

Company Registration No. 05400112 (England and Wales)

CITY AND COUNTRY HOTELS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

TUESDAY



L3NCPDC8

LD4

23/12/2014

#306

COMPANIES HOUSE

CITY AND COUNTRY HOTELS LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | K M Affara T. Affara |
| Company number | 05400112 |
| Registered office | C/O Management office Campbell Court Gloucester Road London SW7 4PD |
| Auditors | Higgisons Chartered Accountants Higgison House 381-383 City Road London EC1V 1NW United Kingdom |

CITY AND COUNTRY HOTELS LIMITED

CONTENTS

| | Page |
|-----------------------------------|-------------|
| Directors' report | 1 - 2 |
| Independent auditors' report | 3 - 4 |
| Profit and loss account | 5 |
| Balance sheet | 6 |
| Cash flow statement | 7 |
| Notes to the financial statements | 8 - 13 |

CITY AND COUNTRY HOTELS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2014

The directors present their report and financial statements for the year ended 31 March 2014.

Principal activities and review of the business

The principal activity of the company continued to be the provision of hotel services.

2013/14 was a year of strong revenue growth for City and Country Hotels. While operating in a very competitive marketplace, our tactical rate strategies, combined with targeted direct and 3rd party marketing, yielded exceptional growth in key areas of our business. Our provincial hotel, situated in the Cotswolds, saw a 59% increase in leisure generated business as a result of this. This hotel continues to actively promote its leisure and wedding business, and is expected to return a 5% year on year increase in room sales for year ending March 2015.

The Royal Hotel in Cardiff, operating in a market saturated with hotels, saw an increase in rooms revenue of 11% year on year, driven by an occupancy in excess of 84% and an increase in rate of 7%. The accommodation revenue for 2014/15 for The Royal is likely to show another exceptional growth of 10% year on year.

Our four star London Hotel, Ten Manchester Street, also had a very strong trading year in 2013/14, with revenues well ahead of prior year, and ahead of budgeted expectations. 2014/15 continues this trend, with sustained growth in accommodation revenues. The completion of a Cigar Sampling room, complimenting the existing Cigar Terrace has proven to be a sound investment, with Cigar revenues showing a fourfold increase year on year. We fully expect to see excellent growth in our Cigar Sales going forward, as this new offering becomes more established and recognised in the local market.

Breaking into an exclusive luxury 5 star market, The Wellesley Hotel, the latest edition to our portfolio, performed exceptionally well in its first full year of trading, generating over £6.5million turnover in 2013/14. Sustained growth is seen in 2014/15 and indeed, is forecast going forward, as this luxury hotel becomes more established in the international market, and sees increased revenue streams from Russia, the Americas, and Europe compliment an already strong Middle Eastern Market.

Early in 2014, we took the decision to centralise our Revenue and Reservations teams for our two London hotels into one Central Department, combining skill sets and knowledge. This Central Reservations Department now provides greater support for the hotels, and extended opening hours to better serve our increasing international bookers. A core value of the company is ensuring that the hotels are maintained to the highest possible standards, and our ongoing investment in the produce will see Ten Manchester Street undergo a rolling, non disruptive bedroom refurbishment programme in 2015.

The group also continues to invest in IT, both hardware and software, ensuring that booking and yield management systems are robust and offer the latest innovations available, giving us a competitive edge wherever possible.

As part of our Green commitment, we have completed our rollout of low energy lighting to one of our hotels, and continue the programme into next year. Energy saving systems have also been installed into Ten Manchester street hotel, reducing both Carbon Emissions and energy costs. This hotel is currently under assessment for a Gold Award for Green Tourism. We are also planning to install a Bio Mass boiler at our Cotswold Hotel, again reducing both emissions and costs.

With a strong trading outlook, City and County Hotels is an expanding portfolio of Hotels, with work due to start next year on our latest 5 star luxury spa hotel.

CITY AND COUNTRY HOTELS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2014

Results and dividends

The results for the year are set out on page 5.

The directors do not propose to pay a dividend for the year.

Directors

The following directors have held office since 1 April 2013:

K M Affara

T. Affara

Auditors

Higgisons were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

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 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:

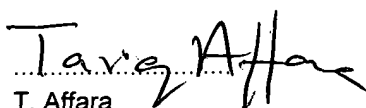
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board


T. Affara

Director

18/12/14

CITY AND COUNTRY HOTELS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CITY AND COUNTRY HOTELS LIMITED

We have audited the financial statements of City and Country Hotels Limited for the year ended 31 March 2014 set out on pages 5 to 13. 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).

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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, 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 March 2014 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

CITY AND COUNTRY HOTELS LIMITED

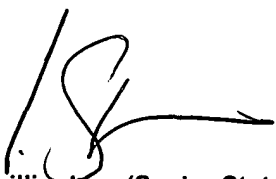
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF CITY AND COUNTRY HOTELS LIMITED

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.



Ian Shillinglaw (Senior Statutory Auditor)
for and on behalf of Higgisons

18 December 2014

Chartered Accountants
Statutory Auditor

Chartered Accountants
Higgison House
381-383 City Road
London
EC1V 1NW
United Kingdom

CITY AND COUNTRY HOTELS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2014

| | Notes | 2014 £ | 2013 £ |
|---|-------|------------------|------------------|
| Turnover | 2 | 12,620,731 | 7,072,568 |
| Cost of sales | | (8,263,684) | (4,674,043) |
| Gross profit | | 4,357,047 | 2,398,525 |
| Administrative expenses | | (4,406,838) | (2,380,261) |
| (Loss)/profit on ordinary activities before taxation | 3 | (49,791) | 18,264 |
| Tax on (loss)/profit on ordinary activities | 4 | - | - |
| (Loss)/profit for the year | 10 | (49,791) | 18,264 |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

CITY AND COUNTRY HOTELS LIMITED

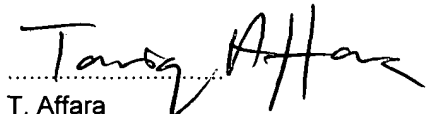
BALANCE SHEET

AS AT 31 MARCH 2014

| | Notes | 2014 £ | £ | 2013 £ | £ |
|---|-------|--------------------|------------------|--------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 5 | | 242,836 | | 231,424 |
| Current assets | | | | | |
| Stocks | 6 | 992,446 | | 880,654 | |
| Debtors | 7 | 1,424,448 | | 1,282,736 | |
| Cash at bank and in hand | | 235,310 | | 266,133 | |
| | | <u>2,652,204</u> | | <u>2,429,523</u> | |
| Creditors: amounts falling due within one year | 8 | <u>(3,331,150)</u> | | <u>(3,047,265)</u> | |
| Net current liabilities | | | <u>(678,946)</u> | | <u>(617,742)</u> |
| Total assets less current liabilities | | | <u>(436,110)</u> | | <u>(386,318)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 9 | | 2 | | 2 |
| Profit and loss account | 10 | | <u>(436,112)</u> | | <u>(386,320)</u> |
| Shareholders' funds | 11 | | <u>(436,110)</u> | | <u>(386,318)</u> |

Approved by the Board and authorised for issue on

18/12/14



T. Affara
Director

Company Registration No. 05400112

CITY AND COUNTRY HOTELS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2014

| | Notes | £ | 2014 £ | £ | 2013 £ |
|--|--------|-----------|-----------|-----------|-----------|
| Net cash inflow from operating activities | 15 | | 3,513 | | 140,242 |
| Capital expenditure | | | | | |
| Payments to acquire tangible assets | | (107,927) | | (184,326) | |
| Net cash outflow for capital expenditure | | | (107,927) | | (184,326) |
| Net cash outflow before management of liquid resources and financing | | | (104,414) | | (44,084) |
| Decrease in cash in the year | 16, 17 | | (104,414) | | (44,084) |

CITY AND COUNTRY HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

At the balance sheet date the company's current liabilities exceeded its current assets by £678,946. However the Directors believe that the company's trading results will improve and in the meantime it will continue to receive the support of its creditors. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of this support.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | |
|--------------------------------|----------------------|
| Computer equipment | 33.3% straight line |
| Fixtures, fittings & equipment | 20% reducing balance |

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

CITY AND COUNTRY HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2014

| | | | |
|----------|--|-------------------|-------------------|
| 3 | Operating (loss)/profit | 2014 | 2013 |
| | | £ | £ |
| | Operating (loss)/profit is stated after charging: | | |
| | Depreciation of tangible assets | 96,514 | 80,740 |
| | Operating lease rentals | | |
| | - Plant and machinery | 36,000 | 3,000 |
| | - Other assets | 1,561,895 | 480,000 |
| | Auditors' remuneration (including expenses and benefits in kind) | 8,000 | - |
| | | <u> </u> | <u> </u> |
| 4 | Taxation | 2014 | 2013 |
| | Total current tax | - | - |
| | | <u> </u> | <u> </u> |
| | Factors affecting the tax charge for the year | | |
| | (Loss)/profit on ordinary activities before taxation | (49,791) | 18,264 |
| | | <u> </u> | <u> </u> |
| | (Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2013 - 20.00%) | (9,958) | 3,653 |
| | | <u> </u> | <u> </u> |
| | Effects of: | | |
| | Tax losses utilised | - | (3,653) |
| | Other tax adjustments | 9,958 | - |
| | | <u> </u> | <u> </u> |
| | | 9,958 | (3,653) |
| | | <u> </u> | <u> </u> |
| | Current tax charge for the year | - | - |
| | | <u> </u> | <u> </u> |

The company has no liability to Corporation Tax.

CITY AND COUNTRY HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2014

5 Tangible fixed assets

| | Plant and machinery | Fixtures, fittings & equipment | Total |
|-----------------------|------------------------|--------------------------------------|----------------|
| | £ | £ | £ |
| Cost | | | |
| At 1 April 2013 | 145,050 | 261,733 | 406,783 |
| Additions | 15,929 | 91,996 | 107,925 |
| | <u>160,979</u> | <u>353,729</u> | <u>514,708</u> |
| Depreciation | | | |
| At 1 April 2013 | 61,085 | 114,273 | 175,358 |
| Charge for the year | 47,660 | 48,854 | 96,514 |
| | <u>108,745</u> | <u>163,127</u> | <u>271,872</u> |
| Net book value | | | |
| At 31 March 2014 | <u>52,234</u> | <u>190,602</u> | <u>242,836</u> |
| At 31 March 2013 | <u>83,964</u> | <u>147,460</u> | <u>231,424</u> |

| 6 | Stocks | 2014 £ | 2013 £ |
|---|-------------------------------|----------------|----------------|
| | Raw materials and consumables | <u>992,446</u> | <u>880,654</u> |

| 7 | Debtors | 2014 £ | 2013 £ |
|---|--------------------------------|------------------|------------------|
| | Trade debtors | 520,209 | 379,011 |
| | Other debtors | 2,691 | 2,691 |
| | Prepayments and accrued income | 901,548 | 901,034 |
| | | <u>1,424,448</u> | <u>1,282,736</u> |

CITY AND COUNTRY HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2014

| | | | |
|-----------|---|------------------|--------------------------------|
| 8 | Creditors: amounts falling due within one year | 2014 | 2013 |
| | | £ | £ |
| | Bank loans and overdrafts | 256,439 | 182,848 |
| | Trade creditors | 2,377,597 | 2,332,690 |
| | Taxes and social security costs | 449,541 | 295,381 |
| | Other creditors | 2,566 | - |
| | Accruals and deferred income | 245,007 | 236,346 |
| | | <u>3,331,150</u> | <u>3,047,265</u> |
| 9 | Share capital | 2014 | 2013 |
| | | £ | £ |
| | Allotted, called up and fully paid | | |
| | 2 Ordinary shares of £1 each | <u>2</u> | <u>2</u> |
| 10 | Statement of movements on profit and loss account | | Profit and loss account |
| | | | £ |
| | Balance at 1 April 2013 | | (386,321) |
| | Loss for the year | | <u>(49,791)</u> |
| | Balance at 31 March 2014 | | <u>(436,112)</u> |
| 11 | Reconciliation of movements in shareholders' funds | 2014 | 2013 |
| | | £ | £ |
| | (Loss)/Profit for the financial year | (49,791) | 18,264 |
| | Opening shareholders' funds | <u>(386,318)</u> | <u>(404,582)</u> |
| | Closing shareholders' funds | <u>(436,110)</u> | <u>(386,318)</u> |

CITY AND COUNTRY HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2014

12 Financial commitments

At 31 March 2014 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2015:

| | Land and buildings | |
|--------------------------------|---------------------------|-------------|
| | 2014 | 2013 |
| | £ | £ |
| Operating leases which expire: | | |
| Within one year | 1,978,000 | 1,720,000 |

13 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

| 2014 | 2013 |
|---------------|---------------|
| Number | Number |
| 219 | 151 |

Employment costs

| | 2014 | 2013 |
|-----------------------|-------------|-------------|
| | £ | £ |
| Wages and salaries | 3,917,443 | 2,340,141 |
| Social security costs | 389,211 | 190,114 |
| | 4,306,654 | 2,530,255 |

14 Control

The company is controlled by the Directors, K M Affara and T Affara.

CITY AND COUNTRY HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2014

| 15 | Reconciliation of operating (loss)/profit to net cash inflow from operating activities | 2014 | 2013 |
|----|--|--------------|----------------|
| | | £ | £ |
| | Operating (loss)/profit | (49,791) | 18,264 |
| | Depreciation of tangible assets | 96,514 | 80,740 |
| | Increase in stocks | (111,792) | (809,289) |
| | Increase in debtors | (141,712) | (830,244) |
| | Increase in creditors within one year | 210,294 | 1,680,771 |
| | Net cash inflow from operating activities | 3,513 | 140,242 |

| 16 | Analysis of net (debt)/funds | 1 April 2013 | Cash flow | Other non- 31 March 2014 cash changes |
|----|------------------------------|---------------|------------------|---------------------------------------|
| | | £ | £ | £ |
| | Net cash: | | | |
| | Cash at bank and in hand | 266,133 | (30,823) | - |
| | Bank overdrafts | (182,848) | (73,591) | - |
| | | 83,285 | (104,414) | - |
| | Net funds/(debt) | 83,285 | (104,414) | - |

| 17 | Reconciliation of net cash flow to movement in net (debt)/funds | 2014 | 2013 |
|----|---|------------------|-----------------|
| | | £ | £ |
| | Decrease in cash in the year | (104,414) | (44,084) |
| | Movement in net (debt)/funds in the year | (104,414) | (44,084) |
| | Opening net funds | 83,285 | 127,369 |
| | Closing net (debt)/funds | (21,129) | 83,285 |