

**Radisson Collection Hotel Edinburgh
Ltd (formerly Rezidor Lifestyle
Edinburgh Limited)**

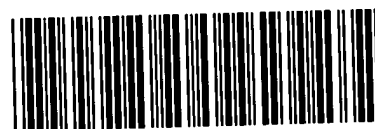
Annual Report and Financial Statements

Year Ended

31 December 2017

Company Number 05578093

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Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Company Information

Directors	K J Greenwood K J Kleiven R J Moore E M Erauw
Company secretary	K J Greenwood
Registered number	05578093
Registered office	Chicago Avenue Manchester M90 3RA
Independent Auditors	PricewaterhouseCoopers LLP No 1 Spinningfields Hardman Square Manchester M3 3EB

Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

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Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Strategic Report For The Year Ended 31 December 2017

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2017.

Business review

The principal activity of the company is that of a hotelier.

The company's turnover has increased by 15.3% from £7,040,402 to £8,119,186 in 2017. REVPAR (Rooms revenue per available room) increased by 19.6% from £103.3 to £123.6 over the previous year.

On 16 February 2018, the company changed its name from Rezidor Lifestyle Edinburgh Limited to Radisson Collection Hotel Edinburgh Ltd.

Principal risks and uncertainties

The company operates in the travel and leisure market which can be affected by the cost of travel and by world external events including terrorism and restrictions caused by epidemics on a global scale. The company manages this risk by forecasting business trends in line with United Kingdom and world market trends. In addition, the company is able to adjust its cost base in order to meet any potential downturn in turnover

Financial key performance indicators

The company monitors key performance indicators like RevPAR (i.e. Rooms revenue in relation to the number of rooms available), average rate and occupancy (i.e. number of rooms sold in relation to the numbers of rooms available).

The company also monitors turnover and profit for the year.

The table below summarises the key performance indicators for the year:

	2017	2016
Turnover	£8,119,186	£7,040,402
Profit after tax	£122,277	£1,280,260
RevPAR	£123.6	£103.3
Average Rate	£163.1	£144.4
Occupancy	75.8%	71.4%

Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Strategic Report For The Year Ended 31 December 2017

Financial risk management

Rezidor's financial risk management is governed by a finance policy approved by the ultimate parent company, Rezidor Hotel Group AB. According to the finance policy, the corporate treasury function of the ultimate parent company systematically monitors and evaluates the financial risks, such as foreign exchange, interest rate, credit and liquidity risks.

Credit risk

The company has limited exposure to credit risk, as the accounts regularly are settled in cash or by accepted credit cards. Credits are only offered to customers under a contract and only to companies or registered organisations with a legal structure. Credit terms must be described in the contract and comply with the guidelines as described in the finance manual. The credit term is normally 30 days for both local hotel customers and for fees. The financial guidelines set strict rules for the follow-up of overdue receivables and for credit meetings. As sales are dispersed among many different customers, the company has little credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Foreign exchange risk exposure

The company only trades in the United Kingdom and therefore has no foreign exchange risk exposure.

Interest rate risk

The company holds no third party loans and therefore has no interest rate exposure.

Liquidity risk

Cash not necessary for the normal course of business is deposited in a bank. The central treasury function at the ultimate parent company is responsible to coordinate the handling of surplus liquidity and liquidity reserves, and only central treasury or persons authorised by central treasury may engage in external investment transactions. When the company has excess liquidity which cannot be held on accounts within the cash pool structure it can invest externally only with the prior consent of central treasury and in accordance with the finance policy. According to the finance policy, the investments of surplus liquidity can only be made in creditworthy interest-bearing securities, in securities with high liquidity, in investments/securities/deposits with short-term maturity, and, as regards deposits, normally with financial institutions as the cash and cash equivalents at the beginning and at the end of the financial period.

This report was approved by the board on 27 September 2018 and signed on its behalf.



K J Greenwood
Director

Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Directors' Report For The Year Ended 31 December 2017

The directors present their report together with the audited financial statements for the year ended 31 December 2017.

Results and dividends

The profit for the financial year, after taxation, amounted to £122,277 (2016 profit - £1,280,260).

The directors do not recommend payment of a dividend (2016 - £Nil).

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

K J Greenwood	
K J Kleiven	
R J Moore	
J I Winkler	(resigned 31 October 2017)
E M Erauw	(appointed 01 January 2018)

Future developments

The directors consider the future prospects of the company to be satisfactory.

Matters covered in the strategic report

A review of the business and its principal risks and uncertainties is set out in the Strategic Report on page 1 of these financial statements.

Going concern

Based on the relationship between the company and the parent company (Rezidor Hotels ApS Danmark via Radisson Hotels UK Ltd (formerly Rezidor Hotels UK Limited)), the directors of the company have sought and received an expression of the parent company's intention to continue to support the company for not less than 12 months from the date of signing of these financial statements, accordingly the financial statements have been prepared on a going concern basis, see note 2 for further details.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Post statement of financial position events

There have been no significant events affecting the company since the year end.

Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Directors' Report For The Year Ended 31 December 2017 (*continued*)

Independent auditors

Deloitte LLP resigned as auditors during the year and PricewaterhouseCoopers LLP were appointed in their place. PricewaterhouseCoopers LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 September 2018 and signed on its behalf.



K J Greenwood
Director

Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Directors' Responsibilities Statement For The Year Ended 31 December 2017

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Independent Auditor's Report to the Members of Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Report on the audit of the financial statements

Opinion

In our opinion, Radisson Collection Hotel Edinburgh Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2017; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Independent Auditor's Report to the Members of Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited) (*continued*)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Edward Moss (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

27 September 2018

Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Statement of Comprehensive Income For The Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover	4	8,119,186	7,040,402
Cost of sales		(533,676)	(498,351)
Gross profit		7,585,510	6,542,051
Administrative expenses		(7,438,692)	(6,399,740)
Operating profit	5	146,818	142,311
Interest payable and similar expenses	9	(52,026)	(47,051)
Profit before taxation		94,792	95,260
Tax on profit	10	27,485	1,185,000
Profit and total comprehensive income for the financial year		122,277	1,280,260

There was no other comprehensive income for 2017 (2016 - £Nil).

The notes on pages 11 to 21 form part of these financial statements.

Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Statement of Financial Position As At 31 December 2017

Company number 05578093	Note	2017 £	2017 £	As restated 2016 £	As restated 2016 £
Fixed assets					
Tangible assets	11		2,529,093		2,462,438
Current assets					
Stocks	12	51,489		93,415	
Debtors: amounts falling due within one year	13	2,655,570		2,850,182	
Cash at bank and in hand		6,113		4,956	
		<u>2,713,172</u>		<u>2,948,553</u>	
Creditors: amounts falling due within one year	14	(10,699,418)		(10,990,421)	
Net current liabilities			(7,986,246)		(8,041,868)
Net liabilities			(5,457,153)		(5,579,430)
Capital and reserves					
Called up share capital	16		1		1
Profit and loss account	17		(5,457,154)		(5,579,431)
Total equity			(5,457,153)		(5,579,430)

The financial statements on pages 8 to 22 were approved by the Board of Directors on 27 September 2018 and signed on its behalf by



K J Greenwood
Director

The notes on pages 11 to 22 form part of these financial statements.

Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Statement of Changes in Equity For The Year Ended 31 December 2017

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2016	-	(6,859,691)	(6,859,690)
Comprehensive income for the year			
Profit for the financial year	-	1,280,260	1,280,260
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	1,280,260	1,280,260
	<hr/>	<hr/>	<hr/>
At 31 December 2016 and 1 January 2017	1	(5,579,431)	(5,579,430)
Comprehensive income for the year			
Profit for the financial year	-	122,277	122,277
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	122,277	122,277
	<hr/>	<hr/>	<hr/>
At 31 December 2017	1	(5,457,154)	(5,457,153)
	<hr/>	<hr/>	<hr/>

The notes on pages 11 to 21 form part of these financial statements.

Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Notes forming part of the Financial Statements For The Year Ended 31 December 2017

1 General information

Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited) is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is shown on the Company Information page and the nature of the company's operations and its principal activities are outlined in the Strategic Report.

2 Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The company's functional and presentational currency is GBP.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Rezidor Hotel Group AB as at 31 December 2017 and these financial statements may be obtained from Rezidor Hotel Group corporate office, Avenue de Bourget 44, 3-1 130 Brussels, Belgium.

Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Notes forming part of the Financial Statements For The Year Ended 31 December 2017 (continued)

2 Accounting policies (continued)

2.3 Going concern

The company meets its day to day working capital requirements through an intragroup pooling arrangement controlled by its parent company, Radisson Hotels UK Ltd (formerly Rezidor Hotels UK Limited). The current economic conditions create uncertainty particularly over the level of demand for the hotel.

The company's forecasts and projections taking account of reasonably possible changes in trading performance, together with assurances of available funds from Rezidor Hotels ApS Danmark via Radisson Hotels UK Ltd (formerly Rezidor Hotels UK Limited) show that the company can continue in operational existence for the foreseeable future.

After making enquiries the directors have a reasonable expectation that the company has adequate resources available to it to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.4 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of services in the United Kingdom to customers during the year. Turnover in respect of accommodation is recognised overnight during each night the customer stays. Other sales, including restaurant and bar revenue are recognised at the point of purchase by the customer.

2.5 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.6 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

The estimated useful lives range as follows:

Leasehold improvement - over the remaining life of the lease
Fixtures, fittings and equipment - 3 - 7 years

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

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

Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Notes forming part of the Financial Statements For The Year Ended 31 December 2017 (continued)

2 Accounting policies (continued)

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the cost of materials and net realisable value is based on estimated selling price, less further costs expected to be incurred. Provision is made for obsolete, slow moving or defective items where appropriate.

2.8 Financial instruments

Financial assets

The company classifies its financial assets into loans and receivables as discussed below. The company has not classified any of its financial assets as held to maturity.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (eg trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the Statement of Financial Position.

Financial liabilities

The company classifies its financial liabilities into other financial liabilities. Other financial liabilities include the following items:

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

Loans from group companies are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method. The difference between the fair value of the loan on initial recognition and the amount of the proceeds is credited directly to equity as a capital contribution

Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Notes forming part of the Financial Statements For The Year Ended 31 December 2017 (*continued*)

2 Accounting policies (*continued*)

2.9 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.10 Current and deferred taxation

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

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

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

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

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

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Notes forming part of the Financial Statements For The Year Ended 31 December 2017 (*continued*)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

There were no critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company's accounting policies and that have had a significant effect on the amounts recognised in financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of fixed assets

Determining whether fixed assets are impaired requires an estimation of the value in use of the cash-generating units to which the fixed assets have been grouped. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. In order to maintain the overall quality of the hotel and the ultimate guest experience, the company regularly invests in refurbishment projects as well as the purchase of new fixed assets for rooms, reception areas and in kitchens and other operational areas of the hotel. Given the historic loss making position of the company, the directors deem there to be a significant estimation around the impairment of these assets. In assessing their position, the directors consider the performance of the hotel as well as changes in the marketplace that may motivate a reassessment of previous taken conclusions.

Deferred tax assets

Accounting standards require that a deferred tax asset is only recognised to the extent that it is probable that taxable profits will be generated in future in order to utilise said asset. In performing their assessment the directors take into account the future forecasts for the hotel as well as change in legislation and applicable local tax rates to ensure that deferred tax assets are only recognised where there is reasonable certainty they can be utilised.

4 Turnover

All turnover is derived from the company's principal activity, that of being a hotelier and is fully derived in the UK.

Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Notes forming part of the Financial Statements For The Year Ended 31 December 2017 (continued)

5 Operating profit

	2017 £	As restated 2016 £
The operating profit is stated after charging:		
Depreciation of owned assets	158,078	101,395
Rentals under operating leases – land and buildings	2,197,768	1,819,839
Exchange differences	933	10,712
Cost of stock recognised as an expense	525,774	459,451
	<u> </u>	<u> </u>

6 Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2017 £	2016 £
Fees for audit of the company	12,000	17,600
Fees for other audit assurance services	-	500
	<u> </u>	<u> </u>
	12,000	18,100
	<u> </u>	<u> </u>

Fees paid to the company's auditors, PricewaterhouseCoopers LLP, and its associates for services other than the statutory audit of the company are not disclosed in the company's financial statements since the consolidated financial statements of Rezidor Hotel Group AB, are required to disclose non-audit fees on a consolidated basis. The prior year fees were payable to the previous auditors, Deloitte LLP.

7 Employees

	2017 £	2016 £
Staff costs were as follows:		
Wages and salaries	2,054,563	1,991,630
Social security costs	160,622	140,517
Other pension costs	34,554	34,499
	<u> </u>	<u> </u>
	2,249,739	2,166,646
	<u> </u>	<u> </u>

The average monthly number of employees, excluding the directors, during the year was as follows:

	2017 Number	2016 Number
The average number of persons employed by the company during the year, excluding directors, was as follows	93	122
	<u> </u>	<u> </u>

Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Notes forming part of the Financial Statements For The Year Ended 31 December 2017 (continued)

8 Directors' remuneration

The directors were remunerated by another group company during the current and prior years but these were not recharged to the individual entities.

9 Interest payable and similar expenses

	2017 £	2016 £
Bank interest payable	52,026	47,051
	<u>52,026</u>	<u>47,051</u>

10 Tax on profit

	2017 £	2016 £
Deferred tax		
Origination and reversal of timing differences	(19,361)	52,065
Adjustments in respect of prior periods	(8,124)	(1,237,065)
	<u>(27,485)</u>	<u>(1,185,000)</u>
Total deferred tax	<u>(27,485)</u>	<u>(1,185,000)</u>
Tax on profit	<u>(27,485)</u>	<u>(1,185,000)</u>

Factors affecting tax credit for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit before taxation	94,792	95,260
	<u>94,792</u>	<u>95,260</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19.25% (2016 – 20%)	18,247	19,052
Effects of:		
Expenses not deductible for tax purposes	5,495	2,133
Adjustments in respect of prior periods	(8,124)	-
Previously unrecognised deferred tax	-	(1,237,065)
Unrecognised deferred tax	(52,054)	-
Group relief surrendered	11,221	36,665
Tax rate differences	(2,270)	(5,785)
	<u>(27,485)</u>	<u>(1,185,000)</u>
Total tax credit for the year	<u>(27,485)</u>	<u>(1,185,000)</u>

Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Notes forming part of the Financial Statements For The Year Ended 31 December 2017 (continued)

10 Tax on profit (continued)

Factors that may affect future tax charges

Reductions in the UK Corporation tax rate from 20% to 17% (19% effective from 1 April 2017 and 17% effective from 1 April 2020) have been substantively enacted. This will impact the company's future tax charge accordingly. The deferred tax asset at 31 December 2017 has been calculated based on the rates substantively enacted at the date of the statement of financial position.

11 Tangible assets

	Leasehold improvements £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 January 2017 (as previously stated)	-	2,275,060	2,275,060
Prior year adjustment	501,862	-	501,862
	<hr/>	<hr/>	<hr/>
At 1 January 2017 (as restated)	501,862	2,275,060	2,776,922
Additions	-	224,733	224,733
	<hr/>	<hr/>	<hr/>
At 31 December 2017	501,862	2,499,793	3,001,655
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
At 1 January 2017 (as previously stated)	-	163,299	163,299
Prior year adjustment	151,185	-	151,185
	<hr/>	<hr/>	<hr/>
At 1 January 2017 (as restated)	151,185	163,299	314,484
Charge for the year on owned assets	20,254	137,824	158,078
	<hr/>	<hr/>	<hr/>
At 31 December 2017	171,439	301,123	472,562
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2017	330,423	2,198,670	2,529,093
	<hr/>	<hr/>	<hr/>
At 31 December 2016	350,677	1,761,084	2,111,761
	<hr/>	<hr/>	<hr/>

Leasehold improvements have been restated in the year. Further details are given in note 19.

Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Notes forming part of the Financial Statements For The Year Ended 31 December 2017 (*continued*)

12 Stocks

	2017 £	2016 £
Goods for resale	51,489	93,415

There is no material difference between the statement of financial position value of stocks and their replacement cost.

13 Debtors: amounts falling due within one year

	2017 £	As restated 2016 £
Trade debtors	385,955	351,872
Amounts owed by group undertakings	493,087	511,000
Other debtors	36,764	-
Prepayments and accrued income	527,279	802,310
Deferred taxation	1,212,485	1,185,000
	2,655,570	2,850,182

With the exception of the deferred tax asset, all amounts are due within one year.

Amounts owed by group undertakings are non-interest bearing and repayable on demand.

Prepayments and accrued income have been restated in the prior year. Further details are given in note 19.

14 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	114,534	121,337
Bank overdrafts	5,153,870	5,343,421
Amounts owed to group undertakings	3,500,000	3,502,419
Other taxation and social security	-	5,555
Accruals and deferred income	1,325,349	1,284,732
Other creditors	605,665	732,957
	10,699,418	10,990,421

Amounts due to group undertakings are non-interest bearings and repayable on demand.

Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Notes forming part of the Financial Statements
For The Year Ended 31 December 2017 (*continued*)

15 Deferred taxation

	2017 £	2016 £
At beginning of year	1,185,000	-
Credited to profit or loss	27,485	1,185,000
	<hr/>	<hr/>
At end of year	1,212,485	1,185,000
	<hr/>	<hr/>

The deferred tax asset is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(10,165)	37,821
Tax losses	1,222,822	1,147,179
Other timing differences	(172)	-
	<hr/>	<hr/>
	1,212,485	1,185,000
	<hr/>	<hr/>

16 Called up share capital

	2017 £	2016 £
Allotted, called up and fully paid		
1 (2016 – 1) ordinary share of £1	1	1
	<hr/>	<hr/>

There is one class of ordinary shares and they do not carry a right to fixed income.

17 Reserves

The company's capital and reserves are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

Radisson Collection Hotel Edinburgh Ltd (formerly Rezidor Lifestyle Edinburgh Limited)

Notes forming part of the Financial Statements For The Year Ended 31 December 2017 (*continued*)

18 Commitments under operating leases

At 31 December the company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	As restated 2016 £
Land and buildings		
Not later than 1 year	1,932,589	1,932,589
Later than 1 year and not later than 5 years	7,730,356	7,730,356
Later than 5 years	22,063,724	23,996,313
	<hr/>	<hr/>
	31,726,669	33,659,258
	<hr/>	<hr/>

Details of the prior year restatement are given in note 19.

19 Prior period adjustments

Leasehold improvements

Upon review of the treatment the directors have considered it more appropriate to present costs relating to leasehold improvements within fixed assets rather than prepayments. Therefore, prepayments of £350,677 has been reclassified as a fixed asset. Net current liabilities for 2016 have increased by £350,677 to £8,041,868. There is no impact on either profit for the year or total equity.

Operating leases

The prior year figures for commitments under operating leases have been restated to reflect the total future minimum lease payments. There is no impact on either profit for the year or equity. Note 5, operating profit, has been restated to the actual expense of £1,819,839.

20 Ultimate parent and controlling company

The company's immediate parent company is Radisson Hotels UK Ltd (formerly Rezidor Hotels UK Limited) which is registered in the United Kingdom. The ultimate parent company and controlling party is Rezidor Hotel Group AB, which is incorporated in Sweden.

The largest and smallest group in which the results of the company are consolidated is that headed by Rezidor Hotel Group AB. The consolidated financial statements of Rezidor Hotel Group AB are available to the public and may be obtained from Rezidor Hotel Group Corporate office, Avenue de Bourget 44, B-1130 Brussels, Belgium.