

St. James's Hotel (Winchester) Limited

Registered number: 8904792

Report and financial statements for the period ended 28 December 2014

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The Directors present their strategic report for St. James's Hotel (Winchester) Limited (the 'Company') for the ten-month period ended 28 December 2014.

Review and analysis of the business during the current period

Introduction

The Company was incorporated on 20 February 2014 and acquired the Winchester Royal Hotel in Winchester on 7 March 2014.

The Directors shortened the Company's year to end on 28 December 2014.

The principal business was the provision of hotel services to the domestic corporate and business traveller market, supported by travel and leisure guests.

Key performance indicators

The Directors use a number of performance measures to monitor and manage the business as set out below.

Earnings before Interest, Tax, Depreciation and Amortisation ('EBITDA') - is calculated both before and after repairs and maintenance expenditure as the Directors consider it essential to monitor the operating performance separately from the discretionary cost of repairs and maintenance. The strategy is to ensure repairs and maintenance expenditure, together with capital expenditure, is at the level of spend appropriate to maintain the quality of facilities. Within EBITDA a number of subsidiary KPI's are used including:-

- ADR (Average Daily Rate),
- Percentage Occupancy; and
- RevPAR (Revenue Per Available Room).

Development and financial performance during the period

The results for the period are set out in the profit and loss account on page 8.

Financial position at the reporting date

The Company's financial position as at the end of the period is set out in the balance sheet on page 9.

Principal risks and uncertainties facing the business

The Directors continually monitor the key risks facing the Company together with assessing the controls used for managing these risks. The board of Directors formally reviews and documents the principal risks facing the business at least monthly.

The principal risks and uncertainties facing the Company are as follows:

The UK economy

Revenues across the UK hotel sector as a whole are significantly correlated to the health of the wider UK economy. An economic downturn would lead to reduced customer spend across the sector.

Competition

The UK hotel sector is highly competitive. New hotel product in competing locations may damage the Company's earnings or necessitate additional investment to maintain the Company's competitive position.

Operations

The Company's ability to trade profitably depends upon delivering a guest experience that sufficient customers judge to be better value than competing product and of more value to them than the cost incurred by the Company in delivering that experience.

Public and employee liability

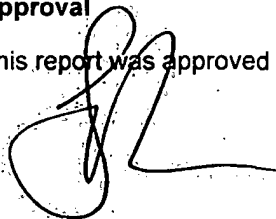
The Company has various statutory responsibilities in relation to the health and wellbeing of its guests, employees and members of the general public on its hotel premises. In addition to any direct liability that may arise from any failing in this regard, the Company is subject to regulation by various public health authorities having the power to require hotel properties to suspend trading were they to determine that there were material failings.

Access to finance

The Company relies on debt finance advanced by its parent group financing company, St. James's Hotel Financing Limited. The Company's ultimate parent group has substantial financial resources and has indicated its intention not to withdraw its financing provided via St. James's Hotel Financing Limited.

Approval

This report was approved by the board of Directors on 25/9/15 and signed on its behalf by:



Shaun Robinson
Director

Charter House, 25 High Street, Banbury, Oxfordshire, OX16 5EG

The Directors present the first annual report and financial statements of the Company, for the period 20 February 2014 to 28 December 2014.

The Company is registered in England and Wales, with registered number 8904792. The Company's registered office is Charter House, 25 High Street, Banbury, Oxfordshire, OX16 5EG.

Results

The Company's operating profit for the period, before interest, depreciation, amortisation and non-recurring items, was £40,245. Turnover for the period was £1,901,971. The profit after taxation was £6,757. The audited financial statements for the period ended 28 December 2014 are set out on pages 8 to 17.

Directors

The Directors who served during the period and up to the date of signing the financial statements were as follows:

Shaun Robinson (appointed 20 February 2014)
Somerston Capital Limited (appointed 5 August 2014)

At 28 December 2014 neither of the Directors serving at that date had any interest in the share capital of the Company.

Dividend

The Directors do not recommend payment of a final dividend on the ordinary shares.

Directors' responsibilities

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

Company law requires the Directors to prepare the financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Going concern

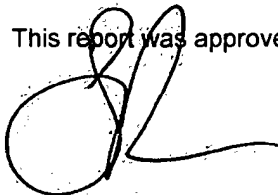
The Company is funded by its parent group financing company, St. James's Hotel Financing Limited, which has indicated its willingness to provide the necessary financial resources to enable the Company to continue in business for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the report and financial statements.

Auditors

A resolution to re-appoint KPMG LLP as auditor for the ensuing year will be proposed at the annual general meeting.

Approval

This report was approved by the board of Directors on 25/9/15 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'SR' with a large loop, positioned above the printed name and title.

Shaun Robinson
Director

Independent auditor's report to the Members of St. James's Hotel (Winchester) Limited

We have audited the financial statements of St. James's Hotel (Winchester) Limited for the period ended 28 December 2014 set out on pages 8 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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 described more fully in the directors' responsibilities statement set out on pages 4 and 5, 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 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 at 28 December 2014 and of its profit for the period then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period 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, 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.

B. J. Stapleton

30 September 2015

Benjamin Stapleton (Senior Statutory Auditor)
For and on behalf of
KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

St. James's Hotel (Winchester) Limited
Profit and loss account
For the period ended 28 December 2014

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	Notes	Period ended 28 December 2014 £
Turnover	1,3	1,901,971
Cost of sales		(846,421)
Gross profit		<u>1,055,550</u>
Distribution costs		(31,833)
Administrative expenses		<u>(1,014,198)</u>
Profit on ordinary activities before interest and similar charges	4	9,519
Interest payable and similar charges	6	<u>(2,762)</u>
Profit on ordinary activities before taxation		6,757
Taxation	7	<u>-</u>
Profit for the financial period	14	<u><u>6,757</u></u>

All amounts are derived from acquired operations.

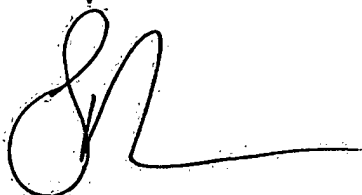
The Company has no recognised gains or losses other than the results for the period as set out above.

St. James's Hotel (Winchester) Limited
Balance sheet
28 December 2014

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	Notes	2014 £
Fixed assets		
Tangible fixed assets	9	78,629
		<u>78,629</u>
Current assets		
Stocks	10	8,164
Debtors	11	312,629
Cash at bank and in hand		17,767
		<u>338,560</u>
Creditors: Amounts falling due within one year	12	<u>(410,431)</u>
Net current liabilities		<u>(71,871)</u>
Total assets less current liabilities		<u>6,758</u>
Net assets		<u>6,758</u>
Capital and reserves		
Called up share capital	13	1
Profit and loss account	14	6,757
Shareholders' funds	15	<u>6,758</u>

These financial statements were approved and authorised for issue by the board of Directors on
25/9/15 and are signed on their behalf by:



Shaun Robinson
Director

Registered number: 8904792

1. Statement of accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current period.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting policies.

The Company's financial year ends on the Sunday nearest to 31 December each year.

Turnover

Turnover represents the invoiced amounts of goods and services provided and commissions earned, net of value added tax.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and provisions for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation of each asset, less its estimated residual value, on a straight-line basis over its expected useful economic life, as follows:

Leasehold property & improvements	Over the term of the lease, or 25 years if shorter
Fixtures and fittings	5 years

Stocks

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

Operating lease agreements

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases, and are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

The costs and subsequent revaluations of operating leaseholds and improvements thereon are treated as tangible fixed assets and written off in equal annual amounts over the remaining period of the lease.

Pension costs

The Company operates a defined contribution pension scheme for employees. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Going concern

The Company is funded by its parent group financing company, St. James's Hotel Financing Limited, which has indicated its willingness to provide the necessary financial resources to enable the Company to continue in business for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the report and financial statements.

2. Cash flow statement and related party disclosures

The Company is a wholly-owned subsidiary of St. James's Hotel Group Limited and is included in that company's consolidated financial statements, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

The Company is also exempt under the terms of FRS 8 from disclosing related-party transactions with entities that are part of the St. James's Hotel Group Limited group or investees of the St. James's Hotel Group Limited group.

3. Segmental information

The Company's turnover and profit before tax are attributable its one principal activity - the operating of the Winchester Royal Hotel in Winchester.

The Company's turnover arose wholly within the United Kingdom and related to acquired operations.

4. Profit on ordinary activities before interest and similar charges

Profit on ordinary activities before interest and similar charges is stated after charging:

	Period ended 28 December 2014 £
Depreciation of tangible fixed assets	2,851
Operating lease rentals	
- land and buildings	573,820
- other	10,390
Auditors' remuneration for audit services	4,000
Non-recurring items	<u>27,875</u>

Non-recurring items relate to one-off set-up costs incurred on acquisition of the Winchester Royal Hotel, and the establishment of hotel operations.

Fees payable to KPMG LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent company disclose such fees on a consolidated basis.

5. Employees and directors

The average monthly number of employees (including executive directors) was:

	Period ended 28 December 2014 Number
Sales	48
Administration	2
	<u>50</u>

Their aggregate remuneration was as follows:

	£
Wages and salaries	495,657
Social security costs	36,670
Other pension costs	2,277
	<u>534,604</u>

No emoluments were paid to any Director of the Company during the period, and no benefits accrued to any Director under Company pension schemes.

6. Interest payable and similar charges

	Period ended 28 December 2014 £
Other interest payable – intra-group loans	<u>2,762</u>

7. Tax on profit on ordinary activities

Period ended
28 December
2014
£

Analysis of tax charge in the period:

Current tax:

UK corporation tax based on the results for the period at 21%

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Reconciliation of the total tax charge:

The tax payable on the profit on ordinary activities for the period differs from the standard small-companies rate of corporation tax in the U.K. of 21%. The differences are explained below:

Period ended
28 December
2014
£

Profit on ordinary activities before taxation

6,757

Tax on profit on ordinary activities at standard U.K. small-companies
corporation tax rate of 21%

1,419

Expenses not deductible for tax purposes

1,961

Capital allowances in excess of depreciation

(5,495)

Other short-term timing differences

639

Losses carried forward

1,476

Total current tax

—

No deferred tax asset has been recognised as recovery against future profits is uncertain.

8. Acquisition of tangible fixed assets

During the period the Company acquired the Winchester Royal Hotel in Winchester. The acquisition originated through the acquisition, by a parent group company, of delinquent loans owed to third parties which were secured on the property. Following the acquisition and enforcement of these loans, and the placing of the borrower into administration, the Company acquired the leasehold interest in, and the trade and assets of, the hotel from the administrator. All costs directly associated with the loan acquisition, enforcement and administration have been capitalised as part of the acquisition cost of the property. The Directors are satisfied that the fair value of the property is at least equal to the amount capitalised.

9. Tangible fixed assets

	Leasehold property £	Fixtures & fittings £	Total £
Cost			
At 20 February 2014	-	-	-
Additions	1,682	79,798	81,480
Disposals	-	-	-
At 28 December 2014	<u>1,682</u>	<u>79,798</u>	<u>81,480</u>
Depreciation			
At 20 February 2014	-	-	-
Charge for the period	31	2,820	2,851
Disposals	-	-	-
At 28 December 2014	<u>31</u>	<u>2,820</u>	<u>2,851</u>
Net book value			
At 20 February 2014	-	-	-
At 28 December 2014	<u>1,651</u>	<u>76,978</u>	<u>78,629</u>

10. Stocks

Stocks held comprise finished goods held for resale. There is no material difference between the balance sheet value of stocks and their replacement cost.

11. Debtors

	2014 £
Trade debtors	216,912
Other debtors	8,319
Amounts due from group undertakings	48,024
Prepayments and accrued income	<u>39,374</u>
	<u>312,629</u>

12. Creditors: amounts falling due within one year

	2014
	£
Trade creditors	116,958
Amounts due to group undertakings	72,746
Other taxation and social security	93,548
Other creditors	1,236
Accruals and deferred income	125,943
	<u>410,431</u>

Amounts due to group undertakings represents a loan from the parent group's financing company, St. James's Hotel Financing Limited. This loan does not carry fixed terms of repayment, but the parent group company has indicated its intention to provide the necessary financial resources to enable the Company to continue in business for the foreseeable future.

13. Called up share capital

	2014
	£
<i>Allotted, called up and fully-paid</i>	
1 ordinary share of £1 each, allotted during the period	<u>1</u>

14. Profit and loss account

	2014
	£
At 20 February 2014	-
Profit for the financial period	6,757
At 28 December 2014	<u>6,757</u>

15. Reconciliation of movements in shareholders' funds

	2014
	£
Profit for the financial period	6,757
New ordinary share capital subscribed	<u>1</u>
Net increase in shareholders' funds	6,758
Opening shareholders' funds	<u>-</u>
Closing shareholders' funds	<u>6,758</u>

16. Financial commitments

At 28 December 2014 the Company had no capital commitments contracted for or provided for. At 28 December 2014 the Company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings £	Other £
On leases which expire:		
- within one year	-	10,081
- between two and five years	-	2,388
- after five years	<u>688,584</u>	<u>-</u>
	<u>688,584</u>	<u>12,469</u>

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

17. Ultimate parent company and controlling party

St. James's Hotel Properties Limited, a company incorporated in Great Britain, is the immediate parent company. St. James's Hotel Group Limited, a company incorporated in Great Britain, is the parent company of the smallest group of which the Company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from its registered office, Suite 2, 25 High Street, Banbury, Oxfordshire, OX16 5EG.

St. James's Hotel Group Limited is owned by St. James's Hotel Group Holdings Limited, a company incorporated in Jersey, which is an indirect subsidiary of Carlton Investment Trust Limited ("CITL"). The shares in CITL are owned by Carlton Limited as trustee of the Diana Hudson family settlement whom the Directors regard to be the Company's ultimate controlling party.