Paragon Hotels Limited

Directors' report and consolidated financial statements

Registered number 02971215

Period ended 28 March 2013

Contents

Directors' report

The directors present their report together with the financial statements for the period ended 28 March 2013

Results and dividends

The group s loss after tax for the period is £1 589,000 (*2012 loss of £1,897,000*) and has been transferred to reserves The directors do not recommend payment of a dividend (*2012 £nil*)

Principal activity and review of business

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

The group's turnover increased slightly to £27,673,000 compared to the prior period, with an increase in operating profit to £1,524,000 compared to £1,379,000 The lack of significant revenue growth is mainly due to the prevailing economic conditions

Cash inflow before financing was £600,000 Net debt increased to £64,291,000

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

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 have a reasonable expectation that the group and company have adequate resources to continue in operational existence 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

19 December 2013

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 28 March 2013 set out on pages 6 to 20 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 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 Financial Reporting Council's web-site at www frc org uk/auditscopeukprivate

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 28 March 2013 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 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

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

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

10 December 2013

Consolidated profit and loss account
for the period ended 28 March 2013

	Note	2013 £000	2012 £000
Turnover	*1*	**27,673**	27 652
Cost of sales		**(13,715)**	(13,773)
Gross profit		**13,958**	13,879
Administrative expenses		**(12,434)**	(12,500)
Operating profit		**1,524**	1 379
Profit on sale of fixed assets		**-**	57
Interest receivable and similar income	*3*	**6**	39
Interest payable and similar charges	*4*	**(3,495)**	(3,376)
Loss on ordinary activities before taxation	*2*	**(1,965)**	(1,901)
Taxation on loss on ordinary activities	*5*	**376**	4
Loss for the financial period	*14*	**(1,589)**	(1,897)

Consolidated statement of total recognised gains and losses
for the period ended 28 March 2013

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 20 form part of the financial statements

Consolidated balance sheet
as at 28 March 2013

	Note	2013		2012	
		£000	**£000**	£000	£000
Fixed assets					
Tangible assets	*6*		**67,123**		69,178
Current assets					
Stock	*8*	**220**		194	
Debtors	*9*	**1,514**		1,375	
Cash at bank and in hand		**1,805**		1,705	
		3,539		3,274	
Creditors amounts falling due within one year	*10*	**(71,317)**		(28 159)	
Net current liabilities			**(67,778)**		(24,885)
Total assets less current liabilities			**(655)**		44,293
Creditors· amounts falling due after one year	*11*		**-**		(43 300)
Provisions for liabilities and charges	*12*		**(1,827)**		(1,886)
Net liabilities			**(2,482)**		(893)
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*		**(19,982)**		(18,393)
Equity shareholders' deficit	*14*		**(2,482)**		(893)

The notes from page 10 to 20 form part of the financial statements

Approved by the board of directors on 19 December 2013 and signed on its behalf by

JC Kay
Director

Registered number 02971215

Company balance sheet
as at 28 March 2013

	Note	2013	2013	2012	2012
		£000	£000	£000	£000
Fixed assets					
Tangible assets	6		**51,003**		52 393
Investments	7		**-**		-
			51,003		52,393
Current assets					
Stock	8	**79**		71	
Debtors (including amounts due after one year)	9	**17,238**		17,039	
Cash at bank and in hand		**1,528**		1,398	
		18,845		18,508	
Creditors amounts falling due within one year	10	**(69,037)**		(25,834)	
Net current liabilities			**(50,192)**		(7,326)
Total assets less current liabilities			**811**		45,067
Creditors: amounts falling due after one year	11		**-**		(43 300)
Provisions for liabilities and charges	12		**(1,827)**		(1,886)
Net liabilities			**(1,016)**		(119)
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		**(18,516)**		(17 619)
Equity shareholders' deficit	14		**(1,016)**		(119)

The notes from page 10 to 20 form part of the financial statements

Approved by the board of directors on 19 December 2013 and signed on its behalf by

JC Kay
Director

Registered number 02971215

Consolidated cash flow statement

for the period ended 28 March 2013

	Notes	2013	2012
		£000	£000
Net cash inflow from operating activities	*15*	**4,829**	4,390
Returns on investments and servicing of finance	*15*	**(3,489)**	(3,337)
Taxation		**3**	689
Capital expenditure and financial investments	*15*	**(743)**	1
Cash inflow before financing		**600**	1,743
Financing		**-**	(5,821)
Increase/(decrease) in cash		**600**	(4,078)

Reconciliation of net cash flow to movement in net debt

for the period ended 28 March 2013

	Notes	2013	2012
		£000	£000
Increase/(decrease) in cash		**600**	(4,078)
Repayment of loans		**-**	5,821
Debt issue costs		**(673)**	235
Change in net debt		**(73)**	1,978
Net debt at 29 March 2012	*15*	**(64,218)**	(66,196)
Net debt at 28 March 2013	*15*	**(64,291)**	(64 218)

The notes from page 10 to 20 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 £897,000 (*2012 loss £1,100,000*)

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 group has made a loss in the year of £1,589,000 and has net liabilities of £2,482,000 at the 28 March 2013 before any potential upward revaluation of hotel properties to current market value Cash inflow in the year was £600,000 The group s funding requirements are met by operating cash flows and loan facilities provided by Lloyds Banking Group The directors have forecasts of future trading and cash flows for a period in excess of 12 months and keep the bank regularly updated as to progress against the agreed business plan

The group has banking facilities through to 31 December 2014 Under the terms of the facility the group is required to make a partial repayment of the loan by 30 June 2014 The group has a business plan to reduce its borrowing requirement by the realisation of some of its assets and this is in process at the date of approval of these accounts The directors are confident that during 2014 they will be able to achieve the debt reduction actions contained in the business plan in order to make the repayment due by 30 June 2014 and to secure long-term funding appropriate to the group s needs beyond 31 December 2014

On the basis of the above considerations, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future For these reasons, the directors continue to adopt the Going Concern basis 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

Notes *(continued)*

1 Accounting policies *(continued)*

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)

Investments

Investments in subsidiary undertakings are stated at cost less amounts written off

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 on ordinary activities before taxation

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

	2013	2012
	£000	£000
Auditors remuneration		
Audit services	**28**	29
Non-audit services	**60**	50
Depreciation of owned assets	**2,798**	2,979
Profit on sale of fixed assets	**-**	(57)
Operating leases		
Hire of plant and machinery	**220**	67
Other operating leases	**118**	118

Staff costs

	2013	2012
	£000	£000
Wages and salaries	**5,587**	5,536
Social security costs	**390**	398
Other pension costs	**41**	41
	6,018	5,975

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

	2013	2012
	No	No
Hotel staff	**428**	431

In addition the group paid £3,499,000 (*2012 £3,565,000*) 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

	2013 £000	2012 £000
Bank interest	6	8
Other	-	31
	6	39

4 Interest payable and similar charges

	2013 £000	2012 £000
On bank loans and overdrafts	3,495	3,358
Unwinding of FRS 4 debt issue costs	-	18
	3,495	3,376

5 Taxation on loss on ordinary activities

	2013 £000	2012 £000
Taxation credit is made up as follows:		
Current tax		
UK Corporation tax at 24% *(2012 26%)*	(339)	(206)
Adjustments in respect of prior periods	22	31
Total current tax	(317)	(175)
Deferred tax		
Origination and reversal of timing differences	(59)	171
	(376)	(4)

Notes *(continued)*

5 Taxation on loss on ordinary activities (continued)

Factors affecting the current tax for the period

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

	2013 £000	2012 £000
Loss on ordinary activities before tax	**(1,965)**	(1 901)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (*2012 26%*)	**(472)**	(494)
Effects of		
Disallowed expenses and non-taxable income	**67**	272
Difference between depreciation and capital allowances	**235**	(3)
Short term timing differences	**7**	18
Group relief surrendered	**163**	208
Payment receivable for group relief surrendered	**(339)**	(208)
Adjustment in respect of prior periods	**22**	32
Current tax credit for the period	**(317)**	(175)

6 Tangible fixed assets

Group	**Freehold land and buildings** £000	**Fixtures, fittings and equipment** £000	**Total** £000
Cost or valuation			
At 29 March 2012	60,331	34 058	94 389
Additions	2	741	743
At 28 March 2013	60 333	34 799	95,132
Depreciation			
At 29 March 2012	3,006	22 205	25 211
Provided during the period	367	2,431	2 798
At 28 March 2013	3 373	24 636	28,009
Net book value			
At 28 March 2013	**56,960**	**10,163**	**67,123**
At 29 March 2012	57,325	11 853	69,178

Notes *(continued)*

6 Tangible fixed assets *(continued)*

Company	Freehold land and buildings £000	Fixtures, fittings and equipment £000	Total £000
Cost or valuation			
At 29 March 2012	46 028	24 812	70,840
Additions	-	455	455
At 28 March 2013	46 028	25 267	71,295
Depreciation			
At 29 March 2012	1 322	17 125	18,447
Provided during the period	166	1,679	1,845
At 28 March 2013	1,488	18 804	20 292
Net book value			
At 28 March 2013	**44,540**	**6,463**	**51,003**
At 29 March 2012	44,706	7,687	52 393

7 Investments

Company

	Shares in group undertaking £000
Cost	
As at 29 March 2012 and 28 March 2013	9 351
Provisions	
At 29 March 2012	9 351
Provided during the period	-
At 28 March 2013	9 351
Net book value	
As at 28 March 2013	-
At 29 March 2012	-

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
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

Notes *(continued)*

8 Stocks

	Group		Company	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Food and liquor	**220**	194	**79**	71

9 Debtors

	Group		Company	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Trade debtors	**758**	916	**541**	755
Other debtors and prepayments	**756**	459	**581**	422
Amounts owed by subsidiary undertakings	**-**	-	**16,116**	15 862
	1,514	1 375	**17,238**	17 039

Amounts falling due after more than one year included above are

	Group		Company	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Amounts owed by subsidiary undertakings	**-**	-	**11 460**	11 460

10 Creditors: amounts falling due within one year

	Group		Company	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Bank overdraft	**1,500**	2 000	**1,500**	2 000
Bank loans	**64,179**	20,879	**64,179**	20,879
Debt issue costs	**417**	(251)	**417**	(251)
Trade creditors	**1,069**	1,140	**713**	657
Other taxation and social security	**492**	597	**125**	241
Other creditors	**1,913**	1,768	**917**	785
Accruals	**1,747**	2,026	**1,186**	1,523
	71,317	28 159	**69,037**	25 834

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 Subsequent to the year end the bank facilities were extended to 31 December 2014

11 Creditors amounts falling due after one year

	Group		Company	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Bank loans	**-**	43 300	**-**	43 300
	-	43,300	**-**	43 300

Notes *(continued)*

12 Provisions for liabilities and charges

Group and Company

Deferred tax	**2013 £000**	2012 £000
Provision at the beginning of the period	**1,886**	1,713
Deferred tax in profit and loss account for the period	**(59)**	173
Provision at the end of the period	**1,827**	1,886

Deferred taxation included in the balance sheet is as follows

Group	**2013 £000**	2012 £000
Accelerated capital allowances	**1,842**	2,427
Other timing differences	**(15)**	(59)
Tax losses carried forward	**-**	(482)
Provision for deferred tax	**1,827**	1,886

Company	**2013 £000**	2012 £000
Accelerated capital allowances	**1,842**	1,928
Other timing differences	**(15)**	(17)
Tax losses carried forward	**-**	(25)
Provision for deferred tax	**1,827**	1,886

No deferred tax asset is recognised in respect of capital losses carried forward at 28 March 2013 The amount of deferred tax not recognised on capital losses is £2,752,000 *(2012 £3,047,000)* in Paragon Hotels Limited and £1,245 000 *(2012 £1,299,000)* 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 *(2012 £nil)* in Paragon Hotels Limited and £311 000 *(2012 £293,000)* 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

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013 The deferred tax asset at 28 March 2013 has been calculated based on the rate of 23% substantively enacted at the balance sheet date

It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly

Notes *(continued)*

13 Share capital

	Group 2013 £000	2012 £000	Company 2013 £000	2012 £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 £000	Share premium £000	Capital redemption Reserve £000	Profit and loss account £000	Total £000
Group					
At 29 March 2012	2 500	5,000	10 000	(18 393)	(893)
Loss for the period	-	-	-	(1 589)	(1,589)
At 28 March 2013	**2,500**	**5,000**	**10,000**	**(19,982)**	**(2,482)**

	Share capital £000	Share premium £000	Capital redemption Reserve £000	Profit and loss account £000	Total £000
Company					
At 29 March 2012	2,500	5 000	10,000	(17,619)	(119)
Loss for the period	-	-	-	(897)	(897)
At 28 March 2013	**2,500**	**5,000**	**10,000**	**(18,516)**	**(1,016)**

Notes *(continued)*

15 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2013 £000	2012 £000
Operating profit	**1,524**	1 379
Depreciation and impairment of tangible fixed assets	**2,798**	2 979
Increase in stocks	**(26)**	(4)
Decrease/(Increase) in operating debtors and prepayments	**175**	(129)
Increase in operating creditors and accruals	**358**	165
Net cash inflow from operating activities	**4,829**	4,390

	2013 £000	2012 £000
Returns on investments and servicing of finance		
Interest received	**6**	39
Interest paid	**(3,495)**	(3,376)
Net cash outflow from returns on investments and servicing of finance	**(3,489)**	(3,337)

	2013 £000	2012 £000
Capital expenditure and financial investments		
Proceeds of sale of tangible fixed assets	**-**	834
Purchase of tangible fixed assets	**(743)**	(833)
Net cash (outflow)/inflow for capital expenditure	**(743)**	1
Taxation	**3**	689

	At 29 March 2012 £000	Non cash movement £000	Cash flows £000	**At 28 March 2013 £000**
Analysis in changes in net debt				
Cash at bank and in hand	**1,705**	-	100	**1,805**
Overdrafts	**(2,000)**	-	500	**(1,500)**
	(295)	-	600	**305**
Bank loans	**(63,923)**	(673)	-	**(64,596)**
	(64,218)	(673)	600	**(64,291)**

Notes *(continued)*

16 Other financial commitments

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings 2013 £000	2012 £000
Operating leases which expire		
- within one years	-	-
- between two and five years	118	118
- in more than five years	-	-
	118	118

17 Related party transactions

Hemway Limited

The company paid a management fee of £232,000 (*2012 £200,000*) to Hemway Limited for management services provided The amount outstanding to Hemway Limited at the end of the current period was £Nil *(2012 £17,200)*

Cairn Hotels Limited

During the period the group paid rental income of £118,000 *(2012 £118,000)* to Cairn Hotels Limited The amount outstanding to Cairn Hotels Limited at the end of the current period was £Nil *(2012 £35,400)*

Northern Trust Group Limited

During the period the group paid fees of £33,880 *(2012 £25,833)* to Northern Trust Group Limited for administration services There were amounts of £3,893 (*2012 £2,196*) owing to Northern Trust Group Limited at the period end

At the period end an amount of £163,000 (2012 £Nil) was due from Northern Trust Group Limited in respect of payments for corporation tax group relief surrendered for the year ended 28 March 2013

Whittle Jones Group Limited

During the period the group paid rental income of £29,900 *(2012 £29,900)* 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 £176 000 *(2012 £9,000)* was due from Trust Inns Limited in respect of payment for corporation tax group relief surrendered for the year ended 28 March 2013

Preston North End Limited

During the period the group received income of £100,402 (*2012 £61 765*) from Preston North End Limited The amount outstanding at the end of the current period from Preston North End Limited was £33,186 (*2012 £ 35,989*)

Crown Entertainment Centres Limited

At the period end an amount of £Nil (*2012 £135 000*) was due from Crown Entertainment Centres Limited in respect of payment for corporation tax group relief surrendered for the year ended 28 March 2013

Six Piers Limited

At the period end an amount of £Nil (*2012 £48 000*) was due from Six Piers Limited in respect of payment for group relief surrendered for the year ended 28 March 2013

Notes *(continued)*

17 Related party transactions *(continued)*

Ramsey Park Hotel Limited

During the period the company paid and recharged costs of £51,943 (2012 *£Nil*) to Ramsey Park Hotel Limited The amount outstanding at the end of the current period from Ramsey Park Hotel Limited was £25,633 (2012 *£Nil*)

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