

The Hotel Corporation plc
Annual Report and Audited Financial Statements
For the Year ended 31 December 2014
Registered in the Isle of Man No: 111066C

The Hotel Corporation plc
31 December 2014

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The Hotel Corporation plc
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Directors and Advisers

| | |
|--|---|
| Directors | Derek William Short FCIB MCSI FInstD David Peter Craine F.C.A J.P |
| Company Secretary & Registered Office | David Peter Craine Burleigh Manor Peel Road Douglas Isle of Man IM1 5EP |
| Solicitors to the Company | SJ Berwin 222 Gray's Inn Road London WC1X 8XF |
| Nominated Adviser | Sanlam Securities UK Limited 10 King William Street London EC4N 7TW |
| Stockbroker | Sanlam Securities UK Limited 10 King William Street London EC4N 7TW |
| Isle of Man Advocates to the Company | Appleby 33 Athol Street Douglas Isle of Man IM1 1LB |
| Auditor | Deloitte LLP The Old Courthouse Athol Street Douglas Isle of Man IM99 1XJ |
| Registrars and Crest Service Provider | Neville Registrars Limited Neville House 18 Laurel Lane Halesowen B63 3DA |
| Isle of Man Administration | Peregrine Corporate Services Limited Burleigh Manor Peel Road Douglas Isle of Man IM1 5EP |

The Hotel Corporation plc
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Directors' Report

The Directors present their annual report on the affairs of The Hotel Corporation plc ("the Company"), together with the Financial Statements and Auditor's Report for the year ended 31 December 2014.

The Corporate Governance Statement set out on page 7 forms part of this report.

Principal Activity

The principal activity of the Company is to invest in businesses within the hotels sector in the United Kingdom.

Basis of Presentation

The Company's principal asset comprises its cash balance and continued interest in its investment in UK Group of Hotels plc ("UK Group of Hotels") (formerly Puma Hotels plc).

During the year UK Group of Hotels has been put into administration and the Company has been notified by the Administrator post year end that there will be no return from its investment holding. See note 11 for further details.

As detailed in note 3, we also draw attention to the fact that as at 31 December 2012 the Company early adopted Investment Entities: Amendments to IFRS 10, IFRS 12 and IAS 27 which requires the Company not to consolidate its results with its subsidiary UK Group of Hotels, (together "the Group") but instead measure its investment in its subsidiary at fair value through profit or loss as the Company meets the definition of an investment entity. As such, the annual report and financial statements do not include consolidated results for the Group and include the Company results only.

Results of the Company

Revenue for the year is stated at £nil (2013: £nil). During the year ended 31 December 2014, shareholder bond interest and preference share dividend payments have not been recognised as it is not considered probable that they will be received. See note 5 and note 11 for further details. After deducting administrative expenses, operating losses amounted to £0.1m (2013: £0.2m operating loss), resulting in a loss before tax of £0.1m (2013: £0.2m loss). No tax is payable for the year due to the zero income taxation provisions in the Isle of Man. Basic loss per share was 0.29p (2013: loss per share 0.33p).

The Company's net asset value per share ("NAV"), as at 31 December 2014 is 0.97p (2013: 1.26p), with the Company continuing to value its investment in UK Group of Hotels at £nil (2013: £nil) for the reasons detailed in note 11.

Dividend

The Directors do not recommend a dividend for 2014 (2013: £nil).

Annual General Meeting

The Annual General Meeting will be held on 14th May 2015.

The Hotel Corporation plc
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Directors' Report (continued)

Directors

The Directors, who served during the year and subsequently, were as follows:

| | Appointed | Resigned |
|-------------|-----------|----------|
| D. W. Short | 14 Jun 04 | - |
| D.P. Craine | 27 Jan 05 | - |

Directors' Interests

The following Directors who held office during the year ended 31 December 2014 had interests in the shares of the Company.

| Ordinary Shares Of 5p Director | 31 December 2014 | | 31 December 2013 | |
|---|-------------------------|----------------------------|-------------------------|----------------------------|
| | Beneficial | Non- Beneficial | Beneficial | Non- Beneficial |
| Derek Short | 40,000 | - | 40,000 | - |
| David Craine | 18,000 | - | 18,000 | - |

Substantial Shareholdings

On 24 February 2015 the Company had been notified of the following interests in the ordinary share capital of the Company.

| Name of Holder | Number | Percentage |
|---|---------------|-------------------|
| Pershing Nominees Limited | 13,517,996 | 27.13 |
| Nortrust Nominees Limited | 3,750,000 | 7.53 |
| Fitel Nominees Limited | 3,150,000 | 6.32 |
| TD Direct Investing Nominees (Europe) Limited | 1,977,059 | 3.97 |
| Dartington Portfolio Nominees Limited | 1,907,834 | 3.83 |
| Harewood Nominees Limited | 1,687,298 | 3.39 |
| Brewin Nominees Limited | 1,550,000 | 3.11 |

Events after the Balance Sheet Date

The Administrators of UK Group of Hotels issued an interim statement on 29 January 2015 to confirm there is no likelihood of any return for shareholders in that company – see Note 16 for more details.

Going Concern

Note 3 gives more details of the Going Concern of the Company. The Board are in talks with several parties and have received expressions of interest over the period to date and await positive responses. To date no definitive offers have resulted from these meetings and discussions but it still remains the Board's intention to continue these enquiries. The Board expects a positive future outcome from these discussions and on that basis considers the Company to be a going concern. However, if the outcome of these current or future discussions are not successful the Board may need to consider an orderly wind down of the Company.

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Directors' Report (continued)

Given the Company has adequate financial resources and the continuation of enquiries for the Company, the Board continues to consider the Company to be a going concern.

Risks and Uncertainties

As detailed in note 4, Critical accounting judgements and key sources of estimation uncertainty, there has previously been significant uncertainty surrounding the valuation of the Company's investment in UK Group of Hotels, which has led to a valuation of £nil (2013: £nil), however post year end as detailed in Note 11, the Administrators of UK Group of Hotels have confirmed that there will be no return on the Company's investment.

Financial Instruments

The use of financial instruments and policies are disclosed in note 18 of the financial statements.

Prospects

The Board continue to explore other business opportunities for the company in order to seek to enhance shareholder value.

In the event of a suitable opportunity being identified the company will seek shareholder approval to a transaction.

In the meantime the Board has sought to reduce the company's ongoing running costs in order to preserve the company's primary asset being its cash deposits.

Auditor

The Company's Auditors, Deloitte LLP, have expressed a willingness to continue in office in accordance with Section 12(2) of the Isle of Man Companies Act 1982 and a motion for their reappointment will be proposed at the forthcoming annual general meeting.

D.W. Short
Director
26 March 2015

D. P. Craine
Director and Company Secretary

Registered Office: Burleigh Manor, Peel Road, Douglas, Isle of Man, IM1 5EP.

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Corporate Governance Statement

The Board of Directors are aware of the principles of corporate governance contained in the UK Corporate Governance Code.

Although the Company's shares have been admitted on to the Alternative Investment Market and the Company is not required to comply with the UK Corporate Governance Code, the Board monitors the Company's established procedures or provides corporate governance disclosures to the extent that it is appropriate for the size and stage of development of the Company. The directors have chosen to give selected disclosures that they believe are necessary/valuable to readers.

The Board now comprises two non-executive Directors and is collectively responsible for all matters of good governance, and audit and remuneration committees will only be established by the Board if the Company's activities expand to the extent where the collective responsibility of the Board is more appropriately served by the establishment of such committees.

Internal Control

Accounting, administration and company secretarial services are provided to the Company by Peregrine Corporate Services Limited ("PCS"). PCS are a licensed Fiduciary Service Provider regulated by the Isle of Man Financial Supervision Commission. David Craine is a director of PCS, see related party note 17.

Relations with Shareholders

The Board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place, assisted by our broker who undertakes this function and reports back to the Board.

Directors' Remuneration

All Board members are non-executive Directors. Fees paid in the year are disclosed below.

| | <u>2014</u> | <u>2013</u> |
|-------------------------------|--------------------|--------------------|
| | £'000 | £'000 |
| Barclay Douglas | - | 12 |
| Derek Short | 26 | 26 |
| David Craine | 13 | 13 |
| Irrecoverable Value Added Tax | 2 | 2 |
| Total | 41 | 53 |

All Directors are reimbursed for necessary travelling and subsistence costs incurred in attending Board and other meetings. The Company has no share option or pension schemes. Other than as disclosed above no other emoluments, incentive schemes or compensation for loss of office has been paid to any Director.

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Directors' Responsibilities Statement

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

Isle of Man 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 International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. Under Isle of Man 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting standards;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make an assessment of the Company's ability to continue as a going concern; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The directors are responsible for keeping proper 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 Companies Acts 1931 to 2004. They are also responsible for the system of internal control, 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 the maintenance and integrity of the corporate and financial information included on the Company website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of The Hotel Corporation plc

We have audited the financial statements ("the financial statements") of The Hotel Corporation plc for the year ended 31 December 2014, which comprise the Company Statement of Comprehensive Income, Company Statement of Financial Position, Company Statement of Changes in Equity, Company Statement of Cash Flows and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Section 15 of the Companies Act 1982. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Acts 1931 to 2004.

Independent Auditor's Report to the Members of The Hotel Corporation plc (continued)

Separate Opinion in Relation to IFRSs as Issued by the IASB

As explained in note 3 to the financial statements, the Company in addition to applying IFRSs, as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion, the financial statements comply with IFRSs as issued by the IASB.

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not modified, in this regard, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the Company's ability to continue as a going concern.

The Company's only asset is an investment in UK Group of Hotels which is in administration as at 31 December 2014. As detailed in Note 3, the Board of Directors are currently in discussions with other parties about future trading opportunities and expect a positive outcome from these discussions. However, if the Board are unable to secure a formal offer they may need to consider an orderly wind down of the Company.

These conditions, as more fully explained in note 3, indicate the exercise of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Acts 1931 to 2004 require us to report to you if, in our opinion:

- proper books of account have not been kept by the Company and proper returns adequate for our audit have not been received from business branches not visited by us; or
- the financial statements are not in agreement with the books of account and returns; or
- we have not received all the information and explanations which to the best of our knowledge and belief, are necessary for the purpose of our audit; or
- certain disclosures of directors' loans and remuneration specified by law have not been complied with.

Deloitte LLP
Chartered Accountants
Douglas
Isle of Man

26 March 2015

An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors of the company but no control procedures can provide absolute assurance in this area. Legislation in the Isle of Man governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

The Hotel Corporation plc
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Company Statement of Comprehensive Income
For the year ended 31 December 2014

| | | 2014 | 2013 |
|--|--------------|---------------------|---------------------|
| | Notes | £'000 | £'000 |
| Continuing Operations | | | |
| Revenue | 5 | - | - |
| Administrative expenses | | <u>(144)</u> | <u>(173)</u> |
| Operating loss | | (144) | (173) |
| Bank interest receivable | | <u>2</u> | <u>8</u> |
| Loss before taxation | | (142) | (165) |
| Taxation | 8 | <u>-</u> | <u>-</u> |
| Loss for the year and total comprehensive loss for the year | 7 | <u>(142)</u> | <u>(165)</u> |
| Loss per share | | | |
| Basic and diluted | 10 | (0.29p) | (0.33p) |

The accompanying notes on pages 15 to 32 are an integral part of these financial statements.

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Company Statement of Financial Position
As at 31 December 2014

| | Notes | 2014 | | 2013 | |
|---|-------|-----------------|-------------|-----------------|-------------|
| Assets | | £'000 | £'000 | £'000 | £'000 |
| Non-Current Assets | | | | | |
| Investment | 11 | | - | | - |
| Current Assets | | | | | |
| Trade and other receivables | 12 | 8 | | 9 | |
| Cash and cash equivalents | | <u>501</u> | | <u>642</u> | |
| | | | <u>509</u> | | <u>651</u> |
| Total Assets | | | <u>509</u> | | <u>651</u> |
| Liabilities | | | | | |
| Current Liabilities | | | | | |
| Trade and other payables | 13 | <u>25</u> | | <u>25</u> | |
| Total Liabilities | | | <u>(25)</u> | | <u>(25)</u> |
| Net Assets | | | <u>484</u> | | <u>626</u> |
| Equity | | | | | |
| Share capital | 14 | 2,491 | | 2,491 | |
| Share premium account | 14 | 11,015 | | 11,015 | |
| Retained losses | | <u>(13,022)</u> | | <u>(12,880)</u> | |
| Equity attributable to owners of the Company | | | <u>484</u> | | <u>626</u> |
| Shareholders' Equity | | | <u>484</u> | | <u>626</u> |
| Net Asset Value per share (Based on number of shares in issue at year end) | | | 0.97p | | 1.26p |

The financial statements were approved by the Board of Directors and authorised for issue on 26 March 2015.

They were signed on its behalf by;

.....
Derek Short

.....
David Craine

The accompanying notes on pages 15 to 32 are an integral part of these financial statements.

The Hotel Corporation plc
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Company Statement of Changes in Equity
For the year ended 31 December 2014

| | Notes | Share Capital £'000 | Share Premium Account £'000 | Retained losses £'000 | Total £'000 |
|--|-------|---------------------------|--------------------------------------|-----------------------------|----------------|
| Balance at 1 January 2013 | | 2,491 | 11,015 | (12,715) | 791 |
| Loss for the year | | - | - | (165) | (165) |
| Dividends | 9 | - | - | - | - |
| Balance at 31 December 2013 | | 2,491 | 11,015 | (12,880) | 626 |
| Loss for the year | | - | - | (142) | (142) |
| Dividends | 9 | - | - | - | - |
| Balance at 31 December 2014 | | 2,491 | 11,015 | (13,022) | 484 |

The accompanying notes on pages 15 to 32 are an integral part of these financial statements.

The Hotel Corporation plc
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Company Statement of Cash Flows
For the year ended 31 December 2014

| | Notes | 2014 £'000 | 2013 £'000 |
|---|-------|---------------|---------------|
| Net cash used in operating activities | 15 | <u>(143)</u> | <u>(173)</u> |
| Cash flows from investing activities | | | |
| Interest received | | <u>2</u> | <u>8</u> |
| Net cash generated by investing activities | | <u>2</u> | <u>8</u> |
| Cash flows from financing activities | | | |
| Dividends paid | | <u>-</u> | <u>-</u> |
| Net cash used in financing activities | | <u>-</u> | <u>-</u> |
| Net decrease in cash and cash equivalents | | (141) | (165) |
| Cash and cash equivalents at beginning of year | | <u>642</u> | <u>807</u> |
| Cash and cash equivalents at end of year | | <u>501</u> | <u>642</u> |

The accompanying notes on pages 15 to 32 are an integral part of these financial statements.

The Hotel Corporation plc
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Notes to the Company Financial Statements

1. General Information

The Hotel Corporation plc is incorporated in the Isle of Man under the Companies Acts 1931 to 2004. The address of the registered office is given on page 6. The nature of its principal activities is set out in the Directors' Report on pages 4 to 6. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates and is rounded to the nearest thousand pounds.

2. Adoption of new and revised Standards

In the current year, the following new and revised Standards and Interpretations have been adopted. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

- i. IAS 39 (Amendments) Novation of Derivative and Continuation of Hedge Accounting.
- ii. IAS 36 (Amendments) Recoverable Amount Disclosures for Non-Financial Assets
- iii. IFRIC 21 Levies

New standards and interpretations not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issues but not yet effective (and in some cases had not yet been adopted by the EU):

- i. Amendments to IFRS 10, IFRS 12 and IAS 28 – Investments Entities: Applying the Consolidation Exception
- ii. Amendments to IAS 1 – Disclosure Initiative
- iii. Annual improvements to IFRSs: 2012-2014 Cycle (Sept 2014)
- iv. Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- v. Amendments to IAS 27 – Equity Method in Separate Financial Statements
- vi. IFRS 9 – Financial Instruments
- vii. Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants
- viii. IFRS 15 – Revenue from Contracts with Customers
- ix. Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation
- x. Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations
- xi. IFRS 14 – Regulatory Deferral Accounts
- xii. Annual Improvements to IFRSs: 2011-13 Cycle (Dec 2013)
- xiii. Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions

The directors do not expect that the adoption of these standards listed above will have a material impact on the financial statements of the Group in future periods, except for IFRS 9 – Financial instruments, which will impact both the measurement and disclosure of Financial Instruments, and IFRS 15 – Revenue from Contracts with Customers, which may have an impact on revenue recognition and related disclosures. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards, until a detailed review has been completed.

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Notes to the Company Financial Statements (continued)

3. Significant accounting policies

Basis of accounting

The Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and ISAB. The financial statements have been prepared on the historical cost basis, except for the revaluation of the investment in the Company's subsidiary UK Group of Hotels. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Solvency

The Company has adequate financial resources. In considering the ability of the Company to continue as a Going Concern the Directors have considered the Company cash flow forecasts. These cash flow forecasts indicate that the Company has sufficient resources to meet its ongoing expenses into the foreseeable future. UK Group of Hotels has no recourse to the Company which is solvent.

Going concern

In light of events as outlined in Note 11, no future income and indeed no investment return from the UK Group of Hotels plc is expected.

The Company has adequate financial resources. The Directors have considered the Company cash flow forecasts and these cash flow forecasts indicate that the Company has sufficient cash resources to meet its ongoing operating expenses into the foreseeable future. UK Group of Hotels has no recourse to the Company which is solvent.

The Board believe that there is value in the Company as a quoted cash shell company and are seeking its sale as a going concern or the introduction of new business opportunities in order to continue its trade. The Board has therefore been in consultation with its two major groups of shareholders representing more than 40% of the total issued share capital, who have both indicated that they would wish to seek other business opportunities.

On this basis, the Board has been in talks with several other parties and have received expressions of interest over the period to date and await positive responses. To date no definitive business has resulted from those meetings and discussions but it still remains the Board's intention to continue these enquiries. The Board expects a positive future outcome from these discussions and on that basis considers the Company to be a going concern. However, if the outcome of these current or future discussions are not successful the Board may need to consider an orderly wind down of the Company.

The above conditions therefore indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise assets and/or discharge liabilities in the normal course of business. These financial statements do not include any adjustments that would result if the Company were unable to continue as a going concern.

The Hotel Corporation plc
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Notes to the Company Financial Statements (continued)

3. Significant accounting policies (continued)

Going concern (continued)

After making such enquiries as necessary and considering the uncertainties described above, the Directors have a reasonable expectation that the Company has adequate resources to continue to adopt the going concern basis in preparing the annual report and financial statements.

Basis of Preparation

On 31 October 2012, the IASB issued 'Investment entities: Amendments to IFRS 10, IFRS 12 and IAS 27'. Entities are required to apply the amendments for annual periods beginning on or after 1 January 2014, but earlier application is permitted. The Company early adopted Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27) for the year ended 31 December 2012 and has continued to apply the amended standard in the financial statements for the year ended 31 December 2014.

The Company meets the definition of an Investment Entity as defined by IFRS 10 and is required to account for the investment in UK Group of Hotels at fair value through profit and loss, see note 4 for further detail regarding the assessment of the Company as an investment entity. These separate financial statements are the only financial statements presented by the Company.

In accordance with IFRS 10 as amended by Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27), the Company shall not consolidate its subsidiaries or apply IFRS 3 when it obtains control of another entity. Instead, the Company will measure its investment in its subsidiaries at fair value through profit or loss in accordance with IAS 39, Financial Instruments: Recognition and Measurement.

The Company holds 49.9% of the ordinary shares of UK Group of Hotels as well as convertible preference shares. If all the convertible preference shares held by the Company are converted into ordinary shares in the future the Company will own 53.28% of UK Group of Hotels, on a fully converted basis. Under previously adopted IFRS, this had required consolidation of the UK Group of Hotels results.

The assessment that the Company is an Investment Entity had no effect on the total fair value, as of the date of change of status, of the investment in UK Group of Hotels. The fair value remains £nil as at 31 December 2014 (2013: £nil). See Note 11 for further details.

Revenue recognition

Revenue represents interest on bonds and preference share dividends.

Dividend and interest income recognition

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably.

The Hotel Corporation plc
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Notes to the Company Financial Statements (continued)

3. Significant accounting policies (continued)

Financial instruments (continued)

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets of the Company are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a Company of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's document risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

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Notes to the Company Financial Statements (continued)

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in note 4 and note 11.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, 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

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

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Notes to the Company Financial Statements (continued)

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Critical judgements in applying the Company's accounting policies (continued)

Determining that the entity is an investment entity

In assessing whether it meets the definition of an investment entity, the Company must consider whether it has the typical characteristics of an investment entity. The Company has been deemed to meet the definition of an investment entity per IFRS 10 Consolidated Financial Statements as the following conditions exist:

- a) The Company has obtained funds for the purpose of providing investors with investment management services;
- b) The Company's business purpose which was communicated to the investors in its initial prospectus, is solely to create value for shareholders through investing in the four-star hotels sector in the UK with a particular focus on provincial hotels;
- c) The Company's investors are not related parties of the entity; and
- d) The performance of the investment in UK Group of Hotels is measured and evaluated on a fair value basis.

Although the Company does not meet all the typical characteristics of an investment entity as it has only one investment, this exception does not prevent the Company from meeting the definition of an investment entity. The absence of these typical characteristics does not necessarily disqualify an entity from being classified as an investment entity. Following consideration, the Directors believe the Company is an investment entity as the Company was established to invest in businesses in the UK hotels sector and the Company has pooled investors' funds to invest in a single investment which otherwise would be unobtainable to individual investors given that UK Group of Hotels is not publicly traded.

Revenue recognition

Note 5 describes uncertainty in relation to the revenue due from UK Group of Hotels with regards to interest on bonds and preference share dividends. In making their judgement regarding revenue recognition, the directors considered the detailed criteria for recognition of interest and dividend revenue set out in IAS 18 Revenue, in particular whether it is probable that economic benefits associated with the transactions will flow to the Company. Following consideration of the conditions described in note 5, the directors concluded that it is not probable that such revenue will flow to the Company. Accordingly the Company has not recognised revenue due with effect from 1 January 2012.

Key sources of estimation uncertainties

The following are the key sources of estimation uncertainty that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements.

The Hotel Corporation plc
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Notes to the Company Financial Statements (continued)

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainties (continued)

Fair value of investment

In line with the accounting policies set out in note 3, note 11 sets out in detail the method by which fair value is attributed to the Company's investment in UK Group of Hotels and the significant uncertainties associated with this in the current year which has led to a valuation of £nil (2013: £nil) .

5. Revenue

Following communications received from UK Group of Hotels, the Company announced on the 16 December 2011 and confirmed on the 2 April 2012 that the payments due from UK Group of Hotels on the Bonds and Cumulative Preference Shares will be deferred until further notice.

Following these communications, a review of the UK Group of Hotels financial statements for the year ended 31 December 2012 and the administrators of the UK Group of Hotels communication to the company on 29 January 2015 that there will be no return to the Company, the directors have assessed that receipt of this revenue is not probable. Accordingly, the Company has not recognised revenue due of £1,986,000 in respect of interest on bonds and £824,000 in respect of dividends on preference shares again in the current year.

6. Business and geographical segments

The Company's turnover is derived from interest on the Bonds and Cumulative Preference Shares (which have been deferred, see note 5) held in its investment UK Group of Hotels. All income is derived from the UK.

7. Loss for the year

Loss for the year has been arrived at after charging:

| | 2014 | 2013 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Audit fees payable for the audit of the Company's annual accounts | | |
| - Current year | 13 | 20 |
| - Prior year (over)/under provision | - | (1) |
| Impairment loss on trade receivables | - | - |
| | <u>13</u> | <u>19</u> |

The Hotel Corporation plc
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Notes to the Company Financial Statements (continued)

8. Company Tax on loss on ordinary activities

A 0% rate of corporate income tax is applicable to the Company's income and therefore no provision for liability to Manx income tax has been included in these financial statements.

9. Dividends

The Directors do not recommend the payment of a dividend in respect of the year to 31 December 2014 (2013: £nil).

10. Loss per share

| | 2014 | 2013 |
|--|-----------------------|-----------------------|
| | £'000 | £'000 |
| Loss for the purposes of basic earnings per share being loss attributable to owners of the Company | <u>(142)</u> | <u>(165)</u> |
| | | |
| Number of Shares | 2014 | 2013 |
| | No. | No. |
| Weighted average number and diluted ordinary shares for the purpose of basic loss per share | <u>49,819,050</u> | <u>49,819,050</u> |
| | | |
| Loss per share | | |
| Basic and diluted | <u><u>(0.29p)</u></u> | <u><u>(0.33p)</u></u> |

11. Investment

Investment – non current

| Classified as: | 2014 | 2013 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Investment at fair value through profit and loss | <u>-</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> |
| | | |
| | 2014 | 2013 |
| | £'000 | £'000 |
| Investment at fair value through profit and loss | | |
| Fair value at start of year | - | - |
| Decrease in fair value during the year | <u>-</u> | <u>-</u> |
| Fair value at end of year | <u>-</u> | <u>-</u> |

The Hotel Corporation plc
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Notes to the Company Financial Statements (continued)

11. Investment (continued)

Investment at fair value through profit and loss (continued)

The investment at 31 December 2014 includes an investment in ordinary shares of £nil (2013: £nil) in UK Group of Hotels. The Company holds 16,550,000 ordinary shares of £1 par value in UK Group of Hotels. These ordinary shares amount to 49.92% of the issued share capital of that company.

The investment at 31 December 2014 also includes an investment in convertible preference shares of £nil (2013: £nil). The Company holds 11,770,000 preference shares of £1 each in UK Group of Hotels, amounting to 58.85% of convertible preference shares in issue.

UK Group of Hotels is a UK Group and its principal activity was that of owning and operating a group of hotels.

The Company has no current commitments to provide financial or other support to UK Group of Hotels.

The Company were notified that at the General Meeting (“GM”) of Puma Hotels plc (“Puma”) on 10 July 2014, the resolution to change Puma’s name to UK Group of Hotels plc was approved by shareholders. The Company owns 49.92% of UK Group of Hotels, which rebranded itself as “The Hotel Collection” following the acquisition of its senior debt by LSREF III Wight Limited (“Lone Star”) from Irish Bank Resolution Corporation Limited.

The Company announced that on 4 August 2014 Paul John Clark, Paul David Williams and David John Whitehouse, each of Duff & Phelps Ltd, were appointed as joint administrators of UK Group of Hotels, in which the Company holds a 49.92% interest.

On 11 September 2014 those same joint administrators were appointed to the 18 subsidiary companies within the UK Group of Hotels and all business and assets were sold in pre-packed sales by the administrators to new entities which are ultimately controlled by Lone Star funds.

Subsequent interim reports from the administrators, the latest being dated 29 January 2015, have confirmed that there is no return for ordinary shareholders, preference shareholders or debenture holders. The investment in all forms, into UK Group of Hotels has no present or future value.

The Company’s investment in UK Group of Hotels is fully written down to £nil (2013 £nil).

The Hotel Corporation plc
31 December 2014

Notes to the Company Financial Statements (continued)

11. Investment (continued)

Investment at fair value through profit and loss (continued)

As detailed in Note 3, the Company has prepared separate financial statements in accordance with IFRS 10. In accordance with Investment Entities (Amendments to IFRS 10, 12 and IAS 27) the Company has not consolidated its results with its subsidiary, UK Group of Hotels and instead has measured its investment in UK Group of Hotels at fair value through profit or loss in accordance with IAS 39, Financial Instruments: Recognition and Measurement.

The convertible preference shares in UK Group of Hotels will rank ahead of the ordinary share capital in a winding up of UK Group of Hotels and can be converted into ordinary shares in the capital of UK Group of Hotels at any time at the option of the holder of these preference shares upon 21 days notice. These shares are convertible into 1 ordinary share and 19 preference shares for every 1 convertible preference share at the option of the holder. These preference shares do not carry the right to vote except on a resolution modifying the rights attaching to the preference shares.

In determining the fair value attributable to the ordinary shares and convertible preference shares in UK Group of Hotels of £nil, the Directors considered the reports from the Administrators of the UK Group of Hotels and its subsidiaries. The latest being 29 January 2015, which clearly indicates there will be no return for ordinary shareholders, preference shareholders or debenture holders.

Bonds

The investment at 31 December 2014 also includes an investment in unsecured deep discount bonds issued by UK Hotels (Finance) plc (formerly Puma Hotels (Finance) plc), a subsidiary of UK Group of Hotels, of £nil (2013: £nil). The Company holds 16,550,000 unsecured deep discounted bonds.

Once again, following receipt of the reports from the Administrators of UK Group of Hotels the Board considers the bonds to have no present or future value.

Fair value of investment

The Directors have reviewed the investment at 31 December 2014. As detailed above, in view of the appointment of Administrators to UK Group of Hotels and all of its subsidiaries, and in particular the subsequent reports from the Administrators clearly indicating no likelihood of any return to ordinary shareholders, preference shareholders or debenture holders, the Company considers there is no present or future value in the investment and must consider it to be of no value.

The Hotel Corporation plc
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Notes to the Company Financial Statements (continued)

11. Investment (continued)

Fair value measurements

The information set out below provides information about how the Company determines fair values of financial assets.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Some of the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

| Financial assets | Fair value as at | | Fair value hierarchy | Valuation technique(s) and key input(s) | Significant unobservable input(s) | Relationship of unobservable inputs to fair value |
|--|---|--|----------------------|--|--|--|
| | 31/12/2014 | 31/12/2013 | | | | |
| 1) Private equity investment in UK Group of Hotels | 49.92 per cent equity investment in UK Group of Hotels, engaged in hotel owning and operating activities - £nil | 49.92 per cent equity investment in UK Group of Hotels engaged in hotel owning and operation activities - £nil | Level 3 | Director assessment based on net realisable assets | The Director's experience and knowledge of the UK Group of Hotels operations and prospects | The higher net assets and the more favourable the Directors assessment of UK Group of Hotels prospects, the higher the fair value. |
| 2) Redeemable cumulative preference shares in UK Group of Hotels | 11,770,000 preference shares in UK Group of Hotels, engaged in hotel owning and operating activities - £nil | 11,770,000 preference shares in UK Group of Hotels, engaged in hotel owning and operating activities - £nil | Level 3 | Director assessment based on net realisable assets | The Director's experience and knowledge of the UK Group of Hotels operations and prospects | The higher net assets and the more favourable the Directors assessment of UK Group of Hotels prospects, the higher the fair value. |
| 3) Bonds in UK Group of Hotels | £nil | £nil | Level 3 | Director assessment based on net realisable assets | The Director's experience and knowledge of the UK Group of Hotels operations and prospects | The higher net assets and the more favourable the Directors assessment of UK Group of Hotels prospects, the higher the fair value. |

The Hotel Corporation plc
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Notes to the Company Financial Statements (continued)

11. Investment (continued)

Fair value measurements (continued)

There were no transfers between Levels 1, 2 or 3 during the current or prior year. There were no gains or losses recognised in the current year in respect of financial assets at fair value through profit or loss.

A sensitivity analysis to changes in assumptions has not been prepared due to the £nil fair value of the investments.

12. Trade and Other Receivables

| | 2014 | 2013 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Amounts falling due within one year | | |
| Prepayments and accrued income | 8 | 9 |
| | 8 | 9 |
| | 8 | 9 |

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. All receivables are less than 180 days and are not past due or impaired.

13. Trade and Other Payables

| | 2014 | 2013 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Amounts falling due within one year | | |
| Accruals and deferred income | 25 | 25 |
| | 25 | 25 |
| | 25 | 25 |

The directors consider the carrying value of Trade and Other Payables is approximately equal to their fair value.

The Hotel Corporation plc
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Notes to the Company Financial Statements (continued)

14. Share Capital

Authorised: Ordinary Shares of £0.05

| | Number | £'000 |
|------------------------|-------------------|--------------|
| As at 31 December 2014 | <u>80,000,000</u> | <u>4,000</u> |

Issued and fully paid: Ordinary Shares of £0.05

| | Number | £'000 |
|--------------------------|-------------------|--------------|
| Balance at start of year | 49,819,050 | 2,491 |
| Issued during year | - | - |
| As at 31 December 2014 | <u>49,819,050</u> | <u>2,491</u> |

The Company has one class of ordinary shares which carry no right to fixed income.

Share Premium Account

On 29 June 2009 the Company issued 15,200,000 new ordinary shares of 5p each at a placing price of 80p resulting in 75p premium on each share, a total of £11,400,000 premium. Placing costs of £385,000 were deducted from the premium achieved resulting in a net share premium of £11,015,000.

15. Notes to the Statement of Cash Flows

Reconciliation of operating loss to net cash generated by operating activities:

| | 2014 | 2013 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Operating loss | (144) | (173) |
| Adjustments for: | | |
| Decrease/(increase) in Trade and other Receivables | 1 | 3 |
| (Decrease)/increase in Trade and other payables | - | (3) |
| Net cash used in operating activities | <u>(143)</u> | <u>(173)</u> |

The Hotel Corporation plc
31 December 2014

Notes to the Company Financial Statements (continued)

16. Events after the Balance Sheet Date

An interim report dated 29 January 2015 from the Administrators of UK Group of Hotels plc has confirmed there is no prospect of any dividend to its non-preferential unsecured creditors which by definition means no return to shareholders.

The Administrators stated that the administration automatically comes to an end after one year, i.e. 4 August 2015, at which time it is anticipated a Notice will be given to move from administration to dissolution.

17. Related Party Transaction

Immediate and Ultimate Controlling Party

In the opinion of the Directors there is no immediate and ultimate controlling party.

Key Management Compensation

The remuneration of the Directors of the Company, who are the key management personnel, is set out below:

| | Company 2014 £'000 | Company 2013 £'000 |
|---|-----------------------------------|-----------------------------------|
| Short-term employee benefits and directors fees | <u>41</u> | <u>52</u> |
| Total | <u>41</u> | <u>52</u> |

David Craine is a Director of Peregrine Corporate Services Limited, (PCS), the Company which provides accountancy, administration and secretarial services to The Hotel Corporation plc. Fees, including VAT, of £33,676 (2013: £42,855) were paid to PCS during the year.

Derek Short's directors fees are paid to English and Continental Properties Limited.

David Craine's directors fees are paid to Burleigh Offshore Services Limited.

During the year there were no related party share transactions (2013: Former Director, Barclay Douglas, sold 220,329 ordinary shares during the year reducing his total shareholding in the company to nil. Shore Capital Group Investments Limited held 10,953,744 ordinary shares in the Company representing 31.18% of the issued share capital. Shore Capital Group Investments Limited are part of the Shore Capital Group who were nominated advisors and brokers for the Company up to 4 September 2013. These shares were held by Pershing Nominees Limited).

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Notes to the Company Financial Statements (continued)

18. Financial Instruments

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern, this is achieved by maintaining sufficient liquid resources to meet ongoing liabilities as they fall due, including payment of dividends, while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, share premium and retained losses. The Company does not have a target gearing ratio.

The Company is not subject to any externally imposed capital requirements. Equity includes all capital and reserves of the Company that are managed as capital.

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the basis for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Categories of financial instruments

| | Company 2014 £'000 | Company 2013 £'000 |
|--|-----------------------------------|-----------------------------------|
| Financial assets | | |
| Investment at fair value through profit and loss | - | - |
| Cash and cash equivalents | 501 | 642 |
| Loans and receivables | 8 | 9 |

The investment at fair value through profit and loss which includes the bonds and the preference shares is designated level three (2013: level three) financial assets and liabilities within the definitions of IFRS 13, Fair Value Measurement. As per note 11, the investment held by the Company has been valued at £nil as at 31 December 2014 (2013: £nil). Notes 3, 4 and 11 detail the valuation techniques used by the Company in determining the fair value and note 11 details the reasons why the investment is valued at £nil. There have been no gains or losses recognised in the year, nor any purchases or disposals or transfer between levels in the fair value hierarchy.

At the end of the reporting year, there are no significant concentrations of credit risk for loans and receivables. The carrying amount reflected above represents the Company's maximum exposure to credit risk for such loans and receivables.

Financial risk management objectives

The Board of Directors monitor and manage financial risks, relating to the operation of the Company, through periodic assessment of its exposure to them. These risks include interest rate risk, credit risk, cash flow interest rate risk and liquidity risk.

The Hotel Corporation plc
31 December 2014

Notes to the Company Financial Statements (continued)

18. Financial Instruments (continued)

Market risk

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured. The Company is not exposed to any financial risks arising from changes in foreign currency exchange rates or interest rates.

Foreign currency risk management

Company operations are based in the Isle of Man and all assets and liabilities are denominated in sterling. As a result the Company has no exposure to foreign currency risk.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Company Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows.

Liquidity risk tables

The following table details the Company's expected maturity for its non-derivative financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

| | Weighted average effective interest rate | Less than 1 month | 1-3 months | 3 months to 1 year | 1-5 years | 5+ years | Total |
|------------------------------------|---|------------------------------|-----------------------|-------------------------------|------------------|-----------------|--------------|
| | % | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 31 December 2014 | | | | | | | |
| Non-interest bearing | | - | - | - | - | - | - |
| Variable interest rate instruments | 0.35 | 493 | - | - | - | - | 493 |
| | | 493 | - | - | - | - | 493 |

The Hotel Corporation plc
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Notes to the Company Financial Statements (continued)

18. Financial Instruments (continued)

| | Weighted average effective interest rate | Less than 1 month | 1-3 months | 3 months to 1 year | 1-5 years | 5+ years | Total |
|------------------------------------|--|----------------------|---------------|-----------------------|-----------|----------|-------|
| | % | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 31 December 2013 | | | | | | | |
| Non-interest bearing | | - | - | 1 | - | - | 1 |
| Variable interest rate instruments | 0.52 | 642 | - | - | - | - | 642 |
| | | 642 | - | 1 | - | - | 643 |

The amounts included above for variable interest rate instruments for non-derivative financial assets is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the reporting date.

The following table details the remaining contractual maturity for its non-derivative financial liabilities with agreed repayment dates. The table has been drawn up based on the discounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

| | Weighted average effective interest rate | Less than 1 month | 1-3 months | 3 months to 1 year | 1-5 years | 5+ years | Total |
|------------------------------------|--|----------------------|---------------|-----------------------|-----------|----------|-------|
| | % | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 31 December 2014 | | | | | | | |
| Non-interest bearing | | - | 25 | - | - | - | 25 |
| Variable interest rate instruments | - | - | - | - | - | - | - |
| | | - | 25 | - | - | - | 25 |

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Notes to the Company Financial Statements (continued)

18. Financial Instruments (continued)

| | Weighted average effective interest rate | Less than 1 month | 1-3 months | 3 months to 1 year | 1-5 years | 5+ years | Total |
|--|--|----------------------|---------------|-----------------------|-----------|----------|-------|
| | % | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 31 December 2013 | | | | | | | |
| Non-interest bearing | | - | 25 | - | - | - | 25 |
| Variable interest rate instruments | - | - | - | - | - | - | - |
| | | - | 25 | - | - | - | 25 |