

Small Luxury Hotels of the World Limited

(a company limited by guarantee not having a share capital)

Annual report and financial statements for the year ended 31 December 2013

Registered Number 02547272



Small Luxury Hotels of the World Limited

Annual report and financial statements

for the year ended 31 December 2013

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Small Luxury Hotels of the World Limited

Strategic report for the year ended 31 December 2013

The directors present their strategic report for Small Luxury Hotels of the World Limited (the Company) for the year ended 31 December 2013.

Review of the business and future developments

The Company is a membership organisation in which the principal activities are the marketing of independently managed hotels (members) and the provision of an international reservation service for those members. The Company is expected to provide these services for the foreseeable future and the strategy is to continue to grow the membership of luxury independent hotels and in continue further development in new emerging markets.

2013 was a year for a big drive into the Chinese market with a 40% increase in hotels in China. A new dedicated Chinese language website was launched in the year and development work carried out with Social Media platforms in the country. The year also saw further investment into all electronic platforms and emerging technologies. Further development of the Be Inspired magazine saw the directory listing incorporated into an updated design. New partnerships was developed in the year with both Asia Miles and Avios points programmes being developed.

Membership numbers in 2013 grew to 531 members worldwide (2012: 528 members worldwide) and turnover increased by 4% to £14.9m (2012: £14.3m). EMEA (Europe, Middle East & Africa) showed a growth of 1% to 329 members (2012: 329 members), Asia Pacific decreased by 3% to 120 members (2012: 123 members) and US decreased members by 1% to 82 members (2012: 82 members).

The results of the company show a turnover of £14.8m (2012: £14.2m) with profit for the financial year of £0.40m (2012: £0.09m).

As at 31 December 2013 the company had net assets of £3.3m (2012: £2.9m). In the opinion of the directors both the level of business and the year end financial position were satisfactory. The continued risks and uncertainties faced by the Company in the current austere times have been considered when producing the budget for 2014; the Company holds a substantial amount in reserves and anticipates that these will remain.

Key Performance Indicators

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Small Luxury Hotels of the World Limited

Strategic report for the year ended 31 December 2013 (Continued)

Employees

The Company had no employees in the period.

Principal Risks and uncertainties

The main risks to the company are economic collapse, major natural disaster or terrorist act that affects peoples travelling behaviour. As at 31 December 2013 the company had net assets of £3.3m (2012: £2.9m). In the opinion of the directors both the level of business and the year end financial position were satisfactory. The continued risks and uncertainties faced by the Company in the current austere times have been considered when producing the budget for 2014; the Company holds a substantial amount in reserves and anticipates that these will remain.

This report was approved by the board on 16.09.14 and signed by its order.



A Kijkanakorn

Director

Small Luxury Hotels of the World Limited

Directors' report for the year ended 31 December 2013

The directors present their report and the audited financial statements of Small Luxury Hotels of the World Limited (the Company) for the year ended 31 December 2013.

Results for the year, principal risks and future development can be found on the Strategic report on pages 3 and 4.

Dividends

As the Company is a membership organisation no dividends are paid and any surplus is transferred to reserves to be used in future for the benefit of the members.

Political donations

The Company did not make any political donations in 2013 (2012: £nil)

European Branches

The Company has no branches in the European Union

Directors

The directors who held office during the year and up to the date of signing the financial statement are listed below:

J Slater – Retired 13th March 2013

M Landry – Retired 13th March 2013

A Kijkanakorn

H Cooray

G Schneider

R Widman

P Tew

S Saab

J Tourbier

P Burke

P Paleologos

C Zaefferer – Appointed 13th March 2013

P Morra – Appointed 13th March 2013

H Muehle – Appointed 13th March 2013

Company Number: 02547272

Statement of directors' responsibilities

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

Small Luxury Hotels of the World Limited

Directors' report for the year ended 31 December 2013 (Continued)

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

The directors confirm so far as each director is aware as at the date of signing this report;

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

This Report was approved by the board on 16.09.14 and signed by its order.



A Kijkanakorn

Director

Small Luxury Hotels of the World Limited

Independent auditors' report to the members of Small Luxury Hotels of the World Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit and cash flows 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Small Luxury Hotels of the World Limited, comprise:

- Balance sheet as at 31 December 2013;
- Profit and loss account for the year then ended;
- Cash flow statement for the year then ended;
- Reconciliation of net cash flow to movements in net funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Certain disclosures required by the financial reporting framework have been presented elsewhere in the Strategic Report (the "Annual Report"), rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

Small Luxury Hotels of the World Limited

Independent auditors' report to the members of Small Luxury Hotels of the World Limited (continued)

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' report for the year ended 31 December 2013 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Small Luxury Hotels of the World Limited

Independent auditors' report to the members of Small Luxury Hotels of the World Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 6, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Craig Skelton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

16.09.14

Small Luxury Hotels of the World Limited
Profit and loss account for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Turnover		14,950	14,343
Cost of sales		(8,449)	(7,918)
Gross profit		6,501	6,425
Administrative expenses		(6,100)	(6,356)
Operating profit	4	401	69
Interest receivable and similar income		11	29
Profit on ordinary activities before taxation		412	98
Tax on profit on ordinary activities	5	(2)	(6)
Profit for the financial year	8	410	92

All results derive from continuing operations.

The Company has no recognised gains or losses other than those disclosed in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above, and their historical cost equivalents.

Small Luxury Hotels of the World Limited
Balance sheet as at 31 December 2013

	Note	2013 £'000	2012 £'000
Current assets			
Debtors (including £196k (2012: £199k) due after one year)	6	3,109	2,756
Cash at bank and in hand	10	6,877	6,418
		9,986	9,174
Creditors: amounts falling due within one year	7	(6,644)	(6,242)
Net current assets		3,342	2,932
Total assets less current liabilities		3,342	2,932
Net assets		3,342	2,932
Members' funds			
Profit and loss account	8	3,342	2,932

The financial statements on pages 10 - 16 were approved by the board of directors on and were signed on its behalf by:



A Kijkanakorn

Director

16.09.14

Small Luxury Hotels of the World Limited
Cash flow statement for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Net cash inflow from operating activities	9	454	982
Return on investments and servicing of finance			
Interest received		11	29
Net cash inflow from returns on investment and servicing of finance		11	29
Taxation			
UK corporation tax paid		(6)	(3)
Net cash outflow from taxation		(6)	(6)
Increase in cash during the year	10	459	1,008

Small Luxury Hotels of the World Limited

Notes to the financial statements for the year ended 31 December 2013

1. Principal accounting policies

The financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The principal accounting policies are set out below and have been consistently applied throughout both years presented.

Turnover

Turnover represents annual membership fees, commissions on reservations receivable and fees for other services all rendered to member hotels, net of value added tax and trade discounts.

Annual membership fees are recognised evenly over the period of membership.

Commissions on reservation income receivable from member hotels are recognised on guest's scheduled departure via the company's reservation system. An allowance of 10% is made against all bookings representing the estimated level of cancellations.

In the opinion of the directors, disclosure of segmental information would be detrimental to the commercial interests of the Company and has not therefore been provided.

All other services are recognised when supplied.

Accrued Income

Accrued income represents services provided to member hotels not invoiced at the balance sheet date.

Foreign currencies

Monetary assets and liabilities denominated in overseas currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Individual transactions are translated at the rate of exchange ruling at the date of the transaction. All exchange differences are included in the profit and loss account.

Deferred Income

Deferred income represents amounts invoiced relating to revenue in subsequent years.

2. Directors' remuneration

The directors did not receive any emoluments in respect of their services to the company (2012: £nil).

Small Luxury Hotels of the World Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

3. Employee information

The company had no employees during the year (2012: none).

4. Operating profit

Operating profit is stated after charging:

	2013	2012
	£'000	£'000
Services provided by the company's auditor		
- Fees payable for the audit	20	19
- Fees payable for other services – tax compliance	3	4
– company secretarial	25	21
Foreign exchange loss	204	117

5. Tax on profit on ordinary activities

Analysis of charge in year

	2013	2012
	£'000	£'000
Current tax		
UK corporation tax on profit for the year	2	6
Tax on profit on ordinary activities	2	6

The tax assessed for the year is lower (2012: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 December 2013 of 21% (2012: 20%). The differences are explained below.

Small Luxury Hotels of the World Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

5. Tax on profit on ordinary activities (continued)

	2013	2012
	£'000	£'000
Profit on ordinary activities before tax	412	98
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2012: 20%)	87	20
Effects of:		
Profit exempt from corporation tax	(85)	(14)
Current tax charge for the year	2	6

The tax charge relates to interest receivable. All other trading profits are exempt from corporation tax.

6. Debtors

	2013	2012
	£'000	£'000
Amounts falling due within one year		
Trade debtors	1,802	1,215
Other debtors	651	710
Prepayments and accrued income	656	831
	3,109	2,756

Other debtors include £196k (2012: £199k) falling due after more than one year.

7. Creditors: amounts falling due within one year

	2013	2012
	£'000	£'000
Trade creditors	965	733
Corporation tax	2	6
Accruals and deferred income	5,677	5,503
	6,644	6,242

Small Luxury Hotels of the World Limited

Notes to the financial statements for the year ended 31 December 2013 (continued)

8. Profit and loss account

	£'000
At 1 January 2013	2,932
Profit for the financial year	410
At 31 December 2013	3,342

9. Reconciliation of operating profit net cash flow from operating activities

	2013	2012
	£'000	£'000
Operating profit	401	69
(Increase)/decrease in debtors	(353)	516
Increase in creditors	406	397
Net cash inflow from operating activities	454	982

10. Reconciliation of net cash flow to movements in net funds

	2013	2012
	£'000	£'000
Cash at bank and in hand at beginning of year	6,418	5,410
Increase in cash in the year	459	1,008
Cash at bank and in hand at end of year	6,877	6,418

11. Ultimate controlling party

In the opinion of the directors, the members of the company, by acting in concert, ultimately control the company.