Registration number: SC004676
(Scotland)

Centre Hotels (Cranston) Limited

Annual report and financial statements

For the year ended 31 December 2015

Contents

Company information

Directors

PT Mabry
JB Robinson
SM Teasdale

Company secretary

Haysmacintyre Company Secretaries Limited
26 Red Lion Square
London
United Kingdom
WC1R 4AG

Company registration number

SC004676

Registered office

Holiday Inn
107 Queensferry Road
Edinburgh
United Kingdom
EH4 3HL

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

Directors' report
For the year ended 31 December 2015

The directors present their annual report and the audited financial statements for the year ended 31 December 2015.

Principal activity
The principal activity of the company is to act as an investment holding company.

On 1 December 2015, the company was acquired by Ribbon Holdco Limited and its subsidiaries (together the "group"). The group owns and operates hotels in the UK.

Results
The loss after taxation for the year ended 31 December 2015 was £6k (2014: £6k).

Directors of the company
The directors who held office during the year and until the date of the financial statements were as follows:

PT Mabry	(appointed 17 December 2015)
JB Robinson	(appointed 17 December 2015)
SM Teasdale	(appointed 17 December 2015)
P Loynes	(appointed 1 December 2015, resigned 17 December 2015)
SF Baker	(appointed 1 December 2015, resigned 17 December 2015)
I Kolev	(appointed 1 December 2015, resigned 17 December 2015)
PCM Ekas	(resigned 1 December 2015)
RD Prince	(resigned 1 December 2015)

Going concern
The directors' assessment of the company's ability to adopt the going concern basis of accounting is set out in note 1 to the financial statements.

Small companies provisions statement
In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Disclosure of information to auditor
Each of the persons who is a director at the date of approval of this report confirms that:
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor
Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

JB Robinson
Director

Date: 30 September 2016

Directors' responsibilities statement

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

Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors have 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 101 Reduced Disclosure Framework (FRS 101).

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; 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 Centre Hotels (Cranston) Limited

We have audited the financial statements of Centre Hotels (Cranston) Limited for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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 annual 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 year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year 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 in preparing the Directors' Report or from preparing the Strategic Report.

Tim Steel
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Timothy Steel ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

Date: 30 | 9 | 16

Profit and loss account

For the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Interest payable and similar charges	5	(6)	(6)
Loss on ordinary activities before tax		**(6)**	**(6)**
Tax on loss on ordinary activities	6	-	-
Loss for the financial year		**(6)**	**(6)**

All amounts relate to continuing operations.

There is no other comprehensive income for the current or prior year other than those included above, therefore a statement of other comprehensive income has not been presented.

The notes on pages 8 to 13 are an integral part of these financial statements.

Balance sheet

At 31 December 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Investments	7	-	-
Current assets			
Debtors: Amounts falling due within one year	8	14,022	14,022
Creditors: Amounts falling due within one year	9	(156)	(150)
Net current assets		**13,866**	**13,872**
Total assets less current liabilities		**13,866**	**13,872**
Preference shares	10	(85)	(85)
Net assets		**13,781**	**13,787**
Capital and reserves			
Called up share capital		5,708	5,708
Retained earnings		8,073	8,079
Shareholders' funds		**13,781**	**13,787**

The notes on pages 8 to 13 are an integral part of these financial statements.

These financial statements were approved by the Board of directors on 30 September 2016 and were signed on its behalf by:

JB Robinson
Director

Company registered number: SC004676

Centre Hotels (Cranston) Limited

Statement of changes in equity

For the year ended 31 December 2015

	Called up share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2014	**5,708**	**8,085**	**13,793**
Loss for the year	-	(6)	(6)
Total comprehensive loss for the year	-	(6)	(6)
Balance at 31 December 2014	**5,708**	**8,079**	**13,787**
Loss for the year	-	(6)	(6)
Total comprehensive loss for the year	-	(6)	(6)
Balance as at 31 December 2015	**5,708**	**8,073**	**13,781**

Notes to the financial statements
For the year ended 31 December 2015

1. Accounting policies

a) General information

Centre Hotels (Cranston) Limited (the company) is a limited company incorporated and domiciled in the United Kingdom. The company is registered in Scotland and the address of its registered office is disclosed in the company information. The principal activity of the company is described in the Directors' report.

Adoption of new and revised Standards

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2015. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Annual Improvements to IFRSs: 2011-2013	The Company has adopted the various amendments to a number of standards. IFRS 3 *Business Combinations,* IFRS 13 *Fair Value Measurement and* IAS 40 *Investment Property.* The majority of the amendments are in the nature of clarifications rather than substantive changes to existing requirements.

b) Basis of preparation

The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the company has changed its accounting framework from pre-2015 UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6-33 and related appendices. The financial statements have therefore been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). This transition is not considered to have had a material effect on the financial statements.

The following exemptions from the requirements of IFRS have been applied in preparation of these financial statements, in accordance with FRS 101:
- IFRS 7 Financial instruments: Disclosures,
- The following paragraphs of IAS 1 Presentation of financial statements:
  - 10(d) statement of cash flows,
  - 16 statement of compliance with all IFRS,
  - 134-136 capital management disclosures,
- Paragraph 30 and 31 of IAS 8, disclosure and impact of new IFRSs that has been issued but not yet effective, and
- The requirements in IAS 24 of Related party disclosures, to disclose related party transactions entered between two or more members of a group.

Where relevant equivalent disclosures have been given in the consolidated financial statements of Ribbon Midco Limited. The consolidated financial statements of Ribbon Midco Limited are available to the public and can be obtained from 26 Red Lion Square, London, WC1R 4AG.

The financial statements have been prepared on the historical cost basis and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with adopted FRS 101 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Judgements made by management in the application of FRS 101 that have a significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed below.

The presentation and functional currency of the company is pounds sterling. The financial statements are presented in thousands of pounds (£'000) unless stated otherwise.

Notes to the financial statements
For the year ended 31 December 2015

c) **Consolidation exemption**

These financial statements are separate financial statements. The company is exempted by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, because it is included in the consolidated financial statements of Ribbon Midco Limited. The consolidated financial statements of Ribbon Midco Limited are available to the public and can be obtained from 26 Red Lion Square, London, WC1R 4AG.

d) **Going concern**

On 1 December 2015, the company was acquired by Ribbon Holdco Limited and its subsidiaries (together the "group"). The group owns and operates hotels in the UK.

The group meets its day to day working capital requirements from normal trading activities through its portfolio of hotels. The group's existing debt facility is secured until 2018. The group's financial forecasts, taking account of the existing loan terms and current trading performance, show that the group will be able to operate within the level of its current and future facilities and remain in compliance with the terms of its loan agreements.

After making enquiries, the directors have a reasonable expectation that the Group and the company has adequate resources to continue in operational existence for at least the twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

e) **Investments**

Investments in subsidiary undertakings are stated at cost less provision for impairment.

f) **Impairment of investments**

At the end of each reporting period, the company reviews the carrying amounts of its investments to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount of the investments is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

g) **Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value.

The company's non-derivative financial instruments include loans and receivables and other financial liabilities.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments. These include:

<u>Other receivables</u>
Other receivables which include amounts owed by group undertakings are initially recognised at fair value, based upon discounted cash flows at prevailing interest rates for similar instruments, or at their nominal amount less impairment losses if due in less than 12 months. Subsequent to initial recognition, other receivables are valued at amortised cost less impairment losses.

Notes to the financial statements *(continued)*
For the year ended 31 December 2015

g) Financial instruments *(continued)*

Other financial liabilities

<u>*Other payables*</u>
Other payables which include amounts owed to group undertakings are initially recognised at fair value, based upon the nominal amount outstanding. Subsequent to initial recognition, they are recorded at amortised cost.

<u>*Preference shares*</u>
Preference shares are classified as financial liabilities because they bear non-discretionary dividends and are redeemable in cash or other financial asset by the holders. Discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets
Financial assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. These financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. Objective evidence of impairment could include:
- Default by a debtor; and/or
- significant financial difficulty of the debtors or counterparty.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derecognition of financial assets
The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. Any interest in such transferred financial assets that is created or retained by the company is recognised as a separate asset or liability.

Derecognition of financial liabilities
The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

h) Taxation

Tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the profit and loss account because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Notes to the financial statements *(continued)*
For the year ended 31 December 2015

h) Taxation *(continued)*

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

2. Critical accounting judgements and sources of estimation uncertainty

In the application of the company's accounting policies, the directors of the company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Key sources of estimation uncertainty
The following is the key source of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Impairment of investment in subsidiary undertakings
Determining whether the company's investment in subsidiary undertakings have been impaired requires estimations of the investment's value in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investment and suitable discount rates in order to calculate present values. Based on the assessment made during the period, the investment in subsidiary undertakings is not considered to be impaired.

3. Loss for the year

Auditor's remuneration of £2,000 (2014: £1,600) has been borne by a fellow group undertaking in both the current and prior year.

There were no staff employed by the company in either the current or prior year.

4. Directors' remuneration

The directors received no emoluments or benefits from the company for their services in the current or prior year.

5. Interest payable and similar charges

	2015 £'000	2014 £'000
Preference shares dividend	6	6

Notes to the financial statements *(continued)*
For the year ended 31 December 2015

6. Tax

	2015 £'000	2014 £'000
Current tax		
UK Corporation tax charge	-	-

Factors affecting current tax charge for the year

The tax on loss on ordinary activities for the year is higher than (2014: higher than) the standard rate of corporation tax in the UK of 20.25% (2014: 21.49%).

The differences are reconciled below:

	2015 £'000	2014 £'000
Loss on ordinary activities before tax	(6)	(6)
Corporation tax at standard rate	(1)	(1)
Effects of:		
Expenses not deductible for tax purposes	1	1
Total tax charge for the year	-	-

Factors affecting the tax charge in future years

Reductions in the UK corporation tax rate from 21% (effective from 1 April 2014) to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017), and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the future current tax charges accordingly.

7. Investments

	2015 £	2014 £
Subsidiaries	-	-
	-	-

Subsidiaries

	£
Cost	
As at 31 December 2015	100
Provisions for impairment	
As at 31 December 2015	(100)
Carrying amount	
As at 31 December 2015	-

Details of subsidiary undertakings

Details of the investment in the company's subsidiary undertakings are as follows:

Subsidiary undertakings	Country of incorporation	Ownership Interest in ordinary shares (%)
Ribbon IG Limited (formerly LRG IG Limited)	England and Wales	100%

Notes to the financial statements *(continued)*
For the year ended 31 December 2015

8. Debtors: Amounts falling due within one year

	2015 £'000	2014 £'000
Amounts owed by fellow group undertakings	14,022	14,022

Amounts owed by fellow group undertakings are payable on demand and no interest is charged on the balance.

9. Creditors: Amounts falling due within one year

	2015 £'000	2014 £'000
Amounts owed to group undertakings	156	150

Amounts owed to fellow group undertakings are repayable on demand and no interest is charged on the balance.

10. Preference shares

	2015 £'000	2014 £'000
Issued and fully paid:		
85,440 7% Cumulative preference shares of £1 each	85	85

Preference shares rights
The holders of preference shares are entitled to a fixed cumulative preferential dividend at the rate shown, has one vote per share and, on winding-up of the company, they take priority over the ordinary shareholders on repayment of capital. They are not entitled to receive notice to attend the members' meeting unless at the date of notice convening the meeting the dividend is six months in arrear or the meeting includes consideration winding up of the company or reducing its share capital or varying rights of the preference shareholders, in which case they are entitled to vote on the particular resolution.

11. Parent and ultimate controlling party

The immediate parent of the company is Ribbon Hotels Group (UK) Limited (formerly LRG Hotels Group (UK) Limited), a company incorporated in the United Kingdom. Between 1 January and 30 November 2015, the company was controlled by LRG Holdings Limited, a company incorporated in the United Kingdom, which was the company's ultimate controlling party during that period. On 1 December 2015, the company was acquired by Ribbon Holdco Limited and its subsidiaries and from that date onwards the ultimate controlling party is Apollo Global Management, LLC, a company incorporated in Delaware, United States of America.

The largest group to consolidate these financial statements from 1 December 2015 is that of Apollo Global Management, LLC. The consolidated financial statements of Apollo Global Management, LLC for the year ended 31 December 2015 are available to the public and may be obtained from the principal place of business, 9 West 57th Street, 43rd Floor, New York, New York 10019, United States of America.

The smallest group to consolidate these financial statements from 1 December 2015 is that of Ribbon Midco Limited. The consolidated financial statements of Ribbon Midco Limited for the 2-month period ended 31 December 2015 are available to the public and may be obtained from the principal place of business 26 Red Lion Square, London, WC1R 4AG.