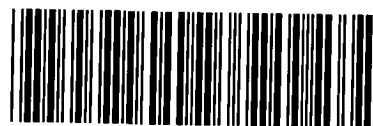


Company Registration No. 07078144 (England and Wales)

COMMERCIAL STREET HOTEL LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2018**

THURSDAY



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COMPANIES HOUSE

COMMERCIAL STREET HOTEL LIMITED

COMPANY INFORMATION

Directors	J R Boss C G E Corbally
Secretary	G L Whitehouse
Company number	07078144
Registered office	6th Floor St Magnus House 3 Lower Thames Street London EC3R 6HD
Auditor	RSM UK Audit LLP Chartered Accountants Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL

COMMERCIAL STREET HOTEL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018.

Principal activities

The principal activity of the company continued to be that of the ownership and operation of an Indigo-branded hotel at the Cube Development, Birmingham.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J R Boss

C G E Corbally

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. However, the directors are aware of certain material uncertainties which may cause doubt on the company's ability to continue as a going concern.

The company made a loss for the year of £171,957 (2017 - profit of £147,261) and had net liabilities of £1,069,028 (2017 - £897,071) at the reporting date. The directors have prepared the financial statements on the going concern basis using assumptions set out in detail in note 1 to the financial statements.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



J R Boss

Director

Date: 5 December 2018

COMMERCIAL STREET HOTEL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMERCIAL STREET HOTEL LIMITED

Opinion

We have audited the financial statements of Commercial Street Hotel Limited (the 'company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the company incurred a net loss of £0.2m during the year ended 31 March 2018 and, as of that date, the company's current liabilities exceeded its total assets by £1.1m. As stated in note 1, these events or conditions, along with the other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMERCIAL STREET HOTEL LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

RSM UK Audit LLP

Andrew Allchin FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

Central Square

5th Floor

29 Wellington Street

Leeds

LS1 4DL

19 December 2018

COMMERCIAL STREET HOTEL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

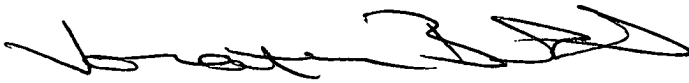
	2018 £	2017 £
Turnover	1,952,772	2,412,640
Cost of sales	(405,922)	(335,653)
Gross profit	1,546,850	2,076,987
Administrative expenses	(1,352,262)	(1,514,905)
Operating profit	194,588	562,082
Interest receivable and similar income	28,000	5,753
Interest payable and similar expenses	(394,545)	(420,574)
(Loss)/profit before taxation	(171,957)	147,261
Tax on loss/profit	-	-
(Loss)/profit for the financial year	(171,957)	147,261

COMMERCIAL STREET HOTEL LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2018**

	Notes	2018 £	£	2017 £	£
Fixed assets					
Intangible assets	3	-		297,070	
Tangible assets	4	4,733,847		4,104,823	
		<u>4,733,847</u>		<u>4,401,893</u>	
Current assets					
Debtors	5	6,180,136		5,270,015	
Creditors: amounts falling due within one year	6	<u>(2,148,630)</u>		<u>(1,896,995)</u>	
Net current assets		<u>4,031,506</u>		<u>3,373,020</u>	
Total assets less current liabilities		<u>8,765,353</u>		<u>7,774,913</u>	
Creditors: amounts falling due after more than one year	7	(9,834,381)		(8,671,984)	
Net liabilities		<u>(1,069,028)</u>		<u>(897,071)</u>	
Capital and reserves					
Called up share capital	9	10		10	
Share premium account		891		891	
Profit and loss reserves		<u>(1,069,929)</u>		<u>(897,972)</u>	
Total equity		<u>(1,069,028)</u>		<u>(897,071)</u>	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 5 December 2018 and are signed on its behalf by:



J R Boss
Director

COMMERCIAL STREET HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Company information

Commercial Street Hotel Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 6th Floor St Magnus House, 3 Lower Thames Street, London, EC3R 6HD.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Going concern

The company made a loss for the year of £171,957 (2017 - profit of £147,261) and had net liabilities of £1,069,028 (2017 - £897,071) at the reporting date. The directors have prepared the financial statements on a going concern basis which is based upon the following assumptions.

The company and its related companies restructured their financing during the prior year such that existing loan notes were repaid and new loan notes were put in place in the related companies with additional bank funding in the company. This has as a result also increased the level of related company indebtedness. The directors have prepared forecasts which show that the company and its related companies will have sufficient cash to operate within their existing bank facilities and to allow them to meet their operating liabilities as and when they fall due for a period of at least 12 months from the date of approval of these financial statements. Although the overdraft facility has not been agreed for this period of time, the bank has confirmed its continued support to management.

While there are inherent uncertainties within any forecasts, the directors do not believe that these are such that they would impact upon the ability of the company to continue to operate and hence the use of the going concern concept as a basis of preparation for these financial statements. The company and its related companies continue to receive the support of their bankers and loan note holders. The hotel is operating at an acceptable level with average occupancy increasing each year.

As a result of the above and the continued support of the bank and loan note holders, the Board has agreed that it is appropriate to prepare the financial statements on the going concern basis.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and loyalty schemes.

Revenue for the provision of accommodation and room hire services is recognised as the service is provided.

Revenue for the sale of food, beverage and other goods, is recognised when the goods are provided.

COMMERCIAL STREET HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Franchise licenses	8 years, straight line
--------------------	------------------------

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Long leasehold land and buildings	50 years, straight line
Fixtures and fittings	4 years, straight line
Computer equipment	4 years, straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

COMMERCIAL STREET HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

COMMERCIAL STREET HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 20 (2017 - 19).

3 Intangible fixed assets

	Franchise licenses
	£
Cost	
At 1 April 2017	519,969
Disposals	(519,969)
At 31 March 2018	-
Amortisation and impairment	
At 1 April 2017	222,899
Disposals	(222,899)
At 31 March 2018	-
Carrying amount	
At 31 March 2018	-
At 31 March 2017	297,070

COMMERCIAL STREET HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

4 Tangible fixed assets

	Long leasehold land and buildings	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
Cost				
At 1 April 2017	4,403,369	206,316	216,820	4,826,505
Additions	-	767,852	-	767,852
At 31 March 2018	4,403,369	974,168	216,820	5,594,357
Depreciation and impairment				
At 1 April 2017	384,265	122,882	214,535	721,682
Depreciation charged in the year	88,056	48,492	2,280	138,828
At 31 March 2018	472,321	171,374	216,815	860,510
Carrying amount				
At 31 March 2018	3,931,048	802,794	5	4,733,847
At 31 March 2017	4,019,104	83,434	2,285	4,104,823

5 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	162,404	173,480
Other debtors	6,017,732	5,096,535
	<u>6,180,136</u>	<u>5,270,015</u>

Included within other debtors are amounts of £5,908,746 (2017 - £4,906,791) due to connected companies. Of these balances, £312,500 bears an interest rate of 8.5% and is repayable by 31 March 2019. The remaining amounts are interest free and there are no fixed terms for repayment.

COMMERCIAL STREET HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

6 Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loans and overdrafts	937,777	1,225,007
Trade creditors	264,278	310,959
Other taxation and social security	8,627	7,256
Other creditors	937,948	353,773
	<u>2,148,630</u>	<u>1,896,995</u>

For details of the security over the bank loans and overdrafts, see note 7.

Included within other creditors are amounts of £494,726 (2017 - £51,177) due to connected companies. These balances are interest free and there are no fixed terms for repayment.

7 Creditors: amounts falling due after more than one year

	2018 £	2017 £
Bank loans and overdrafts	<u>9,834,381</u>	<u>8,671,984</u>

The bank loan bears interest at an annual rate of base +2.75%. Interest is payable quarterly in arrears. The capital is repayable in 20 instalments, with the final instalment payable in January 2021. The loan is secured by a debenture dated 3 January 2012 over the company's properties, fixtures and fittings and book debts, a deed of assignment dated 3 January 2012 over the company's insurance policies, and a fixed charge and deed of assignment dated 19 March 2014 over the company's insurance policies.

8 Deferred taxation

The major deferred tax assets of the company are:

	Assets 2018 £	Assets 2017 £
Balances:		
Accelerated capital allowances	(12,117)	15,581
Tax losses	106,016	61,777
Deferred tax asset not recognised	<u>(93,899)</u>	<u>(77,358)</u>
	<u>-</u>	<u>-</u>

At the year end, the company had a non-trade loan relationship deficit of £334,798 (2017 - £362,798) and a trading loss of £288,830 (2017 - £592).

No deferred tax assets have been recognised in respect of the losses due to uncertainty over the future profits.

COMMERCIAL STREET HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

9 Called up share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
1,053 Ordinary shares of 1p each	10	10
	<u>10</u>	<u>10</u>

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

10 Financial commitments, guarantees and contingent liabilities

The company is party to an omnibus guarantee and set-off agreement dated 3 January 2012 in favour of the company's bankers in respect of any amounts owed by Commercial Street Hotel Limited, Quadrate Catering Limited and Quadrate Spa Limited. At 31 March 2018 the total amount (including accrued interest) covered by this agreement was £10,772,158 (2017 - £9,896,991). The directors consider that each company has the ability to meet its liabilities as they fall due, and so no amounts are recognised in these financial statements in respect of this guarantee.

11 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Management charges		Interest receivable	
	2018 £	2017 £	2018 £	2017 £
Other related parties	173,071	265,250	28,000	-
	<u>173,071</u>	<u>265,250</u>	<u>28,000</u>	<u>-</u>

The parties are related due to common directorship.

	2018 £	2017 £
Amounts owed to related parties		
Other related parties	536,726	51,177
	<u>536,726</u>	<u>51,177</u>

The parties are related due to common directorship. The balance is repayable on demand.

COMMERCIAL STREET HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

11 Related party transactions (Continued)

	2018	2017
	£	£
Amounts owed by related parties		
Other related parties	5,908,746	4,906,791

The parties are related due to common directorship. The balance is repayable on demand.

For details of the guarantees granted on behalf of related parties, please see note 10.