Company Registration No. SC469934 (Scotland)

CSG BAXTER'S PLACE LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

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CSG BAXTER'S PLACE LIMITED

COMPANY INFORMATION

Directors	C J Stewart A J Aiton
Company number	SC469934
Registered office	The Tower 7 Advocate's Close EDINBURGH EH1 1ND
Auditor	KPMG LLP Saltire Court 20 Castle Terrace EDINBURGH EH1 2EG

CSG BAXTER'S PLACE LIMITED

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CSG BAXTER'S PLACE LIMITED

BALANCE SHEET

AS AT 30 JUNE 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	4		43,000,000		25,961,305
Investments	5		-		-
Current assets					
Stocks		14,858		-	
Debtors	7	15,607,729		884,767	
Cash at bank and in hand		658,325		527,408	
		16,280,912		1,412,175	
Creditors: amounts falling due within one year	8	(10,782,913)		(13,094,510)	
Net current assets/(liabilities)			5,497,999		(11,682,335)
Total assets less current liabilities			48,497,999		14,278,970
Creditors: amounts falling due after more than one year	9		(35,859,523)		(13,679,835)
Provisions for liabilities	10		(1,961,983)		-
Net assets			10,676,493		599,135
Capital and reserves					
Called up share capital	11		1		1
Revaluation reserve			9,530,876		-
Profit and loss reserves			1,145,616		599,134
Total equity			10,676,493		599,135

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

The notes on pages 3-12 form an integral part of these financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 28 March 2018 and are signed on its behalf by:

C J Stewart
Director

Company Registration No. SC469934

CSG BAXTER'S PLACE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 July 2015	1	-	599,134	599,135
Year ended 30 June 2016:				
Profit and total comprehensive income for the year	-	-	-	-
Balance at 30 June 2016	1	-	599,134	599,135
Year ended 30 June 2017:				
Profit for the year	-	-	546,482	546,482
Other comprehensive income:				
Revaluation of tangible fixed assets	-	11,482,983	-	11,482,983
Tax relating to other comprehensive income	-	(1,952,107)	-	(1,952,107)
Total comprehensive income for the year	-	9,530,876	546,482	10,077,358
Balance at 30 June 2017	1	9,530,876	1,145,616	10,676,493

The notes on pages 3-12 form an integral part of these financial statements.

1 Accounting policies

Company information

CSG Baxter's Place Limited is a private company limited by shares incorporated in Scotland. The registered office is The Tower, 7 Advocate's Close, EDINBURGH, EH1 1ND.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings at fair value. The principal accounting policies adopted are set out below.

Under section 1A Small Entities of FRS 102 the company is not required to prepare a cash flow statement.

1.2 Going concern

The financial statements have been prepared on the going concern basis. The directors have prepared and reviewed forecasts for at least 12 months from the date of the financial statements. These forecasts indicate that this company can operate within the conditions and covenants of the bank facilities and overall level of all available facilities for the period. The directors have therefore prepared the financial statements on a going concern basis.

1.3 Turnover

Turnover represents the total invoice value of sales made during the year and is shown net of VAT and other sales related taxes.

Turnover comprises the following streams:

- Sale of goods: Turnover from the sale of food and beverages is recognised at the point of sale.

- Rendering of services: Revenue from room sales and other guest services is recognised when rooms are occupied and as services are provided.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% Straight line
Fixtures and fittings	20-25% Straight line

Freehold land and assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the profit and loss account.

1 Accounting policies **(Continued)**

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in the profit and loss account or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and losses are recognised in the profit and loss account.

1.5 Borrowing costs related to fixed assets

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss account.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct costs that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the profit and loss account. Reversals of impairment losses are also recognised in the profit and loss account.

1 Accounting policies **(Continued)**

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include certain debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including certain creditors, bank loans and amounts due to fellow group companies and, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies **(Continued)**

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2 Operating profit

	2017	2016
Operating profit for the year is stated after charging/(crediting):	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	15,000	1,617

Fees payable to the company's auditor are borne by Lateral City Limited, a fellow group undertaking.

3 Employees

The average monthly number of persons employed by the company during the year was 31 (2016 - 0).

4 Tangible fixed assets

	Freehold land and buildings	Assets under construction	Fixtures and fittings	Total
	£	£	£	£
Cost or valuation				
At 1 July 2016	-	25,961,305	-	25,961,305
Additions	-	6,034,404	-	6,034,404
Revaluation	11,482,983	-	-	11,482,983
Transfer between line items	29,523,314	(31,995,709)	2,472,395	-
At 30 June 2017	41,006,297	-	2,472,395	43,478,692
Depreciation and impairment				
At 1 July 2016	-	-	-	-
Depreciation charged in the year	215,233	-	263,459	478,692
At 30 June 2017	215,233	-	263,459	478,692
Carrying amount				
At 30 June 2017	40,791,064	-	2,208,936	43,000,000
At 30 June 2016	-	25,961,305	-	25,961,305

The company's operating hotel is valued annually by the Directors, based upon open market valuations performed by Chartered Surveyors JLL, in accordance with RICS appraisal and valuation standards. The last JLL valuation was conducted as at January 2017 which was used as the basis for the year end Director valuation. The hotel is valued as a fully equipped operational entity.

Sale and Leaseback
During the year the Company entered into a sale and leaseback agreement, secured on the operating hotel. Under this agreement, the hotel is subject to ongoing rental obligations over the next 150 years, with the option to repurchase the site for £1 at the end of the lease agreement. In accordance with FRS 102 Chapter 20, the hotel continues to be recognised on balance sheet on a freehold valuation basis as if the sale and leaseback had not occurred.

These transactions are accounted for as financing arrangements and rent payable is treated as an interest expense in the Profit and Loss account less amortisation of the capital sum received. Rent payable is subject to annual inflationary increases linked to RPI.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2017	2016
	£	£
Cost	31,995,709	25,961,305
Accumulated depreciation	(478,692)	-
Carrying value	31,517,017	25,961,305

4 Tangible fixed assets **(Continued)**

Included within freehold land and buildings is borrowing costs of £1,017,754 (2016 - £649,219) directly attributable to the acquisition and development of the assets.

Also included within freehold land and buildings is land totalling £8,000,000 which is not depreciated.

5 Fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 July 2016 & 30 June 2017	169,875
Impairment	
At 1 July 2016 & 30 June 2017	169,875
Carrying amount	
At 30 June 2017	-
At 30 June 2016	-

6 Subsidiaries

Details of the company's subsidiaries at 30 June 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	% Held Indirect
Trendy Celt (Baxter Place) Limited	See below	Dormant	Ordinary	100.00	
Trendy Celt (Baxter Place 2) Limited	See below	Dormant	Ordinary	100.00	

The registered office of Trendy Celt (Baxter Place) Limited and Trendy Celt (Baxter Place 2) Limited is C/O Gordon Dadds Corporate Services Limited, 6 Agar Street, London, WC2N 4HN.

7 Debtors

Amounts falling due within one year:	2017 £	2016 £
Trade debtors	172,516	87,870
Corporation tax recoverable	190,558	-
Amounts due from group undertakings	-	236,917
Amounts due from related parties	14,090,547	-
Other debtors	1,154,108	559,980
	15,607,729	884,767

8 *Creditors: amounts falling due within one year*

	2017 £	2016 £
Bank loans and overdrafts	620,000	-
Trade creditors	454,734	1,852,086
Amounts due to group undertakings	3,261,939	9,791,500
Amounts due to related parties	-	1,091,426
Other taxation and social security	4,964,674	-
Other creditors	1,481,566	359,498
	10,782,913	13,094,510

Bank loans and overdrafts above are secured by standard securities, fixed charges over certain bank accounts and a floating charge over the assets of the company.

Included in other creditors are amounts due under finance lease agreement totalling £16,020 (2016 - £Nil) which are secured over the property to which the lease relates.

9 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Bank loans and overdrafts	12,680,000	13,679,835
Other creditors	23,179,523	-
	35,859,523	13,679,835

Bank loans and overdrafts above are secured by standard securities, fixed charges over certain bank accounts and a floating charge over the assets of the company.

Included in other creditors are amounts due under finance lease agreement totalling £23,179,523 (2016 - £Nil) which are secured over the property to which the lease relates. The liability is repaid in instalments and £23,111,467 (2016 - £Nil) of instalments were due after five years at the reporting date.

9 Creditors: amounts falling due after more than one year **(Continued)**

Finance lease liabilities are payable as follows:

	2017	2016
	£	£
Less than one year	574,433	-
Between one and five years	2,355,751	-
More than five years	194,526,436	-
	197,456,620	-
Less future finance charges	(174,261,077)	-
	23,195,543	-
Repayable between five and ten years	6,316,397	-
Repayable between ten and twenty years	6,977,232	-
Repayable between twenty and fifty years	7,707,205	-
Repayable in more than fifty years	173,525,602	-
	194,526,436	-

10 Provisions for liabilities

	2017	2016
	£	£
Deferred tax liabilities	1,961,983	-
	1,961,983	-

11 Called up share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
1 Ordinary share of £1 each	1	1

12 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.
The senior statutory auditor was Hugh Harvie.
The auditor was KPMG LLP.

13 Financial commitments, guarantees and contingent liabilities

As a condition to the availability of facilities under the Crisp Investments Limited, Urbanite Investments Limited and Lateral City Limited Facility Agreement, all related to this company by virtue of common ownership ('the related group'), Barclays Bank Plc holds fixed and floating charges over all the assets of the Company. Under the terms of this agreement the related Group must meet certain financial covenants in relation to the related Group's consolidated financial position. The Company's liability in respect of these guarantees at 30 June 2017 amounted to £14.4m.

14 Related party transactions

Transactions with related parties

As at 30 June 2017 the immediate parent company was CSG Baxter's Place Holdings Limited. The ultimate parent company and the largest group in which the results are consolidated is CSG Hotels and Apartments Limited, a company whose registered office is 12 Hope Street, Edinburgh, EH2 4DB. The accounts of CSG Hotels and Apartments Limited can be obtained from the Registrar of Companies, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh EH3 9FF. The ultimate controlling party is Christopher Stewart.

During the year, the company was advanced £nil (2016: £463,553) by CSG Projects Limited. The company repaid £1,091,426 (2016: £nil) and further advanced £913,762 to CSG Projects Limited. At the year-end £913,762 was due from (2016: £1,091,426 due to) CSG Projects Limited.

During the year, the company loaned CSG Commercial Limited £13,176,785. This balance remained outstanding at the year end.

During the year, the company was invoiced £18,804 from Crisp Building and Renovation Limited.

The company has taken advantage of the exemption available in FRS 102 Section 1A whereby it has not disclosed transactions with the immediate parent company or any wholly owned subsidiary undertaking of the group.

No guarantees have been given or received.