Paragon Hotels Limited

Directors' report and consolidated financial statements

Registered number 02971215

Period ended 29 March 2012

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Directors' report

The directors present their report, together with the financial statements for the period ended 29 March 2012

Results and dividends

The group's loss after tax for the period is £1,897,000 (*2011 profit £725,000*) and has been transferred to reserves The directors do not recommend payment of a dividend (*2011 £nil*)

Principal activity and review of business

The group's principal activity is the ownership and operation of hotels

The group s turnover reduced by 2% to £27,652,000 compared to the prior period, with a reduction in operating profit to £1,379,000 compared to £2,071,000 This lack of growth is mainly due to the prevailing economic conditions

Cash inflow before financing was £1,743,000 Net debt was reduced to £64,218,000

Principal risks and uncertainties

The main uncertainties which the business faces are the level of economic activity, guest numbers, and competition in the form of prevailing room rates The directors believe that these factors present both challenges and opportunities for the business

Performance and development during the year including key performance indicators

The directors monitor performance through the production of a detailed annual budget and the comparison of actual performance against the budget

Additionally, the directors monitor key performance indicators to ensure they are within acceptable parameters, these include

- Room rate and occupancy
- The ratio of key costs to income
- Hotel operating profit
- Cash generated from operating activities

Position at the end of the period

The group and company have a sound financial base from which to further improve the business

Subsequent Events

There have been no significant events subsequent to the period end

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review

As set out in note 1, the directors consider that the group has adequate resources to continue as a going concern for the foreseeable future and therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements

Directors' report *(continued)*

Directors

The directors who served during the period were as follows

CJ Hemmings
JC Kay
K Revitt

Employee policies

The group's activities are geographically spread and local managers are responsible for employee relations and development on a day to day basis This is supported by regular visits by senior executives who are available to explain and provide employees with information on matters of concern to them as employees and to enable their views to be taken into account

It is the policy and practice of the group to give equal consideration to applications for employment from disabled persons having regard to the particular aptitudes and abilities of the applicants concerned The services of any existing employee who becomes disabled are retained wherever practicable

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

By order of the board

JC Kay
Secretary

Conway House
Ackhurst Park
CHORLEY
Lancashire
PR7 1NW

17th October 2012

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 group and parent company and of their profit or loss for that period In preparing each of the group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently, or
- make judgments and 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 group and the parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

KPMG

KPMG LLP

Edward VII Quay
Navigation Way
Preston
PR2 2YF
United Kingdom

Independent auditor's report to the members of Paragon Hotels Limited

We have audited the financial statements of Paragon Hotels Limited for the period ended 29 March 2012 set out on pages 6 to 21 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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

A description of the scope of an audit of the financial statements is provided on the APB's web-site at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2012 and of the group's loss for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters 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

Independent auditor's report to the members of Paragon Hotels Limited *(continued)*

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 by the parent, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

M Newsholme

M Newsholme (Senior Statutory Auditor)
for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
Preston

22 October 2012

Consolidated profit and loss account

for the period ended 29 March 2012

	Note	2012 £000	2011 £000
Turnover	*1*	**27,652**	28,203
Cost of sales		**(13,773)**	(13,979)
Gross profit		**13,879**	14,224
Administrative expenses		**(12,500)**	(12,153)
Operating profit		**1,379**	2,071
Profit on sale of fixed assets		**57**	589
Interest receivable and similar income	*3*	**39**	23
Interest payable and similar charges	*4*	**(3,376)**	(1,457)
(Loss)/profit on ordinary activities before taxation	*2*	**(1,901)**	1,226
Taxation on (loss)/profit on ordinary activities	*5*	**4**	(501)
(Loss)/profit for the financial period	*13*	**(1,897)**	725

Consolidated statement of total recognised gains and losses

for the period ended 29 March 2012

All gains and losses arising during the period have been recognised in the profit and loss account and derive from continuing operations of the group

The notes from page 10 to 21 form part of the financial statements

Consolidated balance sheet
as at 29 March 2012

	Note	**2012**		2011	
		£000	**£000**	£000	£000
Fixed assets					
Tangible assets	*6*		**69,178**		72,102
Current assets					
Stock	*8*	**194**		190	
Debtors	*9*	**1,375**		1,758	
Cash at bank and in hand		**1,705**		3,783	
		3,274		5,731	
Creditors amounts falling due within one year	*10*	**(28,159)**		(75,116)	
Net current liabilities			**(24,885)**		(69,385)
Total assets less current liabilities			**44,293**		2,717
Creditors. amounts falling due after one year	*11*		**(43,300)**		-
Provisions for liabilities and charges	*12*		**(1,886)**		(1,713)
Net assets			**(893)**		1,004
Capital and reserves					
Called up share capital	*13*		**2,500**		2,500
Share premium account	*14*		**5,000**		5,000
Capital redemption reserve	*14*		**10,000**		10,000
Profit and loss account	*14*		**(18,393)**		(16,496)
Shareholders' funds	*14*		**(893)**		1,004

The notes from page 10 to 21 form part of the financial statements

Approved by the board of directors on 17 October 2012 and signed on its behalf by

JC Kay
Director

Registered number 02971215

Company balance sheet
as at 29 March 2012

	Note	2012 £000	2012 £000	2011 £000	2011 £000
Fixed assets					
Tangible assets	6		**52,393**		53,929
Investments	7		**-**		-
			52,393		53,929
Current assets					
Stock	8	**71**		68	
Debtors (including amounts due after one year)	9	**17,039**		18,458	
Cash at bank and in hand		**1,398**		2,853	
		18,508		21,379	
Creditors amounts falling due within one year	10	**(25,834)**		(72,614)	
Net current liabilities			**(7,326)**		(51,235)
Total assets less current liabilities			**45,067**		2,694
Creditors· amounts falling due after one year	11		**(43,300)**		-
Provisions for liabilities and charges	12		**(1,886)**		(1,713)
Net assets			**(119)**		981
Capital and reserves					
Called up share capital	13		**2,500**		2,500
Share premium account	14		**5,000**		5,000
Capital redemption reserve	14		**10,000**		10,000
Profit and loss account	14		**(17,619)**		(16 519)
Shareholders' funds	14		**(119)**		981

The notes from page 10 to 21 form part of the financial statements

Approved by the board of directors on 17/10 2012 and signed on its behalf by

JC Kay
Director

Registered number 02971215

Consolidated cash flow statement

for the period ended 29March 2012

	Notes	2012 £000	2011 £000
Net cash inflow from operating activities	15	**4,390**	5,504
Returns on investments and servicing of finance	15	**(3,337)**	(1,403)
Taxation		**689**	26
Capital expenditure and financial investments	15	**1**	(1,846)
Cash inflow before financing		**1,743**	2,281
Financing		**(5,821)**	-
(Decrease)/Increase in cash		**(4,078)**	2,281

Reconciliation of net cash flow to movement in net debt

for the period ended 29 March 2012

	Notes	2012 £000	2011 £000
(Decrease)/Increase in cash		**(4,078)**	2,281
Repayment of loans		**5,821**	-
Debt issue costs		**235**	(31)
Change in net debt		**1,978**	2,250
Net debt at 31 March 2011	15	**(66,196)**	(68,446)
Net debt at 29 March 2012	15	**(64,218)**	(66,196)

The notes from page 10 to 21 form part of the financial statements

Notes to the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules

The group financial statements consolidate the financial statements of Paragon Hotels Limited and all its subsidiary undertakings Under s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account The company loss after tax for Paragon Hotels Limited was £1,100,000 *(2011 loss £6,858,000)*

Going Concern

The group's business activities, together with the factors likely to affect future trading are set out in the Business review section of the Directors' Report on page 1

The directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Tangible fixed assets

Depreciation is provided to write down the assets to their estimated residual value by equal instalments over their estimated useful economic lives as follows

Land	-	not depreciated
Freehold hotel properties	-	50 years
Fixtures, fittings and equipment	-	4 – 10 years

Depreciation is not provided if on calculation it is found to be immaterial

Stocks

Stocks represent mainly food and liquor stocks and are stated at the lower of cost and net realisable value

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Pensions

The group makes employer contributions to defined contribution pension schemes on behalf of certain of its employees Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes

Turnover

Turnover comprises the value of sales of goods and services supplied in the normal course of operation of a hotel business (excluding value added tax)

Notes *(continued)*

1 Accounting policies *(continued)*

Investments

Income from investments is recognised as it becomes receivable

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet and are depreciated over their useful lives The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease

2 (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities before taxation is stated after charging

	2012	2011
	£000	£000
Auditors' remuneration		
Audit services	**29**	30
Non-audit services	**50**	13
Depreciation of owned assets	**2,979**	2,938
Profit on sale of fixed assets	**(57)**	(589)
Operating leases		
Hire of plant and machinery	**67**	54
Other operating leases	**118**	118

Staff costs

	2012	2011
	£000	£000
Wages and salaries	**5,536**	5,593
Social security costs	**398**	429
Other pension costs	**41**	38
	5,975	6,060

The average monthly number of employees during the period was made up as follows

	2012	2011
	No.	No
Hotel staff	**431**	448

In addition, the group paid £3,565,000 (*2011 £3,492,000*) to certain hotel staff who are employed by a hotel management company

The directors received no remuneration from the group in either period

Notes *(continued)*

3 Interest receivable and similar income

	2012 £000	2011 £000
Bank interest	**8**	-
Other	**31**	23
	39	23

4 Interest payable and similar charges

	2012 £000	2011 £000
On bank loans and overdrafts	**3,358**	1,426
Unwinding of FRS 4 debt issue costs	**18**	31
	3,376	1,457

5 Taxation on (loss)/profit on ordinary activities

	2012 £000	2011 £000
Taxation (credit)/charge is made up as follows:		
Current tax		
UK Corporation tax at 26% *(2011 28%)*	**(206)**	(158)
Adjustments in respect of prior periods	**31**	(27)
Total current tax	**(175)**	(185)
Deferred tax		
Origination and reversal of timing differences	**171**	686
	(4)	501

Notes *(continued)*

5 Taxation on (loss)/profit on ordinary activities (continued)

Factors affecting the current tax for the period

The tax assessed on the (loss)/profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK The differences are explained below

	2012 £000	2011 £000
(Loss)/profit on ordinary activities before tax	**(1,901)**	1,226
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (*2011 28%*)	**(494)**	343
Effects of		
Brought forward losses utilised	**-**	(507)
Disallowed expenses and non-taxable income	**272**	13
Difference between depreciation and capital allowances	**(3)**	(24)
Short term timing differences	**18**	10
Group relief surrendered	**208**	165
Payment receivable for group relief surrendered	**(208)**	(158)
Adjustment in respect of prior periods	**32**	(27)
Current tax credit for the period	**(175)**	(185)

6 Tangible fixed assets

Group	**Freehold land and buildings** £000	**Fixtures, fittings and equipment** £000	**Total** £000
Cost or valuation			
At 31 March 2011	61 149	33 382	94 531
Additions	6	828	834
Disposals	(824)	(152)	(976)
At 29 March 2012	60 331	34 058	94 389
Depreciation			
At 31 March 2011	2 752	19 677	22 429
Provided during the period	370	2,609	2,979
On disposals	(116)	(81)	(197)
At 29 March 2012	3,006	22 204	25 211
Net book value			
At 29 March 2012	**57,325**	**11,853**	**69,178**
At 31 March 2011	58 397	13 705	72 102

Notes *(continued)*

6 Tangible fixed assets *(continued)*

Company	Freehold land and buildings £000	Fixtures, fittings and equipment £000	Total £000
Cost or valuation			
At 31 March 2011	46,028	24 401	70 429
Additions	-	411	411
At 29 March 2012	46 028	24 812	70 840
Depreciation			
At 31 March 2011	1,157	15 343	16 500
Provided during the period	165	1,782	1,947
At 29 March 2012	1 322	17 125	18 447
Net book value			
At 29 March 2012	**44,706**	**7,687**	**52,393**
At 31 March 2011	44 871	9 058	53 929

Notes *(continued)*

7 Investments

Company

	Shares in group undertaking £000
Cost	
As at 31 March 2011 and 29 March 2012	9,351
Provisions	
At 31 March 2011	9 351
Provided during the period	-
At 29 March 2012	9 351
Net book value	
As at 29 March 2012	-
At 31 March 2011	-

Subsidiary undertakings

All held by the company

Name of company	Proportion of voting rights holdings and shares held		Nature of business
Classic Lodges Limited	Ordinary shares	100%	Hotels
MM Hotels Limited	Ordinary shares	100%	Non-trading *
Grovefield Hotel Limited	Ordinary shares	100%	Non-trading
The Balmoral Hotel Harrogate Limited	Ordinary shares	100%	Non-trading
Roxburghe Hotel Limited	Ordinary shares	100%	Non-trading
Roxburghe Hotel Limited	Preference shares	100%	Non-trading

* Following the sale of the Marshall Meadows Hotel in August 2011, MM Hotels Limited ceased to trade

Notes *(continued)*

8 Stocks

	Group		Company	
	2012	2011	**2012**	2011
	£000	£000	**£000**	£000
Food and liquor	**194**	190	**71**	68

9 Debtors

	Group		Company	
	2012	2011	**2012**	2011
	£000	£000	**£000**	£000
Trade debtors	**916**	705	**755**	480
Other debtors and prepayments	**459**	1,053	**422**	385
Amounts owed by subsidiary undertakings	**-**	-	**15,862**	17 593
	1,375	1,758	**17,039**	18 458

Amounts falling due after more than one year included above are

	Group		Company	
	2012	2011	**2012**	2011
	£000	£000	**£000**	£000
Amounts owed by subsidiary undertakings	**-**	-	**11,460**	11 460

10 Creditors. amounts falling due within one year

	Group		Company	
	2012	2011	**2012**	2011
	£000	£000	**£000**	£000
Bank overdraft	**2,000**	-	**2,000**	-
Bank loans	**20,879**	70 000	**20,879**	70 000
Debt issue costs	**(251)**	(21)	**(251)**	(21)
Trade creditors	**1,140**	1,117	**657**	718
Other taxation and social security	**597**	438	**241**	35
Other creditors	**1,768**	1 836	**785**	840
Accruals	**2,026**	1 746	**1,523**	1 042
	28,159	75 116	**25,834**	72,614

The bank loans and overdrafts are secured by bond and floating charge and standard securities over all of the group's properties and bear interest at a rate based on LIBOR plus 4%

Bank loans have been classified as due within one year in line with the bank facility agreement

11 Creditors: amounts falling due after one year

	Group		Company	
	2012	2011	**2012**	2011
	£000	£000	**£000**	£000
Bank loans	**43,300**	-	**43,300**	-
	43,300	-	**43,300**	-

12 Provisions for liabilities and charges

Group and Company

	2012	2011
Deferred tax	**£000**	£000
Provision at the beginning of the period	**1,713**	1,027
Deferred tax in profit and loss account for the period	**173**	686
Provision at the end of the period	**1,886**	1 713

Deferred taxation included in the balance sheet is as follows

	2012	2011
	£000	£000
Group		
Accelerated capital allowances	**2,427**	2 610
Other timing differences	**(59)**	(47)
Tax losses carried forward	**(482)**	(850)
Provision for deferred tax	**1,886**	1 713

	2012	2011
	£000	£000
Company		
Accelerated capital allowances	**1,928**	2 038
Other timing differences	**(17)**	(19)
Tax losses carried forward	**(25)**	(306)
Provision for deferred tax	**1,886**	1 713

Notes *(continued)*

12 Provisions for liabilities and charges *(continued)*

No deferred tax asset is recognised in respect of capital losses carried forward at 29 March 2012 The amount of deferred tax not recognised on capital losses is £3,047,000 (*2011 £3,373,000*) in Paragon Hotels Limited and £1,299,000 *(2011 £1,407,000)* in the subsidiary undertakings The capital losses may be offset against future capital gains of the company These losses are not expected to crystallise in the foreseeable future

There are unrecognised deferred tax assets in respect of trading losses of £nil *(2011 £nil)* in Paragon Hotels Limited and £293,000 *(2011 £294,000)* in the subsidiary undertakings These losses are available for offset against future trading profits These losses are not expected to crystallise in the foreseeable future

On 21 March 2012 the Chancellor announced that the main rate of UK corporation tax will reduce from 26% to 24% with effect from 1 April 2012 This change became substantively enacted on 26 March 2012 and therefore the effect of the rate reduction on the deferred tax balances has been included in the figures above

The Chancellor has also proposed changes to further reduce the main rate of UK corporation tax by 1% per annum to 22% by 1 April 2014 These reductions have not been substantively enacted and the changes are not reflected in the above figures

13 Share capital

	2012	2011
	No	No
Authorised		
Ordinary shares of £1 each	**7,000,000**	7 000.000

	Group		**Company**	
	2012	2011	**2012**	2011
	£000	£000	**£000**	£000
Allotted, called up and fully paid				
2 500 000 Ordinary shares of £1 each	**2,500**	2 500	**2,500**	2 500

14 Reconciliation of shareholders' funds and movement on reserves

	Share capital	**Share premium**	**Capital redemption Reserve**	**Profit and loss account**	**Total**
	£000	£000	£000	£000	£000
Group					
At 31 March 2011	2,500	5 000	10 000	(16 496)	1 004
Loss for the period	-	-	-	(1 897)	(1 897)
At 29 March 2012	2 500	5 000	10,000	(18 393)	(893)

Notes *(continued)*

14 Reconciliation of shareholders' funds and movement on reserves *(continued)*

	Share capital £000	Share premium £000	Capital redemption Reserve £000	Profit and loss account £000	Total £000
Company					
At 31 March 2011	2 500	5 000	10 000	(16 519)	981
Loss for the period	-	-	-	(1,100)	(1,100)
At 29 March 2012	2 500	5 000	10 000	(17 619)	(119)

15 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2012 £000	2011 £000
Operating profit	**1,379**	2 071
Depreciation and impairment of tangible fixed assets	**2,979**	2 938
(Increase)/decrease in stocks	**(4)**	16
(Increase)/decrease in operating debtors and prepayments	**(129)**	25
Increase in operating creditors and accruals	**165**	454
Net cash inflow from operating activities	**4,390**	5 504

	2012 £000	2011 £000
Returns on investments and servicing of finance		
Interest received	**39**	23
Interest paid	**(3,376)**	(1 426)
Net cash outflow from returns on investments and servicing of finance	**(3,337)**	(1 403)

	2012 £000	2011 £000
Capital expenditure and financial investments		
Proceeds of sale of tangible fixed assets	**834**	1 338
Purchase of tangible fixed assets	**(833)**	(3 184)
Net cash inflow/(outflow) for capital expenditure	**1**	(1 846)
Taxation	**689**	26

Notes *(continued)*

15 Notes to the cash flow statement *(continued)*

	At 31 March 2011 £000	Non cash movement £000	Cash flows £000	**At 29 March 2012 £000**
Analysis in changes in net debt				
Cash at bank and in hand	3 783	-	(2,078)	**1,705**
Overdrafts	-	-	(2 000)	**(2,000)**
	3 783		(4 078)	**(295)**
Bank loans	(69 979)	235	5,821	**(63,923)**
	(66,196)	235	1 743	**(64,218)**

16 Other financial commitments

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings 2012 £000	2011 £000
Operating leases which expire		
- within one years	**-**	-
- between two and five years	**118**	118
- in more than five years	**-**	-
	118	118

Notes *(continued)*

17 Related party transactions

Hemway Limited

The company paid a management fee of £200,000 (*2011 £175,000*) to Hemway Limited for management services provided The amount outstanding to Hemway Limited at the end of the current period was £17,200 *(2011 £Nil)*

Cairn Hotels Limited

During the period the group paid rental income of £118,000 *(2011 £118,000)* to Cairn Hotels Limited The amount outstanding to Cairn Hotels Limited at the end of the current period was £35,400 *(2011 £35,000)*

Northern Trust Group Limited

During the period the group paid fees of £25,833 *(2011 £21,000)* to Northern Trust Group Limited for administration services There were amounts of £2,196 (*2011 £4,000*) owing to Northern Trust Group Limited at the period end

Whittle Jones Group Limited

During the period the group paid rental income of £29,900 *(2011 £28,000)* to Whittle Jones Group Limited There were no amounts owing to Whittle Jones Group Limited at the current or prior period end

Trust Inns Limited

At the period end an amount of £9,000 *(2011 £158 000)* was due from Trust Inns Limited in respect of payment for corporation tax group relief surrendered for the year ended March 2012

Preston North End Limited

During the period the group received income of £61,765 (2011 £Nil) from Preston North End Limited The amount outstanding at the end of the current period from Preston North End Limited was £35,989 (2011 £Nil)

Crown Entertainment Centres Limited

At the period end an amount of £135,000 (2011 £nil) was due from Crown Entertainment Centres Limited in respect of payment for corporation tax group relief surrendered for the year ended March 2012

Six Piers Limited

At the period end an amount of £48,000 (2011 £nil) was due from Six Piers Limited in respect of payment for group relief surrendered for the year ended March 2012

The family interests of Mr T J Hemmings are the ultimate controlling party of Paragon Hotels Limited and the above companies

18 Contingent liabilities

The company is part of a group banking arrangement with certain of its subsidiaries Consequently, it is jointly and severally liable for the loans and overdrafts of Classic Lodges Limited

19 Ultimate parent company

The ultimate controlling party are the family interests of Mr T J Hemmings