

COMPANY REGISTRATION NUMBER: 06327034

HALLMARK HOTELS (IRVINE) LIMITED
FINANCIAL STATEMENTS
31 MAY 2017

WEDNESDAY



A70PK9L7

A32

28/02/2018

#194

COMPANIES HOUSE

HALLMARK HOTELS (IRVINE) LIMITED

FINANCIAL STATEMENTS

Year ended 31 May 2017

CONTENTS

PAGE

Officers and professional advisers

1

Directors' report

2

Independent auditor's report to the members

4

Profit and loss account

6

Balance sheet

7

Notes to the financial statements

8

HALLMARK HOTELS (IRVINE) LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

Mr S L G Wilson
Mr M S Kingston
Mr S Zakay
Mr L J Benjamin

Company secretary

Mrs C F Moharm

Registered office

55 Baker Street
London
W1U 7EU

Auditor

Kilsby & Williams LLP
Chartered Accountants & statutory auditor
Cedar House
Hazell Drive
Newport
South Wales
NP10 8FY

Bankers

Barclays Bank plc
50 Pall Mall
London
SW1A 1QA

HALLMARK HOTELS (IRVINE) LIMITED

DIRECTORS' REPORT

Year ended 31 May 2017

The directors present their report and the financial statements of the company for the year ended 31 May 2017.

Directors

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

Mr M S Kingston

Mr S Zakay

Mr L J Benjamin

Mr S L G Wilson

(Appointed 27 March 2017)

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 10 to the financial statements.

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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.

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.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

HALLMARK HOTELS (IRVINE) LIMITED

DIRECTORS' REPORT *(continued)*

Year ended 31 May 2017

This report was approved by the board of directors on26/02/2018..... and signed on behalf of the board by:


Mrs C. F. Moharm
Company Secretary



**KILSBY
WILLIAMS**
Chartered Accountants

S

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALLMARK HOTELS (IRVINE) LIMITED

Year ended 31 May 2017

We have audited the financial statements of Hallmark Hotels (Irvine) Limited for the year ended 31 May 2017 which comprise the profit and loss account, balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

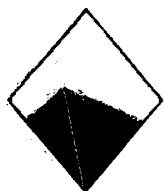
Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2017 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



**KILSBY
WILLIAMS**

Chartered Accountants ^{tr}

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALLMARK HOTELS
(IRVINE) LIMITED *(continued)***

Year ended 31 May 2017

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; and
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Simon Tee (Senior Statutory Auditor)

For and on behalf of
Kilsby & Williams LLP
Chartered Accountants & statutory auditor
Cedar House
Hazell Drive
Newport
South Wales
NP10 8FY

Simon Tee
27th February 2018

HALLMARK HOTELS (IRVINE) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 May 2017

	Note	2017 £	2016 £
TURNOVER		252,160	200,000
GROSS PROFIT		<u>252,160</u>	<u>200,000</u>
Administrative expenses		1,306,909	(137,356)
OPERATING PROFIT		<u>1,559,069</u>	<u>62,644</u>
PROFIT BEFORE TAXATION	5	<u>1,559,069</u>	<u>62,644</u>
Taxation on ordinary activities		(2,221)	(12,908)
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		<u><u>1,556,848</u></u>	<u><u>49,736</u></u>
RETAINED LOSSES AT THE START OF THE YEAR		(5,662,521)	(5,712,257)
RETAINED LOSSES AT THE END OF THE YEAR		<u>(4,105,673)</u>	<u>(5,662,521)</u>

All the activities of the company are from continuing operations.

The notes on pages 8 to 13 form part of these financial statements.

HALLMARK HOTELS (IRVINE) LIMITED

BALANCE SHEET

31 May 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Tangible assets	6	3,879,967	4,150,133
CURRENT ASSETS			
Debtors	7	1,973,817	146,803
CREDITORS: amounts falling due within one year	8	(2,206,322)	(2,206,322)
NET CURRENT LIABILITIES		(232,505)	(2,059,519)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,647,462	2,090,614
NET ASSETS		<u>3,647,462</u>	<u>2,090,614</u>
CAPITAL AND RESERVES			
Called up share capital		10,000	10,000
Share premium account		7,743,135	7,743,135
Profit and loss account		(4,105,673)	(5,662,521)
SHAREHOLDERS FUNDS		<u>3,647,462</u>	<u>2,090,614</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 26/07/2018, and are signed on behalf of the board by:


Mr S Zakay
Director

Company registration number: 06327034

The notes on pages 8 to 13 form part of these financial statements.

HALLMARK HOTELS (IRVINE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 May 2017

1. GENERAL INFORMATION

The company is a private company limited by shares and is incorporated and domiciled in England and Wales.

The address of its registered office is 55 Baker Street, London, W1U 7EU, United Kingdom.

2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") as amended by Section 1A "Small Entities" and the Companies Act 2006 as applicable to small companies.

The effective date of FRS 102 as amended by Section 1A "Small Entities" is for accounting periods beginning on or after 1 January 2016, but may be applied early to periods beginning on or after 1 January 2015. The company has taken advantage of the ability to apply the standard early in the preparation of these financial statements.

3. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Lessor accounting

Rentals received under operating leases are accounted for on a straight-line basis as turnover with any rental increases recognised during the period to which they relate. Rentals received under operating leases are accounted for on a straight-line basis as turnover with any rental increases recognised during the period to which they relate.

HALLMARK HOTELS (IRVINE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2017

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic life of tangible fixed assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Revaluation of freehold property

The company carries its freehold property at fair value.

Turnover

Turnover is defined as the amounts derived from the leasing of hotel property falling within the company's ordinary activities after the deduction of value added tax and any other sales based taxes. Turnover is recognised as the proportion of lease rental payments due to date. Where payments are received from lessees in advance, the amounts are recorded as deferred income and included as part of creditors within one year.

Exceptional items

Exceptional items are disclosed separately in the financial statements in order to provide further understanding of the financial performance of the entity. They are material items of income or expense that have been shown separately because of their nature or amount.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

HALLMARK HOTELS (IRVINE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2017

3. ACCOUNTING POLICIES *(continued)*

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 and equipment | - | straight line: 2% on property, nil on land and 5 - 20% on equipment |
| Computer equipment | - | 33% straight line |

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

HALLMARK HOTELS (IRVINE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2017

4. EXCEPTIONAL ITEMS

	2017 £	2016 £
Impairment on revalued assets	<u>304,979</u>	<u>(15,110)</u>

5. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

	2017 £	2016 £
Depreciation of tangible assets	128,934	115,400
Impairment of tangible assets	304,979	–
Reversal of impairment of tangible assets	<u>–</u>	<u>(15,110)</u>

6. TANGIBLE ASSETS

	Freehold property £	Computer Equipment £	Total £
Cost			
At 1 June 2016	6,255,233	26,615	6,281,848
Additions	<u>148,909</u>	<u>14,838</u>	<u>163,747</u>
At 31 May 2017	<u>6,404,142</u>	<u>41,453</u>	<u>6,445,595</u>
Depreciation			
At 1 June 2016	2,125,233	6,482	2,131,715
Charge for the year	117,930	11,004	128,934
Impairment losses	<u>304,979</u>	<u>–</u>	<u>304,979</u>
At 31 May 2017	<u>2,548,142</u>	<u>17,486</u>	<u>2,565,628</u>
Carrying amount			
At 31 May 2017	<u>3,856,000</u>	<u>23,967</u>	<u>3,879,967</u>
At 31 May 2016	<u>4,130,000</u>	<u>20,133</u>	<u>4,150,133</u>

Tangible assets held at valuation

The Company's property and associated tangible fixed assets are leased to Topland Hotels (No 14) Limited, a group company, until 28 November 2038.

The leasehold property was valued by an independent firm, Knight Frank on 31 May 2017. The property has been valued on an open market basis as a fully-equipped operational entity having regard to its trading potential.

HALLMARK HOTELS (IRVINE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2017

6. TANGIBLE ASSETS *(continued)*

In respect of tangible assets held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Freehold property £
At 31 May 2017	
Aggregate cost	6,396,546
Aggregate depreciation	(566,119)
Carrying value	<u>5,830,427</u>
At 31 May 2016	
Aggregate cost	6,255,233
Aggregate depreciation	(448,189)
Carrying value	<u>5,807,044</u>

7. DEBTORS

	2017 £	2016 £
Amounts owed by group undertakings and undertakings in which the company has a participating interest	1,908,927	131,852
Other debtors	64,890	14,951
	<u>1,973,817</u>	<u>146,803</u>

8. CREDITORS: amounts falling due within one year

	2017 £	2016 £
Amounts owed to group undertakings and undertakings in which the company has a participating interest	2,192,403	2,192,403
Other creditors	13,919	13,919
	<u>2,206,322</u>	<u>2,206,322</u>

9. CONTINGENCIES

The Company is a party to cross guarantees in respect of a Group loan facility. The net indebtedness of the Group to the bank at 31 May 2017 and therefore the contingent liability of the Company amounted to £51,018,050. The directors do not expect any liability to arise from this.

10. EVENTS AFTER THE END OF THE REPORTING PERIOD

In December 2017 the entire Irvine hotel was sold for a consideration of £3,856,000.

11. RELATED PARTY TRANSACTIONS

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same wholly owned group.

HALLMARK HOTELS (IRVINE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Year ended 31 May 2017

12. CONTROLLING PARTY

The company's parent company is Topland Hotels (No.2) Limited, a company registered in England and Wales.

In the opinion of the directors, the company's ultimate parent company and controlling party is Topland Group Holdings International Limited, a company registered in the British Virgin Islands.

The largest group in which the results of this company are consolidated is that headed by Topland Group Holdings Limited, a company registered in the British Virgin Islands.