Registered No. 07785139

Capital Hill Hotels Limited

Annual Report and Financial Statements

31 December 2013

Annual report
for the year ended 31 December 2013

Directors and advisers

Directors
Z E Guiziri
J A Thani
F Bakhos
K Cooper

Registered office
4 More London Riverside
London
SE1 2AU

Registered auditors
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Strategic report
for the year ended 31 December 2013

Review of the business

The Group acquired the hotels in Q4 2011. It is worthy to note that while prior year balances covered about 15 months of the Group's operations, we have presented the strategic report by comparing 2013 and 2012 performance indicators of the acquired Hotels covering a period of twelve months (1 January up to 31 December) for both years for comparative purposes.

The hotel market in London began the year with the promise of rising business levels after the previous year's Diamond Jubilee and Olympic Games provided excellent international exposure. However the performance of the hotels during the year under review was challenging year-on-year with new hotel openings bringing further competitive supply into the market. Despite these challenges, total hotel revenue was almost exactly at prior year level. In the year under review, rooms revenue increased by 1.8% or £459k.

Gross Operating Profit decreased by 3.1% (£263k) mainly through a spike in administrative and utility costs. EBITDA shows a loss to prior year of 3.7% (£432k) with a higher insurance expense for the year and ever increasing business rates expense in line with Westminster Council rate reviews.

Principal risk and uncertainties

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

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

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

Key Performance Indicators

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

In the year under review the combined Occupancy for the hotels was 80.7% (2012 75.7%; 2011 74.9%), the ADR achieved was £243.82 (2012 £254.49; 2011 £252.28). RevPar (the product of ADR and Occupancy) during the period under review was £196.76 (2012 £192.68; 2011 £188.92), which represent an encouraging year-on-year growth of 2.1%.

On behalf of the board

Director

20th October 2014

Directors' report
for the year ended 31 December 2013

The directors present their report and the audited financial statements of the group for the year ended 31 December 2013

Employee Involvement

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

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

Financial Instruments

The group has a loan facility of £120,000,000 (gross of unamortised issue costs).

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

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Directors and their interests

The directors who served during the year ended 31 December 2013 and up to the date of this report are as follows:

F G Kaldane	(terminated 10th June 2013)
Z E Guiziri	(appointed 10th June 2013)
J A Thani	(appointed 10th June 2013)
F Bakhos	(appointed 10th June 2013)
K C Nagel	(appointed 10th June 2013)

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

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Directors' report
for the year ended 31 December 2013 (continued)

Statement of directors' responsibilities *(continued)*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Going concern

The financing facility of £120,000,000 remains in place. Covenant testing points are tracked and reported to the facility provider on a quarterly basis. The group is well placed to benefit from the current trading conditions and has no need to liquidate or reduce the scale of its operations. The directors are confident that the group will continue to meet its liabilities as they fall due.

Auditors

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

By order of the board

Director
20th October 2014

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

We have audited the financial statements of Capital Hill Hotels Limited for the year ended 31 December 2013 which comprise the consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, the Reconciliation of net debt and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group 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

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Matthew Williams (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date: 24 October 2014

Consolidated profit and loss account
For the year ended 31 December 2013

	Notes	1 January 2013 To 31 December 2013	23 November 2011 To 31 December 2012
		£000	£000
Turnover		31,186	34,158
Cost of sales		(7,638)	(8,509)
Gross profit		23,548	25,649
Amortisation of Negative goodwill		247	268
Administrative expenses		(16,055)	(19,006)
Operating profit	4	7,740	6,911
Interest income		-	5
Interest payable and similar charges	5	(3,758)	(4,413)
Profit on ordinary activities before taxation		3,982	2,503
Tax on profit on ordinary activities	6	(42)	(46)
Profit for the financial year/period		3,940	2,457

All profits arise from continuing operations.

The group has no recognised gains or losses other than the profit for the year/period.

The historical cost profit and reported profit are the same.

Consolidated balance sheet
At 31 December 2013

	Notes	2013	2013	2012	2012
		£000	£000	£000	£000
Fixed assets					
Tangible assets	8		201,103		200,456
Intangible assets	9		(4,430)		(4,677)
Current assets					
Stock	11	129		122	
Debtors	12	1,863		2,039	
Cash at bank and in hand		8,960		5,473	
		10,952		7,634	
Creditors amounts falling due within one year	13	(4,019)		(3,641)	
Net current assets			6,933		3,993
Total assets less current liabilities			203,606		199,772
Creditors: amounts falling due after more than one year	14		(119,083)		(119,189)
Net assets			84,523		80,583
Capital and reserves					
Called up share capital	16		-		-
Shareholders advance			78,126		78,126
Profit and loss account	17		6,397		2,457
Shareholders' funds	18		84,523		80,583

The financial statements were approved by the board of directors and authorised for issue on 20th October 2014.

Director

Registered No. 07785139
Company balance sheet
At 31 December 2013

	Notes	2013	2013	2012	2012
		£000	£000	£000	£000
Fixed assets					
Investment in subsidiary	10		99,159		99,159
Current assets					
Cash at bank and in hand		-		-	
Creditors: amounts falling due within one year	13	(21,048)		(21,038)	
Net current liabilities			(21,048)		(21,038)
Net assets			78,111		78,121
Capital and reserves					
Called up share capital	16		-		-
Shareholders advance			78,126		78,126
Profit and loss account	17		(15)		(5)
Shareholders' funds	18		78,111		78,121

The financial statements were approved by the board of directors and authorised for issue on 20th October 2014.

Director

Consolidated cash flow statement
For the year ended 31 December 2013

	Notes	1 January 2013 To 31 December 2013	23 November 2011 To 31 December 2012
		£000	£000
Net cash inflow from operating activities	20	10,898	9,668
Returns on investments and servicing of finance	21	(3,614)	(4,248)
Capital expenditure	21	(3,797)	(19,976)
Net Cash inflow before taxation and financing		3,487	(14,556)
Taxation		-	-
Financing	21	-	20,029
Increase in cash and cash equivalents		3,487	5,473

Reconciliation of net debt
For the year ended 31 December 2013

	Notes	1 January 2013 To 31 December 2013	23 November 2011 To 31 December 2012
		£000	£000
Increase in cash in the year		3,487	5,473
Net cash (inflow) from increase in debt	22	-	(20,029)
Non cash movements	22	(144)	(99,410)
Movements in net debt in the year		3,343	(113,966)
Net debt at the start of the year		(113,966)	-
Net debt at the end of the year	22	(110,623)	(113,966)

Notes to the financial statements
for the year ended 31 December 2013

1. Principal accounting policies

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

Basis of consolidation

The consolidated financial statements include financial statements of the company and following subsidiary for the period ended 31 December 2013.

Name of entity	*Country of incorporation*	*Group effective shareholding percentage 2013*
Capital Hill Hotels Group Europe Limited	England and Wales	100

Investments

Investments are stated at cost less provision for impairment.

Fixed assets and depreciation

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

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

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

Freehold land, freehold and long leasehold buildings and building surface finishes are all held as land and buildings within note 8.

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

Deferred taxation

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

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

Notes to the financial statements
for the year ended 31 December 2013 (continued)

Principal accounting policies (continued)

Finance costs

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

Stocks

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

Turnover

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

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

Pension scheme

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

Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is different than the fair value of the net assets of the subsidiary acquired, the difference (negative or positive) is recognised in balance sheet and amortised over the period of 20 years.

When estimates of the useful economic lives of goodwill or intangible assets are revised, the carrying value should be amortised over the revised remaining useful economic life.

Going concern
The financing facility of £120,000,000 remains in place. Covenant testing points are tracked and reported to the facility provider on a quarterly basis. The group is well placed to benefit from the current trading conditions and has no need to liquidate or reduce the scale of its operations. The directors are confident that the group will continue to meet its liabilities as they fall due.

Notes to the financial statements
for the year ended 31 December 2013 (continued)

2. Business Combination

Until 23 November 2011, Capital Hill Hotels Group Europe Limited was owned 50% by Walton MG Hotels Investors V, LLC, an affiliate of Walton Street Capital LLC., a company incorporated in the state of Delaware in the USA. The other 50% was owned by Royalton Europe Holdings LLC, a wholly owned subsidiary of Morgans Hotel Group Co, a company incorporated in the USA, whose principal place of business is 475 10th Avenue New York, NY 10018 USA.

On 23 November 2011, the entire issued share capital of Capital Hill Hotels Group Europe Limited was purchased by Capital Hill Hotels Limited. The ultimate controlling party from that time is Sheikh Hamed bin Jassim bin Jaber Al Thani.

The fair values of the identifiable assets and liabilities of Capital Hill Hotels Group Europe Limited recognized as a result of the acquisition were as follows:

	Book value £ 000	**Fair value £ 000**
Fixed assets	97,145	201,300
Stocks	177	177
Receivables and prepayments	2,771	2,771
Cash and bank balances	3,984	3,984
	104,077	208,232
Less: Creditors	(104,128)	(104,128)
Net assets acquired	(51)	104,104
Negative Good will		4,945
Consideration		99,159
		104,104
Consideration satisfied by:		
Loan		21,033
Shareholders advance		78,126
		99,159
Analysis of cash flows on acquisition:		
Net cash acquired with the subsidiary		3,984
Cash paid		(21,033)
		(17,049)

Notes to the financial statements
for the year ended 31 December 2013 (continued)

3. Staff numbers and costs

	2013 Number	2012 Number
The average number of employees in the year was:		
Hotel operating staff	**139**	132
Management/administration	**20**	20
Sales and marketing	**13**	14
Maintenance	**18**	19
Total	**190**	185

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

Funded defined contribution scheme for employees

Pension costs of £76,000 (2012: £85,166) were charged to the profit and loss account of which £nil (2012: £ nil) was outstanding at the balance sheet date.

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

4. Operating profit

This is arrived at after charging:

	1 January 2013 to 31 December 2013 **£000**	23 November 2011 To 31 December 2012 £000
Auditors' remuneration:		
Group - audit	**63**	60
Company - audit	**10**	10
Depreciation of tangible fixed assets	**3,150**	3,771

Notes to the financial statements
for the year ended 31 December 2013 (continued)

5. Interest payable and similar charges

	1 January 2013 to 31 December 2013	23 November 2011 To 31 December 2012
	£000	£000
Amounts payable on bank loans and overdrafts	**3,614**	4,253
Amortisation of issue costs of bank loan	**144**	160
	3,758	4,413

6. Taxation

(a) Analysis of charge in the year/period

	2013	2012
	£000	£000
United Kingdom corporation tax at 24.5% (2012: 26.5%)	**42**	46
Adjustments in respect of prior years	**-**	-
Current tax charge (note 6 (b))	**42**	46
Deferred taxation (note 15)	**-**	-
Tax on profit	**42**	46

(b) Factors affecting tax charge for the period

	2013	2012
	£000	£000
Profit before tax	**3,982**	2,503
Profit multiplied by standard rate of corporation tax in the UK of 24.5%(2012: 26.5%)	**1,057**	1,008
Effects of:		
Expenses not deductible for tax purposes	**504**	451
Capital allowances in excess of depreciation	**223**	436
Tax losses (utilised)	**(1,744)**	(1,705)
Other adjustments	**2**	(144)
Current tax charge for the period	**42**	46

Notes to the financial statements
for the year ended 31 December 2013 (continued)

7. Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit & loss account in these financial statements. The profit for the period is £Nil (2012: £5,000).

8. Fixed assets

	Land and buildings	Plant and machinery	Fixtures, fittings and equipment	Construction in progress	Total
	£000	£000	£000	£000	£000
Cost					
At 1 January 2013	**194,449**	**5,794**	**3,984**	**-**	**204,227**
Additions	14	190	371	3,222	3,797
At 31 December 2013	**194,463**	**5,984**	**4,355**	**3,222**	**208,024**
Depreciation					
At 1 January 2013	**2,154**	**996**	**621**	**-**	**3,771**
Charge for the year	1,788	1,079	283	-	3,150
At 31 December 2013	**3,942**	**2,075**	**904**	**-**	**6,921**
Net book value					
At 31 December 2013	**190,521**	**3,909**	**3,451**	**3,222**	**201,103**
At 31 December 2012	192,295	4,798	3,363	-	200,456

Included in total net book value of land and buildings is £36,771,000 (2012:£87.3m) of long leasehold property.

All tangible fixed assets of the group are held by the subsidiary undertaking, Capital Hill Hotels Group London Limited.

Notes to the financial statements
for the year ended 31 December 2013 (continued)

9. Intangible assets

	Negative Goodwill 2013 £000	Negative Goodwill 2012 £000
Cost		
At 1 January	**4,945**	-
Additions	**-**	4,945
At 31 December	**4,945**	4,945
Accumulated amortisation		
At 1 January	**(268)**	-
Charge for the year	**(247)**	(268)
At 31 December	**(515)**	(268)
Net book amount at 31 December	**4,430**	4,677

10. Investment in subsidiary company

	2013 Company £000	2012 Company £000
At 31 December 2013	**99,159**	99,159

The company owns 100% of the ordinary shares of Capital Hill Hotels Group Europe Limited, a company incorporated in England and Wales, whose principal activity is the operation of two 5 star hotels - St Martins Lane and Sanderson in London, operated by Morgans Group Hotels.

11. Stock

	2013 £000	2012 £000
Consumables	**129**	122

Notes to the financial statements
for the year ended 31 December 2013 (continued)

12. Debtors: amounts due within one year

	2013	2012
	£000	£000
Trade debtors	**934**	1,281
Prepayments and accrued income	**929**	758
	1,863	2,039

13. Creditors: amounts falling within one year

	Group	**Company**	Group	Company
	2013	**2013**	2012	2012
	£000	**£000**	£000	£000
Bank loans	**500**	-	250	-
Trade creditors	**854**	-	590	-
Amounts due to group undertakings and related parties	**862**	21,028	645	21,028
Taxation and social security	**608**	-	843	-
Accruals and deferred income	**1,153**	20	1,253	10
Other creditors	-	-	14	-
Corporation Tax	**42**	-	46	-
	4,019	21,048	3,641	21,038

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

Notes to the financial statements
for the year ended 31 December 2013 (continued)

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

	Group 2013 £000	Group 2012 £000
Bank loans (£120m) net of unamortised costs	**119,083**	119,189

Bank loans are repayable as follows:

	2013 £000	2012 £000
In one year or less, or on demand	**500**	250
In more than one year, but not more than two years	**2,000**	250
In more than two years, but not more than five years	**117,500**	119,500
	120,000	120,000

Bank loans are as follows:

	2013 £000	2012 £000
Sterling bank loans: libor plus 2.5%	120,000	120,000
	120,000	120,000

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

After the year end, the lender waived the scheduled repayment of debt between September 2014 and September 2015.

Notes to the financial statements
for the year ended 31 December 2013 (continued)

15. Deferred taxation

	2013	2012
	£000	£000
Accelerated capital allowances	2,945	3,452
Other short term timing differences	(5)	(7)
Less: Losses	(1,397)	(3,445)
Deferred tax balance	1,543	-

The main rate of UK corporation tax was reduced from 24% to 23% with effect from 1st April 2013.

Finance Act 2013 reduced the main rate of UK corporation tax from 21% from 1st April 2014 and 20% from 1st April 2015. These changes were enacted during the year.
The changes had not been substantively enacted at the balance sheet date and, therefore, are not reflected in these financial statements. The rate changes will also impact the amount of any future tax payments made by the group.

The group has losses carried forward of £6.9m (2012: £14.9m) which includes the losses offset against the deferred taxation liabilities set out above.

16. Called up share capital

	31 December 2013	31 December 2012
	£	£
Allotted, called up and fully paid		
1 ordinary shares of £1 each	1	1
	1	1

17. Reserves

	Profit and loss account	
	Group	Company
	2013	2013
	£000	£000
At 1 January 2013	2,457	(5)
Profit/(Loss) for the financial year	3,940	(10)
At 31 December 2013	6,397	(15)

Notes to the financial statements
for the year ended 31 December 2013 (continued)

18. Reconciliation of movements in shareholders' funds

	Group 2013 £000	**Company 2013 £000**	Group 2012 £000	Company 2012 £000
Profit/(loss) for the financial year	**3,940**	**(10)**	2,457	(5)
Dividend payment	-	-	-	-
Net movement in shareholders' funds	**3,940**	**(10)**	2,457	(5)
Opening shareholders' funds	**80,583**	**78,121**	78,126	78,126
Closing shareholders' funds	**84,523**	**78,111**	80,583	78,121

19. Related party transactions

Capital Hill Hotels Limited has a receivable of £21,028 (2012: £21,028) from Capital Hill Hotels Group London Limited as at 31st December 2013. An amount of £20,000 of this amount is due for repayment in 4 years.

There were no transactions between the parties during the current year.

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

	2013 £000	2012 £000
Operating profit	**7,740**	6,911
Depreciation	**3,150**	3,771
Amortisation of negative good will	**(247)**	(268)
Change in stock	**(7)**	55
Change in debtors	**176**	732
Change in creditors	**132**	(1,533)
	10,944	9,668
Income tax paid	**(46)**	-
Net cash inflow from operating activities	**10,898**	9,668