

City Suites Operating Company Limited

Annual Report and Accounts for the period 5 December 2014 to 31 December 2015



Registered company number:

09342146

City Suites Operating Company Limited

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City Suites Operating Company Limited

Company information

Directors

Mr M D Stott

Mr G P Beswick

Mr M C Dawson (appointed 9 March 2016)

Secretary

Mr G P Beswick

Registered office

The Box

Horseshoe Lane

Alderley Edge

Cheshire

England

SK9 7QP

Registered number

09342146

Auditor

Ernst & Young LLP

100 Barbirolli Square

Manchester

M2 3EY

Solicitors

Shoosmiths LLP

7th Floor

3 Hardman Street

Spinningfields

Manchester

M3 3HF

City Suites Operating Company Limited

Directors' report

The Directors present their annual report and the financial statements for the period ended 31 December 2015.

The Company has taken advantage of the small companies exemption, under section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, to not prepare a Strategic report. This is the only small companies exemption taken by the Company.

Principal activity

The Company has not yet commenced trading but its principal activity will be the management and rental of accommodation. The Company will lease property from investors, sub-lease the units under shorthold tenancy agreements and manage the property. The Directors do not expect the principal activity to change in the foreseeable future.

Business review

City Suites Operating Company Limited is based in England, and is a wholly owned subsidiary of City Suites Limited, which in turn is a wholly owned subsidiary of Select Property Group (Holdings) Limited.

Results and dividends

The loss for the period ended 31 December 2015 is £37k. The net liabilities of the Company at 31 December 2015 were £37k.

No dividends were paid in the period.

No final dividend has been proposed for the period ended 31 December 2015.

The results for the period are set out in the statement of comprehensive income on page 7.

Key Performance Indicators (KPIs)

Due to the simple nature of the business, the Directors do not feel that it is appropriate to measure the performance of the business by referencing to KPIs.

City Suites Operating Company Limited

Directors' report (continued)

Directors and directors' interests

The Directors who held office during the period were as follows:

Mr M D Stott (appointed 5 December 2014)

Mr G P Beswick (appointed 5 December 2014)

None of the Directors who held office at the end of the financial period had any disclosable interest in the shares of the Company. The Directors' interests in the share capital of the ultimate parent undertaking, Select Property Group (Holdings) Limited, are shown in the financial statements of that company.

Principal risks and uncertainties

The principal financial risk and uncertainty that the Company faces is liquidity risk. This is described in note 8 to the accounts.

The Company faces operational risks and uncertainties which the Directors take all reasonable steps possible to mitigate, however the Directors recognise that they can never be eliminated completely. These risks are not expected to have a material effect on the Company's future operations.


Disclosure of information to auditor

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

Auditor

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

By order of the board



Mark Stott
Director

Date: 19 August 2016

City Suites Operating Company Limited

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare financial statements and have elected to prepare financial statements under IFRSs as adopted by the European Union.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements the Directors are required to:

- present fairly the financial position, financial performance and cash flows;
- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular other events and conditions on the Company's financial position and financial performance;
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis unless it is inappropriate to assume the Company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY SUITES OPERATING COMPANY LIMITED

We have audited the financial statements of City Suites Operating Company Limited for the period ended 31 December 2015 which comprise the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 Statement of Directors' responsibilities set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY SUITES OPERATING COMPANY LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Ernst & Young LLP

Alastair John Richard Nuttall (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

23/8/16

City Suites Operating Company Limited
Statement of comprehensive income
For the period from 5 December 2014 to 31 December 2015

	Note	5 December 2014 to 31 December 2015 £000
Administrative expenses		(37)
Loss before tax	2	(37)
Taxation	4	-
Loss and total comprehensive income for the period		(37)
Attributable to:		
Equity holders of the parent		(37)

All income is derived from continuing operations.

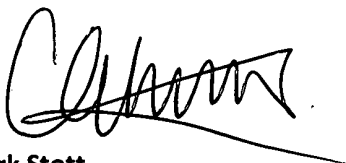
There were no other items of comprehensive income during the period and therefore the loss also represents the total comprehensive income.

The notes on pages 11 to 17 form part of these financial statements.

City Suites Operating Company Limited
Statement of financial position
At 31 December 2015

	Note	31 December 2015 £000
Current assets		
Other receivables	6	6
Total assets		6
Current liabilities		
Trade and other payables	7	43
Total liabilities		43
Equity attributable to owners of the parent		
Share capital	9	-
Retained earnings		(37)
Total equity		(37)
Total equity and liabilities		6

These financial statements were approved by the Board of Directors on 19 August 2016 and were signed on its behalf by:



Mark Stott

Director

Date: 19 August 2016

Company registration number: 09342146

City Suites Operating Company Limited

Statement of cash flows

For the period from 5 December 2014 to 31 December 2015

	Note	5 December 2014 to 31 December 2015 £000
Cash flow from operating activities		
Loss for the period		(37)
Cash flow for the period before changes in working capital		(37)
Increase in other receivables	6	(6)
Increase in other payables	7	43
Cash generated from operating activities		37
Net increase in cash and cash equivalents		-
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period		-

City Suites Operating Company Limited
Statement of changes in equity
For the period ended 31 December 2015

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 5 December 2014	-	-	-
Issuance of share capital	-	-	-
Total comprehensive income for the period, net of tax	-	(37)	(37)
Balance at 31 December 2015	-	(37)	(37)

City Suites Operating Company Limited

Notes to the financial statements

1. Accounting policies

Basis of preparation

City Suites Operating Company Limited ("the Company") is a company incorporated and domiciled in the UK.

The financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRS").

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

Accounting Standards Update

A number of updates to standards or interpretations were in issue as at 31 December 2015.

The following new or amended standards and interpretations, are effective for the first time for the period ended 31 December 2015 and have been applied in preparing these financial statements. The adoption of these standards and interpretations has not had a material effect on the financial statements of the Company.

Change in Standard or Interpretation	Effective date *
Annual improvements to IFRSs 2010 to 2012 Cycle	01-Jul-14
Annual improvements to IFRSs 2011 to 2013 Cycle	01-Jul-14

The following new or amended standards and interpretations, are not yet effective for the period ended 31 December 2015 and have not been applied in preparing these financial statements. The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the financial statements of the Company in the period of initial application.

Change in Standard or Interpretation	Effective date *
IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments	01-Jan-16
IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments	01-Jan-16
IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - Amendments	01-Jan-16
IAS 1 Disclosure in Financial Statements - Amendments	01-Jan-16
IAS 16 and IAS 38 Acceptable methods of Depreciation and Amortisation - Amendments	01-Jan-16
IAS 27 Equity Method in Separate Financial Statements - Amendments	01-Jan-16
IFRS 15 Revenue from Contracts with Customers	01-Jan-17
IFRS 9 Financial Instruments: Classification and Measurement	01-Jan-18
Annual improvements to IFRSs 2012 to 2014 Cycle	01-Jan-16

*Effective for annual periods beginning on or after this date

City Suites Operating Company Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

Going concern

The trading and financial position of the Company, including its cashflows are set out in the Directors' report and the notes to the financial statements. The principal risks and uncertainties that could impact on the future development of the Company's operating and financial performance are outlined in the Director's report and in the notes to the financial statements.

On commencement of management of City Suites Manchester Limited, the Company will be party to an agreement where rental obligations to lessors are guaranteed by City Suites Manchester Limited, ensuring City Suites Operating Company Limited always has sufficient funds to pay its liabilities.

The Directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern.

The Directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional and presentational currency

The Company's financial statements are presented in Sterling, which is also the Company's functional currency, and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

City Suites Operating Company Limited

Notes to the financial statements (continued)

1. Accounting policies (continued)

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at a suitable effective interest rate. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Receivables are measured initially at fair value plus transaction costs. After initial recognition, loans receivable are recognised at amortised cost, using the effective interest rate method, less impairment.

Related party transactions

Details of related party transactions are set out in note 11 to these financial statements.

Other receivables

Other receivables are stated at their nominal amount less impairment losses.

2. Operating loss

	5 December 2014 to 31 December 2015 £000
Loss before tax	(37)

Loss before taxation are stated after charging:

Amounts receivable by auditors and their associates in respect of:

Audit of financial statements of subsidiaries pursuant to legislation	4
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There were no non audit services, performed by the Auditor, incurred by the entity in the period.

City Suites Operating Company Limited

Notes to the financial statements (continued)

3. Directors' emoluments

The Directors received emoluments from Select Property Group Limited (a fellow subsidiary of the Group headed by Select Property Group (Holdings) Limited), for services rendered to all Group companies. There were no directors accruing benefits under Company pension schemes during the period.

The Company had no employees during the period.

4. Taxation

Reconciliation of effective tax rate

	5 December 2014 to 31 December 2015 £000
Loss before taxation	(37)
Current tax using the UK corporation tax rate of 20.25%	(7)
Effects of:	
Group relief	7
Total tax expense	-

The corporation tax rate used in the period, in the note above, was calculated by blending the tax rates which were applicable during the period.

In his budget of 16 March 2016, the Chancellor of the Exchequer announced Budget tax changes, which have an effect on the company's future tax position. The UK corporation tax rate was reduced to 21% on 1 April 2014 and to 20% from 1 April 2015. The Chancellor of the Exchequer also announced that the main rate of corporation tax will be further reduced from 20%, as previously announced, to 17% in 2020. The rate changes will also impact the amount of future cash tax payments made by the company.

At 31 December 2015, the Company did not have a deferred tax position.

5. Dividends

No dividends have been paid or proposed during the period.

6. Other receivables

	31 December 2015 £000
Prepayments	6
	6

City Suites Operating Company Limited

Notes to the financial statements (continued)

7. Trade and other payables

	31 December 2015
	£000
Trade payables	6
Amounts due from group undertakings (note 11)	33
Accruals	4
	43

8. Financial instruments

Financial risk management

The Company has exposure to liquidity risk from its use of financial instruments.

The Board has overall responsibility for establishing appropriate management of exposure to risk.

Capital management

The Company's objectives in managing its capital are to provide adequate returns to the shareholders by operating the business at a predetermined optimal level, by ensuring the future revenue stream from operations is at optimum levels and by effectively collecting its receivables as agreed with debtors.

At a subsidiary level, capital is defined as Equity as shown in the balance sheet. Dividends are paid provided adequate resources remain to sustain the Company's development.

Financial instruments policy

All instruments utilised by the Company are for financing purposes. The day-to-day financial management and treasury are controlled centrally for all operations.

Fair value of financial instruments

As at 31 December 2015 the Company had no other financial instruments other than those disclosed below. The fair value of all financial instruments in these financial statements is considered to approximate to their carrying value.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risks by regular reviews of forecast cash flows in line with contractual maturities of financial liabilities and credit facilities available. Forecast cash flows are reported to the Board on a regular basis.

City Suites Operating Company Limited
Notes to the financial statements (continued)

8. Financial instruments (continued)

Liquidity risk (continued)

The following are the contractual maturities of financial liabilities of the Company:

	Carrying amount £000	Contractual Cash flows £000	3 months or less £000	3-12 Months £000
At 31 December 2015				
Other payables	43	43	6	37

Sensitivity analysis

The Company does not have any liabilities which are exposed to external risk factors, such as interest rate movements, for this reason, the Directors do not feel that it is appropriate to complete sensitivity analysis.

9. Called up share capital

	Number of shares	31 December 2015 £
Authorised		
Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
Ordinary shares of £1 each	100	100

10. Other financial commitments and contingent liabilities

There were no capital commitments at the end of the financial period. There are no contingent liabilities not provided for at the end of the financial period.

11. Related party transactions

The Directors consider Select Property Group (Holdings) Limited and all of its subsidiaries to be related parties of the Company.

The following balances with related parties existed at the period end:

	Balance outstanding (from)/to Company £000
Period ended 31 December 2015	
Select Property Group Ltd	(33)

All related party balances are repayable on demand. Within the next 12 months, all related party balances are expected to be cash settled.

All related party balances are unsecured and all transactions are carried out on an arms-length basis.

City Suites Operating Company Limited

Notes to the financial statements (continued)

12. Ultimate parent company

The immediate parent undertaking is City Suites Limited and the ultimate parent undertaking is Select Property Group (Holdings) Limited incorporated in the UK.

The largest and smallest Group in which the results of the Company are consolidated is that headed by Select Property Group (Holdings) Limited, incorporated in the UK. The consolidated financial statements of this company are available to the public and may be obtained from The Registrar of Companies, Companies House, Cardiff, CF4 3UZ.

13. Subsequent events

There have been no significant events between the period end and the date of approval of these financial statements which would require a change to the accounts.