

COMPANY REGISTRATION NUMBER: 07464182

The Edinburgh Collection Limited
Financial Statements
For the year ended
31 December 2018



C/T

The Edinburgh Collection Limited

Financial Statements

Year ended 31 December 2018

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The Edinburgh Collection Limited

Officers and Professional Advisers

The Board of Directors

Mr Sheetal Kapoor
Mr Rakesh Kapoor

Registered Office

5-11 Lavington Street
Southwark
London
SE1 0NZ

Auditor

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

Bankers

Bank of Scotland
91 Holyrood
Edinburgh
EH8 8AU

The Royal Bank of Scotland
36 St Andrew Square
Edinburgh
EH2 2YB

The Edinburgh Collection Limited

Directors' Report

Year ended 31 December 2018

The directors present their report and the financial statements of the company for the year ended 31 December 2018.

Principal activities

The principal activity of the company during the year was that of a holding company.

Directors

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

Mr Sheetal Kapoor
Mr Rakesh Kapoor

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

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

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

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

Auditor

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

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

The Edinburgh Collection Limited

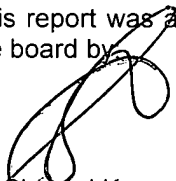
Directors' Report *(continued)*

Year ended 31 December 2018

Small company provisions

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

This report was approved by the board of directors on 27th September 2019 and signed on behalf of the board by



Mr. Sheetal Kapoor
Director

The Edinburgh Collection Limited

Independent Auditor's Report to the Members of The Edinburgh Collection Limited

Year ended 31 December 2018

Opinion

We have audited the financial statements of The Edinburgh Collection Limited (the 'company') for the year ended 31 December 2018 which comprise the statement of income and retained earnings, statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

The Edinburgh Collection Limited

Independent Auditor's Report to the Members of The Edinburgh Collection Limited (continued)

Year ended 31 December 2018

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

The Edinburgh Collection Limited

Independent Auditor's Report to the Members of The Edinburgh Collection Limited

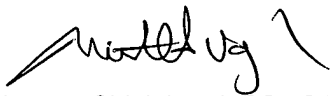
(continued)

Year ended 31 December 2018

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jeremy Chittleburgh BSc CA (Senior Statutory Auditor)

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

27 September 2019

The Edinburgh Collection Limited
Statement of Income and Retained Earnings
Year ended 31 December 2018

	Note	2018 £	2017 £
Turnover		332,013	446,327
Gross profit		332,013	446,327
Administrative expenses		(493,995)	(458,416)
Operating loss		(161,982)	(12,089)
Income from shares in group undertakings		2,956,638	2,000,000
Amounts written back to investments		—	108,861
Interest payable and similar expenses		(256,984)	(230,081)
Profit before taxation	6	2,537,672	1,866,691
Tax on profit	7	77,361	45,121
Profit for the financial year and total comprehensive income		2,615,033	1,911,812
Dividends paid and payable		—	(1,000,000)
Retained earnings at the start of the year		2,864,572	1,952,760
Retained earnings at the end of the year		5,479,605	2,864,572

All the activities of the company are from continuing operations.

The Edinburgh Collection Limited

Statement of Financial Position

31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	8	7,052	4,123
Investments	9	6,030,005	6,030,005
		<u>6,037,057</u>	<u>6,034,128</u>
Current assets			
Debtors	10	17,430,437	15,919,035
Cash at bank and in hand		52,233	—
		<u>17,482,670</u>	<u>15,919,035</u>
Creditors: amounts falling due within one year	11	<u>(624,998)</u>	<u>(1,101,343)</u>
Net current assets		<u>16,857,672</u>	<u>14,817,692</u>
Total assets less current liabilities		<u>22,894,729</u>	<u>20,851,820</u>
Creditors: amounts falling due after more than one year	12	<u>(11,385,122)</u>	<u>(11,957,246)</u>
Net assets		<u>11,509,607</u>	<u>8,894,574</u>
Capital and reserves			
Called up share capital		1,002	1,002
Share premium account		6,029,000	6,029,000
Profit and loss account		5,479,605	2,864,572
Shareholders' funds		<u>11,509,607</u>	<u>8,894,574</u>

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

These financial statements were approved by the board of directors and authorised for issue on 27th Sep 2019, and are signed on behalf of the board by:

Mr Sheetal Kapoor
Director

Company registration number: 07464182

The Edinburgh Collection Limited

Notes to the Financial Statements

Year ended 31 December 2018

1. General information

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

2. Statement of compliance

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

3. Accounting policies

Basis of preparation

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

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

Going Concern

The financial statements have been prepared on a going concern basis. The directors have assessed the Company's ability to continue as a going concern and have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 8 for carrying amounts of tangible assets.

ii) Impairment of debtors

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

Revenue recognition

The turnover in the Statement of Income and Retained Earnings represents amounts receivable from management fees.

The Edinburgh Collection Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Taxation

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

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

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

Computer Equipment - 3 years straight line

Investment in subsidiaries

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Investment income is recognised on a due and receivable basis.

Impairment of fixed assets

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

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

Consolidated financial statements

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Europoint Holdings Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of that company.

The Edinburgh Collection Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Financial instruments

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

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

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

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

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

Pension costs

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

4. Auditor's remuneration

	2018 £	2017 £
Fees payable for the audit of the financial statements	<u>2,075</u>	<u>2,000</u>

5. Employee numbers

The average number of persons employed by the company during the year amounted to 6 (2017: 6).

6. Profit before taxation

Profit before taxation is stated after charging:

	2018 £	2017 £
Depreciation of tangible assets	<u>5,692</u>	<u>2,818</u>

The Edinburgh Collection Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

7. Tax on profit

Major components of tax income

	2018 £	2017 £
Current tax:		
UK current tax income	(77,361)	(45,121)
Tax on profit	(77,361)	(45,121)

Reconciliation of tax income

The tax assessed on the profit on ordinary activities for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%).

	2018 £	2017 £
Profit on ordinary activities before taxation	2,537,672	1,866,691
Profit on ordinary activities by rate of tax	482,158	359,338
Adjustment to tax charge in respect of prior periods	151	(350)
Effect of expenses not deductible for tax purposes	1,371	2,222
Movement in unrecognised deferred tax	(77,512)	(45,471)
Income not taxable	(561,761)	(405,947)
Group relief surrendered	77,512	45,463
Receipt for group relief	720	(376)
Tax on profit	(77,361)	(45,121)

Factors that may affect future tax income

A reduction in the UK corporation tax rate from 20% to 19% took effect from 1 April 2017. A further reduction from 19% to 17% will take effect from 1 April 2020.

The company has an unrecognised deferred tax asset as at 31 December 2017 of £645 (2017: £1) which has arisen from fixed asset timing differences.

8. Tangible assets

	Computer Equipment £	Total £
Cost		
At 1 January 2018	29,912	29,912
Additions	8,621	8,621
At 31 December 2018	38,533	38,533
Depreciation		
At 1 January 2018	25,789	25,789
Charge for the year	5,692	5,692
At 31 December 2018	31,481	31,481
Carrying amount		
At 31 December 2018	7,052	7,052
At 31 December 2017	4,123	4,123

The Edinburgh Collection Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

9. Investments

	Shares in group undertakings £
Cost	
At 1 January 2018 and 31 December 2018	<u>6,030,005</u>
Impairment	
At 1 January 2018 and 31 December 2018	<u>—</u>
Carrying amount	
At 31 December 2018	<u>6,030,005</u>
At 31 December 2017	<u>6,030,005</u>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

The company holds 100% of the issued share capital of Holyrood Aparthotel (Edinburgh) Limited, The Howard Hotel (Edinburgh) Limited, Channings Hotel Limited and Old Waverley Hotel Limited, which are all registered in England and Wales. It also holds 100% of the issued share capital of Baseholm Limited and Craighstan Limited, which are both registered in the British Virgin Islands. The results of these companies are included in the consolidated financial statements of The Edinburgh Collection Limited, which are in turn included in the consolidated financial statements of the ultimate parent company, Europoint Holdings Limited.

10. Debtors

	2018 £	2017 £
Trade debtors	290	26,472
Amounts owed by group undertakings	17,393,878	15,830,806
Other debtors	36,269	61,757
	<u>17,430,437</u>	<u>15,919,035</u>

11. Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loans and overdrafts	588,967	1,049,088
Trade creditors	23,872	8,414
Social security and other taxes	3,117	3,422
Other creditors	9,042	40,419
	<u>624,998</u>	<u>1,101,343</u>

The Edinburgh Collection Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

12. Creditors: amounts falling due after more than one year

	2018 £	2017 £
Bank loans and overdrafts	<u>11,385,122</u>	<u>11,957,246</u>

The loan is repayable in equal annual instalments with interest being charged at a market rate. The company's bankers have a standard security over the company's assets and hold cross company guarantees between companies within The Edinburgh Collection Limited group.

13. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2018 £	2017 £
Later than 5 years	<u>330,000</u>	<u>360,000</u>

14. Related party transactions

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

15. Controlling party

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

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