Registration number: 10634302
(England and Wales)

Ribbon Glasgow Airport Limited

Annual Report and Financial Statements

For the period from 22 February 2017 to 31 December 2017

Ribbon Glasgow Airport Limited

Contents

Ribbon Glasgow Airport Limited

Company Information

Directors

PT Mabry
JB Robinson
SM Teasdale

Company secretary

Haysmacintyre Company Secretaries Limited
10 Queen Street Place
London
EC4R 1AG

Company number

10634302

Registered office

10 Queen Street Place
London
EC4R 1AG

Auditors

Deloitte LLP
Statutory Auditor
London

Strategic Report
For the period from 22 February 2017 to 31 December 2017

The directors present their strategic report for the period from 22 February 2017 to 31 December 2017.

Principal activity
The principal activity of the company is the ownership and operation of a hotel in the United Kingdom.

Fair review of the business
On 22 February 2017 the company was incorporated as a subsidiary of Ribbon Acquisition Limited. On 1 August 2017 the company acquired the Holiday Inn Glasgow Airport hotel. The company operates the hotel under a franchise agreement with InterContinental Hotels Group PLC ("IHG"). Lapithus Hotels Management UK Limited, the parent company of the group, managed the hotel operations on a central basis under a management contract at the year end.

On 4 April 2018 the sale of 100% equity interest in Lapithus Hotels Management (UK) Limited, the group's UK parent, to UK Investment Company 210 Limited was completed. Refer to note 22 for subsequent events.

The directors believe that in 2018 the company will benefit from continued improvement in the underlying economy and demand for hotels in the UK, boosted by planned capital injections and refurbishment of assets throughout the year. The directors continue to monitor potential impact to the business as a result of the exit of Britain from the European Union, and mitigate any risks as they arise.

Results
The company's development to date, performance and the financial position as reflected in the financial statements is satisfactory. The directors have concluded that the company is a going concern, please refer to note 2.

Principal risks and uncertainties and financial risk management objectives and policies
The Board of directors have the overall responsibility for the establishment and oversight of the risk management framework. The senior management is responsible for developing and monitoring the risk management policies and reports regularly to the Board of directors. The risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and company's activities.

Demand risk
The company is exposed to the inherent risks of economic and financial market developments, including recession, inflation, availability of affordable credit and currency fluctuations that could lower revenues and reduce income. A recession reduces leisure and business travel and adversely affects room rates and/or occupancy levels and other income generating activities, resulting in deterioration of results of operations and potentially reducing the value of properties in affected economies. Through a continual business review process and monitoring of the business environment, together with the terms and the services standards required of IHG under the franchise agreement, the directors of the company and the wider group seek to mitigate these potential risks.

The main risks arising from the company's financial instruments are credit risk and liquidity risk. The Board reviews and agrees policies for managing these risks and is summarized below.

Ribbon Glasgow Airport Limited

Strategic Report
For the period from 22 February 2017 to 31 December 2017 (continued)

Credit risk
The company's principal financial assets are trade and other receivables. The credit risk on trade and other receivables is limited by the company's exposure being spread over a large number of counterparties and customers and by the support of the group. Receivable balances are monitored on an ongoing basis and provisions are made when there is objective evidence of impairment. The amounts presented in the balance sheet are net of allowances for doubtful debts. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk
The company is financed by way of intercompany loans. The company manages liquidity risk by maintaining a balance between the continuity of funding and flexibility through use of loans from the company's group undertakings. The group has agreed to provide sufficient liquidity as necessary to allow the company to meet its obligations for at least the next twelve months from the date of approval of these financial statements.

Key performance indicators
Total revenue for the period from continuing operations was £3.7m. Management's emphasis is on increasing occupancy, RevPAR and total room revenue. In 2017, occupancy was 84.81%, RevPAR was £56.51 and total room revenue was £2.6m.

The business of the company is also reviewed on a central basis and, therefore, further key performance indicators are not appropriate for an understanding of the development, performance and position of the company's business.

Approved by the Board on 30 June 2018 and signed on its behalf by:

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JB Robinson
Director

Directors' Report

For the period from 22 February 2017 to 31 December 2017

The directors present their report and the financial statements for the period from 22 February 2017 to 31 December 2017. The loss for the year from continuing operations after taxation was £2.7m.

Future developments

The trading environment is expected to remain broadly unchanged during 2018 and the group will seek to improve revenue whilst continuing to review the underlying cost base. The hotels' market positioning will benefit from continuing capital expenditure in 2018.

Principal risks and uncertainties

The principal risks and uncertainties to which the company is exposed is discussed in the Strategic Report.

Going concern

The trading results for the period and the company's financial position at the end of the period are shown in the attached financial statements. The directors have concluded that the company is a going concern, please refer to note 2.

Dividends

The directors do not recommend a dividend for the current period. No dividend was paid in the current period.

Directors of the company

The directors, who held office during the period, were as follows:

PT Mabry (appointed 22 February 2017)
JB Robinson (appointed 22 February 2017)
SM Teasdale (appointed 22 February 2017)

Directors' liabilities

The company maintains liability insurance for its directors and officers and remains in force at the date of this report.

Employment policy

The operations of the group are managed on a central basis under a management agreement with Lapithus Hotels Management UK Limited. The company relies on the terms of the management agreement, as regards employees, in that the management company shall take all steps to enable the group to comply with any obligations it may have. As such, the employment policies in place embody the principles of equal opportunity. This includes suitable procedures to support the policy that individuals should not be discriminated against on the basis of race, disability, age, gender, sexuality or religion and that they should be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities. The value of employee involvement in effective communications is recognised, as is the need for their contribution to decision making on matters affecting their jobs. To achieve employee involvement at the most relevant level, there is a framework in place for consultation and information.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Ribbon Glasgow Airport Limited

Directors' Report

For the period from 22 February 2017 to 31 December 2017 (continued)

Creditor payment policy

The company agrees commercial terms with suppliers (including payment terms) and, if performance accords with these terms, aims to abide by the agreed payment arrangements.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Reappointment of auditors

The auditors Deloitte LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 30 June 2018 and signed on its behalf by:

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JB Robinson

Director

Ribbon Glasgow Airport Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Ribbon Glasgow Airport Limited

Independent Auditor's Report to the Members of Ribbon Glasgow Airport Limited

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Ribbon Glasgow Airport Limited (the 'Company') which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the relates notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent Auditor's Report to the Members of Ribbon Glasgow Airport Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors 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 further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Independent Auditor's Report to the Members of Ribbon Glasgow Airport Limited (continued)

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

Helen Burridge

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Helen Burridge (Senior Statutory Auditor)
For and on behalf of Deloitte LLP, Statutory Auditor

London
United Kingdom
3 July 2018

Ribbon Glasgow Airport Limited

Income Statement

For the period from 22 February 2017 to 31 December 2017

	Note	Period ended 31 December 2017 £ 000
Revenue	4	3,725
Cost of sales		(221)
Gross profit		**3,504**
Selling and distribution costs		(134)
Administrative expenses		(2,463)
Operating profit	5	**907**
Finance income	6	2
Profit before tax	5	**909**
Tax charge	10	(3,586)
Loss for the period		**(2,677)**

The above results were derived from continuing operations.

There is no other comprehensive income for the period other than those included above, therefore a statement of other comprehensive income has not been presented.

Ribbon Glasgow Airport Limited

Statement of Financial Position
At 31 December 2017

	Note	2017 £ 000
Assets		
Non-current assets		
Property, plant and equipment	11	21,180
Current assets		
Inventories	12	25
Trade and other receivables	13	381
Cash and cash equivalents	14	276
		682
Total assets		**21,862**
Equity and liabilities		
Equity		
Retained earnings		(2,677)
Non-current liabilities		
Deferred tax liabilities	15	3,373
Current liabilities		
Trade and other payables	17	21,166
Total liabilities		**24,539**
Total equity and liabilities		**21,862**

The notes on pages 13 to 25 form an integral part of these financial statements.

Approved by the Board on 30 June 2018 and signed on its behalf by:

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JB Robinson
Director

Company registered number: 10634302

Ribbon Glasgow Airport Limited

Statement of Changes in Equity
For the Period from 22 February 2017 to 31 December 2017

	Share capital £ 000	Retained earnings £ 000	Total £ 000
Loss for the period	-	(2,677)	(2,677)
At 31 December 2017	-	(2,677)	(2,677)

1 General information

Ribbon Glasgow Airport Limited (the company) is a private company limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006 and registered in England. The address of its registered office is disclosed in the company information. The principal activity of the company is described in the Strategic Report.

2 Accounting policies

(a) Basis of preparation

The company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

The financial statements have been prepared on the historical cost basis and in accordance with the Companies Act 2006.

The presentation and functional currency of the company is pounds sterling. The financial statements are presented in thousands of pounds (£'000) unless stated otherwise.

(b) Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in preparation of these financial statements, in accordance with FRS 101:

- IFRS 7 Financial instruments: Disclosures
- The following paragraphs of IAS 1 Presentation of financial statements:
  - 10(d) statement of cash flows
  - 16 statement of compliance with all IFRS
  - 134-136 capital management disclosures,
- Paragraph 30 and 31 of IAS 8, disclosure and impact of new IFRSs that has been issued but not yet effective, and
- The requirements in IAS 24 of Related party disclosures, to disclose related party transactions entered between two or more members of a group.

Where relevant equivalent disclosures have been given in the consolidated financial statements of Ribbon Midco Limited. The consolidated financial statements of Ribbon Midco Limited will be available to the public and can be obtained from 10 Queen Street Place, London, EC4R 1AG, United Kingdom.

2 Accounting policies (continued)

(c) Going concern

The company is part of Lapithus Hotels Management UK Limited group and assess its going concern assumption of the company in line with group on a group wide basis. The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report.

The company is in a net liability financial position at year end due to a deferred tax liability. Accordingly, it is dependent on continuing support being made available by its parent undertaking to enable it to continue operating and to meet its liabilities as they fall due. The company has received a letter from its parent company confirming that it will provide continuing support, for at least 12 months.

The group meets its day to day working capital requirements from normal trading activities through its portfolio of hotels. The group's existing debt facility was secured until December 2018. This has been replaced with a new facility which has been secured until April 2023. The group's financial forecasts, taking account of the new loan terms and current trading performance, show that the group will be able to operate within the level of its current and future facilities and remain in compliance with the terms of its loan agreements.

After making enquiries, the directors have a reasonable expectation that the group and the company has adequate resources to continue in operational existence for at least the twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

(d) Foreign currencies

In preparing these financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

(e) Revenue recognition

The revenue is primarily derived from hotel operations, including the rental of rooms and sale of food and beverage from a network of owned and leased hotels operated under the InterContinental Hotel Group's brand names.

Revenue is measured at the fair value of the consideration received or receivable excluding value added tax. Revenue is reduced for discounts and other similar allowances.

Revenue from rooms, food and beverage and other related services is recognised when the room is occupied, food and beverages are sold and other related services on the performance of services.

2 Accounting policies (continued)

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Parts of an item of property, plant and equipment having different useful lives are accounted for as separate items.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, assessed at inception of the lease. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset as noted below.

(g) Depreciation

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Depreciation is provided to write off the cost less estimated residual value, of each asset evenly over its expected useful life as follows:

Asset class	**Depreciation method and rate**
Short leasehold land and buildings	Over the shorter of 50 years and their remaining lease periods
Non-core assets (including buildings surface finishes and services)	Periods up to 25 years
Plant and machinery	Between 5 and 15 years
Furniture and equipment	Between 3 and 20 years

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

2 Accounting policies (continued)

(i) Impairment of non-financial assets

At the end of each reporting period, the company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The impairment review is performed on an income generating unit basis.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(j) Defined contribution pension obligation

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(k) Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value.

The company's non-derivative financial instruments include loans and receivables and other financial liabilities.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments. These include:

Trade and other receivables
Other receivables are initially recognised at fair value, based upon discounted cash flows at prevailing interest rates for similar instruments, or at their nominal amount less impairment losses if due in less than 12 months. Subsequent to initial recognition, other receivables are valued at amortised cost less impairment losses.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. The cash and cash equivalents are stated at their nominal values, as this approximates to amortised cost.

2 Accounting policies (continued)

(k) Financial instruments (continued)

Other financial liabilities
Other financial liabilities (including loans and borrowings and other payables) are subsequently measured at amortised cost using the effective interest method.

Trade and other payables
Other payables are initially recognised at fair value, based upon the nominal amount outstanding. Subsequent to initial recognition, they are recorded at amortised cost.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets
Financial assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. These financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the assets have been affected. Objective evidence of impairment could include:

- Default by a debtor;
- significant financial difficulty of the debtors or counterparty;
- breach of contract; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2 Accounting policies (continued)

(k) Financial instruments (continued)

Derecognition of financial assets
The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. Any interest in such transferred financial assets that is created or retained by the company is recognised as a separate asset or liability.

Derecognition of financial liabilities
The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(l) Taxation

Tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in profit and loss account because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or 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.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors of the company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the group's accounting policies
The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

<u>Deferred tax</u>
The determination as to whether assets will be consumed through use or sale can have a significant impact on their tax bases, which has a material impact on the deferred tax liability arising on differences between their carrying values and tax bases. Management has concluded that the short leasehold land and buildings will be consumed in full over the life of the lease and that long leasehold and freehold buildings will be partially consumed through use in line with the depreciation policy. All other fixed assets are assumed to be consumed through use.

Key sources of estimation uncertainty
The key source of estimation uncertainty at the balance sheet date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year, is discussed below.

<u>Impairment of land and buildings</u>
Determining whether the company's land and buildings have been impaired requires estimations of their values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the use of the asset over its estimated useful life and suitable discount rate in order to calculate present values. Based on the assessment made during the period, land and buildings are not considered to be impaired. See note 11.

4 Revenue

The revenue of the company is derived from its principal activity of owning and operating hotels in the United Kingdom. The analysis of the company's revenue for the period from continuing operations is as follows:

	Period ended 31 December 2017 £ 000
Hotel operations	3,725

Notes to the Financial Statements

For the period from 22 February 2017 to 31 December 2017 (continued)

5 Profit before tax

Profit for the period from continuing operations has been arrived at after charging:

	Period ended 31 December 2017 £ 000
Cost of inventories	194
Depreciation of property, plant and equipment	321
Impairment loss on trade receivables (see note 13)	28
Operating lease expense - property	120
Operating lease expense - other	1
Staff costs (note 7)	868

6 Finance income

	2017 £ 000
Interest income on bank deposits	2

7 Staff costs

The average number of salaried staff employed, excluding directors, during the post-acquisition period from 1 August 2017 to 31 December 2017 amounted to 128 employees.

The above numbers are averages for the period and calculated on a full-time equivalent basis. The aggregate payroll costs were as follows:

	Period ended 31 December 2017 £ 000
Wages and salaries	809
Social security costs	51
Pension costs (note 19)	8
	868

8 Directors' remuneration

The directors received no emoluments or benefits from the company for their services in the current period.

9 Auditors' remuneration

Auditor's remuneration of £9,852 was charged during the period

10 Income tax

Tax charge in the income statement

	Period ended 31 December 2017 £ 000
Current taxation	
UK corporation tax	213
Deferred taxation	
Origination of temporary differences	3,373
Tax charge in the income statement	**3,586**

Factors affecting current tax charge for the period
The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK of 19%. Under Finance Act 2015, the UK corporation tax rate reduced from 20% to 19% on 1 April 2017.

The differences are reconciled below:

	Period ended 31 December 2017 £ 000
Profit before tax	909
Corporation tax at standard rate	173
Effects of:	
Group relief not recognised	6
Change in recognition of deferred tax	3,403
Effect of changes in tax rate	4
Total tax charge	**3,586**

10 Income tax (continued)

Factors affecting the tax charge in future years

Under Finance Act 2016, which was substantially enacted on 15 September 2016, the rate that will apply from 1 April 2020 was reduced from 18% to 17%. These rate reductions will reduce the future tax charge of the group.

11 Property, plant and equipment

	Short leasehold land and buildings £ 000	Furniture, fittings and equipment £ 000	Plant and machinery £ 000	Total £ 000
Cost				
Additions	18,634	969	1,898	21,501
At 31 December 2017	18,634	969	1,898	21,501
Depreciation				
Charge for the period	155	99	67	321
At 31 December 2017	155	99	67	321
Net book value				
At 31 December 2017	**18,479**	**870**	**1,831**	**21,180**

The company's land and buildings are held as security in respect of bank loans taken by Ribbon Bidco Limited and Ribbon Mezzco Limited, the company's intermediate parent undertakings.

12 Inventories

	2017 £ 000
Consumables	25

13 Trade and other receivables

	2017 £ 000
Trade receivables	368
Provision for impairment of trade receivables	(28)
Net trade receivables	340
Prepayments	53
Other receivables	(12)
	381

14 Cash and cash equivalents

	2017 £ 000
Cash on hand	3
Cash at bank	273
	276

15 Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	At 22 February 2017 £ 000	Charge to income statement £ 000	At 31 December 2017 £ 000
Accelerated tax depreciation	-	3,373	3,373

There company had no unrecognised deferred tax assets.

16 Share capital

Allotted, called up and fully paid shares

	2017 No.	2017 £
Ordinary share of £1	1	1

17 Trade and other payables

	2017 £ 000
Trade payables	64
Accrued expenses	621
Payables to related parties	20,273
Social security and other taxes	79
Other payables	129
	21,166

17 Trade and other payables (continued)

The payables to related parties bear no interest and are repayable on demand.

18 Obligations under leases

Operating lease arrangements
At the balance sheet date, the company had outstanding commitments to external parties for future minimum lease payments under non-cancellable operating leases over land and buildings, which fall due as follows:

	2017 £ 000
Within one year	274
In two to five years	1,154
In over five years	8,683
	10,111

The amount of non-cancellable operating lease payments recognised as an expense during the period was £120,276.

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £7,768.

There were no contributions outstanding at year-end.

20 Commitments

Capital commitments
The total amount contracted for but not provided in the financial statements was £Nil.

21 Parent and ultimate parent undertaking

The immediate parent of the company is Ribbon Acquisition Limited, a company incorporated in the United Kingdom. The ultimate controlling party at 31 December 2017 was Apollo Global Management LLC, a company incorporated in Delaware, United States of America.

The largest group to consolidate these financial statements is that of Apollo Global Management LLC. The consolidated financial statements of Apollo Global Management LLC for the year ended 31 December 2017 are available to the public and may be obtained from its registered address and principal place of business, 9 West 57th Street, 43rd Floor, New York, New York 10019, United States of America.

The smallest group to consolidate these financial statements is that of Ribbon Midco Limited. The consolidated financial statements of Ribbon Midco Limited for the year ended 31 December 2017 are available to the public and may be obtained from its registered address 10 Queen Street Place, London, EC4R 1AG, United Kingdom.

22 Subsequent events

On 4 April 2018 the sale of 100% equity interest in Lapithus Hotels Management (UK) Limited, the group's UK parent, to UK Investment Company 210 Limited completed.