	Group		Company	
	2017	Restated 2016	2017	2016
	£million	£million	£million	£million
Financial assets				
Financial assets measured at fair value through the income statement	284.8	211.7	-	-
Financial assets measured at amortised cost	316.5	692.1	425.6	330.1
Financial liabilities				
Financial liabilities measured at amortised cost	974.7	1,306.1	178.4	481.9

Financial assets measured at fair value through the income statement comprise fixed asset investments in unlisted and current asset investments in listed and unlisted shares.

Financial instruments measured at amortised cost comprise trade debtors, cash, other loans and sundry debtors.

Financial liabilities measured at amortised cost comprise borrowings, trade creditors, non-controlling interests in preference shares, bank deposits and other creditors.

28 Capital commitments

	Group		Company	
	2017	2016	2017	2016
	£million	£million	£million	£million
Contracted but not provided for	6.4	21.7	-	-

29 Pension commitments

The group takes part in the United Kingdom pension arrangements of the Lewis Trust Group. The United Kingdom pension schemes currently operated by the Lewis Trust Group Limited group of companies are the Chelsea Pension Scheme, a Group Self-Invested Personal Pension (GSIPP) provided and administered by Aegon.

Defined contribution pension schemes

The group pension cost charge for the Chelsea Pension Scheme amounted to £1.9 million (2016: £0.8 million) and the amount of contributions outstanding at the period end was £nil (2016: £nil).

30 Operating leases

The group had total future minimum lease income under non-cancellable leases as set out below:

	2017	Restated 2016
	Land and buildings £million	Land and buildings £million
Operating leases which expire:		
Within one year	13.6	22.7
In two to five years	44.1	73.7
After five years	100.1	122.1
Total operating lease commitments	157.8	218.5

The group had total future minimum lease payment under non-cancellable operating leases as set out below:

	2017	2016
	Land and buildings £million	Land and buildings £million
Operating leases which expire:		
Within one year	3.7	4.1
In two to five years	14.5	14.2
After five years	10.8	14.3
Total operating lease commitments	29.0	32.6

The majority of leases for land and buildings are subject to periodic rent reviews.

A small number of hotel rents are determined by the level of the hotel's turnover subject to a maximum charge as specified in the leases.

31 Related party transactions

(a) Loans due from related parties at the end of the year were as follows:

	2017 £million	2016 £million
Loans due from:		
Directors of L51N Limited	-	-
Non directors	3.5	3.3
	<u>3.5</u>	<u>3.3</u>

Interest income on loans to related parties was as follows:

	2017 £million	2016 £million
On loans due from:		
Directors of L51N Limited	-	-
Non directors	0.2	0.2
	<u>0.2</u>	<u>0.2</u>

(b) Loans due to related parties at the end of the year were as follows:

	2017 £million	2016 £million
Loans due to:		
Directors of L51N Limited	1.0	1.0
Non directors	11.1	7.4
	<u>12.1</u>	<u>8.4</u>

Interest on related party loans payable is charged at rates ranging between 0% and 30%. Interest expense on these loans was as follows:

	2017 £million	2016 £million
On loans due to:		
Directors of L51N Limited	-	-
Non directors	0.2	0.6
	<u>0.2</u>	<u>0.6</u>

The group has taken advantage of the exemption conferred by FRS 102, not to disclose transactions with wholly owned group companies.

31 Related party transactions (continued)**(c) Key management personnel**

The key management personnel included all directors and senior managers who together have authority and responsibility for planning, directing and controlling the activities of the group.

The key management personnel of the company were also key management personnel of other companies in the LFH international group. The key management personnel believe it is practical to apportion this amount between their services as key management personnel of the company and their services as key management personnel of other companies in the group. The full salary cost is borne by another group company, however their full compensation is disclosed as a whole below.

	2017	2016
	£million	£million
Total compensation for services provided to the group	1.6	1.4
	1.6	1.4

A member of key management personnel withdrew £0.5 million (2016: £nil) from a subsidiary company during the period within the normal activities of the subsidiary. This withdrawal was additional to the director's emoluments as disclosed above.

32 **Subsidiary and associated undertakings**

Subsidiary undertakings

The company's subsidiaries, all of which are included in the consolidated financial statements, are set out below:

Company	Country of incorporation	% of equity held by the Group	Nature of business
601CM LLC	USA ³	Variable	Property trading
621 Capital Mall LLC	USA ³	54.75	Property development
A V Delaware Holdings Ltd	USA ³	100.00	Holding company
Acorn International Hotels Corporation	Cayman Islands ¹⁴	100.00	Holding and service company
Acorn International Hotels S.A.U.	Spain ⁴	100.00	Property development
AIH Holdings Inc.	USA ³	100.00	Holding company
AIHTX Investments LLC	USA ³	100.00	Property development
All Abroad Ltd	England ¹	100.00	Dormant
Alster HI Ltd	England ¹	100.00	Property investment
Avenue Asset Ltd	Scotland ²	100.00	Investment management
Avenue Asset Partners L.P.	England ¹	Nominal	Investments
Bradville Inc.	USA ³	100.00	Holding company
Britannia Pacific Investments LLC	USA ³	100.00	Property investment
Britannia Pacific Properties Inc.	USA ³	100.00	Holding company
Carlyle Realty Hally Coinvestments IV, LP	USA ³	Variable	Property development
Cavendish Asset Management Ltd	England ¹	100.00	Investment management
Cavendish Nominees	England ¹	100.00	Dormant
Cavendish Square Investments Ltd	England ¹	100.00	Property investment
Cavendish Square Secretariat	England ¹	100.00	Company secretary
CCB Trustees	England ¹	100.00	Investment company
Centre 500 Ltd	England ¹	100.00	Property services
Chelsea Girl Ltd	England ¹	100.00	Dormant
Chertsey Developments Ltd	Bahamas ¹⁶	100.00	Holiday accommodation
City & Country Edinburgh Ltd	England ¹	75.00	Property development
Club Royal Marketing Ltd	Israel ¹²	100.00	Dormant
Club Royal Two Thousand Ltd	Israel ¹³	100.00	Holidays
Concred Properties Ltd	England ¹	100.00	Dormant
CMI US Unlimited (formerly Consolidated Mutual Insurance Unlimited)	England ¹	100.00	In liquidation
Consolidated Credits & Discounts (Nominees) Ltd	England ¹	100.00	Dormant
EFG Phoenix LLC	USA ³	100.00	Holding company
Elmshott Homes Ltd	England ¹	100.00	Property development
Evergreen/Britannia 013	USA ³	100.00	Hotel ownership
Evergreen/Britannia 023	USA ³	100.00	Hotel ownership
Evergreen/Britannia 025	USA ³	100.00	Hotel ownership
Evergreen/Britannia 026 LLC	USA ³	100.00	Property development
Evergreen/Britannia Land Joint Venture (D)	USA ³	75.00	Property development
Evergreen/Britannia Land Joint Venture (E)	USA ³	50.00	Property development
Evergreen/Folsom Corporate Centre 2	USA ³	75.00	Hotel ownership
Evergreen/Folsom Land Joint Venture	USA ³	75.00	Property development
Evergreen/Rocklin Land Joint Venture	USA ³	75.00	Property trading
Evergreen/Rocklin SRH LLC	USA ³	75.00	Property development

32 Subsidiary and associated undertakings (continued)

	Company	Country of incorporation	% of equity held by the Group	Nature of business
	Evergreen/Zinfandel 77	USA ³	100.00	Hotel ownership
	EZ69/RH Windy Hill LLC	USA ³	100.00	Hotel ownership
	Gustav (Euro) Ltd	England ¹	100.00	Investment company
#	IHS (Thailand) Ltd	Thailand ¹¹	73.99	Hotels
#	IHS (Tong Nan) Co. Ltd	Thailand ¹¹	49.00	Hotels
	IHS International Hotel Services Ltd	England ¹	100.00	Holding company
	International Holiday Exchange (I.H.E) Ltd	Israel ¹²	100.00	Dormant
	Israpart Havat Habaron Ltd	Israel ¹²	100.00	Dormant
	Israpart Hotel Management Ltd	Israel ¹²	100.00	Dormant
	Kiridhara Co. Ltd	Thailand ¹¹	84.13	Property development
	Lagoona Hotel Ltd	Israel ¹²	25.12	Hotels
	Lewis (Ayr) Ltd	England ¹	100.00	Property investment
	Lewis Trust Group (Ireland) Ltd	Ireland ¹⁵	100.00	Investment company
	Lewis Trust Group (Luxembourg) Sarl	Luxembourg ⁶	100.00	Holding company
	Lewis Trust Group Ltd	England ¹	100.00	Holding company
*	Lewis Trust Holdings Ltd	England ¹	100.00	Holding company
	LFS Access Ltd	England ¹	100.00	Property development
	LTGCCB Ltd	England ¹	100.00	In liquidation
	LTG Hamburg Sarl (formerly ABC Sarl)	Luxembourg ⁶	100.00	Property investment
*	LTG (IAS) Ltd	England ¹	100.00	Investment company
	LTG International Ltd	England ¹	100.00	Investment company
	LTG Pension Trustees Ltd	England ¹	100.00	Dormant
	LTG Samui Ltd	England ¹	100.00	Holding company
	LTG (RI) Ltd (formerly River Island Holdings Ltd)	England ¹	100.00	Dormant
	Lyncom Holdings Ltd	England ¹	100.00	Dormant
	Mammoth View LLC	USA ³	100.00	Property development
*	MH UK Finance Ltd	England ¹	100.00	In liquidation
	Nadiv Investments S.A.	Luxembourg ⁶	70.00	Property investment
	Parcel 4 LLC	USA ³	100.00	Property development
	Property Management Churchview Ltd	England ¹	100.00	Property management
	Raine Zebra Co-Invest LLC	USA ³	90.00	Investment company
	Redtree Bleriot 2 Sarl	Luxembourg ⁶	90.00	Holding company
	River Island Card Services Ltd	England ¹		Dormant
	RC/PB LLC (formerly RC/PB Inc.)	USA ³	100.00	Hotel operations
	RTC Invest SPPICAV	France ⁹	90.00	Property investment
	Roseville Open Space LLC	USA ³	50.00	Dormant
	Southbank Development LLC	USA ³	Variable	Property development
	Sure-Wings Ltd	England ¹	100.00	Aircraft operator and agent
	SU3 SAS	France ¹⁰	90.00	Property investment

32 Subsidiary and associated undertakings (continued)

	Company	Country of incorporation	% of equity held by the Group	Nature of business
#	T Street Ventures	USA ³	70.00	Property development
	TCG Corpus Christi Campus, LLC	USA ³	75.00	Property development
	TCG Rocklin Campus, LLC	USA ³	60.00	Property development
	Tevalai Co. Ltd	Thailand ¹¹	49.00	Holding company
	Tong Nan Lux Co Ltd	Thailand ¹¹	20.46	Hotels
	Tong Nan Holdings Co Ltd	Thailand ¹¹	73.99	Hotels
	Tong Nan Resorts Co Ltd	Thailand ¹¹	73.76	Hotels
	TSV Apartments LLC	USA ³	70.00	Property development
	The Club at 621 LLC	USA ³	54.75	Property development
	UK Iberia 3 S.L.U. (formerly 1 Ridge Spain S.L.)	Spain ⁴	100.00	Property development
	UK & European Investments Properties Ltd	England ¹	100.00	In liquidation
	UK & European Investments Ltd	England ¹	100.00	Holding company
	UK & European Property Developments Ltd	England ¹	100.00	Property investment
	UKEI CP Ltd	England ¹	100.00	Dormant
	UKEI (Euro) Ltd	England ¹	100.00	Finance company
	UKEI (Finance) Ltd	England ¹	100.00	Finance company
	UKEI Spain Holdings S.L.U.	Spain ⁴	100.00	Holding company
	UKEI (9 Lions Marbella) S.L.U.	Spain ⁴	100.00	Property development
	UKEI (Tanger) S.L.U.	Spain ⁴	100.00	Property investment
	UKI (Dollar Bay) Ltd	England ¹	100.00	Property development
	UKI (Fleet Street) Ltd	England ¹	100.00	Property development
	UKI Elysian Hampstead Ltd (formerly UKI Hampstead Ltd)	England ¹	100.00	Property trading
	UKI (Kingsway) Ltd	England ¹	100.00	Property investment
	UKI (LN) Ltd	England ¹	100.00	Property development
	UKI (Shoreditch) Ltd	England ¹	100.00	Property development
	UKI (South Bank) Ltd	England ¹	100.00	Dormant
	UKI Boston LLC	USA ³	100.00	Property investment
	UKI Caribbean Ltd	England ¹	100.00	Property development
	UKI Investments Inc	USA ³	100.00	Property investment
	UKI Lot A LLC	USA ³	100.00	Holding company
	UKI Octagon Ltd	England ¹	100.00	Dormant
	UKI Providence Inc.	USA ³	100.00	Property development
	UKI Rocklin LLC	USA ³	100.00	Property development
	UKI Shopping Centres Ltd	England ¹	100.00	Dormant
	Waterview Fashion BV	Netherlands ⁵	50.00	Holding company
	Westfield Homes Ltd	England ¹	100.00	Property trading
	Westmark (Amberleigh) Ltd	England ¹	100.00	Dormant
	Westmark (Barbados)	Barbados ¹⁷	100.00	Property development
	Westmark (Bath) Ltd	England ¹	100.00	Property trading
	Westmark (Bloomswood) Ltd	England ¹	100.00	Property trading
	Westmark (Cabot) Ltd	England ¹	100.00	Property trading
	Westmark (Lettings) Ltd	England ¹	100.00	Property trading

32 Subsidiary and associated undertakings (continued)

Company	Country of incorporation	% of equity held by the Group	Nature of business
Westmark (St Lucia) Ltd	St Lucia ¹⁸	100.00	Property development
Westmark Developments Ltd	England ¹	100.00	Property trading
Westmark Investment Properties Ltd	England ¹	100.00	Property development
Westmark Polska	Poland ⁷	100.00	Holding company
Westmark Walendow 2 Sp ZOO	Poland ⁸	100.00	Property development
Westmark Walendow 2 Sp Zoo S.K. (formerly Madeley Investments SP. Z.O.O.)	Poland ⁷	100.00	Property investment
Westmark Zaborowek Sp ZOO	Poland ⁸	100.00	Dormant
Westpark DC Property LLC (formerly Westmark Inc.)	USA ³	100.00	Holding company
Windy Hill Hospitality Company	USA ³	100.00	Hotel operations
ZH 59 LLC (formerly ZH 59 Inc.)	USA ³	100.00	Holding company
ZH 69 Inc	USA ³	100.00	Holding company
Zinfandel Acquisitions LLC (formerly Zinfandel Acquisitions Inc)	USA ³	100.00	Property development
Zinfandel Holdings Inc.	USA ³	100.00	Holding company

The rights attached to the group's shares in IHS (Tong Nan) Ltd, IHS (Thailand) Ltd, and Tevalai Co. Ltd rank above the rights of other shares in issue and thereby give the group effective control of these companies. Accordingly, the results and net assets of these companies are consolidated in the financial statements.

* Company directly held.

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

Investments in subsidiaries are all held as ordinary shares.

32 Subsidiary and associated undertakings (continued)

The group's principal investments in associated undertaking are as follows:

Company	Country of incorporation	% of equity held by the Group	Nature of business	Share class
Bafra Tourism and Trading Ltd	Turkish Republic of Northern Cyprus	20.13	Property development	Ordinary
Tavor Properties Ltd	Turkish Republic of Northern Cyprus	20.13	Property development	Ordinary

The group's principal joint venture interests are as follows:

Company	Country of incorporation	% membership interest held by the Group	Nature of business
Southwest Land Investors LLC	USA	47.88	Property investment
Southwest Land Holder LLC	USA	47.88	Property investment

For all UK and Polish dormant companies, the accounts are prepared and filed. For all other dormant companies, the accounts are prepared but not filed.

1	Registered office address:	Chelsea House, West Gate, London, W5 1DR, UK
2	Registered office address:	5 th Floor Quartermile Two, 2 Lister Square, Edinburgh, EH3 9GL, Scotland
3	Registered office address:	1410 Rocky Ridge Drive, Suite 170, Roseville, CA 95661, USA
4	Registered office address:	Travessera de Gracia 11, 5 th Floor, 08021 Barcelona, Spain
5	Registered office address:	Herikerbergweg 238 Luna Arena, Amsterdam Netherlands
6	Registered office address:	204 rue du Nord, L-2229 Luxembourg
7	Registered office address:	A1. Jerozolimskie 56C, 00-803 Warszawa, Poland
8	Registered office address:	Walendów 43 B, 05-830 Nadarzyn, Poland
9	Registered office address:	43-47 Avenue De La Grande Armee, 75016 Paris, France
10	Registered office address:	7 Place de l'ena, 75116 Paris, France
11	Registered office address:	87,23/F M Thai Tower Allseasons Place, Wireless Road, Lumpini, Phatumwan, Bangkok 10330, Thailand
12	Registered office address:	Hamered 29, Tel Aviv, 68125, Israel
13	Registered office address:	North Beach Eilat, p.o.b 4232, Israel
14	Registered office address:	Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands
15	Registered office address:	Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland
16	Registered office address:	Third Floor Kings Court, Bay Street, Nassau, Bahamas
17	Registered office address:	Worthing Corporate Centre, Worthing, Christ Church, Barbados
18	Registered office address:	Colony House, John Compton Highway, Castries, St Lucia

33 Ultimate parent undertaking

The company's immediate, and ultimate, parent undertaking is LFH International Limited which is registered in the Cayman Islands.

L51N Limited is the smallest, and the largest, group of which the company is a member and for which group financial statements are publicly available.

34 Subsequent events

During the first quarter of 2018, the group disposed of an investment property in the US at a value of £115.8 million. This property was revalued for the year ended 31 December 2017.