

Atlas Hotels (Oldbury) Limited

Report and Financial Statements

Year Ended

31 December 2015

Company Number 3317920



Atlas Hotels (Oldbury) Limited

Report and financial statements for the year ended 31 December 2015

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Country of incorporation of parent company

United Kingdom

Legal form

Limited company

Principal activities

The nature of the entities operations and its principal activities are set out in the report of the directors.

Directors

K I Griffiths
S Robinson

Secretary and registered office

C R Byrd, Bridgeway House, Bridgeway, Stratford-Upon-Avon, Warwickshire, CV37 6YX

Company number

3317920

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

Atlas Hotels (Oldbury) Limited

Report of the directors for the year ended 31 December 2015

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

Results and dividends

The income statement is set out on page 5 and shows the profit for the year

Principal activities

The principal activity of the company is that of owning and operating hotels.

Going concern

The company is a wholly owned subsidiary of Atlas Hotels Group Limited, which comprises two securitised groups. External bank debt of £49.5m repayable on 7 February 2020 is held in the subsidiary undertaking Atlas Hotels (Borrowings 2) Limited, and this is secured over 11 properties and the share capital of the relevant entities. A loan of £310.5m which is repayable on 16 May 2017, from LSREF III Wight Limited is held in the subsidiary undertaking Atlas Hotels Limited, which is secured over 34 properties and the share capital of the relevant entities.

In respect of Atlas Hotels (Borrowings 2) Limited, the directors have reviewed the relevant forecasts and covenants for the next 12 months and are satisfied that the securitised group will be able to operate within the facility and covenants for the foreseeable future. In respect of Atlas Hotels Limited, the directors have reviewed the forecasts and covenants and have obtained confirmation from LSREF III Wight Limited that in the event of a breach of covenants, repayment of this facility will not be required for a period of not less than one year from the date of approval of the financial statements of Atlas Hotels Limited. On this basis the directors are satisfied that the will be able to operate within the facility for the foreseeable future.

As such the directors of the company are satisfied that the financial statements of the company should be prepared on the going concern basis.

Financial risk management

The main financial risks relating to the company and their management are considered in the accounts of Atlas Hotels Group Limited.

Directors

The directors of the company during the year were:

K I Griffiths
S Robinson

Atlas Hotels (Oldbury) Limited

Report of the directors for the year ended 31 December 2015 (continued)

Directors' responsibilities

The directors are responsible for preparing the strategic report, 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), including FRS 101 "Reduced Disclosure Framework" ("FRS 101") 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.

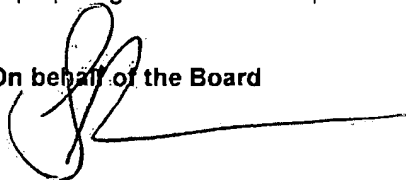
Auditors

All of the current 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 audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office.

In preparing this directors' report advantage has been taken of the small companies' exemption.

On behalf of the Board


S Robinson

Director

Date 13 June 2016

Atlas Hotels (Oldbury) Limited

Independent auditor's report

TO THE MEMBERS OF ATLAS HOTELS (OLDBURY) LIMITED

We have audited the financial statements of Atlas Hotels (Oldbury) Limited for the year ended 31 December 2015 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit 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 matters 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.

Atlas Hotels (Oldbury) Limited

Independent auditor's report (*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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.

BDO LLP

James Fearon (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom

Date 13 June 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Atlas Hotels (Oldbury) Limited

Income statement for the year ended 31 December 2015

	Note	2015 £	2014 £
Turnover	4	1,811,273	1,627,790
Cost of sales		772,225	732,047
Gross profit		1,039,048	895,743
Administrative expenses – excluding exceptional item		518,934	541,072
Reversal of past hotel impairment losses		-	(903,574)
Administrative expenses		518,934	(362,502)
Operating profit	5	520,114	1,258,245
Other interest receivable and similar income	6	61,010	66,133
Interest payable and similar charges	7	(172,732)	(307,884)
Profit on ordinary activities before taxation		408,392	1,016,494
Taxation on profit on ordinary activities	8	(3,292)	(24,752)
Profit on ordinary activities after taxation		405,100	991,742

All amounts relate to continuing activities.

The notes on pages 9 to 19 form part of these financial statements.

Atlas Hotels (Oldbury) Limited

Statement of comprehensive income for the year ended 31 December 2015

	2015 £	2014 £
Profit on ordinary activities after taxation and profit for the financial year	405,100	991,742
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Unrealised surplus on property revaluation	2,920,849	12,229
Deferred tax on property revaluation	(394,131)	(1,835)
Total other comprehensive income for the year, net of tax	2,526,718	10,394
Total comprehensive income for the year	2,931,818	1,002,136

The notes on pages 9 to 19 form part of these financial statements.

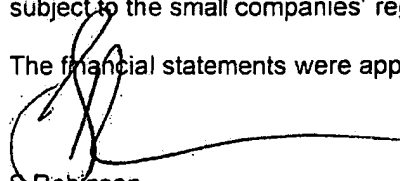
Atlas Hotels (Oldbury) Limited

Statement of financial position at 31 December 2015

Company number 3317920	Note	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Tangible assets	8		6,450,000		3,600,000
Current assets					
Stocks	9	3,419		5,015	
Debtors	10	1,365,586		792,252	
Cash at bank and in hand		120,123		187,329	
		<u>1,489,128</u>		<u>984,596</u>	
Creditors: amounts falling due within one year	11	<u>4,158,571</u>		<u>4,133,280</u>	
Net current liabilities			(2,669,443)		(3,148,684)
Total assets less current liabilities			3,780,557		451,316
Provisions for liabilities	12		513,393		115,970
			<u>3,267,164</u>		<u>335,346</u>
Capital and reserves					
Called up share capital	13		2		2
Revaluation reserve			2,933,078		12,229
Profit and loss account			334,084		323,115
Shareholders' funds			<u>3,267,164</u>		<u>335,346</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 13 June 2016


S. Robinson
Director

The notes on pages 9 to 19 form part of these financial statements.

Atlas Hotels (Oldbury) Limited

Statement of changes in equity for the year ended 31 December 2015

	Share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
1 January 2014	2	-	(666,792)	(666,790)
Comprehensive income for the year:				
Profit for the year after tax	-	-	991,742	991,742
Property revaluation	-	12,229	-	12,229
Tax relating to components of other comprehensive income	-	-	(1,835)	(1,835)
Total comprehensive income for the year	-	12,229	989,907	1,002,136
31 December 2014	2	12,229	323,115	335,346
1 January 2015	2	12,229	323,115	335,346
Comprehensive income for the year:				
Profit for the year after tax	-	-	405,100	405,100
Property revaluation	-	2,920,849	-	2,920,849
Tax relating to components of other comprehensive income	-	-	(394,131)	(394,131)
Total comprehensive income for the year	-	2,920,849	10,969	2,931,818
31 December 2015	2	2,933,078	334,084	3,267,164

The notes on pages 9 to 19 form part of these financial statements.

Atlas Hotels (Oldbury) Limited

Notes forming part of the financial statements for the year ended 31 December 2015

1 General information

Atlas Hotels (Oldbury) Limited is a company incorporated in the United Kingdom. The address of the registered office is given on the contents page. The nature of the company's operations and its principal activities are set out in the Directors' Reports.

These financial statements are presented in Sterling which is the currency of the primary economic environment in which the company operates.

2 Accounting policies

(a) Basis of preparation

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the company has changed its accounting framework from UK GAAP and prepared these financial statements in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. Details of the transition is set out in note 18.

The financial statements have been prepared on the historical cost basis except that other hotel properties are stated at fair value.

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- the disclosure of related party transactions with other wholly owned members of the group headed by Atlas Hotels Group Limited

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Atlas Hotels Group Limited. These financial statements do not include certain disclosures in respect of:

- financial instruments; and
- fair value measurement;

Judgements and key areas of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires the company's directors to exercise judgment in applying the company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

Atlas Hotels (Oldbury) Limited

Notes forming part of the financial statements For the year ended 31 December 2015 (*continued*)

2 Accounting policies (*continued*)

(a) *Basis of preparation (continued)*

Going concern

The company is a wholly owned subsidiary of Atlas Hotels Group Limited, which comprises two securitised groups. External bank debt of £49.5m repayable on 7 February 2020 is held in the subsidiary undertaking Atlas Hotels (Borrowings 2) Limited, and this is secured over 11 properties and the share capital of the relevant entities. A loan of £310.5m which is repayable on 16 May 2017, from LSREF III Wight Limited is held in the subsidiary undertaking Atlas Hotels Limited, which is secured over 34 properties and the share capital of the relevant entities.

In respect of Atlas Hotels (Borrowings 2) Limited, the directors have reviewed the relevant forecasts and covenants for the next 12 months and are satisfied that the securitised group will be able to operate within the facility and covenants for the foreseeable future. In respect of Atlas Hotels Limited, the directors have reviewed the forecasts and covenants and have obtained confirmation from LSREF III Wight Limited that in the event of a breach of covenants, repayment of this facility will not be required for a period of not less than one year from the date of approval of the financial statements of Atlas Hotels Limited. On this basis the directors are satisfied that the will be able to operate within the facility for the foreseeable future.

As such the directors of the company are satisfied that the financial statements of the company should be prepared on the going concern basis.

(b) *Tangible fixed assets*

Tangible fixed assets, with the exception of Hotel properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Repairs and maintenance are charged to the income statement during the year in which they are incurred.

Hotel properties are carried at fair value with revaluations undertaken with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognised in the income statement.

In line with the Guidance Notes for the Hotel Industry, issued by the British Association of Hospitality Accountants, the company splits its hotel properties into two elements, the core of the building and the surface finishes. Freehold land is not depreciated and leasehold land is depreciated over the lease period. Depreciation on assets under construction does not commence until they are complete and available for use.

Depreciation is provided on all other items of tangible fixed assets so as to write off their carrying value over their expected useful economic lives. It is provided at the following rates:

Hotel buildings:	-	See below:
- Core	-	50 years
- Surface finishes and services	-	20 years
Fixtures, fittings and equipment	-	3 to 20 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Atlas Hotels (Oldbury) Limited

Notes forming part of the financial statements For the year ended 31 December 2015 *(continued)*

2 Accounting policies *(continued)*

(b) Tangible fixed assets (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

(c) Stocks

Stocks are carried at the lower of cost and net realisable value. Cost is based on the cost of purchase. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

At each reporting date, inventories are assessed for impairment. If inventory value is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in the income statement.

(d) Financial assets and liabilities

Financial assets and liabilities are recognised when the relevant company entity becomes a party to the unconditional contractual terms of the instrument. Unless otherwise indicated, the carrying amounts of financial assets and liabilities are considered by the directors to be a reasonable estimate of their fair value.

Financial assets

The company has not classified any of its financial assets as available-for-sale or held to maturity. The only financial assets the company has are categorised as loans and receivables. The company's accounting policy is as follows:

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at cost less provision for impairment. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net; such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The company's loans and receivables comprise trade and other receivables, and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Financial liabilities

The company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Atlas Hotels (Oldbury) Limited

Notes forming part of the financial statements For the year ended 31 December 2015 (continued)

2 Accounting policies (continued)

(d) Financial assets and liabilities (continued)

Fair value through profit or loss

This category comprises only out-of-the-money derivatives (see "Financial assets" for in the money derivatives). They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income. The company does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the company does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include the following items:

- Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method with any residual component being recognised in equity, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and then subsequently at amortised cost; and
- Loans from group companies which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The company's ordinary shares are classified as equity instruments and its preference shares are classified as a financial liability.

(e) Leased assets

Where substantially all of the risks and rewards incidental to ownership are not transferred to the company (an operating lease), the total rentals payable under the lease are charged to the income statement on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

(f) Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Atlas Hotels (Oldbury) Limited

Notes forming part of the financial statements For the year ended 31 December 2015 (*continued*)

2 Accounting policies (*continued*)

(g) Reserves

The following describes the nature and purpose of each reserve within equity:

<i>Reserve</i>	<i>Description and purpose</i>
Share capital	Nominal value of share capital subscribed for.
Revaluation reserve	Gains above depreciated historic cost arising on the revaluation of the company's properties excluding deferred tax.
Retained earnings	All other net gains and losses and transactions with owners such as dividends not recognised elsewhere.

(h) Operating profit

Profit from operations comprises the results of the company before finance income, finance costs, corporation tax and deferred tax.

(i) Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

(j) Revenue

Revenue is primarily derived from hotel operations, including the rental of rooms and food and beverage sales. Turnover is recognised when rooms are occupied and food and beverages are sold.

Revenue is recognised exclusive of Value Added Tax and trade discounts.

(k) Pension costs

Contributions to defined contribution pension schemes are charged to the income statement in the year to which they relate.

3 Critical accounting estimates and judgements

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

(a) Hotel property valuations

For the purposes of calculating the fair value of its properties, the company uses valuations carried out by independent valuers on the basis of fair value. The valuations are based upon assumptions including the future trading performance of the hotels. Further information about the valuation process is provided in note 9.

Atlas Hotels (Oldbury) Limited

Notes forming part of the financial statements For the year ended 31 December 2015 (continued)

3 Critical accounting estimates and judgements (continued)

(b) Useful lives of tangible fixed assets

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the company's accounting policy. The selection of these estimated lives requires the exercise of management judgement. Management take account of the Guidance Notes for the Hotel Industry on Tangible Fixed Assets, issued by the British Association of Hospitality Accountants when determining useful lives. Useful lives are regularly reviewed and should management's assessment of useful lives shorten then depreciation charges in the financial statements would increase and carrying amounts of tangible fixed assets would reduce accordingly subject to any revaluation gains. The carrying amount of tangible fixed assets by each class is included in note 9.

(c) Taxation

The company provides for future liabilities in respect of uncertain tax positions where additional tax may become payable in future periods and such provisions are based on management's assessment of exposures. Deferred tax liabilities are generally provided for in full and deferred tax assets are recognised to the extent that it is judged probable that future taxable profit will arise against which the temporary differences will be utilised.

Other significant judgments

In preparing these financial statements, management have also made the following judgements:

- whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- whether there are any indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

4 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

5 Operating profit

	2015 £	2014 £
This has been arrived at after charging:		
Depreciation of tangible fixed assets	125,348	146,748
Exceptional – reversal of past hotel impairment	-	(903,574)
	<u>125,348</u>	<u>(903,574)</u>

Auditors remuneration

Fees payable to BDO LLP and the associates for the audit of the company's annual accounts were borne by a fellow group company.

6 Other interest receivable and similar income

	2015 £	2014 £
Loans to group companies	61,010	66,133
	<u>61,010</u>	<u>66,133</u>

Atlas Hotels (Oldbury) Limited

Notes forming part of the financial statements
For the year ended 31 December 2015 (*continued*)

7 Interest payable and similar charges

	2015 £	2014 £
Loans from group companies	172,732	302,875
Amortisation of finance costs	-	5,009
	<u>172,732</u>	<u>307,884</u>

8 Taxation on profit from ordinary activities

	2015 £	2014 £
<i>UK corporation tax</i>		
Total current tax	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	14,889	21,401
Effect of tax rate change on opening balance	(11,597)	-
Adjustment in respect of previous periods	-	3,351
Total deferred tax	<u>3,292</u>	<u>24,752</u>
Total tax charge	<u>3,292</u>	<u>24,752</u>

The tax assessed for the year is lower (2014 - lower) than the standard rate of corporation tax in the UK.
The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>408,392</u>	<u>1,016,494</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%)	82,685	221,105
Effects of:		
Expenses not deductible	20,277	12,943
Reversal of hotel impairment	-	(196,835)
Group relief claimed	(69,359)	(14,214)
Chargeable gains/(losses)	443,529	1,972
Deferred tax not recognised	(16,804)	1,373
Deferred tax (charged)/credited direct to OCI	(394,131)	(1,835)
Prior year adjustment- deferred tax	-	3,351
Deferred tax – change in rate	(62,855)	(480)
Total tax charge for year	<u>3,292</u>	<u>24,752</u>

Atlas Hotels (Oldbury) Limited

Notes forming part of the financial statements
For the year ended 31 December 2015 (*continued*)

9 Tangible assets

	Freehold land and buildings £	Plant and machinery £	Total £
<i>Cost or valuation</i>			
At 1 January 2015	3,322,336	1,451,213	4,773,549
Additions	-	54,433	54,433
Revaluations	2,859,743	-	2,859,743
At 31 December 2015	6,182,079	1,505,646	7,687,725
<i>Depreciation</i>			
At 1 January 2015	-	1,173,549	1,173,549
Provided for the year	61,172	64,176	125,348
Revaluations	(61,172)	-	(61,172)
At 31 December 2015	-	1,237,725	1,237,725
<i>Net book value</i>			
At 31 December 2015	6,182,079	267,921	6,450,000
At 31 December 2014	3,322,336	277,664	3,600,000

The hotel properties were externally valued as at 31 December 2015 at £6,450,000 (2014 - £3,600,000). The current year valuation was performed by Christie & Co, in their capacity as external valuer. The fair value of each hotel has been determined by reference to both an income capitalisation method and discounted cash flow method, relying upon an assessment of potential and historic performance for each property, the application of an appropriate market yield and the relevance of market observable transactions.

The historical cost of tangible fixed assets is:

	2015 £	2014 £
Cost	5,772,378	5,717,945
Accumulated depreciation based on historical cost	2,298,785	2,130,174
Historical cost net book value	3,473,593	3,587,771

10 Stocks

	2015 £	2014 £
Stocks	3,419	5,015

Atlas Hotels (Oldbury) Limited

Notes forming part of the financial statements
For the year ended 31 December 2015 (continued)

11 Debtors

	2015 £	2014 £
Trade debtors	31,076	57,575
Amounts owed by group undertakings	1,289,198	705,228
Other debtors	45,311	29,449
	<u>1,365,585</u>	<u>792,252</u>

All amounts shown under debtors fall due for payment within one year.

12 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	48,690	73,866
Amounts owed to group undertakings	3,966,300	3,966,300
Taxation and social security	63,329	44,496
Other creditors	80,252	48,618
	<u>4,158,571</u>	<u>4,133,280</u>

13 Provisions for liabilities

	Deferred tax £
At 1 January 2015	115,970
Charged to profit or loss	3,292
Charged to OCI	394,131
	<u>513,393</u>
At 31 December 2015	

Deferred tax

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered. Details of the deferred tax liability, amounts recognised in profit or loss and amounts recognised in other comprehensive income are as follows:

	Net 2015 £	Net 2014 £
Accelerated capital allowances	(117,427)	(114,135)
Revaluations of other tangible assets	(395,966)	(1,835)
	<u>(513,393)</u>	<u>(115,970)</u>
Net tax assets/(liabilities)		

Atlas Hotels (Oldbury) Limited

Notes forming part of the financial statements For the year ended 31 December 2015 (continued)

13 Provisions for liabilities (continued)

A deferred tax asset has not been recognised in respect of the following items:

	2015 £	2014 £
Deferred Capital Allowances	-	10,228
Accumulated tax losses	-	6,577
	<u> </u>	<u> </u>

14 Share capital

	2015 £	2014 £
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

15 Contingent liabilities

The company is a guarantor in respect of bank borrowings held by Atlas Hotels Limited. The bank borrowing outstanding at 31 December 2015 in Atlas Hotels Limited was £310,500,000 (2014 - £307,475,153).

16 Related party disclosures

Transactions with group companies

During the year all of the transactions which the company entered into with fellow group undertakings were with wholly owned members of the group headed by Atlas Hotels Group Limited.

17 Ultimate parent company and parent undertaking of larger group

The Company's immediate parent undertaking is Atlas Hotels Limited, a company incorporated in England. The largest and smallest group for which financial statements are drawn up which incorporate the results of Atlas Hotels (Oldbury) Limited is that headed by Atlas Hotels Group Limited, a company incorporated in England. Copies of the group financial statements can be obtained from Companies House.

The Company's ultimate beneficial owners are two Lone Star funds, Lone Star Real Estate Fund III (U.S.), L.P., a Delaware limited partnership and Lone Star Real Estate Fund III (Bermuda), L.P., a Bermuda exempted limited partnership. The general partner of these entities is Lone Star Real Estate Partners III, L.P., a Bermuda exempted limited partnership. The general partner of Lone Star Real Estate Partners III, L.P. is Lone Star R.E. Management Co. III, Ltd, a Bermuda limited exempted company which is controlled by Mr John P Grayken.

18 First time adoption of FRS 101 Reduced Disclosure Framework

This is the first year that the Company has presented its financial statements under FRS 101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under a previous GAAP (UK GAAP) were for the year ended 31 December 2014 and the date of transition to FRS 101 was therefore 1 January 2014.

Atlas Hotels (Oldbury) Limited

Notes forming part of the financial statements For the year ended 31 December 2015 (continued)

18 First time adoption of FRS 101 Reduced Disclosure Framework (continued)

The following tables summarise the effects on the company's equity and total comprehensive income of applying FRS 101 for the first time.

Reconciliation of equity

	Note	At 1 January 2014 £	At 31 December 2014 £
Equity reported under UK GAAP		(666,790)	337,181
Adjustments to equity on transition to FRS 101			
Deferred tax	1	-	(1,835)
		<u>(666,790)</u>	<u>335,346</u>
Equity reported under FRS 101			

Reconciliation of total comprehensive income for the year ended 31 December 2014

		£
Total comprehensive income for the financial year under UK GAAP		1,003,971
Deferred tax	1	(1,835)
Total comprehensive income for the financial year under FRS 101		<u>1,002,136</u>

The adjustments arising on transition from applicable UK accounting standards to FRS 101 for the first time are explained as follows:

1) Deferred tax

Under applicable UK accounting standards the company did not provide for any deferred tax on revalued property or deferred tax on fair value adjustments to property unless there was a binding agreement in place at the reporting date to sell the particular property.

In accordance with FRS 101 (by virtue of IAS 12 *Income Taxes*) the company is required to include a deferred tax liability as a consequence of property revaluations.