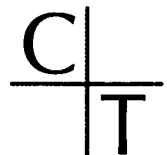


Channings Hotel Limited
Financial Statements
For the year ended
31 December 2016



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Channings Hotel Limited

Financial Statements

Year ended 31 December 2016

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Detailed income statement	
Notes to the detailed income statement	

Channings Hotel Limited

Officers and Professional Advisers

The Board of Directors

Mr Sheetal Kapoor
Mr Rakesh Kapoor

Registered Office

5-11 Lavington Street
Southwark
London
SE1 0NZ

Auditor

Chiene + Tait LLP
Chartered Accountants & Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

Bankers

Bank of Scotland
7 Glasgow Road
Denny
Stirlingshire
FK6 6BB

Royal Bank of Scotland
36 St Andrew Square
Edinburgh
EH2 2AD

Channings Hotel Limited

Directors' Report

Year ended 31 December 2016

The directors present their report and the financial statements of the company for the year ended 31 December 2016.

Principal activities

The principal activity of the company during the year was the operation of a hotel.

Directors

The directors who served the company during the year were as follows:

Mr Sheetal Kapoor

Mr Rakesh Kapoor

Directors' responsibilities statement

The directors are responsible for preparing the directors' 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 company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Channings Hotel Limited

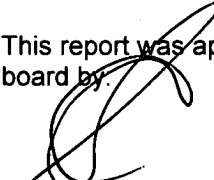
Directors' Report *(continued)*

Year ended 31 December 2016

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 27th September 2017 and signed on behalf of the board by:



Mr Sheetal Kapoor

Director

Year ended 31 December 2016

We have audited the financial statements of Channings Hotel Limited for the year ended 31 December 2016 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "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 explained more fully in the directors' responsibilities statement, 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 and express an opinion on 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 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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its 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, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Channings Hotel Limited

Independent Auditor's Report to the Members of Channings Hotel Limited

(continued)



Year ended 31 December 2016

Matters on which we are required to report by exception

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

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, or returns adequate for our audit have not been received from branches not visited by us; or
 - the financial statements are not in agreement with the accounting records and returns; or
 - certain disclosures of directors' remuneration specified by law are not made; or
 - we have not received all the information and explanations we require for our audit; and
 - the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Jeremy Chittleburgh BSC CA (Senior Statutory Auditor)

For and on behalf of
Chiene + Tait LLP
Chartered Accountants & Statutory Auditor
61 Dublin Street
Edinburgh
EH3 6NL

29/9/17

Channings Hotel Limited
Statement of Comprehensive Income

Year ended 31 December 2016

	Note	2016 £	2015 £
Turnover		1,406,302	1,323,098
Cost of sales		<u>595,144</u>	<u>579,858</u>
Gross profit		811,158	743,240
Administrative expenses		<u>740,736</u>	<u>777,157</u>
Operating profit/(loss)		70,422	(33,917)
Interest payable		<u>—</u>	<u>33,000</u>
Profit/(loss) before taxation	6	70,422	(66,917)
Taxation on ordinary activities	7	<u>(6,274)</u>	<u>(31,639)</u>
Profit/(loss) for the financial year		<u>76,696</u>	<u>(35,278)</u>
Revaluation of tangible assets		<u>—</u>	<u>—</u>
Total comprehensive income for the year		<u>76,696</u>	<u>(35,278)</u>

All the activities of the company are from continuing operations.

The notes on pages 9 to 14 form part of these financial statements

Channings Hotel Limited

Statement of Financial Position

31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	9	3,538,229	3,664,771
Current assets			
Stocks		10,800	11,874
Debtors	10	111,784	108,633
Cash at bank and in hand		337,237	132,374
		<u>459,821</u>	<u>252,881</u>
Creditors: amounts falling due within one year	11	<u>3,411,386</u>	<u>3,370,897</u>
Net current liabilities		(2,951,565)	(3,118,016)
Total assets less current liabilities		586,664	546,755
Provisions			
Taxation including deferred tax	12	114,230	151,017
Net assets		<u>472,434</u>	<u>395,738</u>
Capital and reserves			
Called up share capital		1	1
Revaluation reserve		1,030,661	997,699
Profit and loss account		<u>(558,228)</u>	<u>(601,962)</u>
Members funds		<u>472,434</u>	<u>395,738</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 27th September 2017, and are signed on behalf of the board by:


Mr Sheetal Kapoor
Director

Company registration number: 07408721

Channings Hotel Limited
Statement of Changes in Equity

Year ended 31 December 2016

	Note	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2015		1	967,241	(536,226)	431,016
Loss for the year		—	—	(35,278)	(35,278)
Transfer to revaluation reserve for deferred tax		—	30,458	(30,458)	—
At 31 December 2015		1	997,699	(601,962)	395,738
Profit for the year		—	—	76,696	76,696
Transfer to revaluation reserve for deferred tax		—	32,962	(32,962)	—
Total comprehensive income for the year		—	32,962	43,734	76,696
At 31 December 2016		1	<u>1,030,661</u>	<u>(558,228)</u>	<u>472,434</u>

The notes on pages 9 to 14 form part of these financial statements

Channings Hotel Limited

Notes to the Financial Statements

Year ended 31 December 2016

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 5-11 Lavington Street, Southwark, London, SE1 0NZ.

2. Statement of compliance

These financial statements have been prepared in compliance with the provisions of FRS 102 Section 1A, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going Concern

The financial statements have been prepared on a going concern basis. The directors have assessed the Company's ability to continue as a going concern and have reasonable expectation that 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 these financial statements.

Revenue recognition

Turnover represents amounts receivable from room revenue and income from food and beverage net of VAT.

Significant judgements and 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. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 9 for carrying amounts of tangible assets.

ii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 10 for carrying amount of debtors.

Channings Hotel Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

Income tax

Taxation expense for the period comprises current and deferred tax recognised in the reporting period, and is charged in the Statement of Comprehensive Income. Deferred tax is provided on the liability method to take account of timing differences between the treatment for certain items for accounts purposes and the treatment for tax purposes. Tax deferred is accounted for in respect of all material timing differences. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

Tangible assets

Tangible fixed assets are initially recognised at cost which is the purchase price plus any directly attributable costs. Subsequently tangible fixed assets are measured at cost less accumulated depreciation and impairment losses, except for freehold property which is measured using the revaluation model.

Freehold property is measured at fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made periodically ensuring the carrying amount does not differ materially from the fair value. Revaluation gains and losses are charged to other comprehensive income and accumulated in the revaluation reserve in equity.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	-	50 years straight line
Plant & machinery	-	3/6 years straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Channings Hotel Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

3. Accounting policies *(continued)*

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Pension costs

The company makes contributions to defined contribution pension schemes on behalf of certain employees. Contributions are charged to the profit and loss account in the period to which they relate.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments, which include trade and other receivables and cash and bank balances, are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Basic financial liabilities, which include trade and other payables, are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Other financial instruments are subsequently measured at fair value, with any changes recognised through profit or loss.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

4. Auditor's remuneration

	2016	2015
	£	£
Fees payable for the audit of the financial statements	<u>2,475</u>	<u>2,400</u>

Channings Hotel Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

5. Particulars of employees

The average number of persons employed by the company during the year, including the directors, amounted to 36 (2015: 38).

6. Profit before taxation

Profit/(loss) before taxation is stated after charging:

	2016 £	2015 £
Amortisation of intangible assets	–	98,404
Depreciation of tangible assets	<u>128,492</u>	<u>128,167</u>

7. Taxation on ordinary activities

Major components of tax income

	2016 £	2015 £
Current tax:		
UK current tax income	30,513	(4,385)
Deferred tax:		
Origination and reversal of timing differences	<u>(36,787)</u>	<u>(27,254)</u>
Taxation on ordinary activities	<u>(6,274)</u>	<u>(31,639)</u>

Reconciliation of tax expense

The tax assessed on ordinary activities for the year is higher than (2015: lower) than the standard rate of corporation tax in the UK of 20% (2015: 20.25%).

	2016 £	2015 £
Loss on ordinary activities before taxation	<u>70,422</u>	<u>(66,917)</u>
Income tax calculated	14,084	(13,551)
Expenses not deductible for tax purposes	13,540	12,666
Difference in tax rates	(6,012)	(296)
Capital gains tax adjustments	<u>(27,886)</u>	<u>(30,458)</u>
Tax on profit on ordinary activities	<u>(6,274)</u>	<u>(31,639)</u>

Factors affecting the tax charge

A reduction in the UK corporation tax rate from 20% to 19% was enacted in November 2015 and will take effect from 1 April 2017. A further reduction from 19% to 17% has also been enacted and will take effect from 1 April 2020.

If the company's properties were sold for their net book value at the balance sheet date it is estimated that there would be a resultant tax liability of £96,452 (2015: £129,414).

Channings Hotel Limited

Notes to the Financial Statements (continued)

Year ended 31 December 2016

9. Tangible assets

	Freehold property £	Plant and machinery £	Total £
Cost			
At 1 January 2016	3,549,082	522,490	4,071,572
Additions	—	1,950	1,950
At 31 December 2016	3,549,082	524,440	4,073,522
Depreciation			
At 1 January 2016	118,445	288,356	406,801
Charge for the year	70,013	58,479	128,492
At 31 December 2016	188,458	346,835	535,293
Carrying amount			
At 31 December 2016	3,360,624	177,605	3,538,229
At 31 December 2015	3,430,637	234,134	3,664,771

The freehold property was valued at £3,500,000 on a fully operational entity basis by Colliers International on 27 March 2015. The historical cost of assets included in the valuation is £2,421,969 (2015: £2,421,319).

The directors are of the opinion that the current valuation is not significantly different from the carrying value in the balance sheet.

10. Debtors

	2016 £	2015 £
Trade debtors	75,187	64,830
Amounts owed by group undertakings	—	4,426
Other debtors	36,597	39,377
	111,784	108,633

11. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	85,185	90,699
Amounts owed to group undertakings	3,203,260	3,203,003
Corporation tax	30,496	41
Social security and other taxes	58,215	49,439
Other creditors	34,230	27,715
	3,411,386	3,370,897

Channings Hotel Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2016

12. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2016 £	2015 £
Included in provisions (note 13)	<u>114,230</u>	<u>151,017</u>

13. Provisions

	Accelerated capital allowances £	Other timing differences £	Total £
Provision at 1 January 2015	22,272	128,745	151,017
Charged to statement of comprehensive income	(3,842)	(32,945)	(36,787)
Provision at 31 December 2016	<u>18,430</u>	<u>95,800</u>	<u>114,230</u>

14. Related party transactions

The company has taken advantage of the exemptions conferred by Section 33 of Financial Reporting Standard 102 from the requirements to make disclosures of transactions with entities that are part of the group on the grounds that voting rights in the company are 100% controlled within the group headed by Europoint Holdings Limited and the company is included in the consolidated financial statements.

15. Controlling party

The ultimate parent undertaking is Europoint Holdings Limited, a company registered in England and Wales.

The smallest group of which Channings Hotel Limited is a member for which group financial statements are prepared is The Edinburgh Collection Limited. The largest group of which Channings Hotel Limited is a member for which group financial statements are prepared is Europoint Holdings Limited. Copies of consolidated accounts can be obtained from the registered office.

In the opinion of the directors, the ultimate controlling party is Mr Sheetal Kapoor.

16. Going concern

The financial statements have been prepared on a going concern basis on the assumption that the ultimate parent undertaking, Europoint Holdings Limited shall continue to provide financial support as and when required.