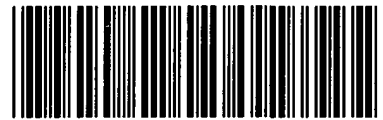


Company Registration No. 02954321 (England and Wales)

ST GILES HOTEL LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2015

THURSDAY



L5GKF9MX

LD3

29/09/2016

#194

COMPANIES HOUSE

ST GILES HOTEL LIMITED

COMPANY INFORMATION

Directors	Robert Tan Seng Yong Chua Stephen Noar Chin Beng Oh Abigail Tan
Secretary	Boodle Hatfield Secretarial Limited
Company number	02954321
Registered office	Bedford Avenue London WC1B 3AS
Auditors	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB

ST GILES HOTEL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present the strategic report and financial statements for the year ended 31 December 2015.

Principal activity and business review

The principal activity of the group during the year was operating hotels. The company's subsidiary, St Giles Hotel LLC, operates two hotels in New York for which this is the 5th year of trading.

At the year end group had shareholders' funds of £10.75m (2014: £9.02m).

St Giles London continues to perform well year on year. The strategic move was to yield a higher rate to increase room revenue. This move, combined with tight management of direct costs and overheads, resulted in an improved profitability for the year.

The turnover for London was £19.8m (2014: £19.9m), a slight decrease in turnover. Occupancy achieved was 94.1% with an ADR of £80.14 (2014: 94.9% and ADR £79.23). This generated a profit before tax of £3.0m (2014: £2.55m), an increase of 18%. ADR increased by 1.1%.

The turnover of the New York hotels for the year was \$24.2m (2014: \$25.45m), a decrease of 4.9%. Occupancy achieved was 86.4% with an ADR of \$219 (2014: 88.2% ADR \$230). This has generated a loss of \$1.36m (2014: loss of \$0.83m).

Therefore the group has delivered an after tax profit of £1.34m (2014: profit of £1.46m).

The directors consider the performance of both hotels as being satisfactory in a very challenging hospitality business.

Risks and uncertainties

Economic - The hospitality market remains a challenging environment in the current economic climate and so management has concentrated on controlling costs and improving efficiency.

Competition - There is competition from other hotels in the market and new hotel openings, as well as competition for guests' discretionary leisure spending. Therefore the company works hard on delivery of service and experience for guests at a competitive rate.

Key performance indicators

The management regularly reviews and analyses a wide range of KPIs for an assessment of the group's performance and financial position. The main indicators from the financial statements are turnover, gross profit and pre-tax profit. The improvement in all three indicators is outlined in the business review above.

By order of the board
S Noar
Director

Approved by the directors on 

30/3/2016

ST GILES HOTEL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and financial statements for the year ended 31 December 2015.

Principal activities

The principal activity of the group during the year was operating hotels. The company's subsidiary, St Giles Hotel LLC, operates two hotels in New York for which this is the 5th year of trading.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Robert Tan
Seng Yong Chua
Stephen Noar
Chin Beng Oh
Abigail Tan

Results and dividends

The profit/(loss) for the year, after taxation, amounted to £1,343k (2014: £1,475k). The directors have not recommended a dividend.

Matters of strategic importance

Information is not shown within the Directors' Report as it is instead included within the Strategic Report on page 1 under S414c(11).

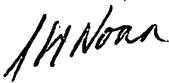
Auditor

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP) has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the group's auditor is unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditor is aware of that information.

By order of the board



S Noar
Director

30/3/2016

ST GILES HOTEL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors are responsible for preparing the Directors' Report, the Strategic Report and the financial statements in accordance with applicable law and regulations.

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST GILES HOTEL LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 5 to 31. 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) including FRS102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 3, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2015 and of the group's 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

RSM UK Audit LLP

Malcolm Pirouet (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

31 March 2016

ST GILES HOTEL LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £000	2014 £000
Turnover	3	35,356	35,375
Cost of sales		(15,709)	(13,636)
Gross profit		<u>19,647</u>	<u>21,739</u>
Administrative expenses		(18,031)	(19,705)
Other operating income		2,280	2,114
Operating profit	4	<u>3,896</u>	<u>4,148</u>
Fair value gains on investment property		-	15
Interest receivable and similar income		23	14
Interest payable and similar charges	8	(1,795)	(2,114)
Profit on ordinary activities before taxation		<u>2,124</u>	<u>2,063</u>
Taxation	9	(781)	(588)
Profit for the financial year		<u>1,343</u>	<u>1,475</u>
Other comprehensive income net of taxation			
Currency translation differences on foreign subsidiaries		401	460
Other comprehensive income for the year		<u>401</u>	<u>460</u>
Total comprehensive income for the year		<u><u>1,744</u></u>	<u><u>1,935</u></u>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

ST GILES HOTEL LIMITED

Company Registration No. 02954321

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Notes	Group		Company	
		2015 £000	2014 £000	2015 £000	2014 £000
Fixed assets					
Tangible assets	10	69,742	67,546	5,028	5,502
Investment properties	11	215	215	215	215
Investments	12	88	88	21,325	21,325
		<u>70,045</u>	<u>67,849</u>	<u>26,568</u>	<u>27,042</u>
Current assets					
Stocks	14	112	93	38	38
Debtors	15	4,482	3,482	27,222	24,908
Cash at bank and in hand		7,771	7,262	6,017	5,035
		<u>12,365</u>	<u>10,837</u>	<u>33,277</u>	<u>29,981</u>
Creditors: amounts falling due within one year	16	(26,424)	(69,531)	(17,343)	(34,872)
Net current assets/(liabilities)		<u>14,059</u>	<u>(58,694)</u>	<u>15,934</u>	<u>(4,891)</u>
Total assets less current liabilities		<u>55,986</u>	<u>9,155</u>	<u>42,502</u>	<u>22,151</u>
Creditors: Amounts falling due after more than one year		(45,032)	-	(18,053)	-
Provisions for liabilities	20	(196)	(135)	(196)	(135)
Net assets/(liabilities)		<u>10,758</u>	<u>9,020</u>	<u>24,253</u>	<u>22,016</u>
Capital and reserves					
Called up share capital	22	555	555	555	555
Share premium account		127	127	127	127
Capital redemption reserve		320	320	320	320
Fair value reserve		(3)	(398)	(15)	(15)
Profit and loss reserves		9,759	8,416	23,266	21,029
Total equity		<u>10,758</u>	<u>9,020</u>	<u>24,253</u>	<u>22,016</u>

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



Stephen Noar
Director

30/3/2016.

ST GILES HOTEL LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital £000	Share premium account £000	Capital Redemption reserve £000	Fair value reserve £000	Profit and loss reserves £000	Total £000
Balance at 1 January 2014	555	127	320	(873)	6,956	7,085
Profit for the year	-	-	-	-	1,475	1,475
Other comprehensive income, net of taxation:						
Currency translation differences on overseas subsidiaries	-	-	-	460	-	460
Total comprehensive income for the year	555	127	320	(413)	1,475	1,935
Transfer to fair value reserve	-	-	-	15	(15)	-
Balance at 31 December 2014	555	127	320	(398)	8,416	9,020
Profit for the year	-	-	-	-	1,343	1,343
Other comprehensive income, net of taxation:	-	-	-	-	-	-
Currency translation differences on overseas subsidiaries	-	-	-	395	-	395
Total comprehensive income for the year	-	-	-	395	1,343	-
Balance at 31 December 2015	555	127	320	(3)	9,759	10,758

ST GILES HOTEL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Fair value reserve £000	Profit and loss reserves £000	Total £000
Balance at 1 January 2014	555	127	320	(30)	19,064	20,036
Profit for the year	-	-	-	-	1,980	1,980
Transfer to fair value reserve	-	-	-	15	(15)	-
Balance at 31 December 2014	555	127	320	(15)	21,029	22,016
Profit for the year	-	-	-	-	2,237	2,237
Balance at 31 December 2015	555	127	320	(15)	23,266	24,253

ST GILES HOTEL LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £000	2014 £000
Cash flows from operating activities			
Cash generated from operations	28	6,028	9,306
Interest paid		(1,254)	(1,636)
Income taxes paid		(715)	(602)
Net cash from/(used in) operating activities		<u>4,059</u>	<u>7,068</u>
Investing activities			
Purchase of tangible fixed assets	10	(714)	(1,257)
Proceeds on disposal of tangible fixed assets	10	-	16
Interest received		23	14
Net cash from/(used in) investing activities		<u>(691)</u>	<u>(1,227)</u>
Net increase/(decrease) in cash and cash equivalents		<u>3,368</u>	<u>5,841</u>
Cash and cash equivalents at beginning of year		7,262	4,415
Effect of foreign exchange rate changes		(2,859)	(2,994)
Cash and cash equivalents at end of year		<u><u>7,771</u></u>	<u><u>7,262</u></u>

ST GILES HOTEL LIMITED

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £000	2014 £000
Cash flows from operating activities			
Cash generated from operations	28	3,077	4,646
Interest paid		(1,052)	(589)
Income taxes paid		(715)	(602)
Net cash from/(used in) operating activities		<u>1,310</u>	<u>3,455</u>
Investing activities			
Purchase of tangible fixed assets	10	(351)	(561)
Proceeds on disposal of tangible fixed assets	10	-	16
Interest received		23	14
Net cash from/(used in) investing activities		<u>(328)</u>	<u>(531)</u>
Net increase in cash and cash equivalents		<u>982</u>	<u>2,924</u>
Cash and cash equivalents at beginning of year		5,035	2,111
Cash and cash equivalents at end of year		<u>6,017</u>	<u>5,035</u>

ST GILES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies

Company information

St Giles Hotel Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is Bedford Avenue, London, WC1B 3AS.

The group consists of St Giles Hotel Limited and all of its subsidiaries.

The company's and the group's principal activities are operating hotels.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include investment properties and certain financial instruments at fair value.

The consolidated financial statements are presented in sterling which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

These financial statements are the first financial statements of St Giles Hotel Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of St Giles Hotel Limited for the year ended 31 December 2014 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in retained earnings at the transition date.

Company statement of comprehensive income

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income. The company's profit for the year and total comprehensive income for the year were £2,237 (2014: £1,980k) and £2,237 (2014: £1,980k), respectively.

Basis of consolidation

The consolidated financial statements incorporate those of St Giles Hotel Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 December 2015.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

ST GILES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (continued)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

The cost of a business combination is the fair value at the acquisition date, of the assets given, equity instruments issued and liabilities incurred or assumed, plus directly attributable costs.

The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the group and the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the group and the company will continue in operational existence for the foreseeable future, however, they are aware of certain material uncertainties which may cause doubt on the group's and the company's ability to continue as a going concern.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services to external customers in the ordinary nature of the business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates. Turnover is shown net of Value Added Tax.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Leasehold buildings	15 years straight line
Fixtures, fittings and equipment	5 to 10 year straight line
Motor vehicles	3 years straight line

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Land and buildings are accounted for separately even when acquired together.

Properties in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation commences when the properties are ready for their intended use.

ST GILES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (continued)

Investment properties

Investment properties (including properties held under an operating lease) are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The directors consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the profit for the financial year would have been reduced by depreciation. However the amount of depreciation cannot reasonably be quantified, because depreciation is only one of many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the group holds a long term interest and where the group has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

Impairments of fixed assets

At each reporting end date, the group reviews the carrying amounts of its tangible 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). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

ST GILES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the weighted average cost basis and for finished goods and work in progress, includes direct labour costs and overheads appropriate to the stage of manufacture.

At each reporting date, the group assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell, is recognised as an impairment loss in profit or loss.

Reversals of impairment losses are also recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial assets

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets are classified into either basic or other financial assets. The classification depends on certain criteria determined at the time of recognition.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Financial assets classified as other financial assets are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

ST GILES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (continued)

Trade investments

Trade investments in non-convertible and non-puttable preference shares or non-puttable ordinary shares are measured at fair value where the shares are publicly traded or can otherwise be measured reliably. All other trade investments in equity instruments are measured at cost less impairment and are assessed individually for impairment annually.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where 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 have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only 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 to another entity

Financial liabilities

Financial liabilities are classified as either basic or other financial liabilities.

Basic financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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 through the expected life of the financial liability to the net carrying amount on initial recognition.

Other financial liabilities

Financial liabilities classified as other financial liabilities are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled, or they expire.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

ST GILES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (continued)

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the group to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

ST GILES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

1 Accounting policies (continued)

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

Revaluation of investment properties

The group carries its investment properties at fair value, with changes in fair values being recognised in the income statement. The group engaged independent valuation specialists to determine fair value as at 31 December 2015.

Impairment of assets

Financial and non-financial assets are subject to impairment reviews based on whether current or future events and circumstances suggest that their recoverable amount may be less than their carrying value. Recoverable amount is based on the higher of the value in use and fair value less costs to dispose. Value in use is calculated from expected future cash flows using suitable discount rates and includes management assumptions and estimates of future performance.

ST GILES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

3 Turnover

The turnover and profit before tax are attributable to the one principal activity of the group.

Turnover analysed by geographical market

	2015 £000	2014 £000
United Kingdom	19,818	19,929
Overseas	15,538	15,446
	<u>35,356</u>	<u>35,375</u>

4 Operating profit

Operating profit is stated after charging/(crediting):

Exchange losses/(gains)	(1,098)	(257)
Fees payable to the company's auditors for the audit of the group's and company's financial statements	36	35
Depreciation of owned tangible fixed assets	1,772	1,795
(Profit)/Loss on disposal of tangible fixed assets	-	(8)
Operating lease charges	6,830	6,500
	<u>6,830</u>	<u>6,500</u>

5 Auditor's remuneration

Fees payable to the company's auditor and its associates

For audit services:

Audit of the group's and company's financial statements	36	35
	<u>36</u>	<u>35</u>

For other services:

Taxation compliance services	8	12
	<u>8</u>	<u>12</u>

ST GILES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

6 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2015 No	2014 No
Hotel staff	280	278
Administrative staff	68	66
	<u>348</u>	<u>344</u>

Their aggregate remuneration comprised:

	2015 £000	2014 £000
Wages and salaries	8,608	8,456
Social security costs	4,361	3,673
Pension costs	55	58
	<u>13,024</u>	<u>12,187</u>

7 Directors' remuneration

	2015 £000	2014 £000
Remuneration for qualifying services	284	219
Company contributions to defined contribution pension schemes	10	28
	<u>294</u>	<u>247</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2014 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director

	2015 £000	2014 £000
Remuneration	152	123
Company contributions to defined contribution pension schemes	-	16
	<u>152</u>	<u>139</u>

ST GILES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 £000	2014 £000
8 Interest payable and similar charges		
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	1,254	1,525
Interest on other loans	541	589
Total finance costs	<u>1,795</u>	<u>2,114</u>
9 Taxation	2015 £000	2014 £000
Current tax		
UK corporation tax on profits for the current period	720	619
Total current tax	<u>720</u>	<u>619</u>
Deferred tax		
Origination and reversal of timing differences	61	(31)
Total deferred tax	<u>61</u>	<u>(31)</u>
Total tax charge	<u>781</u>	<u>588</u>

The tax rate for the current period is lower than the prior period due to changes in the UK Corporation tax rate which decreased from 21% to 20% from 1 April 2015.

The deferred tax assets and liabilities reflect these rates.

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2015 £000	2014 £000
Profit before taxation	<u>2,124</u>	<u>2,063</u>
Expected tax charge based on a corporation tax rate of 20.25%	430	429
Effects of:		
Unutilised tax losses carried forward	-	121
Depreciation in excess of capital allowances	108	41
Origination and reversal of timing differences	61	-
Other tax adjustments	182	(3)
Tax expense for the year	<u>781</u>	<u>588</u>

ST GILES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

10 Tangible fixed assets

Group	Land and buildings £000	Leasehold additions £000	Fixtures & Fittings £000	Motor vehicles £000	Total £000
Cost or valuation					
1 January 2015	50,416	22,759	3,994	299	77,468
Additions	-	198	516	-	714
Disposals	-	-	-	(34)	(34)
Forex movements	2,659	672	47	4	3,382
31 December 2015	<u>53,075</u>	<u>23,629</u>	<u>4,557</u>	<u>269</u>	<u>81,530</u>
Depreciation and impairment					
1 January 2015	-	7,404	2,258	260	9,922
Depreciation charged in the year	-	1,372	365	35	1,772
Eliminated in respect of disposals	-	-	-	(34)	(34)
Forex movements	-	109	16	3	128
31 December 2015	<u>-</u>	<u>8,885</u>	<u>2,639</u>	<u>264</u>	<u>11,788</u>
Carrying amount					
31 December 2015	<u>53,075</u>	<u>14,774</u>	<u>1,918</u>	<u>5</u>	<u>69,742</u>
31 December 2014	<u>50,416</u>	<u>15,355</u>	<u>1,736</u>	<u>39</u>	<u>67,546</u>

ST GILES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

10 Tangible fixed assets (continued)

Company	Leasehold additions £000	Fixtures & Fittings £000	Motor vehicles £000	Total £000
Cost or valuation				
1 January 2015	10,007	3,321	225	13,553
Additions	198	153	-	351
Disposals	-	-	(34)	(34)
31 December 2015	10,205	3,474	191	13,870
Depreciation and impairment				
1 January 2015	5,829	2,010	212	8,051
Depreciation charged in the year	535	280	10	825
Eliminated in respect of disposals	-	-	(34)	(34)
31 December 2015	6,364	2,290	188	8,842
Carrying amount				
31 December 2015	3,841	1,184	3	5,028
31 December 2014	4,178	1,311	13	5,502

11 Investment property

Group and company

Fair value

	2015 £000	2014 £000
1 January	215	200
Fair value gains/(losses)	-	15
31 December	215	215

The fair value of the company's investment property at 31 December 2015 and 2014 has been arrived at on the basis of a valuation carried out by Martin & Co (Exeter), Estate Agents, on an open market value basis. Martin & Co (Exeter) are not connected with the company. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2015 £000	2014 £000
Cost	230	230
Accumulated depreciation	-	-
Carrying amount	230	230

ST GILES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

12	Fixed asset investments	2015 £000	2014 £000	
	Group			
	Trade investments	88	88	
	Movements in fixed asset investments			
			Trade investments £000	
	Cost or valuation			
	At 1 January 2015 and 31 December 2015		88	
	Carrying amount			
	At 1 January 2015 and 31 December 2015		88	
		2015 £000	2014 £000	
	Company			
	Investments in subsidiaries	21,325	21,325	
	Movements in fixed asset investments			
			Investments in Subsidiaries £000	
	Cost or valuation			
	At 1 January 2015 and 31 December 2015		21,325	
	Carrying amount			
	At 1 January 2015 and 31 December 2015		21,325	
13	Subsidiary undertakings			
	Details of the company's subsidiaries at 31 December 2015 are as follows:			
	<i>Name of undertaking</i>	<i>Class of shareholding</i>	<i>Proportion of nominal value held directly</i>	<i>Nature of business</i>
	St Giles Hotel LLC	Ordinary shares	100%	Hotel management
	St Giles Hotel Inc. (North America)	Ordinary shares	100%	Dormant holding company

ST GILES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

14	Stocks		Group		Company	
		2015		2014	2015	2014
		£000		£000	£000	£000
	Stock	112		93	38	38
15	Debtors		Group		Company	
		2015		2014	2015	2014
		£000		£000	£000	£000
	Amounts falling due within one year:					
	Trade debtors	2,142		1,668	851	808
	Amounts due from group undertakings	-		-	24,360	22,515
	Other debtors	1,702		1,427	1,606	1,363
	Prepayments and accrued income	518		387	120	222
	Amounts falling due after more than one year:					
	Other debtors	120		-	285	-
		<u>4,482</u>		<u>3,482</u>	<u>27,222</u>	<u>24,908</u>
16	Creditors: Amounts falling due within one year		Group		Company	
		2015		2014	2015	2014
		£000		£000	£000	£000
	Loans and overdrafts	-		43,567	-	17,940
	Trade creditors	958		872	600	567
	Other taxation and social security	1,218		1,492	440	638
	Corporation tax payable	214		209	214	209
	Other creditors	21,116		20,456	13,525	13,091
	Accruals and deferred income	2,918		2,935	2,564	2,427
		<u>26,424</u>		<u>69,531</u>	<u>17,343</u>	<u>34,872</u>
	Included within other creditors is a loan from a related party. The loan is interest bearing and is an arms' length transaction.					
17	Creditors: Amounts falling due after more than one year		Group		Company	
		2015		2014	2015	2014
		£000		£000	£000	£000
	Loans and overdrafts	45,032		-	18,053	-
		<u>45,032</u>		<u>-</u>	<u>18,053</u>	<u>-</u>

ST GILES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

18 Financial instruments

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	11,735	10,357	32,954	29,721
Carrying amount of financial liabilities				
Measured at amortised cost	11,882	24,037	3,579	15,859
Loan commitments measured at cost less impairment	57,918	46,502	30,939	20,367
	<u>69,800</u>	<u>70,539</u>	<u>34,518</u>	<u>36,226</u>

19 Borrowings

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Bank loans	45,032	43,567	18,053	17,940
	<u>45,032</u>	<u>43,567</u>	<u>30,939</u>	<u>17,940</u>
Payable within one year	-	43,567	-	17,940
Payable after one year	<u>45,032</u>	<u>-</u>	<u>18,053</u>	<u>-</u>

The bank loan is interest bearing and is secured by way of a fixed charge over the properties and a floating charge over the remaining assets of the group. This loan is due for repayment in 2020.

FOR THE YEAR ENDED 31 DECEMBER 2015

ST GILES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

23 Reserves

Share capital

Share capital represents the nominal value of the shares issued and paid up.

Share premium account

Consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting period.

Fair value reserve

Translation differences arising as a result of translating the financial statement items of subsidiaries into the presentational currency, and fair value movements on investment properties.

Retained earnings

Cumulative profit and loss net of distributions to owners.

24 Operating lease commitments

At the reporting end date the group and company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 £000	2014 £000
After five years	3,600	3,600

The operating lease has no expiry date, therefore only the amount payable within one year has been disclosed.

25 Capital commitments

At 31 December 2015 the group had capital commitments as follows:

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Contracted for but not provided for in the financial statements	254	241	-	-

ST GILES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Aggregate compensation	284	219	284	219

Transactions with related parties

The company enters into a number of transactions with companies who have common shareholders. During the year the company and group were charged rent of £6,830,462 (2014: £6,441,374) and interest of £538,942 (2014: £477,336).

At the balance sheet date the group owed £1,753,899 (2014: £1,416,732) to such companies in accruals and £20,288,321 (2014: £19,376,551) in other creditors. The company owed £1,753,899 (2014: £1,416,732) in accruals and £12,885,705 (2014: £12,344,826) in other creditors.

The amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the year (2014: £nil) in respect of bad debts from related parties.

The company has taken advantage of the exemption under FRS 102 section 33 related parties not to disclose transactions with other group companies on the basis that group accounts are prepared. All other related party transactions have been disclosed.

27 Controlling party

No individual shareholder owns a controlling interest in the shares of the company.

ST GILES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

28 Cash generated from operations

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Profit for the year	1,343	1,475	2,237	1,980
Adjustments for:				
Income tax expense	781	588	781	588
Finance costs	1,795	2,114	1,052	1,067
Investment income	(23)	(14)	(23)	(14)
(Gain)/loss on disposal of tangible fixed assets	-	(8)	-	(10)
Depreciation and impairment of tangible fixed assets	1,772	1,795	825	952
Fair value (gains) on investment properties	-	(15)	-	(15)
(Gain)/loss on foreign currency retranslation of debt	1,465	2,425	-	999
Operating cash flows before movements in working capital	7,133	8,360	4,872	5,547
Decrease/(increase) in stock	(19)	(5)	-	(1)
Decrease/(increase) in trade and other debtors	(1,000)	132	(2,314)	(1,518)
Increase/(decrease) in trade and other creditors	(86)	819	519	618
Cash generated from/(used in) operations	6,028	9,306	3,077	4,646

29 Reconciliations on adoption of FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 on;

- (i) the consolidated equity at the date of transition to FRS 102;
- (ii) the consolidated equity at the end of the comparative period;
- (iii) the consolidated profit or loss for the comparative period reported under previous UK GAAP.
- (iv) the company equity at the date of transition to FRS 102;
- (v) the company equity at the end of the comparative period; and
- (vii) the company profit or loss for the comparative period reported previous UK GAAP. are given below.

Under FRS 102, the Consolidated Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Consolidated Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, equity dividends paid, management of liquid resources, and financing.

ST GILES HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

29 Reconciliations on adoption of FRS 102 (continued)

RECONCILIATION OF CONSOLIDATED EQUITY	Notes	1 January 2014 £000	31 December 2014 £000
Consolidated equity as previously reported under previous UK GAAP		7,115	9,035
Fair value gain/(loss) on investment properties	A	(30)	(15)
Consolidated equity reported under FRS 102		7,085	9,020
<hr/>			
RECONCILIATION OF CONSOLIDATED PROFIT	Notes		Year ended 31 December 2014 £000
Consolidated profit as previously reported under previous UK GAAP			1,460
Fair value gain/(loss) on investment properties	A		15
Consolidated profit reported under FRS 102			1,475
<hr/>			
RECONCILIATION OF COMPANY EQUITY	Notes	1 January 2014 £000	31 December 2014 £000
Company equity as previously reported under previous UK GAAP		20,066	22,031
Fair value gain/(loss) on investment properties	A	(30)	(15)
Company equity reported under FRS 102		20,036	22,016
<hr/>			
RECONCILIATION OF COMPANY PROFIT OR LOSS	Notes		Year ended 31 December 2014 £000
Company profit as previously reported under previous UK GAAP			1,965
Fair value gain/(loss) on investment properties	A		15
Company profit reported under FRS 102			1,980
<hr/>			

A – Investment property

In the financial statements for the year ended 31 December 2014 under previous UK GAAP, investment properties were held at cost less impairment in tangible fixed assets. The carrying amount as at 31 December 2013 and 31 December 2014 under previous UK GAAP was £230,000. Under FRS 102, investment properties are held at fair value and disclosed separately on the face of the statement of financial position. Under FRS 102, the carrying amount is £200,000 as at 31 December 2013 and £215,000 at 31 December 2014. Fair value gains on investment properties of £15,000 are recognised in profit or loss for the year ended 31 December 2014.