Company Registration No. 2940925

PARAMOUNT HOTELS LIMITED

Report and Financial Statements

31 December 2011

Deloitte LLP
Douglas, Isle of Man

PARAMOUNT HOTELS LIMITED

2011 REPORT AND FINANCIAL STATEMENTS

CONTENTS

PARAMOUNT HOTELS LIMITED

2011 REPORT AND FINANCIAL STATEMENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Peter Procopis
Michael Jourdain
David Kaye

SECRETARY

David Kaye

REGISTERED OFFICE

Bond Street House
14 Clifford Street
London
W15 4JU

BANKERS

Irish Bank Resolution Corporation Limited
10 Old Jewry
London
EC2R 8DN

National Westminster Bank PLC
Piccadilly and New Road Street
63 Piccadilly
London
W1J 0AJ

AUDITORS

Deloitte LLP
Chartered Accountants and Statutory Auditors
Douglas, Isle of Man

PARAMOUNT HOTELS LIMITED

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Company, together with the financial statements for the year ended 31 December 2011

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The Company's principal activity is that of owning hotels During the year ended 31 December 2011, the hotels owned by Puma Hotels plc and its subsidiaries (together "the Group") were operated by Barceló Hotels and Resorts ("Barceló") under the lease arrangements put in place in September 2007 when the Group transferred its trade to Barceló Post year end, on 25 April 2012, a business transfer agreement was signed with Barceló which, inter alia, provided for the early termination of the leases (see note 21 for further details)

As a result of a rent increase on 4 September 2011, the Company's turnover increased from £13 1m to £13 6m

The balance sheet on page 8 of the financial statements shows that the Company's net asset position has worsened from last year This is due to a downwards revaluation of the Company's freehold and long leasehold properties

DIVIDENDS AND RESULTS

The Directors have not proposed the payment of a dividend in respect of the year ended 31 December 2011 (31 December 2010 £nil) The retained loss for the year of £8,323,000 (31 December 2010 profit £1,908,000) was transferred from reserves

DIRECTORS AND THEIR INTERESTS

The Directors who served during the year and the date of this report were

Michael Jourdain
Peter Procopis
David Kaye

No director had any interest in the shares of the Company at 31 December 2011 or 1 January 2011

CREDITOR PAYMENT POLICY

It is the Company's policy to agree terms of payment with its suppliers when agreeing the terms of a business transaction or transactions All suppliers are aware of this procedure and the Company endeavours to abide by the agreed payment terms

PRINCIPAL RISKS AND UNCERTAINTIES

The group that the Company is part of has now taken operational control of the hotels that were operating out of the Group's investment properties following a business transfer agreement signed on 25 April 2012 The Company is therefore now exposed to the risks associated with the hotel industry such as any further downturn in the general operating conditions in the UK provincial hotel industry and new hotel openings close to its existing sites

The Company is also exposed to risks regarding property valuations in periods of market instability This instability means that professional valuers are not able to value properties with the same degree of certainty as would be the case in a more stable market with a good level of transactional evidence to support valuations

The group that the Company is part of has bank loans of £332 3m (2010 £332 3m) The Group has taken appropriate measures to ensure that interest rate protection instruments are in place in order to minimise interest rate exposure

PARAMOUNT HOTELS LIMITED

DIRECTORS' REPORT (continued)

GOING CONCERN

The Directors have considered the Company's cash flow forecasts As the future of the Company is dependant on the performance of the Group, the Directors have also considered the Group cash flow forecasts of Puma Hotels plc and its subsidiaries (together "the Group") The Group borrowings are secured by way of fixed and floating charges over the Company's assets The Group is in a net liability position and current net liability position and is reliant on continued support from its senior lender Irish Bank Resolution Corporation ('IBRC'), (formerly Anglo Irish Bank) The Group's operations are profitable and operational profits are forecast to increase over the medium term, thereby enhancing the current level of positive cash flows, however in order for the Group to fully meet its debt service obligations in relation to its senior facility, a revolving credit facility was made available by IBRC in April 2012 when an amended facility agreement was signed by the Group post the termination of the lease agreement and the transfer of the operations of the hotels to the Group In prior years when the Group's activities related to the holding of investment property, the Group was able to meet all of its obligations, including any payments to the bank under the facility agreement, from the rent received from its tenant Although the termination of the lease arrangements in April 2012 has resulted in a lower level of net income to the Group the Group's operations as a direct hotel operator are forecast to remain profitable and cash flow positive before deducting interest payable on its debt facilities

Based on the current terms of the senior facility, in order for this facility and the revolving credit facility to continue to be made available from the date of signing these financial statements to 31 December 2012, and then beyond that date to 31 December 2013, the Group is required to meet certain conditions in relation to the senior and revolving credit facilities some of which relate to unpredictable market activity

If these conditions are not met the senior and revolving facilities would need to be further negotiated with the senior lender, or alternative financing arrangements sought by the Directors of the Group The Directors of the Group have confirmed to the directors of the Company that they believe they can either meet these conditions, or can successfully renegotiate terms with the senior lender for the Group or another lender

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern As the Group's borrowings are secured by way of fixed and floating charges over the Company's assets, significant doubt also may exist over the ability of the Company to continue as a going concern 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 was unable to continue as a going concern

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 in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements

AUDITORS

Each of the directors at the date of approval of this report confirms 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 he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

A resolution to re-appoint Deloitte LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors and signed on behalf of the Board

M.t. Jourdain

Michael Jourdain
Director
28 September 2012

PARAMOUNT HOTELS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual 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 of 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 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 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 Group's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARAMOUNT HOTELS LIMITED

We have audited the financial statements of Paramount Hotels Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 21 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 auditors' 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 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 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern

The principal activity of the Company is owning investment property Puma Hotels plc ('the parent company') and its subsidiaries (together "the Group") have borrowings which are secured by way of fixed and floating charges over the Company's assets and the Group is reliant on continued support from its senior lender As more fully explained in note 1 to the financial statements, from the date of signing these financial statements to 31 December 2012, and then beyond that date to 31 December 2013, the Group is required to meet certain conditions in relation to the senior and revolving credit facilities some of which relate to unpredictable market activity

The existence of these conditions indicates a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern which in turn may cast significant doubt about the Company's ability to continue as a going concern The financial statements do not include any adjustments, which would include any write down on amounts due from Group undertakings to the Company, which would result if the Company was unable to continue as a going concern

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PARAMOUNT HOTELS LIMITED

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where 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

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Sarah Sanders (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Douglas, Isle of Man

28 September 2012

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2011

	Note	31 December 2011 £'000	31 December 2010 £'000
TURNOVER	1	13,630	13,179
Cost of sales		-	-
GROSS PROFIT		13,630	13,179
Other administrative expenses		(1,564)	(1,454)
Administrative expenses – exceptional (Goodwill write-off)		(672)	
Administrative expenses – exceptional (deficit on revaluation of properties)		(25,661)	-
Administrative expenses – exceptional (write-off of amounts due to group undertakings)		15,000	-
OPERATING PROFIT		733	11,725
Interest receivable and similar income	4	16,939	13,967
Interest payable and similar charges	5	(25,995)	(23,211)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	(8,323)	2,481
Tax on (loss)/profit on ordinary activities	7	-	(573)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	16,17	(8,323)	1,908

All amounts are from continuing activities

The accompanying notes on pages 10 to 17 are an integral part of this profit and loss account

PARAMOUNT HOTELS LIMITED

BALANCE SHEET
As at 31 December 2011

	Note	As at 31 December 2011 £'000	As at 31 December 2010 £'000
FIXED ASSETS			
Intangible assets	8	-	774
Tangible assets	9	77,000	190,446
		77,000	191,220
CURRENT ASSETS			
Debtors due within one year	11	-	134,230
Debtors due after one year	11	162,286	-
		162,286	134,230
CREDITORS· Amounts falling due within one year	12	(2,707)	(219,694)
NET CURRENT ASSETS/(LIABILITIES)		159,579	(85,464)
TOTAL ASSETS LESS CURRENT LIABILITIES		236,579	105,756
CREDITORS. Amounts falling due after more than one year	13	(227,626)	-
PROVISION FOR LIABILITIES	14	(951)	(951)
NET ASSETS		8,002	104,805
CAPITAL AND RESERVES			
Called up share capital	15	99	99
Share premium account	16	9,315	9,315
Revaluation reserve	16	1,741	90,221
Profit and loss account	16	(3,153)	5,170
EQUITY SHAREHOLDERS' FUNDS	17	8,002	104,805

The financial statements of Paramount Hotels Limited, company number 2940925, were approved by the Board of Directors 28 September 2012 and signed on its behalf by

Peter Procopis
Director

The accompanying notes on pages 10 to 17 are an integral part of this balance sheet

PARAMOUNT HOTELS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2011

	31 December 2011 £'000	31 December 2010 £'000
Retained (loss)/profit for the financial year	(8,323)	1,908
Unrealised deficit on revaluation of properties	(88,480)	(5,130)
Total gains and losses since last annual report and financial statements	(96,803)	(3,222)

PARAMOUNT HOTELS LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

1. **ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards The particular accounting policies adopted are described below The following principal accounting policies have been applied consistently in both the current and preceding financial years

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules as modified to include the revaluation of certain tangible fixed assets.

The Company has not prepared consolidated financial statements for the period as permitted by Section 400 of the Companies Act 2006

As a wholly owned subsidiary, the Company has availed itself of the exemption available to it under Financial Reporting Standard Number 8, not to disclose intra-group transactions

Under Financial Reporting Standard Number 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds of it being a wholly owned subsidiary of Puma Hotels plc

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position including its reliance on the group performance are also set out in the Directors' Report

These financial statements have been prepared on the basis that the company is a going concern The principle activity of the company is owning investment property Puma Hotels plc ('the indirect parent company') and its subsidiaries (together "the Group") have borrowings which are secured by way of fixed and floating charges over the company's assets The Group is in a net liability position and current net liability position and is reliant on continued support from its senior lender Irish Bank Resolution Corporation ('IBRC'), (formerly Anglo Irish Bank) The Group's operations are profitable and operational profits are forecast to increase over the medium term, thereby enhancing the current level of positive cash flows, however in order for the Group to fully meet its debt service obligations in relation to its senior facility, a revolving credit facility was made available by IBRC in April 2012 when an amended facility agreement was signed by the Group post the termination of the lease agreement and the transfer of the operations of the hotels to the Group In prior years when the Group's activities related to the holding of investment property, the Group was able to meet all of its obligations, including any payments to the bank under the facility agreement, from the rent received from its tenant Although the termination of the lease arrangements in April 2012 has resulted in a lower level of net income to the Group, the Group's operations as a direct hotel operator are forecast to remain profitable and cash flow positive before deducting interest payable on its debt facilities

Based on the current terms of the senior facility, in order for this facility and the revolving credit facility to continue to be made available from the date of signing these financial statements to 31 December 2012, and then beyond that date to 31 December 2013, the Group is required to meet certain conditions in relation to the senior and revolving credit facilities some of which relate to unpredictable market activity

If these conditions are not met the senior and revolving facilities would need to be further negotiated with the senior lender, or alternative financing arrangements sought by the Directors of the Group The Directors of the Group have confirmed to the directors of the company that they believe they can either meet these conditions, or can successfully renegotiate terms with the senior lender for the Group or another lender

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern As the Company is reliant on continued support from the Group and due to the fact that the Group's borrowings are secured by way of fixed and floating charges over the company's assets, significant doubt also may exist over the ability of the Company to continue as a going concern 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 was unable to continue as a going concern

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 in operational existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

1 ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are revalued annually Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. Depreciation is not provided in respect of freehold investment properties, or in respect of leasehold investment properties where the unexpired term of the lease is more than 20 years The Directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19 *Accounting of investment properties* The financial effect of the departure from the statutory accounting rules cannot be reasonably quantified

Taxation

Current tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied

Goodwill

Where businesses or subsidiaries are acquired, any difference between the cost of acquisition and the value attributable to the acquired assets and liabilities is reflected as goodwill on the balance sheet. Goodwill is written off over its estimated useful life not exceeding 20 years

2. SEGMENTAL ANALYSIS

The Company's turnover, profit before taxation and net assets are derived from its principal activity within the UK and as such no segmental information has been disclosed

3 INFORMATION REGARDING DIRECTORS, EMPLOYEES AND AUDIT FEES

The Directors received no emoluments in the financial year (31 December 2010 £nil) Emoluments paid to the Directors are disclosed in the financial statements of Puma Hotels plc With the exception of the Directors, the Company had no employees

Audit fees of £1,000 (2010 £1,000) have been borne by Puma Hotels plc

PARAMOUNT HOTELS LIMITED

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	31 December 2011 £'000	31 December 2010 £'000
Interest receivable from group undertakings	16,939	13,967
Interest receivable on bank deposits	-	-
	16,939	13,967

5. INTEREST PAYABLE AND SIMILAR CHARGES

	31 December 2011 £'000	31 December 2010 £'000
Interest payable to group undertakings	25,995	23,211
Interest payable on finance leases	-	-
	25,995	23,211

6. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated

	31 December 2011 £'000	31 December 2010 £'000
After crediting:		
Rent receivable	13,630	13,179
After charging:		
Amortisation of goodwill	102	102
Impairment of goodwill	672	-

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	31 December 2011 £'000	31 December 2010 £'000
UK corporation tax charge/(credit)		
Group relief – current period	-	-
Group relief – prior period	-	-
	-	-
Deferred tax		
Origination and reversal of timing differences	-	609
Prior period adjustment	-	-
Effect of change of tax rates	-	(36)
Tax on (loss)/profit on ordinary activities	-	573

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (continued)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss)/profit before tax is as follows

	31 December 2011 £'000	31 December 2010 £'000
Current tax reconciliation		
(Loss)/Profit on ordinary activities before taxation	(8,323)	2,481
Tax on (loss)/profit on ordinary activities at standard UK corporation tax rate of 26 5% (2010 28%)	(2,205)	695
Effects of		
Group relief for nil consideration	(825)	-
Expenses not deductible for tax purposes	178	-
Effect of unutilised losses	-	433
Write down of Investment Properties	6,800	-
Group Creditor write-off not taxable	(3,975)	-
Goodwill amortisation	27	29
Differences between capital allowances and depreciation	-	(1,042)
Permanent timing differences	-	(115)
Current tax charge for period	-	-

8. INTANGIBLE FIXED ASSETS

	Goodwill £'000
Cost	
At beginning and end of year	2,047
Amortisation	
At beginning of year	(1,273)
Charge for year	(102)
Impairment	(672)
At end of year	(2,047)
Net book value	
At 31 December 2011	-
At 31 December 2010	774

Goodwill was being amortised over its estimated useful economic life of 20 years This is the estimated average useful life of the assets acquired that gave rise to the goodwill The goodwill was fully impaired in the current year

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

9. TANGIBLE FIXED ASSETS

	Investment properties £'000
Cost or valuation	
At beginning of year	190,446
Additions	695
Disposals	-
Revaluation	(114,141)
At end of year	77,000
Net book value	
At 31 December 2011	77,000
At 31 December 2010	190,446

An external valuation of the Company's freehold properties, was performed by Christie + Co Chartered Surveyors in March 2012 acting in their capacity as appropriately qualified external valuers which valued the properties at £75 5m A further £1 5m (2010 £1 73m) has been included in the value in respect of land assets excluded from the external valuation The land continues to be valued at Directors valuation The external valuation was performed in accordance with the Royal Institute of Chartered Surveyor Valuation Standards Pursuant to the negotiations with Barceló which commenced in November 2011, and resulted in the termination of the leases in April 2012, the external valuation of the properties reflects this lease termination

The historical cost and net book value of the Company's freehold and long leasehold land and buildings included at valuation is as follows

	Investment properties 31 December 2011 £'000	Investment properties 31 December 2010 £'000
Historical cost	89,667	88,972
Historical net book value	81,348	80,653

10. INVESTMENTS

The Company has an investment of £2 (31 December 2010 £2) representing the whole of the issued ordinary share capital of Paramount Hotels Services Limited, incorporated in England which is dormant The investment is stated at cost

11. DEBTORS

	31 December 2011 £'000	31 December 2010 £'000
Amounts falling due within one year		
Amounts due from group undertakings	-	134,230
Amounts falling due after one year		
Amounts due from group undertakings	162,286	-

The amounts due from Group Undertakings have been reclassified as due after one year in the current year As detailed in note 1, Going Concern, the Directors believe that the Group operational profits will increase over the medium term which will enable these debts to be settled in due course The Company has confirmed in writing to its group undertakings that it will not ask for repayment within the next 12 months

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2011 £'000	31 December 2010 £'000
Amounts due to group undertakings	-	216,631
Accruals and deferred income	2,707	3,063
	2,707	219,694

The amounts due to group undertakings have been reclassified to creditors amounts falling due after more than one year in the current year.

13 CREDITORS: AMOUNTS FALLING AFTER MORE THAN ONE YEAR

	31 December 2011 £'000	31 December 2010 £'000
Amounts due to group undertakings	227,626	-
	227,626	-

As detailed above, the amounts due to group undertakings have been reclassified from creditors. amounts falling due within one year in the current year. The Company has received written confirmation from its group undertakings that they will not ask for repayment within the next 12 months

14. PROVISIONS FOR LIABILITIES

	31 December 2011 £'000	31 December 2010 £'000
Deferred taxation		
At beginning of year	951	378
Transfer to profit and loss account	-	573
At end of year	951	951

The amounts provided for deferred taxation and the amounts not provided are set out below

	31 December 2011		31 December 2010	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Difference between accumulated depreciation and capital allowances	4,510	-	4,510	-
On revaluation of land and buildings	-	-	-	20,531
Other timing differences	(3,559)	-	(3,559)	-
Undiscounted provision	951	-	951	20,531

No provision has been made in respect of the unrealised property revaluation surplus for certain properties A deferred tax asset of £2,840,000 has not been recognised in relation to the downward revaluation of certain land and buildings

15. SHARE CAPITAL

	31 December 2011 £'000	31 December 2010 £'000
Authorised, allotted, called up and fully paid		
9,900,000 Ordinary shares of 1p each	99	99

Rights applying to the Ordinary Shares

i) Dividend and Capital

In addition to being solely entitled to any distribution of profits which the Directors resolve to make in any year, the holders of the Ordinary Shares are entitled to a proportion of any dividend or distribution made on winding up The shares are not redeemable

ii) Voting Rights

At any general meeting on a show of hands every Ordinary Shareholder who is present in person or by proxy shall have one vote and on a poll every Ordinary Shareholder who is present in person or by proxy shall have one vote for every share of which he is the holder

16. SHARE PREMIUM AND RESERVES

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At beginning of year	9,315	90,221	5,170	104,706
Retained loss for the financial year	-		(8,323)	(8,323)
Revaluation in the year	-	(88,480)	-	(88,480)
At end of year	9,315	1,741	(3,153)	7,903

17. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	31 December 2011 £'000	31 December 2010 £'000
Opening equity shareholders' funds	104,805	108,027
(Loss)/Profit for the financial year	(8,323)	1,908
Revaluation	(88,480)	(5,130)
Closing equity shareholders' funds	8,002	104,805

A dividend of £nil (31 December 2010 £nil) was paid for the year

18. FINANCIAL COMMITMENTS

The Company has no annual commitments under non-cancellable operating leases

19. CONTINGENT LIABILITIES

The Company is a participant in a fellow group undertaking's (Paramount Hotels Holdings Limited and Puma Hotels plc) term loan borrowings whereby these borrowings are secured by a fixed and floating charge over the Company's assets

NOTES TO THE ACCOUNTS
Year ended 31 December 2011

20. ULTIMATE CONTROLLING PARTY

The entire issued share capital of the Company is indirectly owned by Puma Hotels plc, a company incorporated in Great Britain and registered in England and Wales The Group accounts of Puma Hotels plc, which represents the smallest group in which the Company is consolidated, can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ

The Hotel Corporation plc owns 49 9% of the ordinary shares and 58 9% of the preference shares of Puma Hotels plc The Hotel Corporation plc fully consolidates the results of Puma Hotels plc and its subsidiaries in its group accounts This represents the largest group in which the Company is consolidated

21. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

As detailed in the Directors' Report, after year end a transfer agreement was signed by the Group and Barceló which, inter alia, provided for the termination of the leases between the parties on 25 April 2012 On termination of these leases Barceló paid to Puma Hotels the net sum of £20 25m (excluding VAT) in respect of the early termination of the Leases In conjunction with termination of the transfer agreement with Barceló, whereby the hotel operations were transferred to the Group, the Group agreed with its bankers, IBRC, an option to extend its current debt facility until 31 December 2013, subject to meeting certain conditions as detailed in note 1, Going Concern As part of securing the option to extend the senior facility and gaining access to a revolving credit facility from IBRC, the Group utilised the £20 25m payment from Barceló to reduce the balance of the senior debt facility on 25 April 2012