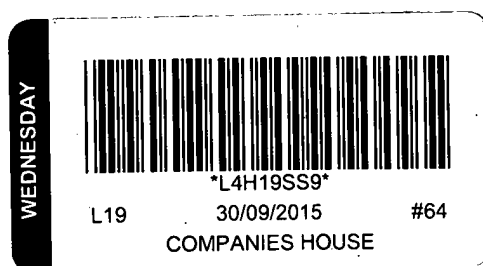


Registered No. 3203996

Capital Hill Hotels Group Europe Limited
Annual report and financial statements
31 December 2014



Capital Hill Hotels Group Europe Limited

Annual report for the year ended 31 December 2014

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Capital Hill Hotels Group Europe Limited

Directors and advisers

Directors

Z E Guiziri

J A Thani

F Bakhos

K Cooper

Registered office

50 Berners Street

London

W1T 3NG

Registered auditors

Ernst & Young LLP

1 More London Place

London

SE1 2AF

Capital Hill Hotels Group Europe Limited

Strategic report for the year ended 31 December 2014

Review of the business

The hotel market in London continues to expand its room supply, putting ADR performance under pressure. The results in this financial year were, however, mainly affected by the refurbishment of guest rooms with out of order rooms at Sanderson representing 10,298 room nights and St Martins Lane 17,017 room nights. This represents 18.8%/ 22.8% of total available rooms for the year respectively.

In the year under review, the reduced capacity resulted in total hotel revenue below prior year by a combined £5.7m/18.3%.

Gross Operating Profit decreased by a combined 27.7% (£4.2m) through the revenue shortfall in relation to the refurbishment projects.

Principal risk and uncertainties

The company's policy in respect of interest rate risk and liquidity risk is to maintain a mixture of long term and short term debt finance and readily accessible bank deposit accounts to ensure the company has sufficient funds for operations. Covenant testing points are tracked and reported to the facility provider on a quarterly basis. The cash deposits are held in a mixture of short term deposits and current accounts which earn interest at a floating rate.

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers and by monitoring payments against the agreed credit terms for specific corporate entities. The company monitors cash flow as part of its day to day control procedures. The directors consider cash flow projections on a monthly basis to ensure that appropriate facilities are available to be drawn upon as necessary.

Rising demand in the mid and long term is expected to see occupancy levels rise, albeit with average room rates under pressure with the increased supply in London. Profit flow through is key and the company continues to focus on containing costs while ensuring its service offering is exceptional and is delivered in the exciting environment of the hotel properties by minimising the refurbishment impact on guests.

Key Performance Indicators

The key performance indicators for the company are ARR (Average Room Rate), Occupancy (total available rooms divided by the rooms occupied expressed as a percentage), and RevPAR (Revenue Per Available Room) which is a combination of both expressed as £'s.

In the year under review the combined Occupancy for the hotels was 65.7% (2013 80.7%), the ARR achieved was £244.93 (2013 £243.82). RevPar (the product of ARR and Occupancy) during the period under review was £160.81 (2013 £196.76), which represents a year-on-year reduction of 18.3%.

Taking the refurbishment with 27,315 out of order room nights into consideration, the year under review had an adjusted occupancy of 83.3% (2013 80.7%) and the ARR achieved remains stable at £244.93 (2013 £243.82) resulting in RevPar (the product of ARR and Occupancy) achieved at £203.92 (2013 £196.76). This represents a year-on-year increase of 3.6%.

On behalf of the board



Z E Guiziri

Director

30 September 2015

Capital Hill Hotels Group Europe Limited

Directors' report

for the year ended 31 December 2014

The directors present their report and the audited financial statements of the company for the year ended 31 December 2014.

Principal activities and future developments

The principal activity of the company is to operate two five star hotels in central London – St Martin's Lane and Sanderson. There have been no changes in the company's activities in the year under review.

Employee Involvement

The company's policy is to give full and fair consideration for applications for employment made by people with disabilities. Wherever possible we will continue the employment of staff that become disabled and provide equal opportunities for the training and development of disabled employees.

The company recognises the importance of the employees within its business and annually provides a communication program at which the company's achievements and goals are expressed.

Financial Instruments

The company had a loan facility for £119,500,000 (gross of unamortised issue costs). This has now been replaced (see note 12).

Directors and their interests

The directors who served during the year ended 31 December 2014 and up to the date of this report are as follows:

Z E Guiziri
J A Thani
F Bakhos
K Cooper

According to the register of directors' interests, the director who held office at the end of the year had no interest in the shares of group companies, nor were any rights to subscribe for shares in group companies granted to, or exercised by, any of the directors.

Capital Hill Hotels Group Europe Limited

Directors' report

for the year ended 31 December 2014 (continued)

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 group and company and of the profit or loss of the group and 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.

Going Concern

A new financing facility of £122,000,000 was established in August 2015 and the group has received confirmation from the controlling party that it will provide financial support for the foreseeable future. The group is well placed to benefit from the current trading conditions and has no need to liquidate or reduce the scale of its operations. The directors are therefore confident that the group will meet its liabilities as they fall due.

Auditors

The directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant information of which the auditors are unaware.

On behalf of the board



Z E Guiziri
Director
30 September 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPITAL HILL HOTELS GROUP EUROPE LIMITED

We have audited the financial statements of Capital Hill Hotels Group Europe Limited for the year ended 31 December 2014 which comprise the consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash flow Statement, the Reconciliation of net debt and the related notes 1 to 22. 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 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 set out on page 3 and 4, 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 group's and parent 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 Directors' Report to identify material inconsistencies with the audited financial statements. 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 group's and of the parent company's affairs as at 31 December 2014 and of the group's 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAPITAL HILL HOTELS
GROUP EUROPE LIMITED (continued)**

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.

Ernst & Young LLP

*Matthew Williams (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London*

Date: 30 September 2015

Capital Hill Hotels Group Europe Limited

**Consolidated profit and loss account
for the year ended 31 December 2014**

	Notes	2014	2013
		£000	£000
Turnover		30,350	31,186
Cost of sales		(10,816)	(7,638)
Gross profit		19,534	23,548
 Administrative expenses		 (16,150)	 (15,386)
 Operating profit	3	 3,384	 8,162
 Interest payable and similar charges	4	 (5,565)	 (3,758)
 (Loss)/profit on ordinary activities before taxation		 (2,181)	 4,404
 Tax on (loss)/profit on ordinary activities	5	 -	 (42)
 (Loss)/profit for the financial year		 (2,181)	 4,362

All losses arise from continuing operations.

The company has no recognised gains or losses other than the loss for the year.

There is no difference between the historical cost loss and that stated above.

Capital Hill Hotels Group Europe Limited

**Consolidated balance sheet
At 31 December 2014**

	Notes	2014	2014	2013	2013
		£000	£000	£000	£000
Fixed assets					
Tangible assets	7		101,903		98,577
Current assets					
Stock	8	238		129	
Debtors	10	23,234		22,891	
Cash at bank and in hand		3,151		8,960	
		26,623		31,980	
Creditors					
amounts falling due within one year	11	(6,004)		(3,999)	
Net current assets			20,619		27,981
Total assets less current liabilities			122,521		126,558
Creditors: amounts falling due after more than one year	12		(117,227)		(119,083)
Net Assets			5,294		7,475
Capital and reserves					
Called up share capital	14		5,000		5,000
Share premium account	15		10,000		10,000
Other capital reserve	15		1,582		1,582
Profit and loss account	15		(11,288)		(9,107)
Shareholders' funds/deficit	17		5,294		7,475

The financial statements were approved by the board of directors and authorised for issue on 30 September 2015

Z E Guiziri

Z E Guiziri
Director

Capital Hill Hotels Group Europe Limited

**Registered No. 3203996
Company balance sheet
At 31 December 2014**

	Notes	2014	2014	2013	2013
		£000	£000	£000	£000
Fixed assets					
Investment in subsidiary	9		35,000		35,000
Current assets					
Debtors	10	-	-	-	-
Cash at bank and in hand		30		30	
		30		30	
Creditors: amounts falling due within one year	11	(12,659)		(12,659)	
Net current liabilities			(12,629)		(12,629)
Net assets			22,371		22,371
Capital and reserves					
Called up share capital	14		5,000		5,000
Share premium account	16		10,000		10,000
Other capital reserve	16		1,582		1,582
Profit and loss account	16		5,789		5,789
Shareholders' funds	17		22,371		22,371

The financial statements were approved by the board of directors and authorised for issue on 30 September 2015



**Z E Guiziri
Director**

Capital Hill Hotels Group Europe Limited

**Consolidated cash flow statement
for the year ended 31 December 2014**

	Notes	2014 £000	2013 £000
Net cash inflow from operating activities	20	6,988	10,898
Returns on investments and servicing of finance	21	(5,421)	(3,614)
Capital expenditure	21	<u>(6,877)</u>	<u>(3,797)</u>
Net Cash inflow/(outflow) before taxation and financing		(5,309)	3,487
Taxation		-	-
Financing		<u>(500)</u>	<u>-</u>
Decrease/(increase) in cash and cash equivalents		<u>(5,809)</u>	<u>3,487</u>

**Reconciliation of net debt
for the year ended 31 December 2014**

	Notes	2014 £000	2013 £000
Decrease in cash in the year		(5,809)	3,487
Net cash inflow from decrease in debt	22	500	-
Non cash movements	22	<u>(144)</u>	<u>(144)</u>
Movements in net debt in the year		(5,453)	3,343
Net debt at the start of the year		(110,624)	(113,967)
Net debt at the end of the year	22	<u>(116,076)</u>	<u>(110,624)</u>

Capital Hill Hotels Group Europe Limited

Notes to the financial statements for the year ended 31 December 2014

1. Principal accounting policies

The consolidated financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

Basis of consolidation

The consolidated financial statements include financial statements of the company and its subsidiary undertaking made up to 31 December 2014.

Investments

Investments are stated at cost less provision for impairment.

Fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Assets are depreciated to their residual values on a straight line basis over their estimated useful lives as follows:

Freehold and long leasehold buildings	50 years
Building surface finishes	25 – 38 years
Plant and machinery	15 years
Fixtures, fittings and equipment	5 – 10 years

No depreciation is provided on freehold land. No residual values are ascribed to building surface finishes.

Freehold land, freehold and long leasehold buildings and building surface finishes are all held as land and buildings within note 7.

Depreciation for assets included under construction in progress are recognised once the asset is placed into use.

Deferred taxation

Deferred taxation is provided in respect of certain timing differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred which result in an obligation to pay more or less tax in the future.

Capital Hill Hotels Group Europe Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

Deferred tax is measured at the average tax rates which apply in the period in which the timing differences are expected to reverse. Deferred tax is measured on a non-discounted basis. Deferred tax assets are regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is more likely than not that there will be adequate future taxable profits against which to recover carried forward tax losses

Finance costs

Finance costs are included within the carrying value of the loan and are amortised over the term of the loan.

Stocks

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

Turnover

Revenues are generated from the provision of the hotels' guest rooms, food and beverage outlets as well as ancillary services such as rental income from let areas, cancellation fees, concierge services and various others.

- Room revenue is recognised when the room is occupied
- Revenue from provision of food and beverages is recognised when sold
- Service revenue is recognised when the service is provided
- Rental income from operating leases is recognised on a straight line basis

Pension scheme

The group operates a defined contribution pension scheme. Contributions are charged to the profit and loss account in the period in which they are incurred.

Going concern

A new financing facility of £122,000,000 was established in August 2015 and the group has received confirmation from the controlling party that it will provide financial support for the foreseeable future. The group is well placed to benefit from the current trading conditions and has no need to liquidate or reduce the scale of its operations. The directors are therefore confident that the group will meet its liabilities as they fall due.

Capital Hill Hotels Group Europe Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

2. Staff numbers and costs

	2014 Number	2013 Number
The average number of employees in the year was:		
Hotel operating staff	246	139
Management/administration	25	20
Sales and marketing	14	13
Maintenance	17	18
Total	<u>302</u>	<u>190</u>

The aggregate payroll costs for these persons were as follows:

	2014 £000	2013 £000
Wages and salaries	8,394	6,572
Social security costs	720	542
Pension costs	<u>119</u>	<u>76</u>
	<u>9,233</u>	<u>7,190</u>

None of the directors received any remuneration during the year (2013: Nil). (including contributions to the pension scheme).

Funded defined contribution scheme for employees (group scheme)

Pension costs of £119,000 (2013: £76,000) were charged to the profit and loss account of which £nil (2013: nil) was outstanding at the balance sheet date.

The pension scheme is held with Standard Life and is administered by Origen.

3. Operating profit

This is arrived at after charging:

	2014 £000	2013 £000
Auditors' remuneration:		
• Group – audit	63	63
• Company – audit	10	10
Depreciation of tangible fixed assets	<u>3,551</u>	<u>2,491</u>

Capital Hill Hotels Group Europe Limited

**Notes to the financial statements
for the year ended 31 December 2014 (continued)**

4. Interest payable and similar charges

	2014	2013
	£000	£000
Amounts payable on bank loans and overdrafts	5,421	3,614
Amortisation of issue costs of bank loan	144	144
	<u>5,565</u>	<u>3,758</u>

5. Taxation

(a) Analysis of charge in the year

	2014	2013
	£000	£000
United Kingdom corporation tax at 21% (2013: 23%)	-	42
Adjustments in respect of prior years	-	-
Current tax charge (note 5 (b))	<u>-</u>	<u>42</u>
Deferred taxation (note 13)	-	-
Tax on profit on ordinary activities	<u>-</u>	<u>42</u>

(b) Factors affecting tax charge for the year

	2014	2013
	£000	£000
(Loss)/profit before tax	<u>(2,181)</u>	<u>4,547</u>
multiplied by standard rate of corporation tax in the UK of 21.49% (2013: 23.25%)	(469)	1,057
<i>Effects of:</i>		
Expenses not deductible for tax purposes	476	504
Capital allowances in excess of depreciation	(545)	223
Tax losses (utilised)/carried forward	537	(1,744)
Other adjustments	-	2
Tax charge for the period	<u>-</u>	<u>42</u>

Capital Hill Hotels Group Europe Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

6. Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit & loss account in these financial statements. The profit for the year is £nil (2013: £nil).

7. Tangible fixed assets – Group

	Land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Construction In Progress £000	Total £000
Cost					
At 1 January 2014	102,346	12,733	16,211	3,222	134,512
Additions	-	94	936	5,847	6,877
Transfer			5,847	(5,847)	-
At 31 December 2014	102,346	12,827	22,993	3,222	141,389
Depreciation					
At 1 January 2014	14,351	8,823	12,761	-	35,935
Charge for the period	1,128	1,180	1,243	-	3,551
At 31 December 2014	15,479	10,003	14,004	-	39,486
Net book value					
At 31 December 2014	86,867	2,824	8,989	3,222	101,903
At 31 December 2013	87,995	3,910	3,450	3,222	98,577

Included in total net book value of land and buildings is £35,907,000 (2013: £36,771,000) of long leasehold property. All tangible fixed assets of the group are held by the subsidiary undertaking, Capital Hill Hotels Group London Limited.

8. Stock

	Group 2014 £000	Group 2013 £000
Food and beverage	238	129

Capital Hill Hotels Group Europe Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

9. Investment in subsidiary company

	Company £000	Company £000
At 1 January 2014 and 31 December 2014	<u>35,000</u>	<u>35,000</u>

The company owns 100% of the ordinary shares of Capital Hill Hotels Group London Limited, a company incorporated in England and Wales, whose principal activity is the operation of two hotels in London.

10. Debtors: amounts due within one year

	Group 2014 £000	Company 2014 £000	Group 2013 £000	Company 2013 £000
Trade debtors	952	-	934	-
Amounts due from parent undertaking	21,294	-	21,028	-
Prepayments and accrued income	988	-	929	-
	<u>23,234</u>	<u>-</u>	<u>22,891</u>	<u>-</u>

Included within intercompany debtors is a balance of £20,000,000 due in 4 years.

Capital Hill Hotels Group Europe Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

11. Creditors: amounts falling within one year

	Group 2014 £000	Company 2014 £000	Group 2013 £000	Company 2013 £000
Bank loans	2,000	-	500	-
Trade creditors	765	-	854	-
Amounts due to group undertakings and related parties	494	12,659	862	12,659
Taxation and social security	966	-	608	-
Accruals and deferred income	1,720	-	1,133	-
Other creditors	17	-	-	-
Corporation Tax	42	-	42	-
	<u>6,004</u>	<u>12,659</u>	<u>3,999</u>	<u>12,659</u>

The bank loan is secured by way of a first ranking legal charge over the properties including fixtures, fittings and property management agreements, and an assignment overall revenues due from operation of the properties.

12. Creditors: amount falling due after more than one year

	Group 2014 £000	Group 2013 £000
Bank loans net of unamortised costs	<u>117,227</u>	<u>119,083</u>

Bank loans are repayable as follows:

	2014 £000	2013 £000
In one year or less, or on demand	2,000	500
In more than one year, but not more than two years	117,500	2,000
In more than two years, but not more than five years	-	117,500
	<u>119,500</u>	<u>120,000</u>

Capital Hill Hotels Group Europe Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

Bank loans are as follows:

	2014	2013
	£000	£000
Sterling bank loans: libor plus 2.5%	119,500	120,000
	<u>119,500</u>	<u>120,000</u>

Bank loans are repayable in monthly instalments, are denominated in sterling and bear interest at a floating rate, fixed with an interest rate swap at the rate noted above.

After the year end, the lender waived the scheduled repayment of debt between 30 December 2014 and September 2015 and a new financing facility of £122,000,000 was established in August 2015.

13. Deferred taxation

	2014	2013
	£000	£000
Accelerated capital allowances	3,491	2,945
Other short term timing differences	(5)	(5)
Less: losses	<u>(2,009)</u>	<u>(1,397)</u>
Deferred tax balance	<u>1,477</u>	<u>1,543</u>

Finance Act 2013 reduced the main rate of UK corporation tax from 21% from 1st April 2014 and 20% from 1st April 2015.

The rate changes will impact the amount of any future tax payments made by the group.

The group has losses carried forward of £10m (2013: £7.7m) which includes the losses offset against the deferred taxation liabilities set out above.

Capital Hill Hotels Group Europe Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

14. Called up share capital

	31 December 2014 £000	31 December 2013 £000
Authorised		
1,000 ordinary shares of £1 each	1	1
2,499,999 A ordinary shares of £1 each	2,500	2,500
2,499,999 B ordinary shares of £1 each	2,500	2,500
	<u>5,001</u>	<u>5,001</u>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	-	-
2,499,999 A ordinary shares of £1 each	2,500	2,500
2,499,999 B ordinary shares of £1 each	2,500	2,500
	<u>5,000</u>	<u>5,000</u>

Both the A and B ordinary shares carry equal voting rights, equal rights to dividends and equal rights on winding up and rank pari passu with each other. The preferred ordinary shares carry non-voting rights and rank pari passu with the A and B ordinary shares.

15. Other reserves - group

	Share premium £000	Other capital Reserve £000	Profit and loss account £000
At 1 January 2014	10,000	1,582	(9,107)
Loss for the financial year	-	-	(2,181)
At 31 December 2014	<u>10,000</u>	<u>1,582</u>	<u>(11,288)</u>

16. Other reserves - company

	Share Premium £000	Other capital Reserve £000	Profit and loss account £000
At 1 January 2014	10,000	1,582	5,789
Loss for the financial year	-	-	-
At 31 December 2014	<u>10,000</u>	<u>1,582</u>	<u>5,789</u>

Capital Hill Hotels Group Europe Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

17. Reconciliation of movements in shareholders' funds

	Group 2014 £000	Company 2014 £000	Group 2013 £000	Company 2013 £000
(Loss) / profit for the financial year	(2,181)	-	4,362	-
Opening shareholders' funds/(deficit)	7,475	22,371	3,113	22,371
Closing shareholders' funds	<u>5,294</u>	<u>22,371</u>	<u>7,475</u>	<u>22,371</u>

18. Immediate and ultimate controlling parties

Capital Hill Hotels Limited holds 100% shares of Capital Hill Hotels Group Europe Limited. The ultimate controlling party is Sheikh Hamed bin Jassim bin Jaber Al Thani.

19. Related party balances and transactions

During the year the company entered into the following related party transactions:

Capital Hill Hotels London Limited

Capital Hill Hotels Group Europe Limited owns 100% of the ordinary shares of Capital Hill Hotels Group London Limited.

Capital Hill Hotels Group Europe Limited has lent £12,659 (2013: £12,659) to Capital Hill Hotels Group London Limited.

Capital Hill Hotels Limited

Capital Hill Hotels Limited has lent £21,028 (2013: £21,028) to Capital Hill Hotels Group Europe Limited.

Out of the total loan payable by Capital Hill Hotels Group Europe Limited, an amount of £20,000 is due for repayment in 3 years.

Capital Hill Hotels Group Europe Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

20.Reconciliation of operating profit to net cash inflow from operating activities

	2014	2013
	£000	£000
Operating profit	3,384	8,162
Depreciation	3,551	2,491
Change in stock	(109)	(7)
Change in debtors	(343)	176
Change in creditors	505	76
Net cash inflow from operating activities	<u>6,988</u>	<u>10,898</u>

21.Analysis of cash flows

	2014	2013
	£000	£000
Return on Investment and servicing of finance		
Issue of loan	-	-
Interest on bank loan	(5,421)	(3,614)
Finance charges	-	-
	<u>(5,421)</u>	<u>(3,614)</u>
Capital expenditure		
Purchase of tangible fixed assets	(6,877)	(3,797)

Capital Hill Hotels Group Europe Limited

Notes to the financial statements
for the year ended 31 December 2014 (continued)

22. Analysis of changes in net debt

	At 1 January 2014	Cash flows	Other non-cash movements	At 31 December 2014
	£000	£000	£000	£000
Cash at bank and in hand	8,960	(5,809)	-	3,151
Bank debt due within one year	(500)	500	(2,000)	(2000)
Bank debt due after more than one year	(119,500)	-	2,000	(117,500)
Deferred finance costs	416	-	(144)	272
Net debt	<u>(110,624)</u>	<u>(5,309)</u>	<u>(144)</u>	<u>(116,077)</u>