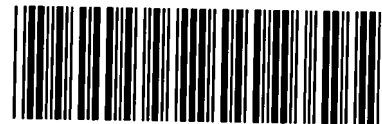


HALLMARK HOTELS (THE LAKES COURT) LIMITED

Financial statements

31 May 2016

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HALLMARK HOTELS (THE LAKES COURT) LIMITED

Financial statements

Year ended 31 May 2016

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HALLMARK HOTELS (THE LAKES COURT) LIMITED

Officers and professional advisers

The board of directors	L Benjamin S Zakay M Kingston
Company secretary	C F Moharm
Registered office	55 Baker Street, London, W1U 7EU
Auditor	BDO LLP 55 Baker Street London W1U 7EU
Bankers	Barclays Bank Plc Pall Mall Corporate Group 50 Pall Mall London SW1A 1QA

HALLMARK HOTELS (THE LAKES COURT) LIMITED

Strategic report

Year ended 31 May 2016

The directors present their strategic report together with the audited financial statements for the year ended 31 May 2016.

Principal activity

The company's principal activity is that of hotel operations in the UK.

Review of the business

The company's results for the year and financial position are as shown in the annexed financial statements and referred to in the directors' report. It is expected that the company will continue its activities and trade satisfactorily in the forthcoming year.

Key performance indicators

The directors monitor performance using a wide range of financial and non-financial indicators including like for like turnover, cost management, property valuations and net asset value. On a quarterly basis the directors review the balance sheet and the profit and loss account using actual and forecast data.

The following are the material KPIs that are considered most relevant of the company due to its size and activities: Turnover for the year was £2,089,097 (2015: £2,845,185) with a net profit before taxation of £424,106 (2015: £666,208). This was a good outcome considering the shorter accounting period this year and the seasonality of the business.

The tangible assets were valued at £7,125,008 (2015: £7,079,340) with a revaluation surplus of £144,214 (2015: £2,143,803) in the current period.

Financial Instruments

The company's financial instruments are basic and further details relating thereto can be found at note 18 to the Financial Statements

Position of the entity at the end of the financial period and future developments

The company has capital and reserves of £4,828,553 (2015: £4,150,100). The capital and reserves are considered adequate to continue its activities and trade satisfactorily in the forthcoming year.

The company reported strong turnover and profitability and is well positioned to continue to benefit from the wider hotel activities of the group of which the company is a member.

The overall objectives of the business are to grow by enhancing its reputation and guest experience and by capitalising on the ongoing operational efficiencies that management implement. Detailed business objectives to support this strategy are developed on an annual basis and reviewed regularly.

Principal risks and uncertainties

The main risks to the company are those attached to any business in the hotel and leisure industry such as:

- a downturn in general operating conditions in the UK hotel industry;
- loss of market share through an increase in competitor activity;
- business interruption due to adverse weather or other factors resulting in property damage.



S Zakay
Director

23 February 2017

HALLMARK HOTELS (THE LAKES COURT) LIMITED

Directors report

Year ended 31 May 2016

The directors present their report and the financial statements of the company for the year ended 31 May 2016.

Incorporation

The entity is a private company, limited by shares and incorporated in England and Wales. The principal activity is that of hotel operations in the UK. The result for the year is shown on page 7.

Directors

The directors who served the company during the year were as follows:

L Benjamin	
S Zakay	
M Kingston	
R W Jones	(Resigned 9 July 2015)

Dividends

The directors do not recommend the payment of a dividend.

Change in financial reporting framework

This is the first set of financial statements prepared by Hallmark Hotels (The Lakes Court) Limited in accordance with accounting standards issued by the Financial Reporting Council including FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS102'). The company transitioned from previously extant UK GAAP to FRS102 as at 30 December 2013. Refer to the 'Transition to FRS102' note for further details.

Disclosure of information in the strategic report

Information relating to future developments and financial instruments is shown in the Strategic Report.

Directors responsibilities statement

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 and applicable law) including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)". 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 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HALLMARK HOTELS (THE LAKES COURT) LIMITED

Directors report *(continued)*

Year ended 31 May 2016

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The company has dispensed with the obligation to appoint auditors annually. BDO LLP have expressed their willingness to continue in office.

This report was approved by the board of directors on 23 February 2017 and signed on behalf of the board by:



C F Moharm

Company secretary

HALLMARK HOTELS (THE LAKES COURT) LIMITED

Independent auditor's report to the members of Hallmark Hotels (The Lakes Court) Limited

Year ended 31 May 2016

We have audited the financial statements of Hallmark Hotels (The Lakes Court) Limited for the year ended 31 May 2016 which comprise the statement of comprehensive income, statement of financial position, 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).

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, 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 May 2016 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 matter 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.

HALLMARK HOTELS (THE LAKES COURT) LIMITED

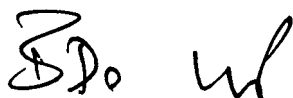
Independent auditor's report to the members of Hallmark Hotels (The Lakes Court) Limited
(continued)

Year ended 31 May 2016

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.



Richard Levy (Senior Statutory Auditor)

For and on behalf of
BDO LLP
55 Baker Street
London
W1U 7EU

23 February 2017

BDO LLP is a Limited Liability Partnership registered in England and Wales (with registered no. OC305127).

HALLMARK HOTELS (THE LAKES COURT) LIMITED

Statement of comprehensive income

Year ended 31 May 2016

	Note	Year to 31 May 16 £	Period from 30 Dec 13 to 31 May 15 £
Turnover	4	2,089,097	2,845,185
Cost of sales		(713,640)	(1,057,517)
Gross profit		1,375,457	1,787,668
Administrative expenses		(951,351)	(1,121,460)
Operating profit	5	424,106	666,208
Profit on ordinary activities before taxation		424,106	666,208
Taxation on ordinary activities	9	32,675	(12,882)
Profit for the financial year		456,781	653,326
Revaluation of tangible assets		144,214	2,143,803
Tax relating to components of other comprehensive income		77,458	(378,093)
Other comprehensive income for the year		221,672	1,765,710
Total comprehensive income for the year		678,453	2,419,036

All the activities of the company are from continuing operations.

The notes on pages 10 to 18 form part of these financial statements.

HALLMARK HOTELS (THE LAKES COURT) LIMITED

Statement of financial position

31 May 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	10	524,993	569,993
Tangible assets	11	7,125,008	7,079,340
		<u>7,650,001</u>	<u>7,649,333</u>
Current assets			
Stocks	12	12,212	23,482
Debtors	13	182,338	260,147
Cash at bank and in hand		152,007	149,969
		<u>346,557</u>	<u>433,598</u>
Creditors: amounts falling due within one year	14	<u>(2,395,480)</u>	<u>(3,050,173)</u>
Net current liabilities		<u>(2,048,923)</u>	<u>(2,616,575)</u>
Total assets less current liabilities		<u>5,601,078</u>	<u>5,032,758</u>
Provisions			
Taxation including deferred tax	16	(772,525)	(882,658)
Net assets		<u>4,828,553</u>	<u>4,150,100</u>
Capital and reserves			
Called up share capital	19	2	2
Revaluation reserve	20	4,466,837	4,322,623
Profit and loss account	20	361,714	(172,525)
Members funds		<u>4,828,553</u>	<u>4,150,100</u>

These financial statements were approved by the board of directors and authorised for issue on 23 February 2017, and are signed on behalf of the board by:


S Zakay
Director

Company registration number: 06297002

The notes on pages 10 to 18 form part of these financial statements.

HALLMARK HOTELS (THE LAKES COURT) LIMITED

Statement of changes in equity

Year ended 31 May 2016

	Note	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 30 December 2013		2	2,242,915	(511,853)	1,731,064
Profit for the year				653,326	653,326
Other comprehensive income for the year:					
Revaluation of tangible assets	11	–	2,143,803	–	2,143,803
Reclassification from revaluation reserve to profit and loss account		–	(64,095)	64,095	–
Tax relating to components of other comprehensive income	9	–	–	(378,093)	(378,093)
Total comprehensive income for the year		–	2,079,708	339,328	2,419,036
At 31 May 2015		2	4,322,623	(172,525)	4,150,100
Profit for the year				456,781	456,781
Other comprehensive income for the year:					
Revaluation of tangible assets	11	–	144,214	–	144,214
Tax relating to components of other comprehensive income	9	–	–	77,458	77,458
Total comprehensive income for the year		–	144,214	534,239	678,453
At 31 May 2016		2	4,466,837	361,714	4,828,553

The notes on pages 10 to 18 form part of these financial statements.

HALLMARK HOTELS (THE LAKES COURT) LIMITED

Notes to the financial statements

Year ended 31 May 2016

1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. Accounting policies

Basis of preparation

The following principal accounting policies have been applied:

Going concern

In preparing the financial statements, the directors are required to make an assessment of the company's ability to continue as a going concern. A fellow subsidiary of the group headed by Topland Group Holdings Limited has confirmed that it will not call for repayment of the intragroup creditors for at least 12 months from the date of approval of these financial statements unless the company has sufficient funds to be able to make repayments. This will enable the company to continue in its current operations and meet its financial obligations as they arise for at least 12 months from the date of approval of these financial statements. For this reason, The directors continue to adopt the going concern basis in preparing these financial statements.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 30 December 2013. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 24.

Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Topland Hotels (No 15) Limited which can be obtained from Companies House. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d)
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Topland Hotels (No 15) Limited as at 31 May 2016 and these financial statements may be obtained from Companies House.

Revenue recognition

Turnover is derived from ordinary activities and represents the provision of goods sold and services provided in the financial year, exclusive of VAT.

Turnover from the sale of goods is recognised when the goods are supplied to the customer.

Turnover from the supply of services represents the provision of hotel rooms and other hotel services to guests. Revenue is recognised once the service has been provided.

HALLMARK HOTELS (THE LAKES COURT) LIMITED

Notes to the financial statements *(continued)*

Year ended 31 May 2016

2. Accounting policies *(continued)*

Current and deferred tax

The tax expense is made up of current and deferred tax. Tax expense is recognised in profit and loss, except tax attributable to an income or expense recognised as other comprehensive income or recognised directly in equity, which is recognised as other comprehensive income or directly to equity as appropriate.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Current and deferred tax is calculated using the tax rates and laws enacted or substantively enacted by the reporting date.

Intangible assets

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	up to 20 years
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Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses.

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	-	2% straight line
Fixtures and fittings	-	10% straight line

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

HALLMARK HOTELS (THE LAKES COURT) LIMITED

Notes to the financial statements *(continued)*

Year ended 31 May 2016

2. Accounting policies *(continued)*

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

Financial liabilities that are not classified as financial instruments are recorded at transaction cost. All changes to transaction cost are recognised in profit and loss account.

Financial Assets

Financial assets are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit and loss account immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and other short term highly liquid investments with original maturities of three months or less.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

HALLMARK HOTELS (THE LAKES COURT) LIMITED

Notes to the financial statements (continued)

Year ended 31 May 2016

3. Judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, requires the use of certain critical accounting estimates and judgements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on Directors' best knowledge of the amount, event or actions, actual results may differ from those estimates. The following is intended to provide an understanding of the policies that the Directors' consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements.

Property valuation

Property is revalued annually to fair value using an income capitalisation technique. The valuation is prepared by the Directors, based on an EBITDA multiple. Reference is also made to market evidence of transaction prices for similar properties.

Recoverability of debtors

The recoverability of debtors is assessed annually based on factors specific to each individual debtor.

4. Turnover

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

5. Operating profit

Operating profit or loss is stated after charging:

	Year to 31 May 16 £	Period from 30 Dec 13 to 31 May 15 £
Amortisation of intangible assets	45,000	63,750
Depreciation of tangible assets	179,527	260,611
Defined contribution plans expense	3,785	3,134

6. Auditor's remuneration

	Year to 31 May 16 £	Period from 30 Dec 13 to 31 May 15 £
Fees payable for the audit of the financial statements	5,157	3,000

7. Particulars of employees

The average number of persons employed by the company during the year, including the directors, amounted to:

	2016 No	2015 No
Number of total staff	58	58

HALLMARK HOTELS (THE LAKES COURT) LIMITED

Notes to the financial statements (continued)

Year ended 31 May 2016

7. Particulars of employees (continued)

The aggregate payroll costs incurred during the year, relating to the above, were:

	Year to 31 May 16 £	Period from 30 Dec 13 to 31 May 15 £
Wages and salaries	630,317	848,174
Social security costs	30,817	42,000
Other pension costs	3,785	3,134
	<u>664,919</u>	<u>893,308</u>

8. Directors

No directors emoluments were payable in the current period (2015: £nil).

9. Taxation on ordinary activities

Major components of tax (income)/expense

	Year to 31 May 16 £	Period from 30 Dec 13 to 31 May 15 £
Deferred tax:		
Origination and reversal of timing differences	(6,911)	12,882
Adjustment in respect of prior periods	(25,764)	-
Taxation on ordinary activities	<u>(32,675)</u>	<u>12,882</u>

Tax recognised as other comprehensive income or equity

The aggregate current and deferred tax relating to items recognised as other comprehensive income or equity for the year was £(77,458) (2015: £378,093).

Reconciliation of tax (income)/expense

The tax assessed on the profit on ordinary activities for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 21.23%).

	Year to 31 May 16 £	Period from 30 Dec 13 to 31 May 15 £
Profit on ordinary activities before taxation	<u>424,106</u>	<u>666,208</u>
Profit on ordinary activities by rate of tax	84,821	141,440
Adjustment to tax charge in respect of prior periods	(25,764)	-
Effect of expenses not deductible for tax purposes	-	4,668
Group relief	(24,211)	(108,397)
Transfer pricing adjustments	(50,116)	(24,829)
Other permanent differences	(17,405)	-
Tax on profit on ordinary activities	<u>(32,675)</u>	<u>12,882</u>

HALLMARK HOTELS (THE LAKES COURT) LIMITED

Notes to the financial statements (continued)

Year ended 31 May 2016

10. Intangible assets

	Goodwill £
Cost	
At 1 Jun 2015 and 31 May 2016	<u>899,993</u>
Amortisation	
At 1 June 2015	330,000
Charge for the year	45,000
At 31 May 2016	<u>375,000</u>
Carrying amount	
At 31 May 2016	<u>524,993</u>
At 31 May 2015	<u>569,993</u>

11. Tangible assets

	Property £	Fixtures and fittings £	Total £
Valuation			
At 1 June 2015	6,325,362	1,525,356	7,850,718
Additions	–	80,981	80,981
Revaluations	60,131	–	60,131
At 31 May 2016	<u>6,385,493</u>	<u>1,606,337</u>	<u>7,991,830</u>
Depreciation			
At 1 June 2015	20,000	751,378	771,378
Charge for the year	64,083	115,444	179,527
Revaluations	(84,083)	–	(84,083)
At 31 May 2016	<u>–</u>	<u>866,822</u>	<u>866,822</u>
Carrying amount			
At 31 May 2016	<u>6,385,493</u>	<u>739,515</u>	<u>7,125,008</u>
At 31 May 2015	<u>6,305,362</u>	<u>773,978</u>	<u>7,079,340</u>

The property was valued as at 31 May 2016 by the directors on an open market value basis.

The methods and significant assumptions applied in valuing the property are disclosed in notes 2 and 3. The property is charged as part of the security for a loan taken out by an intermediate holding company.

12. Stocks

	2016 £	2015 £
Raw materials	6,236	16,434
Finished goods	5,976	7,048
	<u>12,212</u>	<u>23,482</u>

HALLMARK HOTELS (THE LAKES COURT) LIMITED

Notes to the financial statements *(continued)*

Year ended 31 May 2016

13. Debtors

	2016 £	2015 £
Trade debtors	126,521	209,048
Prepayments and accrued income	55,817	51,099
	<u>182,338</u>	<u>260,147</u>

All amounts are due within one year.

14. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	67,545	12,322
Amounts owed to fellow subsidiaries	2,156,222	2,855,334
Accruals and deferred income	71,638	50,021
Social security and other taxes	50,361	61,750
Other creditors	49,714	70,746
	<u>2,395,480</u>	<u>3,050,173</u>

Amounts owed to group undertakings bear no interest and have no fixed terms of repayment.

15. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2016 £	2015 £
Included in provisions (note 16)	<u>772,525</u>	<u>882,658</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016 £	2015 £
Decelerated capital allowances	(19,793)	12,882
Revaluation of tangible assets	792,318	869,776
	<u>772,525</u>	<u>882,658</u>

16. Provisions

	Deferred tax (note 15) £
At 1 June 2015	882,658
Deferred tax credit in the profit and loss account	(32,675)
Deferred tax credit in other comprehensive income	(77,458)
At 31 May 2016	<u>772,525</u>

17. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £3,785 (2015: £3,134).

HALLMARK HOTELS (THE LAKES COURT) LIMITED

Notes to the financial statements (continued)

Year ended 31 May 2016

18. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2016 £	2015 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>278,528</u>	<u>359,017</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>2,273,481</u>	<u>2,938,402</u>

Financial assets measured at amortised cost comprise cash at bank, trade debtors, other debtors, and amounts owed by group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and amounts owed to group undertakings.

19. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No	£	No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

20. Reserves

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Profit and loss account - This reserve records retained earnings and accumulated losses.

21. Contingencies

The properties are cross charged as security for loans taken out by an intermediate holding company totalling £40,000,000 (2015: £nil). The company also stands as guarantor in respect of this loan.

22. Related party transactions

The company has claimed exemption under S33.1A of FRS102 not to disclose transactions between group members.

23. Controlling party

The largest group in which the results of the company are consolidated is that headed by Topland Group Holdings Limited, a company incorporated in the British Virgin Islands. The smallest group in which they are consolidated is headed by Topland Hotels (No. 15) Limited, a company incorporated in England and Wales.

The immediate parent company is Hallmark Hotels Holdings Limited, a company incorporated in England and Wales.

The ultimate parent company and controlling party is Topland Group Holdings International Limited, a company incorporated in the British Virgin Islands.

Prior to 5 August 2014, the company's ultimate parent undertaking, the smallest and largest group in which they were consolidated was Hallmark Hotels Investments Limited, a company incorporated in England and Wales.

HALLMARK HOTELS (THE LAKES COURT) LIMITED

Notes to the financial statements (continued)

Year ended 31 May 2016

24. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 30 December 2013.

Until the 31 May 2015 the Company reported under previous UK GAAP. The changes to previously reported profit and equity are noted in the table and explanatory notes.

Company

		Profit/(Loss) for the year ended	Other comprehensive income year ended	Equity as at
Note	Equity as at 30 Dec 2013 £	31 May 2015 £	31 May 2015 £	31 May 2015 £
As stated under former UK GAAP	2,222,747	653,326	2,143,803	5,019,876
Transitional adjustments				
Deferred tax recognised on revaluation of property	a (491,683)	–	(378,093)	(869,776)
As stated in accordance with FRS 102	<u>1,731,064</u>	<u>653,326</u>	<u>1,765,710</u>	<u>4,150,100</u>

Explanation of changes to previously reported profit and equity:

(a) FRS 102 requires that deferred tax be recognised on revaluations of property. This was not required under previous UK GAAP unless there was a binding agreement to sell the revalued asset and the gains or losses expected to arise on sale had been recognised. This change has been retrospectively applied, leading to the recognition of additional deferred tax liabilities at the date of transition and to change the deferred tax charge in the comparative period