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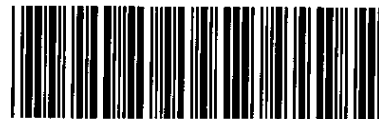
BPH Acquisition 2 Salford Limited

**Annual report and non-statutory
financial statements**

Year ended 31 December 2016

Company registration number: FC032921

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BPH Acquisition 2 Salford Limited

Annual report and non-statutory financial statements

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BPH Acquisition 2 Salford Limited

Directors and other information

Directors

D Arzi
J Braidley

Company secretary

Oakwood Corporate Services Limited
Third Floor
1 Ashley Road
Altrincham
Cheshire
WA14 2DT

Registered office

Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman
KY1 1104

Auditor

KPMG
Chartered Accountants
Stokes House
17/25 College Square East
Belfast
BT1 6DH

Registered number

FC032921

BPH Acquisition 2 Salford Limited

Strategic report

The directors present their strategic report for the year ended 31 December 2016.

Principal activity

The principal activity of the Company is the management of a hotel.

Business review

The results for the period are set out in the statement of profit and loss and other comprehensive income on page 8 and in the related notes.

Following the acquisition of Ramada Salford Quays by a fellow group undertaking in July 2015, the directors commenced a programme to rebrand to AC by Marriott which was successfully completed in May 2016. Through significant capital expenditure and improved customer service, they expect upon stabilisation to further boost profitability and hotel value.

Principal risks and uncertainties

The Company is a subsidiary of Bryant Park Hospitality Limited and as such, the principal risks and uncertainties of the Company are the same as those facing the wider Group.

The management of the Group's business and execution of the Group's strategy are subject to a number of risks. The key risks and uncertainties currently judged to have the greatest impact on the Group's performance include:

- Employee retention;
- Competition from other hotels;
- Fluctuations in property valuations; and
- Other market risks – hotels may be adversely impacted by changes in or failure to comply with regulations. The hotels operate under franchise agreements which require adherence to quality standards and criteria.

Financial risk management

The Company's operations expose it to a variety of financial risks which include liquidity and credit risk. Working capital requirements are financed with retained earnings and borrowings from other Group companies. Credit risk is managed via a formal credit policy.

Given the size of the Company and wider Group, the directors have not delegated responsibility for monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Group's finance department.

Key performance indicators

The directors are of the opinion that analysis using KPIs assists with their understanding of the development, performance and position of the business. Key performance indicators used by management include occupancy statistics, average daily rates, revenue per available room and operating margins. Such indicators are not presented as the directors consider their disclosure to be prejudicial to the Company's interests.

BPH Acquisition 2 Salford Limited

Strategic report *(continued)*

Future outlook

Competition in the marketplace remains strong, however the directors consider both the results for the period and trading prospects to be satisfactory. It is the directors' intention to continue to develop the present activities of the Company and wider Group.

On behalf of the board



C Kula
Director

30 June 2017

BPH Acquisition 2 Salford Limited

Directors' report

The directors present their report for the year ended 31 December 2016.

Dividends

No dividends were paid in the year (2015: £nil).

Directors

The directors who held office during the year were as follows:

C Kula (appointed 29 June 2017)
D Arzi (resigned 29 June 2017)
J Braidley 27

Political donations

The Company made no political donations during the year. (2015: £nil)

Financial instruments

The Company is exposed to credit and cash flow risks associated with selling on credit and manages this risk through its credit policy. This policy is to finance working capital requirements with retained earnings and borrowings from other Group companies.

Employee involvement

A formal employee representative is elected at each hotel which enables the Group to have a formal vehicle through which it can communicate and consult with employees. Ongoing effort is made to keep employees informed via an online communications hub, regular team briefings and employee engagement surveys.

Employees with disabilities

The Company recognises its obligations towards people with disabilities and its policy is to encourage and assist the employment of people with disabilities, having regard to the demands of the Company's operations and abilities to fulfil such demands. If existing employees become disabled, reasonable adjustments are made to allow appropriate work to be carried out and any necessary training provided. Employees with disabilities are encouraged and assisted in developing their careers and skills within the Company.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the 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.

On behalf of the board



C Kula
Director

30 June 2017

BPH Acquisition 2 Salford Limited

Statement of directors' responsibilities

The directors of BPH Acquisition 2 Salford Limited ('the directors') have accepted responsibility for the preparation of these non-statutory financial statements for the year ended 31 December 2016 which are intended by them to give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. They have decided to prepare the non-statutory financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and as if the requirements of the Companies Act 2006 were to apply.

In preparing these non-statutory financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepared the non-statutory financial statements on the going concern basis as they believe that the Company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and to enable them to ensure that the non-statutory financial statements comply with the Companies Act 2006, as if those requirements applied. They have a 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.

On behalf of the board



C Kula
Director



KPMG
Audit
Stokes House
17-25 College Square East
Belfast BT1 6DH
Northern Ireland

Independent auditor's report to the directors on the non-statutory financial statements of BPH Acquisition 2 Salford Limited

We have audited the non-statutory financial statements of BPH Acquisition 2 Salford Limited for the year ended 31 December 2016 which comprise the statement of profit and loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the cash flow statement and the related notes. These non-statutory financial statements have been prepared for the reasons set out in note 1, on the basis of International Financial Reporting Standards (IFRS) as adopted by the EU and as if the requirements of the Companies Act 2006 were to apply. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

In our opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the accounting policies and basis of preparation set out on pages 12 to 16.

2 Our conclusions on other matters on which we are required to report by the Companies Act 2006 are set out below

In our opinion, the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the strategic report and the directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

3 We have nothing to report in respect of matters on which we are required to report by exception

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

Basis of our report, responsibilities and restrictions on use

As explained more fully in the statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the non-statutory financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2006 as if it applied to the Company. Our responsibility is to audit, and express an opinion on, the non-statutory financial statements in accordance with the terms of our engagement letter dated 27 January 2017 and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.



Independent auditor's report to the directors on the non-statutory financial statements of BPH Acquisition 2 Salford Limited (continued)

Basis of our report, responsibilities and restrictions on use (continued)

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of accounting and reporting.

Our report has been prepared for the directors solely in connection with our engagement letter dated 27 January 2017. It has been released to the Company on the basis that our report shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

Our report was designed to meet the agreed requirements of the directors determined by the Company's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company for any purpose or in any context. Any party other than the Company who obtains access to our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG will accept no responsibility or liability in respect of our report to any other party.

Colm O'Sé
for and on behalf of KPMG
Chartered Accountants
Stokes House
17-25 College Square East
Belfast
BT1 6DH

30 June 2017

BPH Acquisition 2 Salford Limited

Statement of profit and loss and other comprehensive income for the year ended 31 December 2016

	<i>Note</i>	Year ended 31 December 2016 £'000	266 day period ended 31 December 2015 £'000
Revenue	3	2,982	1,671
Cost of sales		(1,641)	(664)
Gross profit		1,341	1,007
Administrative expenses		(1,506)	(653)
Other expenses		-	(33)
Operating loss		(165)	321
Finance expense		(15)	-
(Loss)/profit before taxation	6	(180)	321
Taxation	7	(24)	-
(Loss)/profit for the period		(204)	321

The Company had no other comprehensive income other than that dealt with in the profit and loss account and accordingly, a statement of other comprehensive income has not been presented.

The notes on pages 12 to 25 form an integral part of these non-statutory financial statements.

BPH Acquisition 2 Salford Limited

Statement of financial position as at 31 December 2016

	Note	31 December 2016 £'000	31 December 2015 £'000
Assets			
Non-current assets			
Property, plant and equipment	8	2,645	-
Total non-current assets		2,645	-
Current assets			
Inventories	9	29	13
Trade and other receivables	10	954	843
Cash and cash equivalents	11	2	-
Total current assets		985	856
Total assets		3,630	856
Equity			
Share capital	14	-	-
Retained earnings		117	321
Total equity		117	321
Liabilities			
Non-current liabilities			
Deferred tax liabilities	13	24	-
Total non-current liabilities		24	-
Current liabilities			
Trade and other payables	12	3,489	535
Total current liabilities		3,489	535
Total liabilities		3,513	535
Total equity and liabilities		3,630	856

These non-statutory financial statements were approved by the board of directors on 30 June 2017 and signed on its behalf by:



C Kula
Director

Company registration number: FC032921

The notes on pages 12 to 25 form an integral part of these non-statutory financial statements.

BPH Acquisition 2 Salford Limited

Statement of changes in equity for the year ended 31 December 2016

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2016	-	321	321
Comprehensive income:			
Loss for the financial year	-	(204)	(204)
Total comprehensive income for the year	-	(204)	(204)
Balance at 31 December 2016	-	117	117
	Share capital £'000	Retained earnings £'000	Total equity £'000
On incorporation	-	-	-
Comprehensive income:			
Profit for the financial period	-	321	321
Total comprehensive income for the period	-	321	321
Balance at 31 December 2015	-	321	321

The notes on pages 12 to 25 form an integral part of these non-statutory financial statements.

BPH Acquisition 2 Salford Limited

Cash flow statement

for the year ended 31 December 2016

	<i>Note</i>	Year ended 31 December 2016 £'000	266 day period ended 31 December 2015 £'000
Cash flows from operating activities			
(Loss)/profit for the year/period		(204)	321
<i>Adjustments for:</i>			
Depreciation and amortisation		358	-
Grant release		(9)	-
Taxation		24	-
		169	321
Increase in trade and other receivables		(111)	(843)
Increase in inventories		(16)	(13)
Increase in trade and other payables		2,506	535
		2,548	-
Net cash from operating activities			
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	(3,003)	-
Proceeds from receipt of franchisor contribution		457	-
		2,546	-
Net cash from investing activities			
Net increase/(decrease) in cash and cash equivalents		2	-
Cash and cash equivalents at start of the year/period		-	-
Cash and cash equivalents at end of year/period	11	2	-

The notes on pages 12 to 25 form an integral part of these non-statutory financial statements.

BPH Acquisition 2 Salford Limited

Notes

forming part of the non-statutory financial statements

1 Accounting policies and basis of preparation

BPH Acquisition 2 Salford Limited (the "Company") is a Company incorporated and domiciled in the Cayman Islands.

As the Company is registered in Grand Cayman, there is no requirement to prepare, have audited or disclose financial statements. However, the directors have decided to prepare these non-statutory financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU ("Adopted IFRS") and as if the requirements of the Companies Act 2006 were to apply.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these non-statutory financial statements.

These non-statutory financial statements are presented in £GBP, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

Certain of the Company's accounting policies and disclosures require the measurement of fair values. When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

1.2 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 2 and 3.

The external commercial environment is expected to remain competitive, however the directors remain confident that they will increase activities and improve current levels of performance in the future.

After making enquiries the directors have a reasonable expectation that the Company, based on forecasted cash flows, will have adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the non-statutory financial statements.

BPH Acquisition 2 Salford Limited

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

BPH Acquisition 2 Salford Limited

Notes (continued)

1 Accounting policies (continued)

1.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

Depreciation is charged to the statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Furniture, fixtures and fittings over 4 to 7 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

1.6 Inventories

Inventories are stated at the lower of cost and net realisable value.

1.7 Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and the loss event that had a negative effect on the estimated future cash flows of that asset can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in the profit or loss account. Interest on the impaired asset continues to be recognised through unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

BPH Acquisition 2 Salford Limited

Notes (continued)

1 Accounting policies (continued)

1.8 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of profit and loss in the periods during which services are rendered by employees.

1.9 Revenue

Revenue represents sales (excluding VAT) of goods and services net of discounts provided in the normal course of business and is recognised when services have been rendered.

Revenue is derived from hotel operations and includes the rental of rooms, food and beverage sales, leisure centre sales and membership. Revenue is recognised when rooms are occupied and food and beverages are sold. Leisure centre membership revenue is recognised over the life of the membership.

1.10 Expenses

Operating lease payments

Payments made under operating leases are recognised in the statement of profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

1.11 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

BPH Acquisition 2 Salford Limited

Notes (continued)

1 Accounting policies (continued)

1.12 Adopted IFRS not yet applied

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU.

There are a number of new standards, amendments to standards and interpretations effective for periods beginning 1 January 2017 or later with early application permitted, however the Company has not early adopted any new or amended standards in preparing these financial statements.

The Company is reviewing the impact of the implementation of the following new standards, amendments to standards and interpretations, however they are not expected to have a significant impact on the financial statements:

	Effective date – periods beginning on or after*
Amendments to IAS 7: Disclosure Initiative	1 January 2017*
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017*
IFRS 9 Financial Instruments (issued 24 July 2014)	1 January 2018
Annual improvements to IFRS Standards 2014-2016 Cycle (issued on 8 December 2016)	1 January 2017 and 1 January 2018*
IFRS 15: Revenue from Contracts with customers	1 January 2018
IFRS 16: Leases (issued on 13 January 2016)	1 January 2019*

* Not EU endorsed

2 Acquisitions

Acquisitions during the prior period

On 8 July 2015, the Company acquired the trade and assets of an operating hotel in Manchester for a cash consideration of £1. Net identifiable assets and liabilities acquired included working capital with a fair value of £1. No goodwill arose on the acquisition.

Acquisition related costs

Acquisition related costs of £33k were incurred and expensed. These costs were included in other expenses in the statement of profit and loss and other comprehensive income.

BPH Acquisition 2 Salford Limited

Notes (continued)

3 Revenue

	Year ended 31 December 2016 £'000	266 day period ended 31 December 2015 £'000
Provision of hotel services and supply of goods	2,982	1,671
	<u>2,982</u>	<u>1,671</u>

All revenue derives from the Company's principal activity which is carried out in the United Kingdom.

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the period analysed by category was as follows:

	Year ended 31 December 2016 No.	266 day period ended 31 December 2015 No.
Management, sales and administration staff	39	24
	<u>39</u>	<u>24</u>
The aggregate payroll costs of these persons were as follows:		
	£'000	£'000
Wages and salaries	821	356
Social security costs	61	29
Contributions to defined contribution plans	10	3
	<u>892</u>	<u>388</u>

5 Directors' remuneration

The directors did not receive any emoluments for services provided to the Company during the year (2015: £nil).

BPH Acquisition 2 Salford Limited

Notes (continued)

6 Expenses and auditor's remuneration

Included in profit/loss are the following:

	Year ended 31 December 2016 £000	266 day period ended 31 December 2015 £000
Depreciation of tangible fixed assets:		
- owned by the company	358	-

Auditor remuneration is borne by Bryant Park Employees and Services 2 Limited, a fellow group undertaking.

7 Taxation

	Year ended 31 December 2016 £'000	266 day period ended 31 December 2015 £'000
(a) Income tax recognised in profit and loss		
Current tax		
Current tax on profit for the period	-	-
Deferred tax		
Origination and reversal of temporary differences	28	-
Impact of change in tax rates	(4)	-
	24	-
Total tax expense	24	-

BPH Acquisition 2 Salford Limited

Notes (continued)

7 Taxation (continued)

(b) Reconciliation of effective tax rate

The current tax charge for the period is lower than the standard rate of corporation tax in the UK of 20%. The differences are explained below:

	Year ended 31 December 2016 £'000	266 day period ended 31 December 2015 £'000
(Loss)/profit before tax	(180)	321
Tax using the UK corporation tax rate of 20% (2015: 20.25%)	(36)	64
<i>Effects of:</i>		
Expenses not deductible for tax purposes	10	8
Group relief surrendered/(received) not paid for	54	(72)
Impact of change in tax rates	(4)	-
	<u>24</u>	<u>-</u>

(c) Factors which may affect future tax charges

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted by Finance Act 2015. The Finance Act 2016 further reduced the 18% rate to 17% with effect from 1 April 2020, following substantive enactment on 6 September 2016. Together this will reduce the Company's future tax charge accordingly.

BPH Acquisition 2 Salford Limited

Notes (continued)

8 Property, plant and equipment

	Fixtures and fittings £'000	Total £'000
Cost		
Balance at 1 April 2015	-	-
Additions	-	-
Balance at 31 December 2015	-	-
Balance at 1 January 2016	-	-
Additions	3,003	3,003
Balance at 31 December 2016	3,003	3,003
Depreciation and impairment		
Balance at 1 April 2015	-	-
Depreciation charge for the period	-	-
Balance at 31 December 2015	-	-
Balance at 1 January 2016	-	-
Depreciation charge for the year	358	358
Balance at 31 December 2016	358	358
Net book value		
At 1 April 2015	-	-
At 31 December 2015	-	-
At 31 December 2016	2,645	2,645

BPH Acquisition 2 Salford Limited

Notes (continued)

9	Inventories	31 December 2016 £'000	31 December 2015 £'000
	Goods for resale and consumables	29	13
		29	13

10	Trade and other receivables	31 December 2016 £'000	31 December 2015 £'000
	<i>Current assets</i>		
	Trade receivables	227	172
	Amounts due from group undertakings	689	530
	Amounts due from related parties	-	13
	Prepayments and accrued income	38	15
	Other receivables	-	110
	Tax and social security	-	3
		954	843

Amounts due from group undertakings are unsecured, interest free and repayable on demand.

11	Cash and cash equivalents	31 December 2016 £'000	31 December 2015 £'000
	Cash and cash equivalents per statement of financial position	2	-
	Cash and cash equivalents per cash flow statement	2	-

BPH Acquisition 2 Salford Limited

Notes (continued)

12 Trade and other payables	31 December 2016 £'000	31 December 2015 £'000
<i>Current liabilities</i>		
Trade payables	262	137
Amounts owed to group undertakings	2,524	221
Accrued expenses	226	171
Deferred income	471	-
Other taxation and social security	5	-
Other payables	1	6
	3,489	535

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

13 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 31 Dec 2016 £'000	31 Dec 2015 £'000	Liabilities 31 Dec 2016 £'000	31 Dec 2015 £'000	Net 31 Dec 2016 £'000	31 Dec 2015 £'000
Property, plant and equipment	-	-	24	-	24	-
Tax value of loss carry-forwards	-	-	-	-	-	-
Tax (assets)/liabilities	-	-	24	-	24	-
Offset	-	-	-	-	-	-
Net tax (assets)/liabilities	-	-	24	-	24	-

BPH Acquisition 2 Salford Limited

Notes (continued)

13 Deferred tax assets and liabilities (continued)

Movement in deferred tax (assets) and liabilities during the period

	1 January 2016 £'000	Recognised in income £'000	Recognised in equity £'000	31 December 2016 £'000
Property, plant and equipment	-	(24)	-	(24)
Tax value of loss carry-forwards utilised	-	-	-	-
Other	-	-	-	-
Deferred tax asset/(liabilities)	-	(24)	-	(24)

Movement in deferred tax during the prior year

	1 April 2015 £'000	Recognised in income £'000	Recognised in equity £'000	31 December 2015 £'000
Property, plant and equipment	-	-	-	-
Tax value of loss carry-forwards utilised	-	-	-	-
Deferred tax asset/(liabilities)	-	-	-	-

14 Capital and reserves

	31 December 2016 £'000	31 December 2015 £'000
Share capital		
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1	-	-

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

BPH Acquisition 2 Salford Limited

Notes (continued)

15 Contingencies

The Company is a party to a composite guarantee provided to M&G Investment Management Limited in connection with Group loans held by the Company and certain other statutory undertakings which at 31 December 2016 amounted to £125,820,000 (2015: £120,660,000) M&G Investment Management Limited holds a fixed charge over the company's assets, together with those of certain other subsidiary undertakings.

16 Commitments

Capital commitments

At 31 December 2016, the Company had entered into contracts to purchase property plant and equipment for £27k (2015: £15k). These commitments are expected to be settled in the following financial year.

17 Operating leases

The Company had no commitments under non-cancellable operating leases at 31 December 2016 (2015: £nil).

18 Related party transactions

Under IAS 24, *Related Party Disclosures*, the Company has a related party relationship with shareholders and key management personnel, including directors of the Company.

Parent and ultimate controlling party

The Company's immediate parent undertaking is BPH Acquisition 2 Limited, a company incorporated in the Cayman Islands which is itself a subsidiary of Bryant Park Hospitality Limited, a company incorporated in the Cayman Islands. The share capital of Bryant Park Hospitality Limited is indirectly owned by Maples and Calder which it holds for charitable purposes.

The ultimate controlling parties are Marathon European CRE Opportunity Fund and Marathon European Credit Opportunity Fund II.

The only group in which the results of the Company are consolidated is that headed by Bryant Park Hospitality Limited. The consolidated financial statements of this group are not available to the public.

The following transactions were conducted with related parties during the period:

	Year ended 31 December 2016 £'000	266 day period ended 31 December 2015 £'000
Management fees payable to Bryant Park Hospitality Limited	20	11
Management fees payable to fellow subsidiary undertakings	81	46
Recharge of expenses from fellow subsidiary undertakings	52	-

BPH Acquisition 2 Salford Limited

Notes (continued)

18 Related party transactions (continued)

As a result of a number of cash transfers, the following balances remain outstanding at period end:

	31 December 2016 £'000	31 December 2015 £'000
<i>Receivables:</i>		
Amounts owed by BPH Acquisition 2 Limited	321	-
Amounts owed by fellow subsidiary undertakings	368	530
Amounts owed by asset manager	-	13
<i>Payables:</i>		
Amounts owed to Bryant Park Hospitality Limited	(1)	-
Amounts owed to BPH Acquisition 1 Limited	(12)	-
Amounts owed to fellow subsidiary undertakings	(2,511)	(221)

Remuneration of key management

Key management is defined as the directors of the Company. Details of remuneration paid are outlined in note 5 above.

19 Subsequent events

There were no significant events subsequent to the reporting date.

20 Approval of non-statutory financial statements

The board of directors approved these non-statutory financial statements on 30 June 2017.