

Registered number: 07253324

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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2017**



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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>Registered number</b>	07253324
<b>Registered office</b>	8 - 14 Talbot Square London W2 1TS
<b>Independent auditor</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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### **GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

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#### **Introduction**

The director presents the Strategic report for the year ended 31 December 2017.

#### **Business review**

The Group's overall performance during 2017 was in line with management's expectation under another challenging external trading environment due to factors such as increased threat of terrorism in major cities, uncertainty post Brexit and the general slowing down of the global economy. Our hotels have outperformed many of our direct competitors for both occupancy and Average Room Rate. We have continued to expand and completed the acquisition of our Ramada Leicester Hotel in August 2017 and also acquired the remaining 50% of Riverside Towers Limited. We have also carried out extensive refurbishment to our hotels in Nottingham and Sheffield as we invest in our hotels for the future. Since the year end management have been in the process of refinancing some of the external debt in the group and are confident this will be concluded successfully.

#### **Principal risks and uncertainties**

The process of risk acceptance and management is addressed through a framework of policies, procedures and internal controls.

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 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.

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## LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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#### Financial key performance indicators

Total Turnover for the year was £21.4m compared to £16.6m in 2016. The increase is attributable to the re-opening of the hotel held by LTH (Talbot Square) Limited after refurbishment in the prior year and the overall improved performance of all of the hotels in the group.

During the year, the group has also acquired the Ramada Leicester which has contributed £0.4m of revenue since its purchase in August 2017. Turnover in the remaining hotel portfolio has increased in the year despite a challenging environment for hotels in both London and in the regions. Global issues such as the increased threat of terrorism in major cities and uncertainty leading up to Brexit have all resulted in a reduced corporate travel expenditure and has sought to dampen demand for London hotels but despite this the group's revenues from hotels have increased by 28%.

In addition to the result outlined on page 8, management also believe a key indicator is an adjusted operating profit measure for the year. The adjusted operating profit measure is effectively the earnings before, interest (received or paid), dividend, amortisation and depreciation adjusted further for amounts written off investments, investment property revaluations (through income statement) and any significant repairs and renewals that have been expensed. In 2017 the adjusted operating profit was £7.82m (2016: £5.37m), a 45.8% increase since 2016 which can be attributed to the re-opening of the Hyde Park hotel and a performed improvement by all the other hotels in the group.

There has been continued value added to the hotel and property portfolio in the group which has increased from £156.3m in 2016 to £162.1m in 2017 (see Tangible Fixed assets per Note 14 for more details) and the net asset position of the group rose from £103.5m in 2016 to £111.5m this year. In addition investment properties have increased from £19.1m to £19.7m reflecting the addition of the remaining 50% of Riverside Towers Limited and the purchase of a new investment property by London Town Estates Limited.

Cash at bank and in hand has increased as a consequence of the improved performance by the group as well as new loans in the company, from £9.5m to £26.1m at the year end and external debt within the group totalled £79.6m (2016: £62.4m) reflecting an LTV (based upon the total carrying value of fixed assets and investment properties) of 43.9% (2016: 35.9%)

The Director considers a number of key performance indicators across the Group on a monthly basis in order to assess the overall performance. Whilst the results for the year (including the profit or loss) and financial position are outlined on pages 8 to 11, the director considers the most significant KPIs to be as stated below:

	2017 £	2016 £
Turnover	21,443,454	16,547,813
Gross Profit	14,456,534	10,767,259
Operating Profit	6,063,777	1,432,879
Adjusted operating profit*	7,820,848	5,366,045
Hotel and investment property values	181,769,984	173,524,918
External debt	79,589,020	62,417,033
Cash at bank	26,106,232	9,469,720
Net external debt	53,482,788	52,947,313
Loan to value ('LTV') - %	44	36

\* - Adjusted operating profit is the Profit after tax before, interest (received or paid), dividend, amortisation and depreciation adjusted further for amounts written off investments, investment property revaluations (through income statement) and any significant repairs and renewals that have been expensed.

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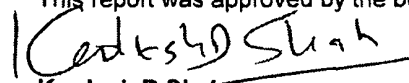
LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED

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GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

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This report was approved by the board on 3 May 2018 and signed on its behalf.

  
Koolesh D. Shah  
Director

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

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### **DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

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The director presents his report and the financial statements for the year ended 31 December 2017.

#### **Director's responsibilities statement**

The director is responsible for preparing the Group strategic report, the Director's report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Group's financial statements 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 to 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.

#### **Principal 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 rental properties in the United Kingdom.

#### **Results and dividends**

The profit for the year, after taxation and minority interests, amounted to £2,537,987 (2016 - loss £1,248,939).

A dividend of £Nil (2016: £777,500) was received during the year from London Town Group of Companies Limited, a 100% owned subsidiary.

#### **Director**

The director who served during the year was:

Koolesh D Shah

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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**DIRECTOR'S REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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**Disclosure of information to auditor**

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

- so far as he is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

**Auditor**

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

This report was approved by the board on 3 May 2018 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 AUDITOR'S REPORT TO THE SHAREHOLDERS OF LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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#### **Opinion**

We have audited the financial statements of London Town Group of Companies Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2017, which comprise the Group Income statement, the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, 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 Financial Reporting Standard 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 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 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. 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.

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

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### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED (CONTINUED)**

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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.

#### **Opinion 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 Group strategic report and the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Director's report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Director's 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 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.

#### **Responsibilities of directors**

As explained more fully in the Director's responsibilities statement on page 4, the director is 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 director determines 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 director is responsible for assessing the Group's and the 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 the director either intends to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LONDON TOWN GROUP OF  
COMPANIES HOLDINGS LIMITED (CONTINUED)**

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**Auditors' 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: [www.frc.org.uk/auditorsresponsibilities](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.

*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

3 May 2018

**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover	4	21,443,454	16,547,813
Cost of sales		(6,986,920)	(5,780,554)
<b>Gross profit</b>		<b>14,456,534</b>	<b>10,767,259</b>
Administrative expenses		(10,432,190)	(10,552,476)
Other operating income	5	1,528,263	1,218,096
Other operating charges		511,170	-
<b>Operating profit</b>	6	<b>6,063,777</b>	<b>1,432,879</b>
Amounts written off investments		-	(39,942)
Interest receivable and similar income	10	96,793	110,102
Interest payable and similar expenses	11	(2,788,981)	(2,565,784)
<b>Profit/(loss) before tax</b>		<b>3,371,589</b>	<b>(1,062,745)</b>
Tax on profit/(loss)	12	(845,434)	(196,669)
<b>Profit/(loss) for the year</b>		<b>2,526,155</b>	<b>(1,259,414)</b>
<b>Profit/(loss) for the year attributable to:</b>			
Non-controlling interests		(11,832)	(10,475)
Owners of the parent		2,537,987	(1,248,939)
		<b>2,526,155</b>	<b>(1,259,414)</b>

The notes on pages 18 to 38 form part of these financial statements.

**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Profit/(loss) for the financial year		2,526,155	(1,259,414)
<b>Other comprehensive income</b>			
Unrealised surplus on revaluation of tangible fixed assets		5,885,221	8,235,425
Deferred tax on revaluation		(271,855)	596,929
Foreign exchange movement on translation		256,267	(280,906)
Acquisition of non-controlling interest		(349,787)	-
<b>Other comprehensive income for the year</b>		5,519,846	8,551,448
<b>Total comprehensive income for the year</b>		8,046,001	7,292,034
<b>Profit/(loss) for the year attributable to:</b>			
Non-controlling interest		(11,832)	(10,475)
Owners of the parent Company		2,537,987	(1,248,939)
		2,526,155	(1,259,414)
<b>Total comprehensive income attributable to:</b>			
Non-controlling interest		(11,832)	(10,475)
Owners of the parent Company		8,057,833	7,302,509
		8,046,001	7,292,034

The notes on pages 18 to 38 form part of these financial statements.

**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**  
**REGISTERED NUMBER: 07253324**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

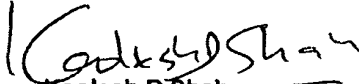
	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	13	73,750	81,250
Tangible assets	14	162,061,211	154,459,225
Investment property	16	19,708,773	19,065,693
		<u>181,843,734</u>	<u>173,606,168</u>
<b>Current assets</b>			
Stocks		34,415	28,576
Debtors	18	1,920,869	1,548,217
Current asset investments	19	2,695,997	328,124
Cash at bank and in hand	20	26,110,535	9,474,096
		<u>30,761,816</u>	<u>11,379,013</u>
Creditors: amounts due within one year	21	(13,299,078)	(20,584,494)
<b>Net current assets/(liabilities)</b>		<u>17,462,738</u>	<u>(9,205,481)</u>
<b>Total assets less current liabilities</b>		<u>199,306,472</u>	<u>164,400,687</u>
Creditors: due after more than one year		(79,483,270)	(53,568,356)
<b>Provisions for liabilities</b>			
Deferred tax	24	(16,938,327)	(15,948,457)
<b>Net assets</b>		<u><u>102,884,875</u></u>	<u><u>94,883,874</u></u>

**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**  
**REGISTERED NUMBER: 07253324**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Capital and reserves</b>			
Called up share capital	25	15,000,000	15,000,000
Revaluation reserve	26	44,438,846	39,194,326
Foreign exchange reserve	26	(24,639)	(280,906)
Other reserves	26	61,507,327	60,996,157
Merger reserve	26	(31,209,999)	(31,209,999)
Profit and loss account	26	13,173,340	10,777,677
Non-controlling Interests		-	406,619
		<u>102,884,875</u>	<u>94,883,874</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 May 2018.

  
**Koolesh D Shah**  
 Director

The notes on pages 18 to 38 form part of these financial statements.

**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**  
**REGISTERED NUMBER: 07253324**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Investments	15	31,247,500	31,247,500
		<u>31,247,500</u>	<u>31,247,500</u>
<b>Current assets</b>			
Cash at bank and in hand	20	4,303	4,376
		<u>4,303</u>	<u>4,376</u>
Creditors: amounts falling due within one year	21	(8,600,000)	(8,600,000)
<b>Net current liabilities</b>		<u>(8,595,697)</u>	<u>(8,595,624)</u>
<b>Total assets less current liabilities</b>		<u>22,651,803</u>	<u>22,651,876</u>
<b>Net assets excluding pension asset</b>		<u>22,651,803</u>	<u>22,651,876</u>
<b>Net assets</b>		<u>22,651,803</u>	<u>22,651,876</u>
<b>Capital and reserves</b>			
Called up share capital	25	15,000,000	15,000,000
Profit and loss account	26	7,651,803	7,651,876
		<u>22,651,803</u>	<u>22,651,876</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 May 2018.

  
**Koolesh D Shah**  
 Director

The notes on pages 18 to 38 form part of these financial statements.



LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Revaluation reserve	Foreign exchange reserve	Other reserves	Merger reserve	Profit and loss account	Non- controlling interests	Total equity
	£	£	£	£	£	£	£	£
At 1 January 2017	15,000,000	39,194,326	(280,906)	60,996,157	(31,209,999)	10,777,677	406,619	94,883,874
<b>Comprehensive income for the year</b>								
Profit for the year	-	-	-	-	-	2,537,987	(11,832)	2,526,155
Revaluation of land and buildings	-	5,885,221	-	-	-	-	-	5,885,221
Deferred tax on revalued properties	-	(271,855)	-	-	-	-	-	(271,855)
Foreign currency translation movement	-	-	256,267	-	-	-	-	256,267
Transfer to/from profit and loss account	-	(368,846)	-	511,170	-	(142,324)	-	-
Movement in non-controlling interest	-	-	-	-	-	-	(394,787)	(394,787)
<b>At 31 December 2017</b>	<b>15,000,000</b>	<b>44,438,846</b>	<b>(24,639)</b>	<b>61,507,327</b>	<b>(31,209,999)</b>	<b>13,173,340</b>	<b>-</b>	<b>102,884,875</b>

LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Revaluation reserve	Foreign exchange reserve	Other reserves	Merger reserve	Profit and loss account	Non- controlling interests	Total equity
	£	£	£	£	£	£	£	£
At 1 January 2016	15,000,000	30,865,674	-	60,783,579	(31,209,999)	11,703,242	-	87,142,496
<b>Comprehensive income for the year</b>								
Loss for the year	-	-	-	-	-	(1,248,939)	(10,475)	(1,259,414)
Revaluation of land and buildings	-	4,338,721	-	-	-	-	-	4,338,721
Surplus on revaluation of leasehold property	-	3,896,704	-	-	-	-	-	3,896,704
Deferred tax on revaluation of land and buildings	-	629,179	-	-	-	-	-	629,179
Foreign currency translation reserve movement	-	-	(280,906)	-	-	-	-	(280,906)
Transfer to/from profit and loss account	-	(535,952)	-	212,578	-	323,374	-	-
Movement in non-controlling interest	-	-	-	-	-	-	417,094	417,094
<b>At 31 December 2016</b>	<b>15,000,000</b>	<b>39,194,326</b>	<b>(280,906)</b>	<b>60,996,157</b>	<b>(31,209,999)</b>	<b>10,777,677</b>	<b>406,619</b>	<b>94,883,874</b>

The notes on pages 18 to 38 form part of these financial statements.

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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2017	15,000,000	7,651,876	22,651,876
<b>Comprehensive income for the year</b>			
Loss for the year	-	(73)	(73)
<b>At 31 December 2017</b>	<b>15,000,000</b>	<b>7,651,803</b>	<b>22,651,803</b>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At 1 January 2016	15,000,000	6,874,376	21,874,376
<b>Contributions by and distributions to owners</b>			
Dividends: Equity capital	-	777,500	777,500
<b>At 31 December 2016</b>	<b>15,000,000</b>	<b>7,651,876</b>	<b>22,651,876</b>

The notes on pages 18 to 38 form part of these financial statements.

**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit/(loss) for the financial year	2,551,162	(1,259,414)
<b>Adjustments for:</b>		
Depreciation and amortisation of assets	2,138,604	2,255,144
Impairments of fixed assets	(537,371)	39,942
Interest paid	2,788,981	2,565,784
Interest received	(96,784)	(110,102)
Taxation charge	1,657,842	(556,296)
(Increase) in stocks	(5,839)	(11,676)
(Increase)/decrease in debtors	(391,983)	2,548
Increase in creditors	792,943	406,944
(Decrease)/increase in amounts owed to groups	(11,742)	11,742
Foreign exchange	157,705	-
<b>Net cash generated from operating activities</b>	<b>9,043,518</b>	<b>3,344,616</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(3,860,722)	(8,066,101)
Purchase of investment properties	(336,839)	(1,664,083)
Purchase of short term listed investments	(2,294,448)	-
Interest received	96,784	110,102
Revaluation of Investments	-	698,000
<b>Net cash from investing activities</b>	<b>(6,395,225)</b>	<b>(8,922,082)</b>
<b>Cash flows from financing activities</b>		
New secured loans	17,171,987	6,199,614
Dividends paid	-	(777,500)
Interest paid	(2,788,981)	(2,565,784)
Fair Value Movement of Investment Properties	(394,787)	417,094
<b>Net cash used in financing activities</b>	<b>13,988,219</b>	<b>3,273,424</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>16,636,512</b>	<b>(2,304,042)</b>
Cash and cash equivalents at beginning of year	9,469,720	11,773,762
<b>Cash and cash equivalents at the end of year</b>	<b>26,106,232</b>	<b>9,469,720</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	26,106,232	9,469,720

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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 2017

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#### 1. General information

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

The company is a private limited company (registered number 07253324), which is incorporated and domiciled in England and Wales. The registered office address is 8-14 Talbot Square, London, W2 1TS.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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 judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Income statement in these financial statements.

The following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated income statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2015.

##### 2.3 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, management has considered the strong net asset base of the group, the future cash generative and profitable trading of the subsidiaries, the availability of working capital and specifically the debt falling due in less than one year which management are in the process of refinancing since the year end and are confident of successfully completing in the near future.

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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 2017

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#### 2. Accounting policies (continued)

##### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue of the hotel arose wholly in the United Kingdom and is derived primarily from the rental of rooms and sale of food and beverage. Revenue is recognised when rooms are occupied and when food and beverages are sold.

##### 2.5 Intangible assets

###### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and loss account over its useful economic life.

The director has determined goodwill to have an estimated useful life of 3 years and has amortised goodwill accordingly.

##### 2.6 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment 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 profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on either a straight line basis or a reducing balance basis.

Depreciation is provided on the following basis:

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated income statement.

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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 2017**

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**2. Accounting policies (continued)**

**2.7 Revaluation of tangible fixed assets**

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance sheet date.

Fair values are determined from market based evidence normally undertaken either by professionally qualified valuers or director valuations.

Revaluation gains and losses are recognised in the Income Statement unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

**2.8 Investment property**

Investment property is carried at fair value determined annually by external valuers and 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. No depreciation is provided. Changes in fair value are recognised in the Consolidated income statement.

**2.9 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated income statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**2.10 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**2.11 Debtors**

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

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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 2017

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#### 2. Accounting policies (continued)

##### 2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

##### 2.13 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

##### 2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.15 Finance costs

Finance costs are charged to the Consolidated income statement over the term of the debt using the effective interest 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.

##### 2.16 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated income statement 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 lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

##### 2.17 Interest income

Interest income is recognised in the Consolidated income statement using the effective interest method.



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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 2017**

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**2. Accounting policies (continued)**

**2.18 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated income statement in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

**2.19 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated income statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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 and the Group operate and generate income.

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

- 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 they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences 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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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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 2017**

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**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of Financial Statements in conformity with Financial Reporting Standard 102 section 1A, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, requires the use of certain critical accounting estimates. It also requires the Director of the Company to exercise their judgement in the process of applying the accounting policies which are detailed above.

These judgements are continually evaluated by the Director and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key estimates and underlying assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key accounting policies and key sources of estimation uncertainty relate to the valuation of the freehold property, the provision of the deferred tax liability and the recognition of revenue and management's judgement to consolidate Riverside Towers Limited (see Note 2.2 for more detail).

**4. Turnover**

	2017 £	2016 £
Hotel Activities	21,443,454	16,547,813
	<u>21,443,454</u>	<u>16,547,813</u>

**5. Other operating income**

	2017 £	2016 £
Rental of commercial units	378,647	615,743
Rental of investment properties	1,124,317	562,173
Insurance claims receivable	25,299	40,180
	<u>1,528,263</u>	<u>1,218,096</u>

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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 2017**

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**6. Operating profit**

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	2,131,104	2,247,644
Amortisation of intangible assets, including goodwill	7,500	7,500
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	81,677	68,708
Other operating lease rentals	771,893	773,405
Defined contribution pension cost	5,513	3,526
	<u>          </u>	<u>          </u>

**7. Employees**

Staff costs were as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Wages and salaries	4,572,522	3,974,806	-	-
Social security costs	305,381	262,247	-	-
Cost of defined contribution scheme	5,513	3,526	-	-
	<u>4,883,416</u>	<u>4,240,579</u>	<u>-</u>	<u>-</u>

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

	2017 No.	2016 No.
Administration	20	20
Hotel operating	146	154
Director	1	1
	<u>167</u>	<u>175</u>

**8. Auditor's remuneration**

	2017 £	2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	81,677	68,708
	<u>          </u>	<u>          </u>

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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 2017

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**9. Director's remuneration**

The highest paid director received remuneration of £114,000 (2016: £114,000)

**10. Interest receivable**

	2017 £	2016 £
Other interest receivable	96,793	110,102
	<u>96,793</u>	<u>110,102</u>

**11. Interest payable and similar charges**

	2017 £	2016 £
Bank interest payable	2,788,028	2,565,213
Other interest payable	953	571
	<u>2,788,981</u>	<u>2,565,784</u>

**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**12. Taxation**

	2017 £	2016 £
<b>Corporation tax</b>		
Current tax on profits for the year	754,661	(69,106)
Adjustments in respect of previous periods	(29,537)	-
<b>Total current tax</b>	<u>725,124</u>	<u>(69,106)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	93,024	511,290
Changes to tax rates	-	(32,935)
Prior year under/(over) provision	28,572	-
Deferred tax on potential chargeable gains in respect of investment properties	(1,286)	(212,580)
<b>Total deferred tax</b>	<u>120,310</u>	<u>265,775</u>
<b>Taxation on profit on ordinary activities</b>	<u>845,434</u>	<u>196,669</u>

Deferred tax through other comprehensive income arising in respect of revaluations is outlined in note 23.

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2016 - *higher than*) the standard rate of corporation tax in the UK of 19.2466% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit/(loss) on ordinary activities before tax	<u>3,371,589</u>	<u>(1,062,745)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.2466% (2016 - 20%)	648,929	(212,549)
<b>Effects of:</b>		
Adjustments to tax charge in respect of prior periods	(964)	(102,141)
Permanent differences	216,668	353,822
Deferred tax movement not previously provided for and effects of changes in rate of tax	(19,199)	157,537
<b>Total tax charge for the year</b>	<u>845,434</u>	<u>196,669</u>

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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 2017

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13. Intangible assets

Group and Company

	Goodwill £
<b>Cost</b>	
At 1 January 2017	150,000
At 31 December 2017	<u>150,000</u>
<b>Amortisation</b>	
At 1 January 2017	68,750
Charge for the year	7,500
At 31 December 2017	<u>76,250</u>
<b>Net book value</b>	
At 31 December 2017	<u>73,750</u>
At 31 December 2016	<u>81,250</u>

Goodwill has arisen as a result of the the provision of deferred tax on the revaluation of the property, as required by FRS102, being included within the fair value measurement of the net assets transferred in the prior year from London Town Hotels Limited.

**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**14. Tangible fixed assets**

**Group**

	Freehold property £	L/Term Leasehold Property £	S/Term Leasehold Property £	Plant & machinery £	Fixtures & fittings £	Total £
<b>Cost or valuation</b>						
At 1 January 2017	149,345,763	11,096,844	2,077,614	3,277,043	3,983,653	169,780,917
Additions	2,832,743	41,600	-	548,360	438,019	3,860,722
Revaluations	5,211,565	660,803	-	-	-	5,872,368
At 31 December 2017	157,390,071	11,799,247	2,077,614	3,825,403	4,421,672	179,514,007
<b>Depreciation</b>						
At 1 January 2017	10,098,684	113,666	900,380	2,457,384	1,751,578	15,321,692
Charge for the year on owned assets	1,346,248	124,458	129,850	153,363	377,185	2,131,104
At 31 December 2017	11,444,932	238,124	1,030,230	2,610,747	2,128,763	17,452,796
<b>Net book value</b>						
At 31 December 2017	145,945,139	11,561,123	1,047,384	1,214,656	2,292,909	162,061,211
At 31 December 2016	39,247,079	10,983,178	1,177,234	819,659	2,232,075	54,459,225

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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 2017**

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**14. Tangible fixed assets (continued)**

The net book value of land and buildings may be further analysed as follows:

	2017 £	2016 £
Freehold	145,945,139	139,244,978
Long leasehold	11,561,123	10,983,178
Short leasehold	1,047,384	1,177,234
	<u>158,553,646</u>	<u>151,405,390</u>

Cost or valuation at 31 December 2017 is as follows:

	Land and buildings £
<b>At cost</b>	60,322,734
<b>At valuation:</b>	
Revaluations to 31 December 2016	110,944,198
	<u>171,266,932</u>

3The valuation in the year is based on a combination of independent professional valuations and a director's valuation.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2017 £	2016 £
<b>Group</b>		
Cost	60,322,734	60,322,734
Accumulated depreciation	-	(6,130,161)
<b>Net book value</b>	<u>60,322,734</u>	<u>54,192,573</u>



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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 2017

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#### 15. Fixed asset investments

##### Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
London Town Hotels Limited ^	Ordinary	100 %	Holding Company
London Town Hotels (Operations) Ltd ^	Ordinary	99.78 %	Hotelier
LTH Hotels (Nottingham) Ltd ^	Ordinary	100 %	Hotelier
London Town Estates Ltd ^	Ordinary	100 %	Property Letting
LTH Hotels (Derby) Ltd ^	Ordinary	100 %	Property Letting
LTH Estates Ltd *	Ordinary	99.78 %	Property Letting
LTH (Paddington) Ltd #	Ordinary	100 %	Holding Company
LTH (Talbot Square) Ltd #	Ordinary	100 %	Hotelier
LTH (London Street) Ltd †	Ordinary	100 %	Hotelier
LTH (Praed Street) Ltd †	Ordinary	100 %	Hotelier
LTH (Kensington) Ltd ^	Ordinary	100 %	Hotelier
LTH Hotels (Sheffield) Ltd ^	Ordinary	100 %	Hotelier
LTH (Kenya) Ltd ^	Ordinary	100 %	Holding Company
Riverside Towers Limited	Ordinary	100 %	Hotelier
London Town Group of Companies Ltd	Ordinary	100 %	Holding Company
LTH Hotels (Leicester) Limited ^	Ordinary	100 %	Hotelier

^ Subsidiary of London Town Hotels Group of Companies Limited

\* Subsidiary of London Town Hotels (Operations) Limited

# Subsidiary of London Town Hotels Limited

† Subsidiary of LTH (Paddington) Limited

All subsidiary undertakings, excluding Riverside Towers Limited, are companies registered in England and Wales. The registered office of all subsidiary undertakings apart from Riverside Towers Limited is 8-14 Talbot Square, London, W2 1TS. The registered office of Riverside Towers Limited is Plot 498, Section XIII Makande Road, Shimanzi, P.O. Box 82271-80100, Mombasa.

Effectively all entities are consolidated as 100% owned subsidiary undertakings on the assumption that the minority holding is held as nominee by Koolesh Shah.

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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 2017

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15. Fixed asset investments (continued)

Company

Investments  
in  
subsidiary  
companies  
£

Cost or valuation

At 1 January 2017

31,247,500

At 31 December 2017

31,247,500

Net book value

At 31 December 2017

31,247,500

At 31 December 2016

31,247,500

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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 2017

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16. Investment property

Group

	Freehold investment property £
<b>Valuation</b>	
At 1 January 2017	19,065,693
Additions at cost	336,839
Surplus on revaluation	463,946
Foreign exchange movement	(157,705)
<b>At 31 December 2017</b>	<b>19,708,773</b>

The 2017 valuations were made by the Director, on an open market value for existing use basis.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2017 £	2016 £
Historic cost	5,752,978	5,421,092

The 2017 valuations were made by the Director, on an open market value for existing use basis.

**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**17. Stocks**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Stocks & work in progress	34,415	28,576	-	-
	<u>34,415</u>	<u>28,576</u>	<u>-</u>	<u>-</u>

There are no write-downs or reversals of write-downs of stocks in 2016 or 2015.

**18. Debtors**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Trade debtors	498,672	472,326	-	-
Other debtors	959,479	559,704	-	-
Prepayments and accrued income	438,781	474,277	-	-
Tax recoverable	23,937	41,910	-	-
	<u>1,920,869</u>	<u>1,548,217</u>	<u>-</u>	<u>-</u>

**19. Current asset investments**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Listed investments	2,695,997	328,124	-	-
	<u>2,695,997</u>	<u>328,124</u>	<u>-</u>	<u>-</u>

**20. Cash and cash equivalents**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Cash at bank and in hand	26,110,535	9,474,096	4,303	4,376

**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**21. Creditors: Amounts falling due within one year**

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank loans	-	8,848,677	-	-
Other loans	105,750	-	-	-
Trade creditors	1,047,260	948,127	-	-
Amounts owed to group undertakings	8,600,000	8,611,742	8,600,000	8,600,000
Corporation tax	727,580	51,270	-	-
Other taxation and social security	528,063	452,158	-	-
Other creditors	426,584	785,725	-	-
Accruals and deferred income	1,863,841	886,795	-	-
	<u>13,299,078</u>	<u>20,584,494</u>	<u>8,600,000</u>	<u>8,600,000</u>

**22. Creditors: Amounts falling due after more than one year**

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Loans	(79,483,270)	(53,568,356)	-	-
Due to group companies >1 yr	-	-	-	-
	<u>(79,483,270)</u>	<u>(53,568,356)</u>	<u>-</u>	<u>-</u>

The group had banking facilities with various lenders represented by Longbow Real Estate Capital LLP. The loan is to be repaid in full on 16 June 2019. Sanne Fiduciary Services Limited (as security agent) has a fixed and floating charge over the freehold properties and other assets of the respective subsidiaries in which the debt has been provided.

LTH (Nottingham) Limited, LTH (Derby) Limited and LTH (Talbot Square) Limited also have a facility with National Westminster Bank plc. The bank has first legal charge over the freehold and long leasehold properties of these companies included in tangible assets.

Bank loans of LTH Estates Limited and London Town Estates Limited totalling £5,423,113 (2015: £5,423,113) are secured by charges on freehold and leasehold properties included in investment properties. The majority of this debt is repayable in full within twenty five years of the initial drawdown and attracts interest on a floating rate.

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**23. Loans**

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
<b>Amounts falling due within one year</b>				
Bank loans	-	8,848,677	-	-
Other loans	105,750	-	-	-
	<u>105,750</u>	<u>8,848,677</u>	<u>-</u>	<u>-</u>
<b>Amounts falling due 1-2 years</b>				
Bank loans	75,464,770	53,568,356	-	-
	<u>75,464,770</u>	<u>53,568,356</u>	<u>-</u>	<u>-</u>
<b>Amounts falling due 2-5 years</b>				
Bank loans	4,018,500	-	-	-
	<u>79,589,020</u>	<u>62,417,033</u>	<u>-</u>	<u>-</u>

**24. Deferred taxation**

**Group**

	2017 £	2016 £
At beginning of year	(15,948,457)	(15,507,469)
Charged to profit or loss	(121,304)	(150,583)
Charged to other comprehensive income	(868,566)	(290,405)
<b>At end of year</b>	<u>(16,938,327)</u>	<u>(15,948,457)</u>

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LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED

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24. Deferred taxation (continued)

At end of year

The provision for deferred taxation is made up as follows:

	Group 2017 £	Group 2016 £
Accelerated capital allowances	(642,082)	(520,778)
Tax losses carried forward	(16,296,245)	15,427,679
	<u>(16,938,327)</u>	<u>(15,948,457)</u>

The deferred tax liability through other comprehensive income arises in respect of revaluations of the freehold property which includes the legacy deferred tax liability on amounts previously revalued within the group prior to the transfer of the property to this company in 2014.

25. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
15,000,000 Ordinary Shares of £1 each shares of £1 each	<u>15,000,000</u>	<u>15,000,000</u>

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LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED

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**26. Reserves**

**Revaluation reserve**

The revaluation reserve as at 31 December 2017 is £44,438,846 (2016: £39,194,326), which relates to the net revaluation of land and buildings in the current and prior years and deferred tax on the revaluations. Any movement in this reserve is recognised in other comprehensive income and within the statement of changes in equity. This reserve which is not distributable reflects unrealised gains on revaluation.

**Foreign exchange reserve**

The foreign exchange reserve as at 31 December 2016 is £(24,639) (2016: £(280,906)) which relates to the unrealised loss that arises when balances denominated in foreign currencies are converted to the presentation currency at year end.

**Other reserves**

The other reserves as at 31 December 2017 is £61,507,327 (2016: £60,996,157) which relates to the net revaluation of investment properties in the year and deferred tax on revaluations. Any movement in this reserve is recognised in the profit and loss account and moved to other reserves within the statement of changes in equity. This reserve which is not distributable reflects unrealised gains on revaluation.

**Merger Reserve**

The merger reserve as at 31 December 2017 is £(31,209,999) (2016: £(31,209,999)), which relates to the difference between the nominal value of shares issued by London Town Group of Companies Holdings Limited for the acquisition of the shares of its subsidiaries.

**Profit & loss account**

The profit and loss reserve as at 31 December 2017 is £13,173,340 (2016: £10,777,677). The movement relates to the loss recognised during the year.

**Company - Profit and loss account**

The profit and loss reserve as at 31 December 2017 is £7,651,803 (2016: £7,651,876). The movement relates to the profit recognised during the year.

**27. Commitments under operating leases**

At 31 December 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £
Not later than 1 year	736,667	736,667
Later than 1 year and not later than 5 years	3,148,333	3,148,333
Later than 5 years	3,410,000	4,146,667
	<u>7,295,000</u>	<u>8,031,667</u>



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**LONDON TOWN GROUP OF COMPANIES HOLDINGS LIMITED**

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**28. Related party transactions**

The company has taken advantage of the exemption in FRS102 Section 33.1A from the requirement to disclose the transactions between two or more members of the group, as all members are wholly owned subsidiaries of the ultimate parent company.

**29. Controlling party**

The immediate parent undertaking and ultimate parent undertaking is London Town Group of Companies Holdings Limited, a company incorporated in England and Wales.

London Town Group of Companies Holdings Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2017. The consolidated financial statements of London Town Group of Companies Holdings Limited can be obtained from 8-14 Talbot Square, London W2 1TS.

London Town Group of Companies Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2017.

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