

Registered number: 07253324

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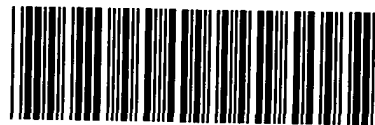
**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTOR</b>	Koolesh D Shah
<b>COMPANY SECRETARY</b>	Koolesh D Shah
<b>COMPANY NUMBER</b>	07253324
<b>REGISTERED OFFICE</b>	8-14 Talbot Square London W2 1TS
<b>AUDITORS</b>	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH

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## **LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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### **DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2013**

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The director presents his report with the financial statements of the company and the group for the year ended 31 December 2013.

#### **DIRECTOR'S RESPONSIBILITIES STATEMENT**

The director is responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 group will continue in business.

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

#### **RESULTS**

The group profit for the year, before taxation, amounted to £2,289,969 (2012 - £1,803,445).

#### **DIRECTOR**

The director who served during the year was:

Koolesh D Shah

#### **EVENTS SINCE THE END OF THE YEAR**

In January 2014 the company's subsidiary LTH Hotels (Derby) Limited acquired an interest in a leasehold hotel investment.

In July 2014, as part of a process of refinancing the debt in London Town Hotels Limited which operates three of the group's London Hotel portfolio, there was a group restructure within London Town Hotels to separate these hotels into three separate trading entities. As the ownership of the companies remains unchanged this has no impact upon the underlying trading activities of the group.

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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**DIRECTOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**DISCLOSURE OF INFORMATION TO AUDITORS**

The director at the time when this Director's report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.


**AUDITORS**

The auditors, Crowe Clark Whitehill LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**DIVIDENDS**

Dividends of £nil (2012: £nil) were distributed for the year ended 31 December 2013.

This report was approved by the board on 30 September 2014 and signed on its behalf.

  
**Koolesh D Shah**  
Director

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## LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED

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### STRATEGIC REPORT OF LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED

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The director presents the Strategic report for the year ended 31 December 2013.

#### PRINIPAL ACTIVITY

The principal activity of the Company is that of a holding Company of a Group which is engaged in the operations of hotels and the rental of properties in the United Kingdom.

#### REVIEW OF THE BUSINESS IN THE YEAR

The statutory results of the Group for the year to 31 December 2013 improved since the previous period from a profit before tax of £1,803,445 to a profit before tax of £2,289,969. As at 31 December 2013 the total assets of the Group were £126,887,623 and the net current assets were £682,892.

#### PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS

The group's principal financial instruments comprise bank balances, trade creditors, trade debtors, loans and hire purchase agreements. The main purpose of these instruments is to raise funds for the company's operations.

Due to the nature of financial instruments used by the group, there is no exposure to price risk. The group's approach to managing other risks applicable to financial instruments concerned is shown below.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility. The group makes use of money market facilities where funds are available.

In respect of loans, these comprise of loans from financial institutions. The group has entered into an interest rate swap arrangement in order to fix its interest repayments on the majority of loans provided from financial institutions. The group manages the liquidity risk by ensuring there are sufficient funds to meet its payments.

In respect of hire purchase agreements, these are from financial institutions with fixed or variable interest rates and fixed monthly repayment. The group manages the liquidity risk by ensuring there are sufficient funds to meet these payments.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

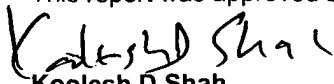
Trade creditors liquidity risk is managed by ensuring there are sufficient funds available to meet the amounts due.

#### FINAICAL KEY PERFORMANCE INDICATORS

The Director considers a number of key performance indicators per hotel on a monthly basis in order to assess the Group's performance. The most significant KPIs are stated below:

	31.12.2013	31.12.2012
EBITDA	£6,075,307	£5,405,272
Turnover	£15,784,210	£15,113,910
Gross Profit	£10,691,427	£10,405,248
Operating Profit	£4,473,024	£4,007,851

This report was approved by the board on 30 September 2014 and signed on its behalf.

  
Koolesh D Shah  
Director

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## **LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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### **INDEPENDENT AUDITORS REPORT TO THE DIRECTOR OF LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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We have audited the financial statements of London Town Group of Companies Holdings Limited for the year ended 31 December 2013, set out on pages 7 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS**

As explained more fully in the Director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's report and Strategic report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2013 and of the group's profit 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.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Strategic report and the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**INDEPENDENT AUDITORS REPORT TO THE DIRECTOR OF LONDON TOWN GROUP OF COMPANIES  
HOLDINGS LIMITED**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

- adequate accounting records have not been kept 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*Nigel Bostock*

Nigel Bostock (Senior statutory auditor)

for and on behalf of  
**Crowe Clark Whitehill LLP**

Statutory Auditor

St Bride's House  
10 Salisbury Square  
London  
EC4Y 8EH

30 September 2014



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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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	Note	2013 £	2012 £
<b>TURNOVER</b>	2	<b>15,784,210</b>	<b>15,113,910</b>
Cost of sales		<u>(5,092,783)</u>	<u>(4,708,662)</u>
<b>GROSS PROFIT</b>		<b>10,691,427</b>	<b>10,405,248</b>
Administrative expenses		(7,123,209)	(7,269,242)
Other operating income	3	<u>904,806</u>	<u>871,845</u>
<b>OPERATING PROFIT</b>	6	<b>4,473,024</b>	<b>4,007,851</b>
Loss on disposal of investments		-	-
Interest receivable and similar income	7	65,396	5,616
Amounts written back/(off) investments		7,480	67,485
Interest payable and similar charges	8	<u>(2,255,931)</u>	<u>(2,277,507)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>2,289,969</b>	<b>1,803,445</b>
Tax on profit on ordinary activities	9	<u>(832,453)</u>	<u>(605,424)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>1,457,516</b></u>	<u><b>1,198,021</b></u>

**CONTINUING OPERATIONS**

None of the group's activities were acquired or discontinued during the current year or previous year.

The notes on pages 14 to 29 form part of these financial statements.

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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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	<b>2013</b> <b>£</b>	<b>2012</b> <b>£</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<b>1,457,516</b>	<b>1,198,021</b>
Unrealised surplus on revaluation of tangible fixed assets	<b>1,505,000</b>	<b>17,405,068</b>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<b>2,962,516</b>	<b>18,603,089</b>

The notes on pages 14 to 29 form part of these financial statements.

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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**NOTE OF HISTORICAL COST PROFITS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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	<b>2013</b> <b>£</b>	<b>2012</b> <b>£</b>
<b>REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>2,289,969</b>	<b>1,803,445</b>
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<b>729,526</b>	<b>565,822</b>
<b>HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>3,019,495</b>	<b>2,369,267</b>
<b>HISTORICAL PROFIT FOR THE YEAR AFTER TAXATION</b>	<b>2,187,042</b>	<b>1,763,843</b>

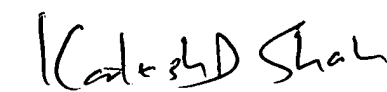
The notes on pages 14 to 29 form part of these financial statements.

**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

**CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2013**

	Note	£	2013 £	£	2012 £
<b>FIXED ASSETS</b>					
Intangible assets	11		103,750		111,250
Tangible assets	12		107,418,553		108,700,471
Investments	13		-		-
Investment property	14		13,710,000		12,205,000
			<b>121,232,303</b>		<b>121,016,721</b>
<b>CURRENT ASSETS</b>					
Stocks	15	16,900		16,900	
Debtors	16	1,229,509		1,221,098	
Investments	17	185,955		178,475	
Cash at bank and in hand		4,222,956		1,939,480	
			<b>5,655,320</b>	<b>3,355,955</b>	
<b>CREDITORS:</b>					
Amounts falling due within one year	18	(4,972,428)		(5,349,491)	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<b>682,892</b>	<b>(1,993,536)</b>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>121,915,195</b>	<b>119,023,185</b>	
<b>CREDITORS:</b>					
Amounts falling due after more than one year	19	(55,856,057)		(56,035,268)	
<b>PROVISIONS FOR LIABILITIES</b>	22	(354,290)		(245,585)	
<b>NET ASSETS</b>			<b>65,704,848</b>	<b>62,742,332</b>	
<b>CAPITAL AND RESERVES</b>					
Called up share capital	23	15,000,000		15,000,000	
Merger reserve	24	(31,209,999)		(31,209,999)	
Revaluation reserve	24	70,976,873		70,201,399	
Profit and loss account	24	10,937,974		8,750,932	
<b>SHAREHOLDERS' FUNDS</b>	25	<b>65,704,848</b>		<b>63,742,332</b>	

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2014.

  
Koolesh D Shah  
Director

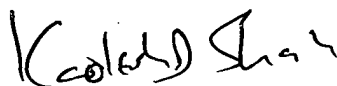
The notes on pages 14 to 29 form part of these financial statements.

**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

**COMPANY BALANCE SHEET  
AS AT 31 DECEMBER 2013**

	Note	£	2013 £	£	2012 £
<b>FIXED ASSETS</b>					
Intangible assets	11		-		-
Tangible assets	12		-		-
Investments	13		<b>31,247,500</b>		<b>31,247,500</b>
Investment properties	14		-		-
			<b>31,247,500</b>		<b>31,247,500</b>
<b>CURRENT ASSETS</b>					
Cash at bank		<b>4,463</b>		<b>4,856</b>	
		<b>4,463</b>		<b>4,856</b>	
<b>CREDITORS:</b>					
Amounts falling due within one year	18	-		(375)	
<b>NET CURRENT ASSETS</b>					
			<b>4,463</b>		<b>4,481</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			<b>31,251,963</b>		<b>31,251,981</b>
<b>CREDITORS:</b>					
Amounts falling due after more than one year	19		<b>(10,377,500)</b>		<b>(10,377,500)</b>
<b>NET ASSETS</b>					
			<b>20,874,463</b>		<b>20,874,481</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	23		<b>15,000,000</b>		<b>15,000,000</b>
Profit and loss account	24		<b>5,874,463</b>		<b>5,874,481</b>
<b>SHAREHOLDERS' FUNDS</b>					
	25		<b>20,874,463</b>		<b>20,874,481</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2014.



**Koolesh D. Shah**  
Director

The notes on pages 14 to 29 form part of these financial statements.

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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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	Note	2013 £	2012 £
Net cash flow from operating activities	26	5,649,421	5,291,764
Returns on investments and servicing of finance	27	(2,183,055)	(2,271,891)
Taxation		(590,407)	(169,905)
Capital Expenditure	27	(320,645)	(326,965)
<b>CASH INFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING</b>		<b>2,555,314</b>	<b>2,523,003</b>
Management of liquid resources	27	-	-
Financing	27	(271,838)	(1,916,009)
<b>INCREASE IN CASH IN THE YEAR</b>		<b>2,283,476</b>	<b>606,994</b>

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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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	2013 £	2012 £
Increase in cash in the year	2,283,476	606,994
Cash inflow from decrease in liquid resources	-	-
Cash outflow from decrease in debt and lease financing	271,838	1,916,009
<b>CHANGE IN NET DEBT RESULTING FROM CASH FLOWS</b>	<b>2,555,314</b>	<b>2,523,003</b>
Other non-cash changes	7,480	67,485
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>2,562,794</b>	<b>2,590,488</b>
Net debt at 1 January 2013	(55,822,800)	(58,413,288)
<b>NET DEBT AT 31 DECEMBER 2013</b>	<b>(53,260,006)</b>	<b>(55,822,800)</b>

The notes on pages 14 to 29 form part of these financial statements.

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## LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold and leasehold property and in accordance with applicable accounting standards.

The consolidated financial statements incorporate the results of London Town Group of Companies Holdings Limited and all of its subsidiary undertakings at 31 December 2013 using the acquisition method of accounting. The cumulative results of subsidiary undertakings are included from the effective commencement of each entity's trading given they have always been subject to common ownership.

The following principal accounting policies have been applied.

##### 1.2 Going concern

The director has considered the financial position of the company and the financial statements have been prepared assuming that the company will continue as a going concern.

In making this assumption, they have considered the strong net asset base of the group, the future cash generative and profitable trading of the subsidiaries, and the availability of working capital.

##### 1.3 Turnover

Turnover comprises revenue recognised by the group in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

##### 1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

##### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	- 2% - 4% straight line
L/Term Leasehold Property	- Over term of the lease (50 - 142 years)
S/Term Leasehold Property	- Over term of the lease (16 years)
Plant & machinery	- 20% - 25% reducing balance
Motor vehicles	- 25% reducing balance
Fixtures & fittings	- 25% reducing balance

Freehold and leasehold property is revalued at intervals no greater than five years. Interim revaluations are carried out when a material change in value has occurred.

Depreciation is not provided on Freehold Land. 50% - 60% of the cost and or valuation of freehold and leasehold property is taken as the value of the land element.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013

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**1. ACCOUNTING POLICIES (CONTINUED)**

An amount equal to the excess of the annual depreciation charge on the revalued asset over the notional historic cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

**1.6 Investments**

Investments in subsidiaries are valued at cost less provision for impairment. Current asset investments are shown at the lower of cost and net realisable value.

**1.7 Investment property**

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with applicable accounting standards, SSAP 19, Accounting for Investment Properties, is it a departure from the general requirement of the Companies Act 2006 for all assets to be depreciated. In the opinion of the director, compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot separately be identified or quantified.

**1.8 Leasing and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**1.9 Operating leases**

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

**1.10 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**1. ACCOUNTING POLICIES (CONTINUED)**

**1.11 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**2. TURNOVER**

The whole of the turnover is attributable to the principal activity of the group as hoteliers. All turnover arose within the United Kingdom.

**3. OTHER OPERATING INCOME**

	2013 £	2012 £
Net rents receivable	904,806	871,485

**4. STAFF COSTS**

Staff costs, including director's remuneration, were as follows:

	2013 £	2012 £
Wages and salaries	2,776,837	2,724,055
Social security costs	244,402	232,718
	3,021,239	2,956,773

The average monthly number of employees, including the director, during the year was as follows:

	2013 No.	2012 No.
Administration	19	19
Hotel Operating	149	146
Director	1	1
	169	166

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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**5. DIRECTOR'S REMUNERATION**

	2013 £	2012 £
Emoluments	<u>40,920</u>	<u>208,891</u>

The highest paid director received remuneration of £40,920 (2012 - £208,891).

**6. OPERATING PROFIT**

The operating profit is stated after charging:

	2013 £	2012 £
Amortisation - intangible fixed assets	7,500	7,500
Depreciation of tangible fixed assets:	-	-
- owned by the group	1,602,263	1,399,762
- held under finance leases	-	57,644
Auditors' remuneration	4,560	49,824
Operating lease rentals:		
- other operating leases	<u>655,000</u>	<u>655,000</u>

**7. INTEREST RECEIVABLE**

	2013 £	2012 £
Bank interest receivable	<u>65,396</u>	<u>5,616</u>

**8. INTEREST PAYABLE**

	2013 £	2012 £
On bank loans and overdrafts	2,247,944	2,268,917
On finance leases and hire purchase contracts	7,987	7,611
On other loans	-	979
	<u>2,255,931</u>	<u>2,277,507</u>

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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**9. TAXATION**

	2013 £	2012 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK Corporation tax	700,624	608,107
Adjustment for prior years	23,124	(60,535)
<b>Total current tax</b>	<u>723,748</u>	<u>547,572</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	102,337	57,852
Effect of increased tax rate on opening liability	(23,813)	-
Prior year adjustment	30,181	-
<b>Total deferred tax</b>	<u>108,705</u>	<u>57,852</u>
<b>Tax on profit on ordinary activities</b>	<u>832,453</u>	<u>605,424</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2013 £	2012 £
Profit on ordinary activities before tax	<u>2,289,990</u>	<u>1,803,826</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24%)	532,339	432,918
<b>Effects of:</b>		
Expenses not deductible for tax purposes	284,855	2,947
Small company relief	(3,293)	-
Capital allowances in excess of depreciation	(90,729)	201,953
Utilisation of tax losses	(22,548)	(3,155)
Adjustments to tax charge in respect of previous periods	23,124	(60,535)
Other tax adjustments	-	(26,556)
<b>Current tax charge for the year</b> (see note above)	<u>723,748</u>	<u>547,572</u>

**Factors that may affect future tax charges**

The group has not recognised a potential deferred tax asset of approximately £23,898 (2012 - £23,730) due to uncertainty over the timing of their recovery. In accordance with FRS 19, the director will continue to assess in the future whether deferred tax assets should be recognised in respect of this item.

**10. PROFIT OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the year was £18 (2012 - £386).

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LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013

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11. INTANGIBLE FIXED ASSETS

Group	Goodwill £
<b>Cost</b>	
At 1 January 2013 and 31 December 2013	<u>150,000</u>
<b>Amortisation</b>	
At 1 January 2013	38,750
Charge for the year	<u>7,500</u>
At 31 December 2013	<u>46,250</u>
<b>Net book value</b>	
At 31 December 2013	<u>103,750</u>
At 31 December 2012	<u>111,250</u>

Goodwill has arisen through the acquisition of a hotel business by a subsidiary undertaking.

LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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12. TANGIBLE FIXED ASSETS

Group	Freehold property £	S/Term Leasehold Property £	L/Term Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
<b>Cost or valuation</b>							
At 1 January 2013	110,534,980	2,077,614	366,975	2,312,725	997,019	1,650	116,290,963
Additions	67,571	-	-	17,980	235,384	-	363,935
At 31 December 2013	110,602,551	2,077,614	366,975	2,330,705	1,232,403	1,650	116,654,898
<b>Depreciation</b>							
At 1 January 2013	5,077,879	380,975	10,336	1,582,304	537,423	1,575	7,590,492
Charge for the year	1,137,061	129,851	2,584	172,101	161,237	19	1,602,853
At 31 December 2013	6,214,940	510,826	12,920	1,754,405	698,660	1,594	9,193,345
<b>Net book value</b>							
At 31 December 2013	104,387,611	1,566,788	354,055	576,300	533,743	56	107,418,553
At 31 December 2012	105,457,101	1696,639	356,639	730,421	459,596	75	108,700,471

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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**12. TANGIBLE FIXED ASSETS – (CONTINUED)**

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

<b>Group</b>	<b>2013 £</b>	<b>2012 £</b>
Plant and machinery	-	172,933

The group's freehold and leasehold properties were valued by the director as at 31 December 2013 at an open market value of £106,308,454.

The Bank of Ireland and National Westminster Bank plc have legal charges over these freehold properties owned by the group.

If freehold property had not been included at valuation they would have been included under the historical cost convention as follows:

<b>Group</b>	<b>2013 £</b>	<b>2012 £</b>
Cost	48,364,515	47,511,380
Accumulated depreciation	(3,828,673)	(3,227,077)
Net book value	44,535,842	44,284,303

If long term leasehold property had not been included at valuation they would have been included under the historical cost convention as follows:

<b>Group</b>	<b>2013 £</b>	<b>2012 £</b>
Cost	366,975	366,975
Accumulated depreciation	(12,920)	(10,336)
Net book value	354,055	356,639

If short term leasehold property had not been included at valuation they would have been included under the historical cost convention as follows:

<b>Group</b>	<b>2013 £</b>	<b>2012 £</b>
Cost	474,589	474,589
Accumulated depreciation	(93,508)	(62,640)
Net book value	381,081	411,949

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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**13. FIXED ASSET INVESTMENTS**

<b>Company</b>	<b>Investments in subsidiary companies £</b>
<b>Cost or valuation</b>	
At 1 January 2013 and 31 December 2013	<u><b>31,247,500</b></u>
<b>Net book value</b>	
At 31 December 2013	<u><b>31,247,500</b></u>
At 31 December 2012	<u><b>31,247,500</b></u>

The following are subsidiary undertakings of the company:

<b>Company name</b>	<b>Class of share capital held</b>	<b>Percentage Shareholding</b>	<b>Description</b>
London Town Group of Companies Ltd	Ordinary	98%	Management company
London Town Hotels Ltd <sup>^</sup>	Ordinary	100%	Hotelier
London Town Hotels Operations Ltd <sup>^</sup>	Ordinary	99.78%	Hotelier
LTH Hotels Nottingham Ltd <sup>^</sup>	Ordinary	100%	Hotelier
London Town Estates Ltd <sup>^</sup>	Ordinary	100%	Property letting
LTH Estates Ltd *	Ordinary	99.78%	Property letting

<sup>^</sup> Subsidiary of London Town Group of Companies Limited

\* Subsidiary of London Town Hotels (Operations) Limited

All subsidiary undertakings are companies registered in England and Wales. Effectively all entities are consolidated as 100% owned subsidiary undertakings on the assumption that the minority holding is held as nominee by Mr. Koolesh D Shah.

**14. INVESTMENT PROPERTY**

<b>Group</b>	<b>Total £</b>
<b>Cost or valuation</b>	
At 1 January 2013	<b>12,205,000</b>
Revaluations	<b>1,505,000</b>
At 31 December 2013	<u><b>13,710,000</b></u>
<b>Net book value</b>	
At 31 December 2012	<u><b>12,205,000</b></u>

The freehold and leasehold properties owned by two of the group companies, London Town Estates Limited and LTH Estates Limited, have been re-classified in 2012 as investment properties.

The historical cost of the investment properties is £5,421,092.



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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**15. STOCKS**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Consumables	<b>16,900</b>	<b>16,900</b>	-	-

The difference between purchase price and their replacement cost is not material.

**16. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Due within one year</b>				
Trade debtors	<b>504,160</b>	<b>623,119</b>	-	-
Other debtors	<b>178,201</b>	<b>27,587</b>	-	-
Tax recoverable	-	<b>5,649</b>	-	-
Prepayments and accrued income	<b>547,148</b>	<b>564,743</b>	-	-
	<b>1,229,509</b>	<b>1,221,098</b>	-	-

**17. CURRENT ASSET INVESTMENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Listed investments	<b>185,955</b>	<b>178,475</b>	-	-

The market value of the listed investments at 31 December 2013 was £185,955 (2012: £178,475).

**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**18. CREDITORS:** Amounts falling due within one year

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts (see note 19)	<b>1,822,095</b>	1,876,250	-	-
Finance leases (see note 20)	<b>(2,910)</b>	35,562	-	-
Trade creditors	<b>915,032</b>	1,215,087	-	-
Corporation tax	<b>741,449</b>	608,107	-	-
Social security and other taxes	<b>362,138</b>	578,695	-	-
Other creditors	<b>196,344</b>	198,904	-	-
Directors' current accounts	<b>1,411</b>	947	-	-
Accruals and deferred income	<b>936,869</b>	835,939	-	375
	<b>4,972,428</b>	5,349,491	-	375

**19. CREDITORS:** Amounts falling due after more than one year

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	<b>45,472,232</b>	45,651,443	-	-
Amounts owed to group undertakings	<b>10,377,500</b>	10,377,500	<b>10,377,500</b>	10,377,500
Accruals and deferred income	<b>6,325</b>	6,325	-	-
	<b>55,856,057</b>	56,035,268	<b>10,377,500</b>	10,377,500

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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2013**

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**20. LOANS**

An analysis of the maturity of loans is given below:

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Within one year or on demand</b>				
Bank loans	<b>1,822,095</b>	<b>1,876,250</b>	-	-
<b>Between one and two years</b>				
Bank loans	<b>1,782,870</b>	<b>1,628,000</b>	-	-
<b>Between two and five years</b>				
Bank loans	<b>7,815,582</b>	<b>6,145,750</b>	-	-
<b>Over five years</b>				
Bank loans non-instalments	<b>5,423,113</b>	<b>5,423,113</b>	-	-
Bank loans by instalments	<b>30,450,667</b>	<b>32,454,580</b>	-	-

All creditors falling due after one year for the parent at 31 December 2013 and 31 December 2012 relate to amounts payable to group undertakings.

London Town Hotels Limited has a banking facility with the Bank of Ireland of £44,250,000, of which £43,750,000 was drawn at 31 December 2010. The bank facility is to be repaid in full within fifteen years of the initial draw down. London Town Hotels Limited has entered into an interest rate swap arrangement in order to fix its interest repayments. The bank has a debenture over the assets of London Town Hotel Limited.

LTH Hotels (Nottingham) Limited also had a facility with Bank of Ireland but this was refinanced during 2012 with National Westminster Bank plc. The bank has a first legal charge over the freehold property of LTH Hotels (Nottingham) Limited.

Bank loans of LTH Estates Limited and London Town Estates Limited totalling £5,423,113 (2012 - £5,423,113) are secured by charges on freehold and leasehold properties. The director has also provided a personal guarantee with regard to the bank loans of LTH Estates Limited. The majority of this debt is repayable in full within twenty five years of the initial drawdown and attracts interest on a floating rate.

**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**21. OBLIGATIONS UNDER LEASING AGREEMENTS**

	<b>Finance Leases</b>	
<b>Group</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Net obligations repayable:		
Within one year	-	35,562

At 31 December the Group had annual commitments under non-cancellable operating leases as follows:

	<b>Land and Buildings</b>	
<b>Group</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Expiring:		
In more than five years	665,000	665,000

**22. PROVISIONS FOR LIABILITIES**

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At beginning of year	245,585	187,733	-	-
Provided during the year	108,705	57,852	-	-
At end of year	354,290	245,585	-	-

The provision for deferred taxation is made up as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	354,290	245,585	-	-

**23. CALLED UP SHARE CAPITAL**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
15,000,000 Ordinary shares of £1 each	15,000,000	15,000,000
	<u>15,000,000</u>	<u>15,000,000</u>

**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**24. RESERVES**

<b>Group</b>	<b>Revaluation reserve £</b>	<b>Merger reserve £</b>	<b>Profit and loss account £</b>
At 1 January 2013	70,201,399	(31,209,999)	8,750,932
Profit for the year	-	-	1,457,516
Transfer between Revaluation reserve and profit and loss account	(729,526)	-	729,526
Revaluations in the year	1,505,000	-	-
At 31 December 2013	70,976,873	(31,209,999)	10,937,974

<b>Company</b>	<b>£</b>
At 1 January 2013	5,874,481
Loss for the year	(18)
At 31 December 2013	5,874,463

**25. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

<b>Group</b>	<b>2013 £</b>	<b>2012 £</b>
Opening shareholders' funds	62,742,332	44,139,243
Profit for the year	1,457,516	1,198,021
Other recognised gains and losses during the year	1,505,000	17,405,068
Closing shareholders' funds	65,704,848	62,742,332

<b>Company</b>	<b>2013 £</b>	<b>2012 £</b>
Opening shareholders' funds	20,874,481	20,874,867
Loss for the year	(18)	(386)
Closing shareholders' funds	20,874,463	20,874,481

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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2013**

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**26. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2013 £	2012 £
Operating profit	4,473,024	4,007,851
Amortisation of intangible assets	7,500	7,500
Depreciation of tangible fixed assets	1,602,563	1,457,406
Increase in stocks	-	-
Increase / (decrease) in debtors	(15,889)	(192,415)
(Increase) / decrease in creditors	(417,777)	11,422
<b>Net cash inflow from operating activities</b>	<b>5,649,421</b>	<b>5,291,764</b>

**27. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	2013 £	2012 £
<b>Returns on investments and servicing of finance</b>		
Interest received	65,396	5,616
Interest paid	(2,248,451)	(2,269,896)
Hire purchase interest	-	(7,611)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(2,183,055)</b>	<b>(2,271,891)</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(320,645)	(326,965)
<b>Management of liquid resources</b>		
Sale of short term listed investments	-	-
<b>Financing</b>		
New secured loans	1,600,000	900,000
Repayment of loans	(1,833,366)	(2,715,028)
Repayment of finance leases	(38,472)	(100,981)
<b>Net cash (outflow)/inflow from financing</b>	<b>(271,838)</b>	<b>(1,916,009)</b>

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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**28. ANALYSIS OF CHANGES IN NET DEBT**

	1 January 2013 £	Cash flow £	Other non-cash changes £	31 December 2013 £
Cash at bank and in hand	1,939,480	2,283,476	-	4,222,956
<b>Liquid resources:</b>				
Current asset investments	178,475	-	7,480	185,955
<b>Debt:</b>				
Finance leases	(35,562)	38,472	-	2,910
Debts due within one year	(1,876,250)	233,366	(179,211)	(1,822,095)
Debts falling due after more than one year	(56,028,943)	-	179,211	(55,849,732)
<b>Net debt</b>	<b>(55,822,800)</b>	<b>2,555,314</b>	<b>7,480</b>	<b>(53,260,006)</b>

**29. RELATED PARTY TRANSACTIONS**

The Group has taken advantage of the exemption, under the terms of Financial Reporting Standard 8 Related Party Disclosures, not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

**30. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

In the director's opinion the ultimate controlling party is Auro-Trust, a trust outside the UK.

**31. EVENTS SINCE THE END OF THE YEAR**

In January 2014 the company's subsidiary LTH Hotels (Derby) Limited acquired an interest in a leasehold hotel investment.

In July 2014, as part of a process of refinancing the debt in London Town Hotels Limited which operates three of the group's London Hotel portfolio, there was a group restructure within London Town Hotels to separate these hotels into three separate trading entities. As the ownership of the companies remains unchanged this has no impact upon the underlying trading activities of the group.

**32. DERIVATIVES**

London Town Hotels Limited had entered in to a 15 year interest rate swap arrangement in order to reduce the volatility of interest paid on bank loans. This interest rate swap was settled post year end.