Directors' Report and

Financial Statements for the Year Ended 31 December 2018

for

City Suites Holdco Limited

City Suites Holdco Limited

Contents of the Financial Statements for the Year Ended 31 December 2018

City Suites Holdco Limited

Company Information
for the Year Ended 31 December 2018

Directors:	Mr G P Beswick Mr M C Dawson Mr M D Stott Mr T P Moore
Secretary:	Mr G P Beswick
Registered office:	Horseshoe Farm Elkington Way Alderley Edge Cheshire SK9 7GU
Registered number:	09421066 (England and Wales)
Independent auditor:	Ernst & Young LLP, Statutory Auditor 2 St Peter's Square Manchester M2 3EY
Solicitors:	Shoosmiths LLP The XYZ Building 2 Hardman Boulevard Spinningfields Manchester M3 3AZ

City Suites Holdco Limited

Directors' Report
for the Year Ended 31 December 2018

The directors present their report with the financial statements of the Company for the year ended 31 December 2018.

In accordance with section 414B of the Companies Act 2006, the Company has taken advantage of the small companies' exemption in relation to the strategic report.

The Company 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. On 9 July 2019 the shares of Select Property Group (Holdings) Limited were transferred to Vita Group Holdings Limited (formerly Swift Newco A Limited). Therefore the ultimate parent undertaking from 9 July 2019 is Vita Group Holdings Limited.

City Suites Holdco Limited is a private company, limited by shares.

Principal activity
The principal activity of the Company in the year under review was that of a holding company.

Dividends
The company paid an interim dividend to City Suites Limited during the year of £4,100,000. No final dividend has been proposed for the year ended 31 December 2018.

Events since the end of the year
Information relating to events since the end of the year is given in the notes to the financial statements.

Directors
The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

Mr G P Beswick
Mr M C Dawson
Mr M D Stott

Other changes in directors holding office are as follows:

Mr T P Moore was appointed as a director after 31 December 2018 but prior to the date of this report.

Statement as to disclosure of information to auditor
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

City Suites Holdco Limited

Directors' Report
for the Year Ended 31 December 2018

Auditor
The auditor, Ernst & Young LLP, Statutory Auditor will be proposed for re-appointment at the forthcoming Annual General Meeting.

By order of the board:

Mr T P Moore - Director

27 September 2019

City Suites Holdco Limited

Statement of Directors' Responsibilities for the Year Ended 31 December 2018

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether international financial reporting standards as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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

Independent Auditor's Report to the Members of
City Suites Holdco Limited

Opinion
We have audited the financial statements of City Suites Holdco Limited (the 'Company') for the year ended 31 December 2018 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:
- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit 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.

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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 directors are responsible for the other information. The other information comprises the information in the Directors' Report and the Statement of Directors' Responsibilities, but does not include the financial statements and our Auditor's report thereon

Other information (continued)
Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Independent Auditor's Report to the Members of
City Suites Holdco Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors report and from the requirement to prepare a strategic report, 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

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent Auditor's Report to the Members of City Suites Holdco Limited

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.

Ernst & Young LLP

Tehseen Ali (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
2 St Peter's Square
Manchester
M2 3EY

Date: 27/9/19

City Suites Holdco Limited

Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Continuing operations			
Revenue		**1,686**	12,267
Cost of sales		**(469)**	(17,662)
Gross profit/(loss)		**1,217**	(5,395)
Other operating income		**-**	31
Administrative expenses		**(66)**	(59)
Other operating expenses		**(52)**	-
Operating profit/(loss)		**1,099**	(5,423)
Finance costs	3	**(83)**	(29)
Profit/(loss) before income tax	4	**1,016**	(5,452)
Income tax	5	**(216)**	214
Profit/(loss) for the year		**800**	(5,238)
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the year		**800**	(5,238)

The notes on pages 13 to 24 form part of these financial statements

City Suites Holdco Limited (Registered number: 09421066)

Statement of Financial Position
31 December 2018

	Notes	2018 £'000	2017 £'000
Assets			
Non-current assets			
Property, plant and equipment	7	**195**	-
Deferred tax	16	**-**	214
		195	214
Current assets			
Inventories	8	**-**	905
Trade and other receivables	9	**9,831**	10,060
		9,831	10,965
Total assets		**10,026**	11,179
Equity			
Shareholders' equity			
Called up share capital	10	**-**	-
Retained earnings	11	**1,378**	4,678
Total equity		**1,378**	4,678
Liabilities			
Non-current liabilities			
Deferred tax	16	**2**	-
Provisions	15	**-**	874
		2	874
Current liabilities			
Trade and other payables	12	**8,400**	2,888
Financial liabilities - borrowings			
Interest bearing loans and borrowings	13	**-**	994
Provisions	15	**246**	1,745
		8,646	5,627
Total liabilities		**8,648**	6,501
Total equity and liabilities		**10,026**	11,179

The notes on pages 13 to 24 form part of these financial statements

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Statement of Financial Position - continued
31 December 2018

The financial statements were approved by the Board of Directors on 27 September 2019 and were signed on its behalf by:

Mr T P Moore - Director

The notes on pages 13 to 24 form part of these financial statements

City Suites Holdco Limited

Statement of Changes in Equity
for the Year Ended 31 December 2018

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2017	-	9,916	9,916
Changes in equity			
Total comprehensive loss	-	(5,238)	(5,238)
Balance at 31 December 2017	-	4,678	4,678
Changes in equity			
Dividends	-	(4,100)	(4,100)
Total comprehensive income	-	800	800
Balance at 31 December 2018	-	1,378	1,378

The notes on pages 13 to 24 form part of these financial statements

City Suites Holdco Limited

Statement of Cash Flows
for the Year Ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Cash generated from operations	20	**5,402**	5,013
Interest paid		**(83)**	-
Net cash from operating activities		**5,319**	5,013
Cash flows from investing activities			
Purchase of tangible fixed assets		**(225)**	-
Net cash from investing activities		**(225)**	-
Cash flows from financing activities			
New loans in year		**-**	1,000
Loan repayments in year		**(994)**	(5,998)
Financing costs		**-**	(15)
Equity dividends paid		**(4,100)**	-
Net cash from financing activities		**(5,094)**	(5,013)
Increase in cash and cash equivalents		**-**	-
Cash and cash equivalents at beginning of year		**-**	-
Cash and cash equivalents at end of year		**-**	-

The notes on pages 13 to 24 form part of these financial statements

1. **Accounting policies**

Basis of preparation
These financial statements have been prepared in accordance with the International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The Company is incorporated and domiciled in the UK

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

Going concern
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 unless otherwise stated in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Functional and presentational currency
The Company's financial statements are presented in Sterling, which is the Company's functional currency.

Accounting Standards Update
A number of updates to standards or interpretations were in issue as at 31 December 2018.

The following new or amended standards and interpretations, are effective for the period ended 31 December 2018 and have 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.

continued...

1. Accounting Standards Update - continued

Change in Standard or Interpretation	Effective Date*
IFRS 15 Revenue from Contracts with Customers	01-Jan-18
IFRS 9 Financial Instruments: Classification and Measurement	01-Jan-18

The following new or amended standards and interpretations, are not yet effective for the period ended 31 December 2018 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 16 Leases	01-Jan-19
IAS 19 amendments	01-Jan-19
IFRS 9 amendments	01-Jan-19
IAS 28 amendments	01-Jan-19
2015-2017 annual improvements cycle	01-Jan-19

*Effective for annual periods beginning on or after this date

The Directors do not anticipate that the adoption of these standards will have a material impact on the financial statements of the Company in the period of initial application.

Use of estimates and judgements

The preparation of financial statements requires management to exercise judgement in applying the Company's accounting policies. There are no significant estimates or assumptions used in preparing these financial statements.

Revenue recognition

The company adopted IFRS 15 Revenue from Contracts with customers on 1 January 2018. The company has applied IFRS 15 retrospectively with any cumulative effect of initial application of the standard recognized at the date of initial application. However, after performing a review of its active contracts, the Company determined that no such cumulative adjustments necessary. Revenue represents the value of rental income received including any payments made under guarantee received from other group undertakings.

Property, plant and equipment

Property and equipment is stated at cost less accumulated depreciation and any recognised impairment in value. Depreciation is charged to the statement of comprehensive income on a straight line basis over the estimated useful lives of each part of an item of equipment. Plant and equipment is also tested for impairment whenever there is an indication of potential impairment. The depreciation rates applied are as follows:

Fixtures & Fittings 33%

continued...

1. **Accounting policies - continued**

Financial instruments

Financial assets (including receivables)
A financial asset are recognised at amortised cost. The impairment of these assets, including trade and other receivables is calculated using expected lifetime credit losses. Lifetime credit losses are a probability-weighted estimate of the present value of all cash shortfalls that may arise from all possible default events over the life of a financial asset. Expected credit losses are discounted at the effective interest rate of the financial asset.

Financial liabilities (including payables)
Financial liabilities (including borrowings and trade and other payables) are measured at amortised cost, using the effective interest method where applicable.

Inventories
Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

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 statement of financial position 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.

Borrowing costs
Borrowing costs directly attributable to the construction of property are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

continued...

1. **Accounting policies - continued**

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

2. **Employees and directors**

There were no staff costs for the year ended 31 December 2018 nor for the year ended 31 December 2017.

The company had no employees during the current or prior period.

	2018	2017
	£	£
Directors' remuneration	-	-

The Directors received emoluments and accrued pension benefits 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.

3. **Net finance costs**

	2018	2017
	£'000	£'000
Finance costs:		
Loan interest	83	29

4. **Profit/(loss) before income tax**

The profit before income tax (2017 - loss before income tax) is stated after charging:

	2018	2017
	£'000	£'000
Cost of inventories recognised as expense	469	17,662
Depreciation - owned assets	30	-
Audit fees	3	5

There were no non audit services, performed by the Auditor, incurred by the entity in the current or prior period.

continued...

5. Income tax

Analysis of tax expense/(income)

	2018 £'000	2017 £'000
Deferred tax	**216**	(214)
Total tax expense/(income) in statement of profit or loss and other comprehensive income	**216**	(214)

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

	2018 £'000	2017 £'000
Profit/(loss) before income tax	**1,016**	(5,452)
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%)	**193**	(1,050)
Effects of:		
Adjustments in respect of prior years	**214**	562
Tax rate changes	**-**	7
Effects of group relief/ other reliefs	**(215)**	261
Amounts not recognised	**24**	6
Tax expense/(income)	**216**	(214)

A reduction in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax assets and liabilities at 31 December 2018 have been calculated based on these rates.

6. Dividends

	2018 £'000	2017 £'000
Interim dividend paid	**4,100**	-

The company paid an interim dividend to City Suites Limited during the year of £4,100,000. No final dividend has been proposed for the year ended 31 December 2018.

continued...

7. Property, plant and equipment

	Fixtures and fittings £'000
Cost	
Additions	225
At 31 December 2018	225
Depreciation	
Charge for year	30
At 31 December 2018	30
Net book value	
At 31 December 2018	195

8. Inventories

	2018 £'000	2017 £'000
Properties under development	-	865
Capitalised borrowing costs	-	40
	-	905

9. Trade and other receivables

	2018 £'000	2017 £'000
Current:		
Trade receivables	-	28
Amounts owed by group undertakings	9,698	10,030
VAT	133	-
Prepayments	-	2
	9,831	10,060

10. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018 £	2017 £
100	A Ordinary	£1	100	100

continued...

11. Reserves

	Retained earnings £'000
At 1 January 2018	4,678
Profit for the year	800
Dividends	(4,100)
At 31 December 2018	1,378

12. Trade and other payables

	2018 £'000	2017 £'000
Current:		
Trade payables	2	-
Amounts owed to group undertakings	8,300	2,313
Accruals	98	575
	8,400	2,888

13. Financial liabilities - borrowings

	2018 £'000	2017 £'000
Current:		
Other loans	-	1,009
Unamortised costs	-	(15)
	-	994

continued...

14. Financial instruments

Financial risk management
The Company has exposure to the following risks from its use of financial instruments:
Credit risk
Liquidity risk

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 present revenue stream from operations continues to increase 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 2018, the Company had no other financial instruments other than those disclosed below. The carrying value of all financial instruments in these financial statements is considered to approximate to their fair value.

	2018 £'000	2017 £'000
Financial Assets		
Trade and other receivables	**9,831**	10,057
Financial Liabilities		
Borrowings	**-**	994
Trade and other payables	**8,400**	2,889
Provisions	**246**	2,619

Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from intra-group companies. Due to the nature of these receivables, management does not consider the credit risk on these receivables to be high.

continued...

14. Financial instruments - continued

Exposure to credit risk

The carrying value of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2018 £'000	2017 £'000
Other receivables	**9,831**	**10,057**

Following adoption of IFRS 9 on 1 January 2018 the Company introduced the expected credit loss approach to establish an allowance for impairment that represents its estimate of expected credit loss in respect of trade and other receivables. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables. To measure expected credit losses trade receivables have been grouped based on shared credit characteristics and the days past due. The loss allowance at 1 January 2018 was reviewed and no adjustment was considered necessary.

No financial assets were considered impaired or overdue as at 31 December 2018. Trade receivables are written off where there is no reasonable expectation of recovery. Impairment losses on trade receivables are presented as net impairment losses within operating profit, any subsequent recoveries are credited against the same line.

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.

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	1-2 years £'000	2-5 years £'000
At 31 December 2018						
Other payables	**8,400**	**8,400**	**100**	**5,988**	**2,312**	**-**
Borrowings	**-**	**-**	**-**	**-**	**-**	**-**
Provisions	**246**	**246**	**-**	**246**	**-**	**-**
At 31 December 2017						
Other payables	2,888	2,888	1	2,320	567	-
Borrowings	994	1,009	30	979	-	-
Provisions	2,619	2,619	804	941	874	-

continued...

14. **Financial instruments - continued**

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.

15. Provisions

	2018 £'000	2017 £'000
Other provisions	**246**	2,619

Analysed as follows:		
Current	**246**	1,745
Non-current	**-**	874
	246	2,619

	2018 £'000	2017 £'000
Rental Guarantee Provision		
At the start of the period	**2,619**	1,455
Utilised	**(3,108)**	(3,782)
Provided for	**735**	4,946
At the end of the period	**246**	2,619

The Company is party to agreements whereby any shortfall in rental returns, payable to investors relating to leases held, is guaranteed and payable by the Company. Therefore, the Company recognises a provision for any such shortfall, based on the estimated rental shortfall for the total period of the guaranteed rental return.

The provisions include assumptions on future rental income and future costs. The rental guarantee provision is expected to be fully utilised by December 2019.

16. Deferred tax

	2018 £'000	2017 £'000
Balance at 1 January	**(214)**	-
Adjustment in respect of prior years	**214**	(214)
Deferred tax charge to Income Statement	**2**	-
Balance at 31 December	**2**	(214)

continued...

16. **Deferred tax - continued**

The deferred tax balance is expected to be recoverable in more than one year.

17. **Ultimate parent company**

At 31 December 2018 the immediate parent undertaking was City Suites Limited and the ultimate parent undertaking was Select Property Group (Holdings) Limited incorporated in the UK. On 9 July 2019, the shares of Select Property Group (Holdings) Limited were transferred to Vita Group Holdings Limited (formerly Swift Newco A Limited). Therefore the ultimate parent undertaking from 9 July 2019 is Vita Group Holdings Limited.

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.

18. **Related party disclosures**

The Directors consider Vita Group Holdings Limited and all of its subsidiaries and joint ventures to be related parties of the Company.

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

31 December 2018	**Purchase of inventory £'000**	**Sales commission £'000**	**Intercompany balance £'000**
City Suites Manchester Limited	**-**	**-**	**9,612**
Select Property Group Limited	**-**	**-**	**-**
Select Money Limited	**-**	**-**	**-**
City Suites Limited	**-**	**-**	**(4,261)**
City Suites Operating Company Limited	**-**	**-**	**(4,039)**
City Suits Management Limited	-	-	**86**

31 December 2017	**Purchase of inventory £'000**	**Sales commission £'000**	**Intercompany balance £'000**
City Suites Manchester Limited	-	-	9,870
Select Property Group Limited	-	(17)	-
Select Money Limited	-	(3)	-
City Suites Limited	-	-	160
City Suites Operating Company Limited	-	-	(2,313)

A negative balance indicates an amount payable by the Company. A positive balance indicates an amount receivable to the Company.

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

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19. Events after the reporting period

On 9 July 2019, the ultimate parent undertaking of the Company changed to Vita Group Holdings Limited (formerly Swift Newco A Limited) when Vita Group Holdings Limited acquired the shares of Select Property Group (Holdings) Limited.

20. Reconciliation of profit/(loss) before income tax to cash generated from operations

	2018 £'000	2017 £'000
Profit/(loss) before income tax	**1,016**	(5,452)
Depreciation charges	**30**	-
Decrease in provisions	**(2,373)**	1,163
Finance costs	**83**	29
	(1,244)	(4,260)
Decrease in inventories	**905**	11,686
Decrease in trade and other receivables	**229**	3,824
Increase/(decrease) in trade and other payables	**5,512**	(6,237)
Cash generated from operations	**5,402**	5,013