

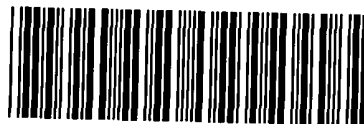
Registered number: 03214521

BANKSIDE HOTELS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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BANKSIDE HOTELS LIMITED

COMPANY INFORMATION

Directors	M S Gourgey K Gourgey N J Gourgey C D Gourgey
Registered number	03214521
Registered office	35 Ballards Lane London N3 1XW
Independent auditors	Berg Kaprow Lewis LLP Chartered Accountants & Statutory Auditor London

BANKSIDE HOTELS LIMITED

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BANKSIDE HOTELS LIMITED
REGISTERED NUMBER: 03214521

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	4	500,307	555,895
Investments	5	21	21
Investment property	6	34,897,711	34,782,339
		<u>35,398,039</u>	<u>35,338,255</u>
Current assets			
Debtors: amounts falling due after more than one year	7	1,729,233	1,403,353
Debtors: amounts falling due within one year	7	1,455,428	1,431,473
Cash at bank and in hand		814,542	575,719
		<u>3,999,203</u>	<u>3,410,545</u>
Creditors: amounts falling due within one year	8	(875,740)	(1,100,781)
Net current assets		<u>3,123,463</u>	<u>2,309,764</u>
Total assets less current liabilities		<u>38,521,502</u>	<u>37,648,019</u>
Creditors: amounts falling due after more than one year	9	(15,000,000)	(15,000,000)
Provisions for liabilities			
Deferred tax	12	(3,256,386)	(3,596,427)
		<u>(3,256,386)</u>	<u>(3,596,427)</u>
Net assets		<u><u>20,265,116</u></u>	<u><u>19,051,592</u></u>
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account	14	20,265,016	19,051,492
		<u><u>20,265,116</u></u>	<u><u>19,051,592</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

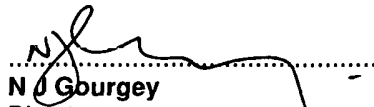
The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

BANKSIDE HOTELS LIMITED
REGISTERED NUMBER: 03214521

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2016

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


.....
N. J. Gourney
Director

Date: 13-9-17

The notes on pages 3 to 16 form part of these financial statements.

BANKSIDE HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. General information

The principal activity of Bankside Hotels Limited ('the company') is that of leasing hotels.

The company is a private company limited by shares and is incorporated in England and Wales.

The address of its registered office is 35 Ballards Lane, London, N3 1XW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland FRS 102 and the Companies Act 2006. The date of transition to FRS 102 was 1 January 2015.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.3 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

BANKSIDE HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.3 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Plant and machinery	- 10% reducing balance
Fixtures and fittings	- 10% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Income and Retained Earnings.

2.4 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Income and Retained Earnings.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

(i) Financial assets

Basic financial assets, including trade and other receivables, are initially recognised at transaction price, 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.

BANKSIDE HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.8 Financial instruments (continued)

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of income and retained earnings.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Basic debt instruments, including basic loans, are required to be measured at amortised cost using the effective interest method. For debt instruments provided at a below-market interest rate, consideration has been given to the appropriate rate to be used in the discounting of these debt instruments. An interest rate that is considered to be appropriate taking into account third party rates, has been adopted in the discounting of the interest free loans.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

BANKSIDE HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. 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.

There are no judgments (apart from those involving estimates) that have had a significant effect on amounts recognised in the financial statements.

BANKSIDE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

4. Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 January 2016	2,622,000	612,329	3,234,329
At 31 December 2016	2,622,000	612,329	3,234,329
Depreciation			
At 1 January 2016	2,173,638	504,796	2,678,434
Charge for the period on owned assets	44,836	10,753	55,589
At 31 December 2016	2,218,474	515,549	2,734,023
Net book value			
At 31 December 2016	403,526	96,780	500,306
<i>At 31 December 2015</i>	448,362	107,533	555,895

5. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2016	21
At 31 December 2016	21
Net book value	
At 31 December 2016	21
<i>At 31 December 2015</i>	21

BANKSIDE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Riverbank Hotels Limited	Ordinary	100 %	A holding company
Pedersen (Temple Quay) Limited	A Ordinary	95 %	A lessor of hotels
Pedersen (Newport) Limited	A Ordinary	95 %	Owns and operates an hotel
Pedersen (Swansea) Limited	A Ordinary	95 %	Holds shares in Pearl Hotels (Swansea) Limited
Pearl Hotel (Swansea) Limited	Ordinary	95 %	Owns and operates an hotel

The aggregate of the share capital and reserves as at 31 December 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Pedersen (Newport) Ltd	(299,530)	202,155
Pedersen (Swansea) Ltd	(1,234,847)	(325,915)
Pearl Hotels (Swansea) Ltd	(2,670,596)	104,565
Pedersen (Temple Quay) Limited	600,916	527,687
Riverbank Hotels Limited	<u>2,862,894</u>	<u>117,564</u>

BANKSIDE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

6. Investment property

	Freehold investment property £
Valuation	
At 1 January 2016	34,782,339
Additions at cost	115,372
At 31 December 2016	<u>34,897,711</u>

The valuations were made by HVS in 2015, on an open market value for existing use basis. The directors believe that the value in the financial statements provides a reasonable reflection of market value as at 31 December 2016.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2016 £	2015 £
Historic cost	10,494,831	10,494,831

BANKSIDE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. Debtors

	2016 £	2015 £
Due after more than one year		
Amounts owed by group undertakings	300,000	-
Other debtors	1,429,233	1,403,353
	<u>1,729,233</u>	<u>1,403,353</u>
	2016 £	2015 £
Due within one year		
Amounts owed by group undertakings	1,067,901	1,041,855
Other debtors	300,001	380,299
Prepayments and accrued income	87,526	9,319
	<u>1,455,428</u>	<u>1,431,473</u>

8. Creditors: Amounts falling due within one year

	2016 £	2015 £
Amounts owed to group undertakings	85,000	85,000
Taxation and social security	184,138	193,161
Other creditors	7,442	208,044
Accruals and deferred income	599,160	614,576
	<u>875,740</u>	<u>1,100,781</u>

9. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Bank loans	15,000,000	15,000,000
	<u>15,000,000</u>	<u>15,000,000</u>

Secured loans

The bank loan is secured by:

- (i) A first legal charge over the company's freehold property
- (ii) A mortgage debenture giving a fixed and floating charge over the assets of the company.

BANKSIDE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10. Loans

Analysis of the maturity of loans is given below:

	2016 £	2015 £
Amounts falling due 2-5 years		
Bank loans	15,000,000	-
	<u>15,000,000</u>	<u>-</u>
Amounts falling due after more than 5 years		
Bank loans	-	15,000,000
	<u>-</u>	<u>15,000,000</u>
	<u>15,000,000</u>	<u>15,000,000</u>

11. Financial instruments

	2016 £	2015 £
Financial assets		
Financial assets measured at amortised cost	3,097,135	2,825,507
	<u>3,097,135</u>	<u>2,825,507</u>
Financial liabilities		
Financial liabilities measured at amortised cost	15,214,142	15,449,294
	<u>15,214,142</u>	<u>15,449,294</u>

Financial assets measured at amortised cost comprise amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings, other creditors, accruals and bank loans.

BANKSIDE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

12. Deferred taxation

	2016 £
At beginning of year	(3,596,427)
Charged to profit or loss	340,041
At end of year	(3,256,386)

The provision for deferred taxation is made up as follows:

	2016 £
Origination and reversal of timing differences	279,641
Revaluation of investment property	(3,536,027)
	(3,256,386)

BANKSIDE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

13. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

14. Reserves

Profit and loss account

The profit and loss account includes of all current and prior period retained profits and losses. It also includes non-distributable gains and losses arising on revaluation of investment property.

15. Prior year adjustment

The hotel property has been reclassified in the prior year from freehold property within tangible fixed assets to freehold property within investment property as this more accurately describes the property and its purpose.

There has been no impact on either profits or net assets previously reported as a result of this presentational prior year adjustment.

16. Contingent liabilities

The company has provided a guarantee limited to £2 million in respect of the bank borrowings of one of its subsidiaries: Pedersen (Newport) Ltd.

The company has also provided a guarantee to secure all interest due and payable on the liabilities of one of its subsidiaries: Pedersen (Swansea) Ltd.

BANKSIDE HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

17. Related party transactions

Where possible, the company has taken advantage of the exemption conferred by FRS 102 Section 33 from the requirement to disclose transactions with wholly owned group entities.

Included within the administrative expenses are management fees totalling £555,000 (2015: £180,000) paid to a company with common directors.

Included within the amounts owed from group undertakings is a balance totalling £1,367,901 (2015: £1,041,855) owed from an entity with common control. Movement in the year is due to intercompany financing.

Included within other debtors is a balance owed to directors and connected persons of £4,927 (2015: £4,297). There has been no movement during the year.

Included within other debtors due within one year is a balance totalling £295,074 (2015: other creditors of £200,601) owed by entities with common directors. Movement in the year is due to management charges and intercompany recharges.

Included within other debtors due in more than one year is a balance totalling £1,429,233 (2015: £1,403,353) owed by entities with common directors. Movement in the year is due to interest charged on the balances.

Included within other creditors is a loan balance of £7,442 (2015: £208,044) owed to an entity with common control. The movement in the year is repayments made of the loan balance.

Included within interest receivable is a balance of £74,676 (2015: £42,972) received from entities with a common control.

18. Controlling party

There is no one party which has overall control of the company.

BANKSIDE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

19. First time adoption of FRS 102

The company transitioned to FRS 102 from previously extant UK GAAP as at 1 January 2015. The impact of the transition to FRS 102 is as follows:

	As previously stated 1 January 2015 £	Effect of transition 1 January 2015 £	FRS 102 (as restated) 1 January 2015 £	As previously stated 31 December 2015 £	Effect of transition 31 December 2015 £	FRS 102 (as restated) 31 December 2015 £
Note						
Fixed assets	23,000,021	-	23,000,021	35,338,256	-	35,338,256
Current assets	4,676,651	-	4,676,651	3,410,543	-	3,410,543
Creditors: amounts falling due within one year	(17,401,282)	-	(17,401,282)	(1,100,780)	-	(1,100,780)
Net current (liabilities)/assets	(12,724,631)	-	(12,724,631)	2,309,763	-	2,309,763
Total assets less current liabilities	10,275,390	-	10,275,390	37,648,019	-	37,648,019
Creditors: amounts falling due after more than one year	-	-	-	(15,000,000)	-	(15,000,000)
Provisions for liabilities	-	(1,517,233)	(1,517,233)	-	(3,596,427)	(3,596,427)
Net assets	10,275,390	(1,517,233)	8,758,157	22,648,019	(3,596,427)	19,051,592
Capital and reserves	10,275,391	(1,517,234)	8,758,157	22,648,018	(3,596,426)	19,051,592

BANKSIDE HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

19. First time adoption of FRS 102 (continued)

	<i>As previously stated 31 December 2015 £</i>	<i>Effect of transition 31 December 2015 £</i>	FRS 102 (as restated) 31 December 2015 £
Note			
Turnover	1,739,219	-	1,739,219
	1,739,219	-	1,739,219
Administrative expenses	(990,031)	-	(990,031)
Operating profit	749,188	-	749,188
Interest receivable and similar income	42,972	-	42,972
Interest payable and similar charges	(819,532)	-	(819,532)
Taxation	(27,373)	(2,051,821)	(2,079,194)
Loss on ordinary activities after taxation and for the financial year	(54,745)	(2,051,821)	(2,106,566)

Explanation of changes to previously reported profit and equity:

- 1 This is the first year that the company has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 December 2015. The date of transition to FRS 102 was 1 January 2015.

An adjustment has been made from figures previously reported to reflect a deferred tax liability on the surplus arising on the revaluation of investment property. The revaluation reserve as previously reported has been transferred to the profit and loss reserve as a non-distributable balance. The comparative information for provisions for liabilities has increased by £3,596,426 with a corresponding decrease in the profit and loss reserve. The comparative information for profit after tax has decreased by £2,051,821.

20. Auditors' information

The accounts have been audited in accordance with applicable law and International Standards on Auditing (UK and Ireland).

The audit report expressed an unqualified opinion and was signed by Steven Hocking-Robinson FCA, the Senior Statutory Auditor of Berg Kaprow Lewis LLP.