

COMPANY NUMBER: 08083333

PARK ROYAL HOTEL OPERATOR LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

MONDAY



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PARK ROYAL HOTEL OPERATOR LIMITED

Company number: 08083333

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PARK ROYAL HOTEL OPERATOR LIMITED

Company number: 08083333

COMPANY INFORMATION

Directors

V Ebbon
G Hegarty

Secretary

Park Plaza Hotels (UK) Services Limited

Registered office

County Hall – Riverside Building
2nd Floor
Belvedere Road
London
England
SE1 7GP

Company Number

08083333

Registered auditor

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Bankers

Lloyds TSB Bank PLC

PARK ROYAL HOTEL OPERATOR LIMITED

Company number: 08083333

STRATEGIC REPORT

The directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2017.

Principal activities

Its principal activity is the operation of a hotel property.

Review of business

During the year the company commenced the trade of its principal activity effective from an opening date of 07 March 2017. This generated turnover for the year of £4,599k (2016: £nil) and a gross profit of £1,764k (2016: £nil).

The statement of financial position shows that the net carrying value of the Company's net liabilities at the year end was £1,608k (2016: £122k).

In summary the key performance indicators that we use to monitor business performance are as follows:

- Turnover growth;
- Occupancy rates;
- Average room rate (ARR);
- Revenue per available room (REVPAR).

We do not believe there to be any significant risks and uncertainties facing our business, other than those normally encountered within our industry.

Principal risks and uncertainties

a. Treasury operations

The company has no borrowings and so its principal instruments are cash balances. In addition the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from the operations of the business.

b. Liquidity risk

The company manages its cash requirements centrally to maximise interest income and minimise interest expense, whilst ensuring that the company has sufficient liquid resources to meet the operating needs of its business.

c. Interest rate risk

The company is exposed to fair value interest rate risk on its bank overdraft facility only.

d. Foreign currency risk

At the year-end there were no commitments to forward purchase any foreign currency.

PARK ROYAL HOTEL OPERATOR LIMITED

Company number: 08083333

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

e. Credit risk

Investments of cash surpluses are made with the company's main bankers. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Future business developments

The directors expect the company to continue with the level of trading into the foreseeable future, based on the current strategies.

Approved by the Board and signed on its behalf by



.....
V Ebbon

Director

Date: 24-8-18

PARK ROYAL HOTEL OPERATOR LIMITED

Company number: 08083333

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2017.

Matters covered in the strategic report

A review of the business including future developments and principal risks and uncertainties are not shown in the Directors' Report as this information is included within the Strategic Report under s414C(11) of the Companies Act 2006.

Results and dividends

The results for the year are set out on page 10.

The directors have not recommended a dividend for the current year.

Going concern

As at 31 December 2017 the company's current liabilities exceeded current assets by £1,608k (2016: £122k). The directors have reviewed detailed business plans and cash flow projections to 31 December 2018 and believe that the company has sufficient cash resources to cover both working capital and capital expenditure requirements. The ultimate parent company and its subsidiaries have declared that they do not intend to call in any balances owed to them for a period of at least 12 months from the date of signing the financial statements.

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

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

As at 31 December 2017, the number of creditor days in relation to trade creditors outstanding at the year end was 8 days (2016: 0 days).

Disabled Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes 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 that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled employees should, as far as possible be identical to that of other employees.

PARK ROYAL HOTEL OPERATOR LIMITED

Company number: 08083333

REPORT OF THE DIRECTORS (continued)

Employee involvement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, company intranet and newsletter. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Details of the number of employee and related costs can be found in note 5 to the financial statements.

Directors

The directors of the Company during the year and until the date of this report were:

V Ebbon (appointed 7 December 2017)
G Hegarty (appointed 7 December 2017)
B Ivesha (resigned 7 December 2017)
C Moravsky (resigned 27 February 2018)

Events after the reporting date

There have been no events effecting the company since the year end.

Disclosure of information to the auditor

So far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information, and taken such other steps for that purpose, as were required by their duty as directors of the company to exercise due care, skill and diligence.

Auditor

It is proposed that Mazars LLP will continue in office in accordance with the Companies Act 2006 section 487(2).

Approved by the Board and signed on its behalf by


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V Ebbon
Director

Date: 24-8-18

PARK ROYAL HOTEL OPERATOR LIMITED

Company number: 08083333

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable UK law and regulations. Company law requires the directors to prepare financial statements for each financial period. 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 those financial statements, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * comply with applicable UK Accounting Standards 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

PARK ROYAL HOTEL OPERATOR LIMITED

Company number: 08083333

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARK ROYAL HOTEL OPERATOR LIMITED

Opinion

We have audited the financial statements of Park Royal Hotel Operator Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you 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.

PARK ROYAL HOTEL OPERATOR LIMITED

Company number: 08083333

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARK ROYAL HOTEL OPERATOR 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.

Opinions 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 the 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.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement 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.

PARK ROYAL HOTEL OPERATOR LIMITED

Company number: 08083333

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARK ROYAL HOTEL OPERATOR LIMITED (continued)

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 the audit 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.



Jonathan Seaman (Senior statutory auditor)

for and on behalf of Mazars LLP, Chartered Accountants (Statutory auditor)

Tower Bridge House

St Katharine's Way

London

E1W 1DD

Date: 14 SEPTEMBER 2018

PARK ROYAL HOTEL OPERATOR LIMITED

Company number: 08083333

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £'000	2016 £'000
Turnover	2,4	4,599	-
Cost of Sales		(3,039)	-
Gross profit		<u>1,560</u>	<u>-</u>
Administrative expenses		(3,048)	(122)
Operating loss	7	<u>(1,488)</u>	<u>(122)</u>
Interest receivable and similar income	8	2	-
Loss before taxation		<u>(1,486)</u>	<u>(122)</u>
Taxation	9	-	-
Loss for the year		<u>(1,486)</u>	<u>(122)</u>
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		<u><u>(1,486)</u></u>	<u><u>(122)</u></u>

All the Company's activities were derived from continuing operations in the current year and preceding year.

The notes on pages 13 to 23 form part of these financial statements.

PARK ROYAL HOTEL OPERATOR LIMITED


Company number: 08083333

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2017

	Note	2017 £'000	2016 £'000
Current assets			
Inventory	10	21	-
Trade and other receivables	11	652	12
Cash and cash equivalents		<u>524</u>	<u>54</u>
		1,197	66
Current liabilities			
Trade and other payables	12	<u>(2,805)</u>	<u>(188)</u>
Net current liabilities		(1,608)	(122)
Net liabilities		<u>(1,608)</u>	<u>(122)</u>
Capital and reserves			
Share capital	13	-	-
Retained loss	14	<u>(1,608)</u>	<u>(122)</u>
Total shareholders' funds – deficit		<u>(1,608)</u>	<u>(122)</u>

The accompanying notes on pages 13 to 23 are an integral part of this statement of financial position.

Approved by the Board and authorised for issue by:


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V Ebbon

Director 24-8-18

PARK ROYAL HOTEL OPERATOR LIMITED

Company number: 08083333

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share Capital £'000	Retained loss £'000	Total £'000
As at 1 January 2016	-	-	-
Loss for the year	-	(122)	(122)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(122)	(122)
As at 31 December 2016	-	(122)	(122)
Loss for the year	-	(1,486)	(1,486)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(1,486)	(1,486)
As at 31 December 2017	-	(1,608)	(1,608)

PARK ROYAL HOTEL OPERATOR LIMITED

Company number: 08083333

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

Park Royal Hotel Operator Limited is a Company incorporated in the United Kingdom under the Companies Act. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 and 3. The address of the Company's registered office is set out on page 1.

The Company is a wholly-owned subsidiary of PPHE Hotel Group Limited, incorporated in Guernsey.

2. Accounting policies

Basis of preparation

The financial statements of Park Royal Hotel Operator Limited have been prepared in accordance with International Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The recognition, measurement and disclosure requirements (except for certain disclosure exemptions detailed below) of Financial Reporting Standards as adopted by the EU (EU-adopted IFRSs) have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008/410 ('Regulations').

The financial statements have been prepared on the historical cost basis. The principal accounting policies set out below have been consistently applied to all periods presented.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they have continued to adopt the going concern basis of accounting in preparing the financial statements.

As at 31 December 2017 the company's current liabilities exceeded the current assets by £1,608k (2016: £122k). The directors have reviewed detailed business plans and cash flow projections to 31 December 2017 and believe that the company has sufficient cash resources to cover both working capital and capital expenditure requirements. The directors have obtained a letter of support from the parent company to confirm that they do not intend to call in any balance owed to them for at least 12 months from the date of signing the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

Disclosure exemptions applied

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS101 paragraph 8:

- (i) The requirement of IFRS 7 'Financial Instruments : Disclosures' relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;
- (ii) The requirement of IFRS 13 'Fair Value Measurement' paragraphs 91 to 99 relating to the fair value measurement disclosures of financial assets and financial liabilities that are measured at fair value, such as the available for sale investments and derivative financial instruments;
- (iii) The applicable requirements of IAS 36 'Impairment of Assets' relating to the disclosures of estimates used to measure recoverable amounts;
- (iv) The applicable requirements of IAS 1 'Presentation of Financial Statements' relating to the disclosure of comparative information in respect of the number of shares outstanding at the beginning and end of the year (IAS 1.79a, iv), the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73e) and the reconciliation of the carrying amount of intangible assets (IAS 18.118e);
- (v) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives;
- (vi) The requirements of IAS 7 'Statement of Cash Flows' and IAS 1 'Presentation of Financial Statements' paragraph 10(d), 111 relating to the presentation of a Cash Flow Statement;
- (vii) The requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31 relating to the disclosure of standards, amendments and interpretations in issue but not yet effective; and
- (viii) The requirements of IAS 24 'Related Party Disclosures' paragraph 17 relating to the disclosure of key management personnel compensation and relating to the disclosure of related party transactions entered into between the Company and other wholly-owned subsidiaries of the group.

For the disclosure exemptions listed in points i to iii, the equivalent disclosures are included in the consolidated financial statements of the PPHE Hotel Group Limited which the Company is consolidated into and that are publicly available from www.pphe.com

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2. Accounting policies (continued)****Standards, amendments and interpretations adopted in the current financial year ended 31 December 2017**

The adoption of the following mentioned standards, amendments and interpretations in the current year have not had a material impact on the Company's financial statements.

	EU effective date – periods beginning on or after*	Non-EU effective date – periods beginning on or after
Amendment to IAS 7 <i>Statement of Cash Flows</i> : Disclosure initiative	1 January 2017	1 January 2017
Amendment to IAS 12 <i>Income Taxes</i> : Recognition of deferred tax assets for unrealised losses	1 January 2017	1 January 2017
Annual Improvements to IFRSs (2014 - 2016): Clarification of the scope of IFRS 12 <i>Disclosure of Interests in Other Entities</i>	Expected to be endorsed Q4 2017	1 January 2017

Standards, amendments and interpretations in issue but not yet effective

The adoption of the following mentioned standards, amendments and interpretations in future years are not expected to have a material impact on the Company's financial statements.

The directors are currently assessing the impact of adopting the new standards and interpretation noted below.

	EU effective date – periods beginning on or after	Non-EU effective date – periods beginning on or after
Amendments to IAS 28 <i>Investments in Associates and Joint Ventures</i> : Long-term interests in Associates and Joint Ventures	Expected to be endorsed 2018	1 January 2019
Amendment to IAS 40 <i>Investment Property</i> : Transfers of investment property	Expected to be endorsed Q1 2018	1 January 2018

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2. Accounting policies (continued)****Standards, amendments and interpretations in issue but not yet effective (continued)**

Amendment to IFRS 2 <i>Share-based Payment</i> : Classification and measurement of share-based payment transactions	Expected to be endorsed Q1 2018	1 January 2018
IFRS 9 <i>Financial Instruments</i>	1 January 2018	1 January 2018
Amendments to IFRS 9 <i>Financial Instruments</i> : Prepayment features with negative compensation	Expected to be endorsed 2018	1 January 2019
IFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018	1 January 2018
IFRS 16 <i>Leases</i>	1 January 2019	1 January 2019
Annual Improvements to IFRSs (2014 - 2016)	Expected to be endorsed Q4 2017	1 January 2018
Annual Improvements to IFRSs (2015 - 2017)	Expected to be endorsed 2018	1 January 2019
IFRIC 22 <i>Foreign Currency Transactions and Advance Consideration</i>	Expected to be endorsed Q1 2018	1 January 2018
IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	Expected to be endorsed 2018	1 January 2019

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

Revenue recognition

Turnover represents the amounts invoiced, excluding value added tax, in respect of rents receivable. All of the revenue is derived from UK operations.

Operating leases

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

Functional currency

The functional currency of the Company is GBP sterling, the currency in which the majority of the Company's transactions are denominated, and all values are rounded to the nearest pound, except where otherwise indicated.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into Sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the profit and loss account.

Taxation

Current and deferred tax charges are recognised in the profit and loss, except where the tax charge relates to items which are recognised directly in equity or other comprehensive income.

Current tax comprises the expected tax payable or receivable in respect of taxable profits or losses in the year plus any prior year adjustments. It is measured using the UK tax rates and laws enacted or substantially enacted at the reporting date.

Deferred taxation is provided in respect of temporary timing differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxation is measured on a non-discounted basis, using the UK tax rates and laws that are enacted or substantially enacted at the reporting date and are expected to apply in the periods in which the timing differences are expected to reverse.

Deferred tax assets are recognised only to the extent that it is probable that there will be sufficient future taxable profits against which it can be utilised.

Deferred tax assets and liabilities are off set when there is a legally enforceable right to do so, when they relate to income taxation by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. Accounting policies (continued)

Pension

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument.

Financial assets

The Company classifies its financial assets as trade and other receivables. Classification of financial assets depends on the purpose for which the financial assets are required. The Company determines the classification of its financial assets at initial recognition.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and subsequently measured at amortised cost. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are recognised as financial assets. They comprise cash held by the Group and short term bank deposits with an original maturity date of three months or less.

Financial liabilities

The Company classifies its financial liabilities as trade and other payables. Classification of financial liabilities depends on the purpose for which the financial liabilities are required. The Company determines the classification of its financial liabilities at initial recognition.

Trade payables

Trade payables are initially recognised as financial liabilities measured at fair value, and subsequent to initial recognition measured at amortised cost.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****2. Accounting policies (continued)****Financial liabilities*****Bank borrowings***

Interest bearing bank loans, overdrafts and other loans are recognised as financial liabilities and recorded at fair value, net of direct issue costs. Finance costs are accounted for on the accruals basis in the income statement using the effective interest rate.

3. Critical accounting judgements and key sources of estimation uncertainty

The Company's significant accounting policies are outlined in note 2 to the financial statements. No other significant accounting policies require the directors to make difficult, subjective or complex judgements or estimates.

4. Revenue

An analysis of the Company's revenue is as follows:

	2017 £'000	2016 £'000
Revenue from the United Kingdom	<u>4,599</u>	<u>-</u>

5. Staff costs

	2017 £'000	2016 £'000
Wages and salaries	888	-
Social security costs	78	-
Pension costs	8	-
	<u>974</u>	<u>-</u>

The average monthly number of employees during the year was:

	2017 Number	2016 Number
Management & Administration	11	-
Hotel Staff	33	-
	<u>44</u>	<u>-</u>

The company operates a defined contribution scheme for employees. The assets of the scheme are held in a separate trustee administered fund. The pension costs charge represents contributions payable by the company to the fund amounting to £8,235 (2016: £nil). There were no outstanding contributions at the year end (2016: £nil).

PARK ROYAL HOTEL OPERATOR LIMITED

Company number: 08083333

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****6. Directors' emoluments**

The Company's directors did not receive any emoluments during the year (2016: nil) in respect of their services to the company.

7. Operating loss

Operating loss for the year is stated after charging:	2017 £'000	2016 £'000
Auditors remuneration – audit	6	2
Auditors remuneration – other services	2	-
Amounts payable under operating leases – land and buildings	2,208	-
	<hr/>	<hr/>

8. Interest receivable and similar income

	2017 £'000	2016 £'000
Bank interest	<hr/> 2	<hr/> -

9. Taxation

	2017 £'000	2016 £'000
Recognised in the statement of total comprehensive income		
Current tax expense	-	-
In respect of prior years	<hr/> -	<hr/> -
Deferred tax expense	<hr/> -	<hr/> -
Total income tax charge in the statement of total comprehensive income	<hr/> -	<hr/> -

Factors affecting tax charge for the current year

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK: 19.25% (2016: 20%)

PARK ROYAL HOTEL OPERATOR LIMITED

Company number: 08083333

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****9. Taxation (continued)**

Reconciliation of effective tax rate	2017 £'000	2016 £'000
Loss before tax	<u>(1,486)</u>	<u>(122)</u>
Tax at the applicable tax rate of 19.25% (2016: 20%)	286	24
Group relief	(286)	(24)
Total income tax expense	<u><u>-</u></u>	<u><u>-</u></u>

10. Inventories

	2017 £'000	2016 £'000
Goods for resale	<u>21</u>	<u>-</u>

There is no material difference between the carrying value of inventories and their replacement costs.

11. Trade and other receivables

	2017 £'000	2016 £'000
Trade receivables	288	-
Prepayments and other debtors	<u>364</u>	<u>12</u>
	<u><u>652</u></u>	<u><u>12</u></u>

All amounts fall due within one year.

12. Trade and other payable

	2017 £'000	2016 £'000
Trade payables	62	-
Amounts due to related party undertakings	2,424	188
Taxation and social security	29	-
Accruals and deferred income	<u>290</u>	<u>-</u>
	<u><u>2,805</u></u>	<u><u>188</u></u>

PARK ROYAL HOTEL OPERATOR LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****13. Share capital**

	2017 £	2016 £
Authorised, allotted, called up and fully paid:		
100 (2016: 100) Ordinary shares of £1 each	<u>100</u>	<u>100</u>

The Company has one class of ordinary shares which carry no right to fixed income.

14. Equity

	2017 £'000	2016 £'000
Share capital	-	-
Retained loss	<u>(1,608)</u>	<u>(122)</u>
	<u>(1,608)</u>	<u>(122)</u>

Retained loss

Retained loss represents accumulated comprehensive income for the year and prior periods.

15. Operating lease arrangements

At 31 December 2017 the Company had commitments under non-cancellable operating leases as follows;

	Land and Buildings 2017 £'000	2016 £'000
Within one year	2,650	-
After one year but within five years	10,600	-
After five years	<u>51,013</u>	<u>-</u>
	<u>61,613</u>	<u>-</u>

16. Capital commitments

At 31 December 2016 and 31 December 2017 the Company had no capital commitments.

17. Related parties

The Company has taken advantage of the exemption under IAS 24, "Related Party Disclosures", not to disclose transactions with group undertakings as it is a subsidiary undertaking which is 100% controlled by the ultimate parent undertaking.

For the year ended 31 December 2017 the Company had no transactions with other subsidiaries of PPHE Hotel Group Limited that are not 100% owned.

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Control

The company's immediate and ultimate parent undertaking was PPHE Hotel Group Limited, a company registered in Guernsey. Copies of the consolidated financial statements of PPHE Hotel Group Limited are available to the public on the Company's website at www.pphe.com.