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**30 SEP 2019**

**FRONT DESK**

**Hotel Collection Hotel  
No. 12 Limited**

**Director's report and  
financial statements**

**Year ended 31 December 2018**

***Registered number: 09173883***



# Hotel Collection Hotel No. 12 Limited

## Director's report and financial statements

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# Hotel Collection Hotel No. 12 Limited

## Directors and other information

<b>Director</b>	Guy Baruch (appointed 13 December 2018) Christos Dimitriadis (appointed 29 March 2018; resigned 14 December 2018)
<b>Registered office</b>	2 <sup>nd</sup> Floor 167-169 Great Portland Street London W1W 5PF United Kingdom
<b>Auditor</b>	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2 Ireland
<b>Registered number</b>	09173883

# Hotel Collection Hotel No. 12 Limited

## Strategic report

The main activity of Hotel Collection Hotel No. 12 Limited ("the Company") is the rental of the investment property to a third party hotel operator.

### Business risks and uncertainties

As at 31 December 2018, the Company is in a net asset position totalling £1.4 million.

### Going concern

The directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

### Business review

The Company has rental contracts in place and expects 2019 to exceed 2018 performance.

### Key performance indicators

Key financial performance indicators include:

- Return on investment

By order of the board and signed on its behalf on 26 September 2019



Guy Baruch  
Director

# Hotel Collection Hotel No. 12 Limited

## Director's report *(continued)*

### Director's report

The director submits their report together with the audited financial statements of The Hotel Collection Hotel No. 12 Limited ("the Company") for the year ended 31 December 2018.

### Principal activities

The Company's principal activity is the rental of the investment property to a third party hotel operator.

On 1 April 2018 the shareholders of the Company entered into an agreement to dispose the operating trade of the Company to an entity owned by LRC-Group. This transaction was undertaken as part of a restructure that was intended to separate the "hotel operator" and "property investment" aspects of the Company's trade into two distinct trades. This disposal was ultimately concluded on 20 December 2018 for a consideration of £1, which the Directors deemed to be the Fair Value of the operating trade as at that date. For the purposes of these financial statements a convenience date of 31 December 2018 has been used to record the disposal. The operating trade is shown within discontinued operations throughout these financial statements. Following this disposal the trade of the Company has been updated to "Property Investment".

Discontinued operations within the financial statements relate to the trading result surrounding operating the hotel for the full financial year. Prior to the disposal within continuing operations, the property was treated as PPE and has been depreciated until 1 April 2018 after which the property was transferred to Investment Property. Continuing operations commenced on 1 April 2018 when the property was transferred to Investment Property. After this date all property revaluations were treated as fair value movements in Investment Property.

### Going concern

The financial statements have been prepared on a going concern basis which assumes the Company will continue in existence for the foreseeable future.

### Results and dividends

The results of the Company for the year are set out in the profit and loss account on page 9 and in the related notes.

There were no dividends proposed during the year ended 31 December 2018 (2017: £Nil).

### Directors and company secretary and their interests

The directors of the Company are set out on page 1.

The director and company secretary who held office at 31 December 2018 had no interests in the shares of the Company or any group Company.

### Disabled persons

It is the policy of the Company to give fair and full consideration to registered disabled persons applying for employment and to the continuing employment and appropriate training of staff who become disabled having regard to their particular aptitudes and abilities.

# Hotel Collection Hotel No. 12 Limited

## Director's report *(continued)*

### **Employee participation**

The Company places particular importance on the involvement of its employees keeping them regularly informed through meetings on matters affecting them as employees and on issues affecting the Company's performance. The training and development of employees at all levels continues to be a major priority.

### **Subsequent events**

There were no other events subsequent to the balance sheet date that require adjustment to or disclosure in the financial statements.

### **Political and charitable donations**

The Company made no political or charitable donations during the year ended 31 December 2018 (2017: £Nil).

### **Financial risk management**

The Company's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk and interest rate risk.

### **Liquidity risk**

The Company's short and long-term debt structure is designed to ensure that the Company has sufficient available funds for operations and planned expansion.

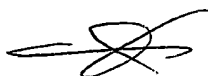
### **Statement of disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditors are deemed to be reappointed and KPMG will therefore continue in office.

On behalf of the board on 16 September 2019.



Guy Baruch  
Director

## Hotel Collection Hotel No. 12 Limited

### Statement of director's responsibilities in respect of the strategic report, the director's report and the financial statements

The Director is responsible for preparing the Strategic Report and the Director's Report and the financial statements in accordance with applicable law and regulations.

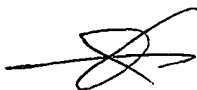
Company law requires the director to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 101 *Reduced Disclosure Framework*.

Under Company law the director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The director is 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 responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

This report was approved by the board on 26 September 2019 and signed on its behalf.



Guy Baruch  
Director



**KPMG**  
**Audit**  
1 Stokes Place  
St. Stephen's Green  
Dublin 2  
D02 DE03  
Ireland

## **Independent auditor's report to the members of Hotel Collection Hotel No. 12 Limited**

### **Report on the audit of the financial statements**

#### ***Opinion***

We have audited the financial statements of Hotel Collection Hotel No.12 Limited ('the Company') for the year ended 31 December 2018 set out on pages 9 to 22, which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is UK Law and FRS 101 *Reduced Disclosure Framework*.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 101 *Reduced Disclosure Framework*; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

#### ***Basis for opinion***

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***We have nothing to report on going concern***

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. We have nothing to report in these respects.





**Independent auditor's report to the members of Hotel Collection Hotel No. 12 Limited (continued)**

**Report on the audit of the financial statements (continued)**

***We have nothing to report on going concern (continued)***

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

***Other information***

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic and directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the Strategic report or the Directors' report;
- in our opinion, the information given in the Strategic report and the Directors' report is consistent with the financial statements;
- in our opinion, the Strategic report and the Directors' report has been prepared in accordance with the Companies Act 2006.

***Matters on which we are required to report by exception***

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.



## **Independent auditor's report to the members of Hotel Collection Hotel No. 12 Limited (continued)**

### **Respective responsibilities and restrictions on use**

#### ***Responsibilities of directors for the financial statements***

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 including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### ***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### ***The purpose of our audit work and to whom we owe our responsibilities***

Our 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.

*Eamon Dillon*

**Eamon Dillon**  
(Senior Statutory Auditor)  
**for and on behalf of**  
**KPMG**

**Chartered Accountants, Statutory Audit Firm**  
1 Stokes Place  
St. Stephen's Green  
Dublin 2

26 September 2019

# Hotel Collection Hotel No. 12 Limited

## Profit and loss account and other comprehensive income for the year ended 31 December 2018

	Note	Continuing Operations 2018 £'000	Discontinued Operations 2018 £'000	Total 2018 £'000	Continuing Operations 2017 £'000	Discontinued Operations 2017 £'000	Total 2017 £'000
Turnover	3	488	4,533	5,021	-	4,116	4,116
Cost of sales		-	(2,211)	(2,211)	-	(2,222)	(2,222)
Gross profit		488	2,322	2,810	-	1,895	1,894
Administrative expenses		(20)	(2,086)	(2,106)	-	(1,605)	(1,605)
Fair value gain/(loss) on investment property	9	3,025	-	3,025	-	-	-
Operating profit	4	3,493	236	3,729	-	289	289
Interest payable and other similar costs	6	(237)	-	(237)	-	(693)	(693)
Profit/(loss) on ordinary activities before taxation		3,256	236	3,492	-	(404)	(404)
Income tax (charge)/ credit	7	(514)	94	(420)	-	(276)	(276)
Profit/(loss) for the year		2,742	330	3,072	-	(680)	(680)
Other comprehensive income							
Revaluation of property, plant and equipment	7	-	-	-	-	(525)	(525)
Profit/(loss) for the year		2,742	330	3,072	-	(1,205)	(1,205)

The accompanying notes on pages 12 to 22 form an integral part of these financial statements

# Hotel Collection Hotel No. 12 Limited

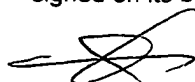
## Balance sheet

as at 31 December 2018

	Note	2018 £'000	2017 £'000
<b>Non-current assets</b>			
Investment property	9	8,900	-
Property, plant and equipment	9	-	7,647
Deferred tax asset		-	260
			<u>7,907</u>
<b>Current assets</b>			
Inventories		-	30
Trade and other receivables	10	246	324
Cash and bank balances		-	50
		<u>246</u>	<u>404</u>
<b>Total assets</b>		<b>9,146</b>	<b>8,311</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	11	-	(9,977)
			<u>(9,977)</u>
<b>Total assets less current liabilities</b>		<b>9,146</b>	<b>(1,666)</b>
			<u>(1,666)</u>
<b>Creditors: amounts falling due after more than one year</b>	12	<b>(7,740)</b>	<b>-</b>
			<u>-</u>
<b>Net assets/(liabilities)</b>		<b>1,406</b>	<b>(1,666)</b>
		<u>1,406</u>	<u>(1,666)</u>
<b>Equity</b>			
Share capital	13	-	-
Revaluation reserve		-	13
Retained deficit		1,406	(1,679)
		<u>1,406</u>	<u>(1,679)</u>
<b>Shareholders' funds/ (deficit)</b>		<b>1,406</b>	<b>(1,666)</b>
		<u>1,406</u>	<u>(1,666)</u>

The notes on pages 12 to 22 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 26 September 2019 and were signed on its behalf by:



Guy Baruch  
Director

Company registration number: 09173883

## Hotel Collection Hotel No. 12 Limited

### Statement of changes in equity for the year ended 31 December 2018

<b>2018</b>	<b>Share capital £'000</b>	<b>Revaluation Reserve £'000</b>	<b>Retained Profit £'000</b>	<b>Total £'000</b>
Balance as at 31 December 2017	-	13	(1,679)	(1,666)
<b>Total comprehensive result for the year</b>				
Profit for the year	-	-	3,072	3,072
Transfer to retained profit	-	(13)	13	-
Other comprehensive result for the year	-	-	-	-
<b>Balance as at 31 December 2018</b>	<b>-</b>	<b>-</b>	<b>1,406</b>	<b>1,406</b>
<b>2017</b>				
Balance as at 31 December 2016	-	538	(999)	(461)
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	(680)	(680)
Other comprehensive income for the year				
Loss on revaluation of property plant and equipment	-	(525)	-	(525)
<b>Balance as at 31 December 2017</b>	<b>-</b>	<b>13</b>	<b>(1,679)</b>	<b>(1,666)</b>

The notes on pages 12 to 22 form an integral part of these financial statements.

# Hotel Collection Hotel No. 12 Limited

## Notes (continued)

forming part of the financial statements

### 1 Reporting entity

Hotel Collection Hotel No. 12 Limited is a Company incorporated, domiciled and registered in the United Kingdom under the Companies Act 2006. The Company's registered office is 2<sup>nd</sup> Floor 167-169 Great Portland Street, London, England, W1W 5PF. The Company's registration number is 09173883.

### 2 Accounting policies

#### 2.1 Basis of preparation of financial statements

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

The Company's ultimate parent undertaking, Aroundtown S.A. includes the Company in its consolidated financial statements. The consolidated financial statements of Aroundtown S.A. are prepared in accordance with international Financial Reporting Standards and are available to the public and can be obtained from the Aroundtown S.A. website.

In these financial statements, the Company has adopted certain disclosure exemptions available under FRS 101. These include:

- a Cash flow statement and related notes;
- disclosures in respect of the compensation of key management personnel;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- certain comparative information; and
- the effects of new but not yet effective IFRSs.

As the consolidated financial statements of Aroundtown S.A include the equivalent disclosures, the Company has also taken the exemption under FRS 101 available in respect of the following:

- certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*; and
- certain disclosures required by IAS 36 *Impairment of Assets*.

The accounting policies set out below have unless otherwise stated been applied consistently to all periods presented in these financial statements.

Judgements made by the Director, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below.

# Hotel Collection Hotel No. 12 Limited

## Notes (continued)

### 2 Significant accounting policies (continued)

#### 2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis with the exception of investment property which is initially measured at cost and subsequently at fair value.

The Company has adopted IFRS 9 and IFRS 15, which replace the existing guidance in IAS 39 Financial Instruments: Recognition and measurements ('IAS 39') and IAS 18 Revenue ('IAS 18') respectively, and which were both effective from 1 January 2018. In line with the transition guidance of both standards, the Company adopted IFRS 9 and IFRS 15 using the cumulative effect method prospectively for each standard and has not restated the 2017 comparable results on adoption of each standard. The adoption of these standards did not have a material impact on the Company.

IFRS 16 Lease is effective from 1 January 2019. The company is currently assessing the impact it will have on these financial statements.

#### 2.3 Functional currency

These financial statements are presented in Sterling, being the functional currency of the Company. All financial information presented in Sterling has been rounded to the nearest thousand, except where otherwise stated.

#### 2.4 Use of estimates and judgements

In preparing these financial statements management has made judgements, estimates and assumptions that affect application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable. Actual outcomes may differ from these estimates.

The key accounting judgement and estimate in these financial statements is:

- Carrying amount of investment property – note 9

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### 2.5 Going concern

The Director is satisfied that it is appropriate to prepare the financial statements on a going concern basis.

#### 2.6 Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values. When measuring the fair value of an asset or liability the Company uses market observable data as far as possible.

# Hotel Collection Hotel No. 12 Limited

## Notes (*continued*)

### **2 Significant accounting policies (*continued*)**

#### **2.7 Revenue**

Turnover comprises rental income, excluding value added tax. Rentals receivable under operating leases are credited to the profit and loss account on an accruals basis over the term of the lease. Any initial advance receipt in relation to operating leases is treated as part of the rentals receivable and accordingly these receipts are credited to the profit and loss account on a straight line basis over the period of the lease and are classified within deferred income.

#### **2.8 Finance income and finance costs**

Interest income or expenses are recognised using the effective interest method.

#### **2.9 Taxation**

Income tax expense comprises current and deferred tax. It is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates and laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: those differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised to the extent that it is probable future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.



# Hotel Collection Hotel No. 12 Limited

## Notes (continued)

### 2 Significant accounting policies (continued)

#### 2.10 Investment property and Property, Plant & Equipment

##### *Investment property*

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value. Any gain or loss arising from a change in fair value is recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Revaluation gains are credited to other comprehensive income and accumulated in equity within the revaluation reserve unless it represents the reversal of an impairment of the same asset previously recognised in profit or loss, in which case it should be recognised in profit or loss. A decrease arising as a result of a revaluation is recognised in profit or loss to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset, otherwise it is recognised in other comprehensive income.

If significant parts of an item of tangible fixed assets have different useful lives, then they are accounted for as separate items (major components) of tangible fixed assets.

##### *Property, Plant & Equipment*

Freehold and long-term leasehold (lease term 99 years or above) land and buildings are measured at fair value.

Any gain or loss on disposal of an item of tangible fixed assets is recognised in profit or loss.

##### **Other tangible fixed assets**

Other tangible fixed assets are measured at cost less accumulated depreciation and impairment. Impairment losses are recognised in profit and loss.

##### **Depreciation**

No depreciation is provided on land. Other tangible fixed assets are depreciated to a residual value over the estimated useful lives which are as follows:

Buildings Core	30 to 125 years
Buildings Non Core	30 years
Plant	20 years
Fixtures, fittings and equipment	5 to 10 years

Depreciation is charged to the income statement on a straight line basis over the estimated useful life. Residual value is reassessed annually.

#### 2.11 Trade and other receivables

Trade and other receivables initially recognised at fair value. Subsequent to initial recognition, they are measured at amortised cost. An allowance is made when collection of the full amount is no longer considered probable.

For trade receivables, the Company applies IFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected allowance. Trade receivables are considered impaired when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the agreement.

# Hotel Collection Hotel No. 12 Limited

## Notes (continued)

### 2 Significant accounting policies (continued)

#### 2.12 Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost, which approximates to fair value given the short-term nature of these.

#### 2.13 Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

##### **(i) Non-derivative financial assets and financial liabilities – recognition and derecognition**

The Company initially recognises loans and receivables issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

##### **(ii) Non-derivative financial liabilities – measurement**

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

##### **(iii) Non-derivative financial assets – measurement**

###### **Loans and receivables**

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

##### **(iv) Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Ordinary dividends declared as final dividends are recognised as a liability in the period in which they are approved by shareholders. Interim dividends are recognised as a liability when declared.

# Hotel Collection Hotel No. 12 Limited

## Notes (continued)

### 3 Turnover

The whole of both continuing operations and discontinued operations turnover is attributable to the Company's main activity which is carried out in the United Kingdom. Turnover analysis is not presented due to its commercial sensitivity.

### 4 Operating profit

Operating profit is stated after charging:

	Continuing Operations		Discontinued Operations		Total	
	2018	2017	2018	2017	2018	2017
	2018	2017	2018	2017	2018	2017
Depreciation of tangible fixed assets	-	-	309	314	309	314
Operating lease payments	-	-	2,450	-	2,450	-

Auditor's remuneration was borne by another Group company in both years.

### 5 Staff numbers and costs

Staff costs were as follows:

	2018 £'000	2017 £'000
Wages and salaries	1,087	990
Social security costs	63	63
Pension costs	10	1
	<u>1,160</u>	<u>1,054</u>

The average monthly number of persons, including the executive director, employed by the Company, during the year was 80 (2017: 73).

# Hotel Collection Hotel No. 12 Limited

## Notes (continued)

<b>6 Interest payable and similar charges</b>	<b>Continuing Operations</b>	<b>Continuing Operations</b>
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Interest expense on inter-company loans	<b>237</b>	-

There was £nil (2017:£693k) of intercompany loan interest within discontinued operations.

## 7 Income tax

Based on profit on ordinary activities:

	<b>Continuing Operations</b>		<b>Discontinued Operations</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Corporation Tax	-	-	-	-	-	-
Deferred Tax	<b>514</b>	-	<b>(94)</b>	<b>276</b>	<b>420</b>	<b>276</b>
	<b>514</b>	-	<b>(94)</b>	<b>276</b>	<b>420</b>	<b>276</b>

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Profit before taxation on continuing operations	<b>3,256</b>	-
Profit at standard corporation tax rate in the UK of 19.00% (2017: 19.25%)	<b>619</b>	-
<i>Effects of:</i>		
Fair value movement not subject to tax	<b>(575)</b>	-
Tax allowance	<b>(44)</b>	-
Origination and other timing differences	<b>514</b>	-
	<b>514</b>	-

## Hotel Collection Hotel No. 12 Limited

### Notes (continued)

#### 7 Income tax (continued)

	2018 £'000	2017 £'000
Profit/(loss) before taxation on discontinued operations	236	(404)
Profit/(loss) at standard corporation tax rate in the UK of 19.00% (2017: 19.25%)	45	(77)
Effects of:		
Expenditure not allowable for taxation	(45)	-
Losses brought forward	-	77
Origination and other timing differences	(94)	276
	(94)	276

#### Factors that may affect future tax charges

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were enacted on 26 October 2015. Finance Bill 2015 further reduced the 18% rate to 17% from 1 April 2020, following substantial enactment on 6 September 2016. Together this will reduce the Company's future tax charges accordingly. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

## Hotel Collection Hotel No. 12 Limited

### Notes (continued)

#### 8 Discontinued operations

On 1 April 2018 the shareholders of the Company entered into an agreement to dispose the operating trade of the Company to an entity owned by LRC-Group. This transaction was undertaken as part of a restructure that was intended to separate the "hotel operator" and "property investment" aspects of the Company's trade into two distinct trades. This disposal was ultimately concluded on 20 December 2018 for a consideration of £1, which the Directors deemed to be the Fair Value of the operating trade as at that date. For the purposes of these financial statements a convenience date of 31 December 2018 has been used to record the disposal. The operating trade is shown within discontinued operations throughout these financial statements. Following this disposal the trade of the Company has been updated to "Property Investment".

Discontinued operations within the financial statements relate to the trading result surrounding operating the hotel for the full financial year. Prior to the disposal within continuing operations, the property was treated as PPE and has been depreciated until 1 April 2018 after which the property was transferred to Investment Property. Continuing operations commenced on 1 April 2018 when the property was transferred to Investment Property. After this date all property revaluations were treated as fair value movements in Investment Property.

The discontinued operations were disposed of for the following:

	£
Consideration paid	1
Trade disposed of	(1)
Profit on disposal	<u>-</u>

The continuing operations relate to rental income generated from the investment property. There is no comparative as the rental agreements were not in place in the previous period.

#### 9 Investment Property and Property, Plant and Equipment

	PPE	Investment Property	Total
<b>Valuation</b>			
At 1 January 2018	7,647	-	7,647
Transferred to investment property	(7,338)	7,338	-
Disposals in year	-	(1,463)	(1,463)
Depreciation	(309)	-	-
Fair value gain	-	3,025	3,025
<b>At 31 December 2018</b>	<u>-</u>	<u>8,900</u>	<u>9,209</u>

The property, plant and equipment was transferred to investment property from 1 July 2018 in line with the continuing operations of the business. Investment property comprises a hotel which is leased to a third party. Changes in fair value are recognised through the profit and loss account as from 1 July 2018.

# Hotel Collection Hotel No. 12 Limited

## Notes (continued)

<b>10 Trade and other receivables</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Trade debtors	-	285
Prepayments	-	30
Other debtors	<b>246</b>	<b>9</b>
	<hr/>	<hr/>
	<b>246</b>	<b>324</b>
	<hr/>	<hr/>

<b>11 Creditors: amounts falling due within one year</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Trade creditors	-	137
Accruals	-	448
Other creditors	-	587
Amounts due to fellow group undertakings (i)	-	3,653
Loans due to fellow group undertakings (ii)	-	5,152
	<hr/>	<hr/>
	-	9,977
	<hr/>	<hr/>

(i) Amounts due to group undertakings in the prior year related to (1) interest accrued on interest bearing, unsecured, non-current debt and (2) amounts which are unsecured, interest free and repayable on demand.

(ii) Loans due to group undertakings in the prior year were unsecured interest bearing at 2.6% and repayable on 20 April 2018.

<b>12 Creditors: amounts falling due more than one year</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
Amounts due to fellow group undertakings	<b>7,740</b>	-
	<hr/>	<hr/>
	<b>7,740</b>	-
	<hr/>	<hr/>

Amounts owed to fellow group undertakings are unsecured and interest-bearing at 2.6% and repayable in 2020.

<b>13 Share capital</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Called up, issued and paid up</b>		
1 ordinary share of £1 each	<b>1</b>	<b>1</b>
	<hr/>	<hr/>

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. The Aroundtown S.A consolidated financial statements which include the results of the Company, are available from the Aroundtown S.A. website.

## Hotel Collection Hotel No. 12 Limited

### Notes (continued)

#### 14 Operating leases

##### *Leases as lessor*

The investment properties are let under operating leases. The future minimum lease payments under leases are as follows:

	2018	2017
	£'000	£'000
Less than one year	650	-
Between one and five years	2,600	-
	<hr/>	<hr/>
	3,250	-
	<hr/>	<hr/>

During the year £487,500 (2017: £nil) was recognised as rental income by the Company.

#### 15 Group relationships and controlling parties

The immediate parent Company is Manor Hospitality Limited. The ultimate parent Company is Aroundtown S.A.

#### 16 Related parties

The Company has availed of the exemption available in FRS 101 from disclosing transactions entered into between two or more members of a group and also key management personnel compensation disclosures.

There were no other related party transactions.

#### 17 Subsequent events

There were no other events subsequent to the balance sheet date that require adjustment to or disclosure in the financial statements.

#### 18 Approval of the financial statements

The financial statements were approved by the directors on 26 September 2019.