

Registered number: 07139088

AB UK MANAGEMENT LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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AB UK MANAGEMENT LIMITED

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AB UK MANAGEMENT LIMITED

CHARTERED ACCOUNTANTS' REPORT TO THE DIRECTOR ON THE PREPARATION OF THE
UNAUDITED STATUTORY FINANCIAL STATEMENTS OF AB UK MANAGEMENT LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2016

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of AB UK Management Limited for the year ended 31 December 2016 which comprise the Statement of financial position, the Statement of changes in equity and the related notes from the Company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>.

This report is made solely to the director of AB UK Management Limited in accordance with the terms of our engagement letter dated 11 September 2017. Our work has been undertaken solely to prepare for your approval the financial statements of AB UK Management Limited and state those matters that we have agreed to state to the director of AB UK Management Limited in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than AB UK Management Limited and its director for our work or for this report.

It is your duty to ensure that AB UK Management Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit or loss of AB UK Management Limited. You consider that AB UK Management Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or review of the financial statements of AB UK Management Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Moore Stephens LLP

Moore Stephens LLP

150 Aldersgate Street

London

EC1A 4AB

Date: 30 November 2017

AB UK MANAGEMENT LIMITED
REGISTERED NUMBER: 07139088

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	5	89,417	82,965
		<u>89,417</u>	<u>82,965</u>
Current assets			
Debtors: amounts falling due within one year	6	910,758	521,539
Cash at bank and in hand	7	3,482,329	-
		<u>4,393,087</u>	<u>521,539</u>
Creditors: amounts falling due within one year	8	(3,742,498)	(325,514)
Net current assets		<u>650,589</u>	<u>196,025</u>
Total assets less current liabilities		<u>740,006</u>	<u>278,990</u>
Provisions for liabilities			
Deferred tax	9	(10,141)	-
		<u>(10,141)</u>	<u>-</u>
Net assets		<u><u>729,865</u></u>	<u><u>278,990</u></u>
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account		729,864	278,989
		<u><u>729,865</u></u>	<u><u>278,990</u></u>

The director considers that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and the members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006. The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The Company's financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

André Tomas Balazs
Director

The notes on pages 4 to 11 form part of these financial statements.

16 November 2017



AB UK MANAGEMENT LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2015	1	58,390	58,391
Comprehensive income for the year			
Profit for the year	-	220,599	220,599
Total comprehensive income for the year	-	220,599	220,599
At 1 January 2016	1	278,989	278,990
Comprehensive income for the year			
Profit for the year	-	450,875	450,875
Total comprehensive income for the year	-	450,875	450,875
At 31 December 2016	1	729,864	729,865



AB UK MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. General information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the Company's transactions are denominated. They comprise the financial statements of the Company for the period ended 31 December 2016 and are presented to the nearest pound.

The principal activity of the Company is the provision of management services to The Chiltern Street Hotel Limited, a company under common control.

The company is a United Kingdom private company limited by shares and is incorporated in England. The address of its registered office is C/o Skadden Arps Slate Meagher and Flom (UK) LLP, 40 Bank Street, Canary Wharf, London, E14 5DS.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 14.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Revenue

Revenue comprises revenue recognised by the Company in respect of management services supplied during the year, exclusive of Value Added Tax and trade discounts. All turnover arose within the United Kingdom.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model 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.

At each reporting date the director assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

AB UK MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 10% per annum
Fixtures and fittings	- 20% per annum
Computer equipment	- 25% per annum

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

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

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and loans to and from related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

AB UK MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.7 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.



AB UK MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. Accounting policies (continued)

2.10 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.



AB UK MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The area which management believes require the most critical accounting judgement is on recoverability of intercompany debtors. The Company evaluates the recoverability of intercompany debtors based on historical experience including consideration of the profitability and state of cash flows of The Chiltern Street Hotel Limited, a company under common control. Should this company's financial position deteriorate then consideration will be given to provision against the receivable balances.

4. Employees

The average monthly number of employees, including the director, during the year was as follows:

	2016 No.	2015 No.
No. of employees	4	2

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AB UK MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2016	75,119	11,826	-	86,945
Additions	-	13,755	7,100	20,855
At 31 December 2016	75,119	25,581	7,100	107,800
Depreciation				
At 1 January 2016	3,361	619	-	3,980
Charge for the year on owned assets	7,512	5,116	1,775	14,403
At 31 December 2016	10,873	5,735	1,775	18,383
Net book value				
At 31 December 2016	64,246	19,846	5,325	89,417
At 31 December 2015	71,758	11,207	-	82,965

6. Debtors

	2016 £	2015 £
Amounts owed by group undertakings	909,952	516,842
Other debtors	806	4,697
	<u>910,758</u>	<u>521,539</u>

7. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	3,482,329	-
	<u>3,482,329</u>	<u>-</u>

AB UK MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. Creditors: Amounts falling due within one year

	2016 £	2015 £
Amounts owed to group undertakings	2,799,967	-
Corporation tax	165,039	63,729
Other taxation and social security	445,322	211,017
Other creditors	332,170	50,768
	<u>3,742,498</u>	<u>325,514</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

9. Deferred taxation

	2016 £
Charged to profit or loss	(10,141)
At end of year	<u>(10,141)</u>

The deferred tax liability is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	(10,141)	-
	<u>(10,141)</u>	<u>-</u>

10. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

AB UK MANAGEMENT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

11. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	20,000	-
Later than 1 year and not later than 5 years	40,000	-
	<u>60,000</u>	<u>-</u>

12. Related party transactions

The entire turnover of the company was receivable from The Chiltern Street Hotel Limited, a company under common control.

During the year, the company received a loan of £2,784,393 (2015: £nil) from BI Chiltern LLC, a company under common control. The loan is unsecured, interest free and repayable on demand.

In the year to 31 December 2016, the company charged £3,465 (2015: £nil) to Brilite Developments UK Ltd (BDUK) in respect of salary recharge. At the yearend, the company was due £1,890 (2015: £nil) from BDUK.

At the yearend, the company was due £733,408 (2015: £516,842) from Hotels AB LLC, immediate parent undertaking.

The company has taken advantage of the exemption contained in FRS 102 not to disclose transactions with other wholly owned members of the group.

13. Controlling party

The immediate parent undertaking of the company is Hotels AB LLC, a company registered in the United States of America, the ultimate parent undertaking is Balazs Group LLC, a company registered in the United States of America, and the ultimate controlling party is the director André Tomas Balazs.

14. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

The company transitioned to FRS 102, previously UK GAAP, as at 1 January 2015. Accounts prepared to 31 December 2015 were prepared under previous UK GAAP.

