Metropole Hotels (Holdings) Limited

Directors' Report and Financial Statements

Registered number 00465603

For the period from 1 April 2013 to 30 September 2014

Contents

Strategic Report

Business review

Objectives

The Company's long term objective is to continue to maximize performance of the portfolio of current hotels. The Company has already gained a reputation as a leading professional hotel owner and the relationship with Hilton allows us to maximise the overall profitability at each of the hotels.

In pursuing this objective the group intends to maintain sound financial management and continue to build on relationships with all stakeholders.

Key business strategies

In pursuit of its objectives the Company has a number of key business strategies which have been successfully implemented over recent years.

We aim to secure increased trading and profitability through:

- Continuous investments of capital expenditure in the hotels
- Maintain and expand relationships with lenders
- Focus on the key relationships within Hilton to ensure 'best in class' performance
- Investment in management to provide exceptional service levels

The Company has continued to grow in what was very difficult market conditions. The scale of the two hotels has allowed the Group to maximise economies of scale with suppliers which improves Gross Margin levels.

During early 2014 we secured sufficient finance for our activities and made new key relationships with debt funders.

Strategy is constantly reviewed by the Board in the light of the Group's performance and changing market conditions to ensure it remains appropriate to achieve the Group's objectives.

Risks and uncertainties

The key risk areas are:

- Changes in key market segments
- Third party online commissions
- Increase in UK interest rates
- Further hotels in the pipeline

The Group seeks to manage as far as possible the key risks that it faces.

Customer pricing is under constant and dynamic review with management. Excellent customer service and investment of capital expenditure, as well as strong client relationships are used to mitigate this risk. The Group's customer base has expanded significantly in recent years.

During 2014 the Directors negotiated new advantageous finance arrangements, putting in place facilities covering a 5 year period, with appropriate hedging instruments taken out to mitigate the risk of rising interest rates in the UK.

Having considered the above risks and uncertainties, the Directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Key performance indicators

The Group uses a number of financial measures to monitor progress against strategies and corporate objectives. These are summarised in the table below:

	18 mths to Sep-14	12 mths to Mar-13	YOY (pro rated) Variance	YOY (pro rated) % change
Total Gross Revenue	**148,788,000**	**95,205,000**	**3,987,000**	4.19%
EBITDA	**50,712,000**	**32,276,000**	**1,532,000**	4.75%
Profit before tax	**31,230,000**	**24,921,000**		

In addition to financial measures, the Board also monitors the Group's operations with the objective of ensuring that health and safety is at the core of all working practices. In measuring the success of this, the Board reviews the level of reported incidents and monitors the training being undertaken by all relevant employees.

Future prospects

The Board is confident that the group's strategy will continue to deliver results and meet expectations of our various stakeholders in the years to come.

Despite the continuing challenging conditions in the UK, turnover of the Group increased by 4.3% (pro-rated) on the previous year. EBITDA was £33,808,000 (pro-rated) *(2013: £32,276,000).*

Based on the Group's forecasts, the financing agreements in place and the support from the immediate parent company is considered to provide access to sufficient working capital for the Group to trade on an orderly basis for the foreseeable future

Employees

The Group employs a number of disabled people and will continue to do so wherever possible, through recruitment, by retention of persons who become disabled during service and by appropriate training, career development and promotion. The Group seeks to ensure that all employees, job applicants and prospective job applicants, are afforded equality of job opportunity in all areas of employment.

The Group's Health & Safety Policy fully recognises the Group's responsibility for the health and safety of employees and members of the community in which they work.

The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed of matters affecting them as employees.

Environmental policy

The Group is committed to adopting a responsible approach to environmental matters.

By order of the board

Dr E Wojakovski
Director

30 June 2015

Directors' Report – registered number 00465603

The directors present their report and the audited financial statements for the year ended 30 September 2014.

Principal activities

The principal activity of the Company is that of owning and operating hotels situated in London and Birmingham. Both hotels operate under the brand name of Hilton. The directors are continually analysing the viability of having further rooms to be added in the hotels.

The directors consider the market value of the hotels to be in excess of their book value.

Results and dividends

The company changed its year end to 30 September accordingly these accounts comprise the results for the period from 1 April 2013 to 30 September 2014.

During the period ended 30 September 2014, the turnover was £148,788,000 (2013: £95,205,000) and the gross profit was 70,921,000 (2013: £45,131,000). The operating profit was £38,564,000 (2013: £24,921,000), which was 3.2% increase on the like for like comparison over the previous year. Profit on ordinary activities before taxation was £31,230,000 (2013: £24,921,000). The directors consider that the results for the year are in line with expectations..

The directors do not recommend the payment of a dividend (2013: £nil).

Directors

The directors who held office during the period and up until the date of this report were as follows:

A Matyas

Dr E Wojakovski

N Smith

R E Robertson (appointed 1 July 2013)

Directors' and officers' liability insurance

Tonstate Metropole Hotels Limited purchase and maintain on behalf of the Company, liability insurance for its directors and officers as permitted by Section 233 of the Companies Act 2006.

Political and charitable contributions

The Company made no political or charitable contributions during the year (2013: Nil).

Disclosure of information to auditors

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

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be re appointed and KPMG LLP will therefore continue in office.

By order of the board

Dr E Wojakovski
Director

3 Park Place
St James'
London
SW1A 1LP

30 June 2015

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

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 the period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Metropole Hotels (Holdings) Limited

We have audited the financial statements of Metropole Hotels (Holdings) Limited for the period ended 30 September 2014 which comprise the Profit & Loss account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/uditscopeukprivate

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 30th September 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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

M S Ford

Mark Summerfield **(Senior Statutory Auditor)** 30 June 2015
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Profit and loss account

for the period from 1 April 2013 to 30 September 2014

	Note	Period ended 30 September 2014 2010 £'000	Year ended 31 March 2013 1 £'000
Turnover	2	**148,788**	95,205
Cost of sales		**(77,867)**	(50,074)
Gross profit		**70,921**	45,131
Depreciation		**(12,148)**	(7,335)
Administrative expenses		**(20,209)**	(12,875)
Operating profit	3-5	**38,564**	24,921
Interest payable and similar charges	6	**(7,334)**	-
Profit on ordinary activities before taxation	3	**31,230**	24,921
Tax charge on profit on ordinary activities	7	**3,332**	(225)
Profit on ordinary activities after taxation		**34,562**	24,696

The results shown above are derived wholly from continuing operations.

There were no recognised gains or losses in either the current or prior period except as shown above. Consequently, a statement of total recognised gains and losses has not been prepared.

The notes on pages 11 to 21 form an integral part of these financial statements.

Note of Historical Cost Profit and Loss Account

for the period from 1 April 2013 to 30 September 2014

	Period ended 30 September 2014 2010 £'000	Year ended 31 March 2013 / £'000
Reported profit on ordinary activities before taxation	**31,230**	**24,921**
Transfer of depreciation on revaluation	**3,141**	**2,094**
Realised revaluation surplus on sale of fixed assets	-	-
Historical cost (loss) profit on ordinary activities before taxation	**34,371**	**27,015**
Tax credit on profit on ordinary activities		**(225)**
Dividends	-	-
Historical cost (loss) profit retained for the year after taxation and dividends	**34,371**	**26,790**

The notes on pages 11 to 21 form an integral part of these financial statements.

Balance sheet

at 30 September 2014

	Note	30 September 2014		31 March 2013	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	8		322,340		325,817
Current assets					
Stock	9	135		139	
Debtors	10	533,852		168,131	
Cash at bank and in hand		15,554		16,415	
		549,541		184,685	
Creditors: amounts falling due within one year	11	(77,746)		(42,702)	
Net current assets			471,795		141,983
Total assets less current liabilities			794,135		467,800
Creditors: amounts falling due after more than one year	12		(295,165)		-
Provisions for liabilities and charges	14		(17,298)		(20,690)
Net assets			481,672		447,110
Capital and reserves					
Called up share capital	17, 18		7,500		7,500
Share premium account	18		174,891		174,891
Revaluation reserve	18		53,788		56,929
Profit and loss account	18		245,493		207,790
Shareholders' funds			481,672		447,110

The notes on pages 11 to 21 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 30 June 2015 and were signed on its behalf by:

Dr E Wojakovski
Director

Cash Flow Statement
for the period from 1 April 2013 to 30 September 2014

	Note	Period ended 30 September 2014 £000	Year ended 31 March 2013 £000
Net cash inflow from operating activities	*15*	**51,653**	35,324
Returns on investments and servicing of finance			
Interest received		**-**	-
Interest paid		**(7,334)**	-
Total returns on investments and servicing of finance		**(7,334)**	-
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		**(8,671)**	(8,106)
Total capital expenditure and financial investment		**(8,671)**	(8,106)
Net cash outflow before financing		**35,648**	27,218
Financing			
New secured bank loans		**295,165**	-
Payment of loans to fellow group undertaking		**(331,674)**	(29,799)
Total financing		**(36,509)**	(2,581)
Net cash outflow	*16*	**(861)**	(2,581)
(Decrease) / Increase in cash in the year	*16*	**(861)**	(2,581)
Cash at hand and at bank at the start of the year		**16,415**	18,996
Cash at hand and at bank at the end of the year		**15,554**	16,415

Notes

(forming part of the financial statements)

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

1 Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The directors have prepared forecasts for the period to 30 December 2016, and reviewed forecasts for the components of the financial covenants, taking account of the actual experience and trends in the second half of 2014 and forecast for 2015 which indicates that the Group has sufficient cash reserves to meet its day to day working capital requirements for the foreseeable future. The directors are therefore fully confident that it is appropriate to prepare the accounts on the stated basis of going concern.

2 Accounting policies

Turnover

Turnover comprises the value of sales of goods and services supplied in the normal course of operations of a hotel business (excluding Value Added Tax). Income from ownership and operations of hotels is recognised at the point at which the accommodation and related services are provided.

Tangible fixed assets

The transitional rules of FRS 15 were adopted for the Company's freehold and leasehold hotels, which permit the retention of the carrying values at the previous revalued amounts. These hotels will not be subject to revaluation and were last revalued at 31 December 1999.

Depreciation

No depreciation is provided on freehold land. Buildings are depreciated to residual values over a period of 50 years or estimated length of the life of the building on a straight line basis. Fixtures, fittings and equipment are depreciated on a straight line basis over the estimated useful life of between 3 and 30 years.

Taxation

The charge for taxation is based on the loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

As the company is a wholly owned subsidiary of TPD Investments Ltd, the Company has taken advantage of the exemption contained in the FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group.

Notes *(continued)*

2 Accounting policies *(continued)*

Post-retirement benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Operating leases

Rentals applicable to operating leases, under which substantially all of the benefits and risks of ownership remain with the lessor, are charged to the profit and loss account on a straight line basis over the lease term.

Stock

Stocks are valued at the lower of cost and net realisable value.

3 Profit on ordinary activities before taxation

	Period ended 30 September 2014	Year ended 31 March 2013
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging		
Auditor's remuneration:		
Audit of these financial statements	85	100
Management charge payable to a group undertaking	725	300
Depreciation	12,148	7,335
Operating lease rentals - property	1,374	916
Operating lease rentals – Equipment	347	231

In 2014 and 2013, auditors' remuneration was paid by another group company.

The fees paid to the Company's auditors, KPMG LLP and its associates for the services other than the statutory audit of the Company are not disclosed in these financial statements. This is on the basis that such non – audit fees are disclosed in the consolidated accounts of the Company's intermediary parent TH Holdings Limited.

4 Remuneration of directors

The directors of the Company were also directors of other undertakings within the Tonstate group. The directors' remuneration for the period was paid by other connected undertakings. The directors do not believe that it is practicable to apportion this amount between services as directors of the Company and their services as directors of fellow subsidiary undertakings.

Notes (continued)

5 Staff costs and employee information

The average number of employees during the year was:

	Period ended 30 September 2014	Year ended 31 March 2013
Operations	**1,030**	**1,031**
Management and administration	**195**	**222**
	1,225	**1,253**

The aggregate payroll costs of these employees were as follows:

	Period ended 30 September 2014 £'000	Year ended 31 March 2013 £'000
Wages and salaries	**21,865**	**16,374**
Social security costs	**1,768**	**1,319**
Pension costs	**225**	**209**
	23,858	**17,902**

6 Interest receivable

	Period ended 30 September 2014 £000	Year ended 31 March 2013 £000
On bank loans and overdrafts	**7,170**	-
On loans from group undertakings	**164**	-
	7,334	-

Notes *(continued)*

7 Taxation

Analysis of charge in period

	Period ended 30 September 2014		Year ended 31 March 2013	
	£'000	**£'000**	£'000	£'000
UK corporation tax				
Current tax on income for the period	-		**350**	
Adjustments in respect of prior years	60		-	
Total current tax		**60**		**350**
Deferred tax				
Origination of timing difference		**(596)**		**570**
Effect of decreased tax rate		**(2,684))**		**(875)**
Adjustment in respect of prior period		**(112)**		**180**
Tax (credit) on profit on ordinary activities		**(3,332)**		**225**

Factors affecting the tax charge for current year

The current tax charge for the period is different from the standard rate of corporation tax in the UK of 22.33 % (2013: 24%). The differences are explained below:

	Period ended 30 September 2014	Year ended 31 March 2013
	£'000	£'000
Current tax reconciliation		
Profit on ordinary activities before tax	**31,230**	**24,921**
Current tax at 22.33% *(2013: 24 %)*	**6,974**	**5,981**
Effects of:		
Expenses not deductible for tax purposes	**38**	**1,137**
Non- taxable income	-	-
Deferred tax timing differences in respect of capital allowances	**1,804**	**(596)**
Group relief claimed from fellow subsidiary company free of charge	**(9,410)**	**(6,172)**
Depreciation in excess of capital allowances	**594**	-
Adjustments in respect of prior periods	**60**	
Total current tax charge (see above)	**60**	**350**

Notes *(continued)*

7 ***Taxation*** *(continued)*

Factors affecting the future tax charges

No provision has been made for deferred tax of approximately £16,635,000 (2013: £18,220,000) where potentially taxable gains have been rolled over into replacement assets. Such gains would only be taxable if the assets were sold without it being possible to claim roll-over relief of offset capital allowances.

No provision has been made for deferred tax of £11,955,000 (2013: £13,094,000) in respect of tax on gains arising from the revaluation of fixed assets, as the Company is not committed to the disposal of these assets.

The rate of taxation is expected to follow the standard rate of UK Corporation tax in future years.
Reductions in the UK corporation tax rate to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013.
It has not yet been possible to quantify the full anticipated effect of the announced rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly.

Notes (continued)

8 Tangible assets

	Freehold land and properties	Long leasehold properties	Fixtures and fittings & equipment	Total
	£'000	**£'000**	**£'000**	**£'000**
Cost				
At 1 April 2013	237,437	107,531	65,162	410,130
Additions	-	-	8,671	8,671
Disposals	-	-	-	-
At 30 September 2014	237,437	107,531	73,833	418,801
Representing assets stated at:				
Valuation in 1999	205,630	100,578	-	306,208
Cost	31,807	6,953	73,833	112,593
At 30 September 2014	237,437	107,531	73,833	418,801
Depreciation				
At 1 April 2013	28,962	17,062	38,289	84,313
Charge for the period	2,912	2,064	7,172	12,148
At 30 September 2014	31,874	19,126	45,461	96,461
Net book value				
At 30 September 2014	**205,563**	**88,405**	**28,372**	**322,340**
At 31 March 2013	208,475	90,469	26,873	325,817

The amount of freehold and long leasehold property determined according to the historic cost accounting rules is as follows:

	Period ended 30 September 2014	Year ended 31 March 2013
	£'000	£'000
Historic cost	**261,515**	261,515
Depreciation	**(29,045)**	**(27,210)**
Net book value	**232,470**	**234,305**

Notes *(continued)*

9 Stocks

	30 September 2014 £'000	31 March 2013 £'000
Goods for resale and consumables	**135**	139

10 Debtors

	30 September 2014 £'000	31 March 2013 £'000
Trade debtors	3,190	3,284
Prepayments and other debtors	1,101	858
Amounts due from group undertakings	529,561	163,989
	533,852	168,131

11 Creditors: amounts falling due within one year

	30 September 2014 £'000	31 March 2013 £'000
Trade creditors	7,193	5,325
Corporation tax	60	350
Other taxes and social security	1,598	1,680
Other creditors and accruals	9,277	9,627
Amounts owed to group undertakings	59,618	25,720
	77,746	42,702

Amounts due to group undertakings are included in amounts due within one year where there are no specified repayments terms. While amounts due to group undertakings are technically repayable on demand the directors are of the opinion that in the ordinary course of business, repayment within such a timescale would not be required.

Notes *(continued)*

12 Creditors: amounts falling due after more than one year *(continued)*

	30 September 2014 £000	30 September 2013 £000
Within one year	-	-
In the second to fifth years – see below	295,165	-
Over five years	-	-
	295,165	-

The Company and fellow group undertakings have entered into loan agreements with financial institutions in respect of the following loans:

- £300m term facility, repayable in April 2019 with interest payable at 2.85% above sterling LIBOR

This facility is secured by a fixed and floating charge over the assets of the Company.

13 Derivatives and Other Financial Instruments

The principal objective of the Company's treasury policy is the management and control of risks to earnings and net assets that arise in the Company's business. It is a fundamental principle that the Company does not speculate in the currency markets nor enter into artificial treasury transactions that may enhance earnings at the expense of net assets.
The Company has entered into derivative contracts to protect specific interest rates as described below.
Short-term debtors and creditors that meet the definition of a financial asset or liability under FRS 13 *Derivatives and other financial investments* have been excluded from the disclosures as permitted by the Standard.

Financial liabilities

The company's financial liabilities comprise only the sterling bank loan, as disclosed in note 12.

These financial liabilities fall due in more than one year.

Hedging

The Company has a number of interest rate hedges to mitigate its exposure on the variable interest rates of the bank loan. All expire in 2019. The amounts hedged, and details of the hedges are as follows:

Loan	Amount hedged	Type of hedge	Fixed rate	Value at 30 September 2014
£300m term loan	£142,500,000	Swap	2.64%	(£5,171,098)
£300m term loan	£142,500,000	Cap	2.00%	2,884,164

Fair value of financial assets, financial liabilities and hedging

There are no material differences between the carrying values and the fair values of the financial assets and financial liabilities disclosed above. The fair value of derivatives is not recognised on the balance sheet in accordance with UK GAAP.

Notes *(continued)*

14 Provisions for liabilities and charges

	Deferred taxation	
	30 September 2014	31 March 2013
	£'000	£'000
Balance at 1 April 2013	**20,690**	**20,815**
Origination and reversal of timing differences	**(596)**	**750**
Adjustment in respect of prior periods	**(112)**	**-**
Effect of decrease in tax rate	**(2,684)**	**(875)**
Balance at 30 September 2014	**17,298**	**20,690**

The provision at 30 September 2014 and 31 March 2013 relates primarily to timing differences arising from accelerated capital allowances. The Company has no un provided deferred tax liabilities and no unrecognised deferred tax assets (2013: £nil).

15 Reconciliation of operating profit to operating cash flows

	Period ended 30 September 2014	Year ended 31 March 2013
	£000	£000
Operating profit	38,564	24,921
Depreciation charge	12,148	7,335
Decrease in stocks	4	31
(Increase)/Decrease in debtors	(149)	2,823
Increase in creditors	1,436	214
Corporation tax paid	(350)	-
Net cash inflow from operating activities	**51,653**	**35,324**

Notes *(continued)*

16 Analysis of net debt

	At 1 April 2013 £000	Cash flow £000	Other non cash changes £000	At 30 September 2014 **£000**
Cash in hand and at bank	16,415	(861)	-	**15,554**
Debt due after one year	-	(295,165)	-	**(295,165)**
Total	**16,415**	**(296,026)**	-	**(279,611)**

17 Called up share capital

	30 September 2014 £'000	31 March 2013 £'000
Allotted, called up and fully paid		
3 Ordinary shares of $1 each	-	-
30,000,000 deferred ordinary shares of 25p each	**7,500**	7,500

The holders of deferred ordinary shares have no right to receive dividends. On liquidation, reduction of capital or otherwise, the surplus assets of the Company shall be applied first in repaying to the holders of ordinary shares an amount in US dollars of £2,400,000 at a determined rate of exchange and secondly repaying to the holders of the deferred ordinary shares the amount paid up on such shares; the balance of the surplus assets shall be distributed to the holders of the ordinary shares in proportion to their respective holding. Deferred shares carry no voting rights.

18 Reconciliation of movement in shareholders' funds

	Share capital £'000	**Share premium account £'000**	**Revaluation reserve £'000**	**Profit and loss account £'000**	**Total £'000**
At 1 April 2013	7,500	174,891	56,929	207,790	**447,110**
(Loss) Profit for the year	-	-	-	34,562	**34,562**
Transfer of depreciation on revaluation reserve	-	-	(3,141)	3,141	-
At 30 September 2014	**7,500**	**174,891**	**53,788**	**245,493**	**481,672**

Notes *(continued)*

19 Financial commitments

The annual commitment under non-cancellable operating leases is as follows:

	30 September 2014	31 March 2013
	£'000	£'000
Leases expiring:		
After five years	**916**	916

	Plant and equipment	
	30 September 2014	31 March 2013
	£'000	£'000
Leases expiring:		
Within one year	-	-

20 Related parties

During the year a management fee was charged by Tonstate Group Limited amounting to £485,000 (2013: £300,000). At the period end £1,065,725 was owed to (2013: £2,225,000 owed by) TH Holdings Limited.

21 Contingent liabilities

The Company's assets are secured by a fixed and floating charge in respect of the loans provided to the following companies:

£100,000,000 provided by **PSPFINLUX II S.À.R.L.** to Tonstate Metropole Hotels Limited a group undertaking
£19,800,000 provided by **PSPFINLUX II S.À.R.L** to Annie Property Investments Limited a group undertaking

22 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a subsidiary undertaking of London & Birmingham Hotels Limited, incorporated in England.

The largest group in which the results of the Company are consolidated is that headed by TH Holdings Limited, incorporated in England. The consolidated accounts of this group are available to the public and may be obtained from 3 Park Place, St James', London, SW1A 1LP.

The ultimate parent company is Overseas Holdings Capital Group Limited, registered in British Virgin Islands.