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**LTH (TALBOT SQUARE) LIMITED**

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**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**LTH (TALBOT SQUARE) 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>   | 09041361   |
| <b>Registered office</b>   | 8 - 14 Talbot Square<br>London<br>W2 1TS   |
| <b>Independent auditor</b> | Crowe Clark Whitehill LLP<br>St Bride's House<br>10 Salisbury Square<br>London<br>EC4Y 8EH |

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**LTH (TALBOT SQUARE) LIMITED**

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## LTH (TALBOT SQUARE) LIMITED

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### DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

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The director presents his report and the financial statements for the year ended 31 December 2016.

#### Director's responsibilities statement

The director is responsible for preparing 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 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 he gives a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Company'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 Company will continue in business.

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

#### Principal activity

The principal activity of the company in the period under review was that of hoteliers.

#### Results and dividends

The loss for the year, after taxation, amounted to £2,775,454 (2015 - £620,012).

The hotel was partially closed during the prior year for refurbishment and closed fully during the majority of this financial year. The hotel re-opened in November 2016.

#### Director

The director who served during the year was:

Koolesh D Shah

#### 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'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's auditor is aware of that information.

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**LTH (TALBOT SQUARE) LIMITED**

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**DIRECTOR'S REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**Auditor**

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

**Small companies note**

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 15 August 2017 and signed on its behalf.



**Koolesh D Shah**  
Director

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## **LTH (TALBOT SQUARE) LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LTH (TALBOT SQUARE) LIMITED**

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We have audited the financial statements of LTH (Talbot Square) Limited for the year ended 31 December 2016, set out on pages 5 to 20. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the 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'.

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

#### **Respective responsibilities of Directors and Auditor**

As explained more fully in the Director's responsibilities statement on page 1, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter 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 Director's report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

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**LTH (TALBOT SQUARE) LIMITED**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LTH (TALBOT SQUARE) LIMITED  
(CONTINUED)**

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

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

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

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

*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

15 August 2017

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**LTH (TALBOT SQUARE) LIMITED**

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**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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|                                       | Note | 2016<br>£          | 2015<br>£        |
|---------------------------------------|------|--------------------|------------------|
| Turnover                              | 4    | 1,488,961          | 2,255,952        |
| Cost of sales                         |      | (718,785)          | (979,826)        |
| <b>Gross profit</b>                   |      | <b>770,176</b>     | <b>1,276,126</b> |
| Administrative expenses               |      | (2,958,990)        | (1,727,612)      |
| <b>Operating loss</b>                 | 5    | <b>(2,188,814)</b> | <b>(451,486)</b> |
| Interest payable and similar expenses | 8    | (109,109)          | (94,944)         |
| <b>Loss before tax</b>                |      | <b>(2,297,923)</b> | <b>(546,430)</b> |
| Tax on loss                           | 9    | (477,531)          | (73,582)         |
| <b>Loss for the year</b>              |      | <b>(2,775,454)</b> | <b>(620,012)</b> |

The notes on pages 9 to 20 form part of these financial statements.



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**LTH (TALBOT SQUARE) LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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|  | <b>Note</b> | <b>2016<br/>£</b>  | <b>2015<br/>£</b> |
|--|-------------|--------------------|-------------------|
| Loss for the financial year                                |             | <b>(2,775,454)</b> | <b>(620,012)</b>  |
| <b>Other comprehensive income</b>                          |             |                    |                   |
| Unrealised surplus on revaluation of tangible fixed assets |             | <b>4,276,354</b>   | <b>2,833,110</b>  |
| <b>Other comprehensive income for the year</b>             |             | <b>4,276,354</b>   | <b>2,833,110</b>  |
| <b>Total comprehensive income for the year</b>             |             | <b>1,500,900</b>   | <b>2,213,098</b>  |

**LTH (TALBOT SQUARE) LIMITED**  
**REGISTERED NUMBER: 09041361**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2016**

|   | Note | 2016<br>£                | 2015<br>£                |
|---|------|--------------------------|--------------------------|
| <b>Fixed assets</b>                                     |      |                          |                          |
| Intangible assets                                       | 10   | 64,239                   | 192,722                  |
| Tangible assets   | 11   | 35,270,703               | 28,018,205               |
|   |      | <u>35,334,942</u>        | <u>28,210,927</u>        |
| <b>Current assets</b>                                   |      |                          |                          |
| Stocks  | 12   | 9,500                    | 2,000                    |
| Debtors   | 13   | 2,825,481                | 5,682,517                |
| Cash at bank and in hand                                | 14   | 1,271,383                | 15,111                   |
|   |      | <u>4,106,364</u>         | <u>5,699,628</u>         |
| Creditors: amounts falling due within one year          | 15   | (7,151,080)              | (332,175)                |
| <b>Net current (liabilities)/assets</b>                 |      | <u>(3,044,716)</u>       | <u>5,367,453</u>         |
| <b>Total assets less current liabilities</b>            |      | <u>32,290,226</u>        | <u>33,578,380</u>        |
| Creditors: amounts falling due after more than one year | 16   | (480,485)                | (3,809,437)              |
| <b>Provisions for liabilities</b>                       |      |                          |                          |
| Deferred tax  | 18   | (2,783,973)              | (2,244,075)              |
|   |      | <u>(2,783,973)</u>       | <u>(2,244,075)</u>       |
| <b>Net assets</b>                                       |      | <u><u>29,025,768</u></u> | <u><u>27,524,868</u></u> |
| <b>Capital and reserves</b>                             |      |                          |                          |
| Called up share capital                                 | 19   | 25,000,100               | 25,000,100               |
| Revaluation reserve                                     | 20   | 7,318,197                | 3,117,790                |
| Profit and loss account                                 | 20   | (3,292,529)              | (593,022)                |
|   |      | <u>29,025,768</u>        | <u>27,524,868</u>        |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

15 August 2017

  
**Koolesh D Shah**

Director

The notes on pages 9 to 20 form part of these financial statements.

**LTH (TALBOT SQUARE) LIMITED**

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

|   | Called up<br>share capital | Revaluation<br>reserve | Profit and<br>loss account | Total equity      |
|---|----------------------------|------------------------|----------------------------|-------------------|
|   | £                          | £                      | £                          | £                 |
| At 1 January 2016                                 | 25,000,100                 | 3,117,790              | (593,022)                  | 27,524,868        |
| <b>Comprehensive income for the year</b>          |                            |                        |                            |                   |
| Loss for the year                                 | -                          | -                      | (2,775,454)                | (2,775,454)       |
| Revaluation of land and buildings                 | -                          | 4,338,721              | -                          | 4,338,721         |
| Deferred tax on revaluation of land and buildings | -                          | (62,367)               | -                          | (62,367)          |
| <b>Total comprehensive income for the year</b>    | -                          | 4,276,354              | (2,775,454)                | 1,500,900         |
| Transfer from profit and loss account             | -                          | (75,947)               | 75,947                     | -                 |
| <b>At 31 December 2016</b>                        | <b>25,000,100</b>          | <b>7,318,197</b>       | <b>(3,292,529)</b>         | <b>29,025,768</b> |

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015**

|   | Called up<br>share capital | Revaluation<br>reserve | Profit and<br>loss account | Total equity      |
|---|----------------------------|------------------------|----------------------------|-------------------|
|   | £                          | £                      | £                          | £                 |
| At 1 January 2015                                 | 25,000,100                 | 284,680                | 26,990                     | 25,311,770        |
| <b>Comprehensive income for the year</b>          |                            |                        |                            |                   |
| Loss for the year                                 | -                          | -                      | (620,012)                  | (620,012)         |
| Surplus on revaluation of freehold property       | -                          | 3,255,970              | -                          | 3,255,970         |
| Deferred tax on revaluation of land and buildings | -                          | (422,860)              | -                          | (422,860)         |
| <b>Other comprehensive income for the year</b>    | -                          | 2,833,110              | -                          | 2,833,110         |
| <b>Total comprehensive income for the year</b>    | -                          | 2,833,110              | (620,012)                  | 2,213,098         |
| <b>At 31 December 2015</b>                        | <b>25,000,100</b>          | <b>3,117,790</b>       | <b>(593,022)</b>           | <b>27,524,868</b> |

The notes on pages 9 to 20 form part of these financial statements.

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## LTH (TALBOT SQUARE) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 1. General information

The principal activity of the company in the period under review was that of hoteliers in the United Kingdom.

The company is a private limited company (registered number 09041361), which is incorporated and domiciled in the UK. The address of the registered office 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 Section 1A of 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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 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, he has considered the future trading of the company, and the continued support of the other group companies.

##### 2.3 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.

##### 2.4 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.

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## LTH (TALBOT SQUARE) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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## 2. Accounting policies (continued)

### 2.5 Tangible fixed assets

Tangible fixed assets under the cost model 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 Company 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 Company. 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% on cost           |
| Plant & machinery   | - 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 Income statement.

### 2.6 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.

### 2.7 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.

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## **LTH (TALBOT SQUARE) LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **2. Accounting policies (continued)**

##### **2.8 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.

##### **2.9 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.

##### **2.10 Financial instruments**

The Company only enters into basic financial instruments 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.

##### **2.11 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.

##### **2.12 Finance costs**

Finance costs are charged to the 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.

##### **2.13 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company 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 Income statement in the year that the Company 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.

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## LTH (TALBOT SQUARE) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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## 2. Accounting policies (continued)

### 2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

## 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.

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**LTH (TALBOT SQUARE) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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**4. Turnover**

100% of the Company's turnover (2015 - 100%) is attributable to geographical markets inside the United Kingdom.

**5. Operating loss**

The operating loss is stated after charging:

|   | 2016<br>£         | 2015<br>£         |
|---|-------------------|-------------------|
| Depreciation of tangible fixed assets                 | 586,265           | 670,243           |
| Amortisation of intangible assets, including goodwill | 128,483           | 128,482           |
|   | <u>          </u> | <u>          </u> |

**6. Employees**

The average monthly number of employees, including directors, during the year was 17 (2015 - 23).

**7. Auditor's remuneration**

|   | 2016<br>£         | 2015<br>£         |
|---|-------------------|-------------------|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts | 5,000             | 3,000             |
|   | <u>          </u> | <u>          </u> |

**8. Interest payable and similar charges**

|                       | 2016<br>£         | 2015<br>£         |
|-----------------------|-------------------|-------------------|
| Bank interest payable | 109,109           | 94,944            |
|                       | <u>          </u> | <u>          </u> |



**LTH (TALBOT SQUARE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**9. Taxation**

|  | 2016<br>£ | 2015<br>£ |
|--|-----------|-----------|
| <b>Total current tax</b>                         | -         | -         |
| <b>Deferred tax</b>                              |           |           |
| Origination and reversal of timing differences   | 477,531   | 73,582    |
| <b>Total deferred tax</b>                        | 477,531   | 73,582    |
| <b>Taxation on profit on ordinary activities</b> | 477,531   | 73,582    |

Deferred tax through other comprehensive income arising in respect of revaluations is outlined in note 18.

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2015 - *higher than*) the standard rate of corporation tax in the UK of 20% (2015 - 20.466%). The differences are explained below:

|  | 2016<br>£   | 2015<br>£ |
|--|-------------|-----------|
| Loss on ordinary activities before tax   | (2,297,923) | (546,430) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.466%) | (459,585)   | (111,832) |
| <b>Effects of:</b>   |             |           |
| Permanent Differences  | 84,338      | 86,903    |
| Group relief   | 459,687     | 9,706     |
| Deferred tax movement not previously provided for and effects of changes in rate of tax                      | 393,091     | 88,805    |
| <b>Total tax charge for the year</b>   | 477,531     | 73,582    |

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LTH (TALBOT SQUARE) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016

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10. Intangible assets

|                       | Goodwill<br>£  |
|-----------------------|----------------|
| <b>Cost</b>           |                |
| At 1 January 2016     | 385,445        |
| At 31 December 2016   | <u>385,445</u> |
| <b>Amortisation</b>   |                |
| At 1 January 2016     | 192,723        |
| Charge for the year   | 128,483        |
| At 31 December 2016   | <u>321,206</u> |
| <b>Net book value</b> |                |
| At 31 December 2016   | <u>64,239</u>  |
| At 31 December 2015   | <u>192,722</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.

**LTH (TALBOT SQUARE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**11. Tangible fixed assets**

|                                       | Freehold<br>property<br>£ | Plant &<br>machinery<br>£ | Fixtures &<br>fittings<br>£ | Total<br>£        |
|---------------------------------------|---------------------------|---------------------------|-----------------------------|-------------------|
| <b>Cost or valuation</b>              |                           |                           |                             |                   |
| At 1 January 2016                     | 28,131,417                | 19,554                    | 778,402                     | 28,929,373        |
| Additions                             | 2,352,907                 | 15,961                    | 1,131,174                   | 3,500,042         |
| Revaluations                          | 4,338,721                 | -                         | -                           | 4,338,721         |
| At 31 December 2016                   | <u>34,823,045</u>         | <u>35,515</u>             | <u>1,909,576</u>            | <u>36,768,136</u> |
| <b>Depreciation</b>                   |                           |                           |                             |                   |
| At 1 January 2016                     | 631,417                   | 7,115                     | 272,636                     | 911,168           |
| Charge for the period on owned assets | 372,086                   | 3,640                     | 210,539                     | 586,265           |
| At 31 December 2016                   | <u>1,003,503</u>          | <u>10,755</u>             | <u>483,175</u>              | <u>1,497,433</u>  |
| <b>Net book value</b>                 |                           |                           |                             |                   |
| At 31 December 2016                   | <u>33,819,542</u>         | <u>24,760</u>             | <u>1,426,401</u>            | <u>35,270,703</u> |
| At 31 December 2015                   | <u>27,500,000</u>         | <u>12,439</u>             | <u>505,766</u>              | <u>28,018,205</u> |

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

|          | 2016<br>£         | 2015<br>£         |
|----------|-------------------|-------------------|
| Freehold | <u>33,819,542</u> | <u>27,500,000</u> |

Cost or valuation at 31 December 2016 is as follows:

|                                  | Land and<br>buildings<br>£ |
|----------------------------------|----------------------------|
| <b>At cost</b>                   | <b>27,228,354</b>          |
| <b>At valuation:</b>             |                            |
| Revaluations to 31 December 2016 | <u>7,594,691</u>           |
|                                  | <u>34,823,045</u>          |

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**LTH (TALBOT SQUARE) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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

The valuation in the year is based on a director's valuation.

Included in freehold property is freehold land at valuation of £12,308,631 which is not depreciated.

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

|                          | 2016<br>£         | 2015<br>£         |
|--------------------------|-------------------|-------------------|
| Cost                     | 27,228,354        | 24,875,447        |
| Accumulated depreciation | (907,038)         | (382,663)         |
| <b>Net book value</b>    | <b>26,321,316</b> | <b>24,492,784</b> |

**12. Stocks**

|                                     | 2016<br>£ | 2015<br>£ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 9,500     | 2,000     |

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

**13. Debtors**

|                                     | 2016<br>£        | 2015<br>£        |
|-------------------------------------|------------------|------------------|
| <b>Due after more than one year</b> |                  |                  |
| Amounts owed by group undertakings  | 2,667,976        | 5,613,160        |
|                                     | <b>2,667,976</b> | <b>5,613,160</b> |
| <b>Due within one year</b>          |                  |                  |
| Trade debtors                       | 104,098          | 32,066           |
| Prepayments and accrued income      | 53,407           | 37,291           |
|                                     | <b>2,825,481</b> | <b>5,682,517</b> |

There are no allowances for doubtful debts or reversals of allowances for doubtful debts in 2016 or 2015.

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**LTH (TALBOT SQUARE) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**14. Cash and cash equivalents**

|                          | 2016<br>£        | 2015<br>£     |
|--------------------------|------------------|---------------|
| Cash at bank and in hand | <u>1,271,383</u> | <u>15,111</u> |

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

|                                    | 2016<br>£        | 2015<br>£      |
|------------------------------------|------------------|----------------|
| Bank loans                         | 6,651,690        | -              |
| Trade creditors                    | 264,416          | 93,026         |
| Other taxation and social security | 49,522           | 88,919         |
| Other creditors                    | 185,452          | 150,230        |
|                                    | <u>7,151,080</u> | <u>332,175</u> |

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

|                                    | 2016<br>£      | 2015<br>£        |
|------------------------------------|----------------|------------------|
| Bank loans                         | -              | 3,500,000        |
| Amounts owed to group undertakings | 480,485        | 309,437          |
|                                    | <u>480,485</u> | <u>3,809,437</u> |

**Secured loans**

The loan is secured by a fixed charge over the company's freehold property and other tangible fixed assets.

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**LTH (TALBOT SQUARE) LIMITED**

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**17. Loans**

Analysis of the maturity of loans is given below:

|  | 2016<br>£        | 2015<br>£        |
|--|------------------|------------------|
| <b>Amounts falling due within one year</b> |                  |                  |
| Bank loans                                 | 6,651,690        | -                |
|  | <u>6,651,690</u> | <u>-</u>         |
| <b>Amounts falling due 2-5 years</b>       |                  |                  |
| Bank loans                                 | -                | 3,500,000        |
|  | <u>-</u>         | <u>3,500,000</u> |

**18. Deferred taxation**

|                                       | 2016<br>£          |
|---------------------------------------|--------------------|
| At beginning of year                  | (2,244,075)        |
| Charged to profit or loss             | (477,531)          |
| Charged to other comprehensive income | (62,367)           |
| <b>At end of year</b>                 | <u>(2,783,973)</u> |

The provision for deferred taxation is made up as follows:

|   | 2016<br>£          | 2015<br>£          |
|---|--------------------|--------------------|
| Deferred tax liability through profit or loss             | (477,531)          | (164,720)          |
| Deferred tax liability through Other comprehensive income | (2,306,442)        | (2,079,355)        |
|   | <u>(2,783,973)</u> | <u>(2,244,075)</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.

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**19. Share capital**

|   | <b>2016</b>              | <b>2015</b>              |
|---|--------------------------|--------------------------|
|   | <b>£</b>                 | <b>£</b>                 |
| <b>Shares classified as equity</b>        |                          |                          |
| <b>Allotted, called up and fully paid</b> |                          |                          |
| 25,000,100 Ordinary shares of £1 each     | <u><b>25,000,100</b></u> | <u><b>25,000,100</b></u> |

**20. Reserves**

**Revaluation reserve**

The revaluation reserve as at 31 December 2016 is £7,318,197 (2015: £3,117,790), 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.

**Profit & loss account**

The profit and loss reserve as at 31 December 2016 is £(3,292,529) (2015: £593,022). The movement relates to the loss recognised during the year.

**21. 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.

**22. Controlling party**

The immediate parent undertaking is London Town Hotels Limited, a company incorporated in England and Wales.

The 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 2016. 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 2016. The consolidated financial statements of London Town Group of Companies Limited can be obtained from 8-14 Talbot Square, London W2 1TS.

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