

Company Registration No. 5314294

**PARAMOUNT HOTELS (DAVENTRY)  
LIMITED**

**Report and Financial Statements**

**31 December 2011**

**Deloitte LLP  
Douglas, Isle of Man**

FRIDAY



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COMPANIES HOUSE

# **PARAMOUNT HOTELS (DAVENTRY) LIMITED**

## **2011 REPORT AND FINANCIAL STATEMENTS**

### **CONTENTS**

### **Page**

**Officers and professional advisers**

**1**

**Directors' report**

**2**

**Directors' responsibilities statement**

**4**

**Independent auditors' report**

**5**

**Profit and loss account**

**7**

**Balance sheet**

**8**

**Statement of total recognised gains and losses**

**9**

**Notes to the financial statements**

**10**

# **PARAMOUNT HOTELS (DAVENTRY) LIMITED**

## **2011 REPORT AND FINANCIAL STATEMENTS**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

Michael Jourdain  
Peter Procopis  
David Kaye

#### **SECRETARY**

David Kaye

#### **REGISTERED OFFICE**

Bond Street House  
14 Clifford Street  
London  
W1S 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 (DAVENTRY) LIMITED**

## **2011 REPORT AND FINANCIAL STATEMENTS**

### **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 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 19 for further details)

As a result a rent increase on 4 September 2011, the Company's turnover has increased from £947,000 to £980,000.

The balance sheet on page 8 of the financial statements shows that the Company's year end net liability position has worsened from last year. This is due to the Company's retained loss for the year and a downwards revaluation of the Company's freehold property (see note 8 for further details)

### **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 £7,712,000 was transferred from reserves (31 December 2010: retained loss of £1,817,000)

### **DIRECTORS AND THEIR INTERESTS**

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

Peter Procopis  
Michael Jourdain  
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 (DAVENTRY) 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 for the re-appointment of Deloitte LLP is to be proposed at the forthcoming Annual General Meeting.

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



Michael Jourdain  
Director  
28 September 2012

## **PARAMOUNT HOTELS (DAVENTRY) 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 (DAVENTRY) LIMITED**

We have audited the financial statements of Paramount Hotels (Daventry) 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 19. 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 an 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 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 (DAVENTRY) LIMITED (continued)**

**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



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

28 SEP 2012



# PARAMOUNT HOTELS (DAVENTRY) LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 December 2011

	Note	31 December 2011 £'000	31 December 2010 £'000
<b>TURNOVER</b>	1	980	947
Cost of sales		-	-
<b>GROSS PROFIT</b>		980	947
Other administrative expenses		(183)	(169)
Administrative expenses – exceptional (deficit on revaluation of properties)		(5,976)	(250)
Total Administrative expenses		(6,159)	(419)
<b>OPERATING (LOSS)/PROFIT</b>		(5,179)	528
Interest receivable	5	470	419
Interest payable	6	(3003)	(2,764)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(7,712)	(1,817)
Tax on loss on ordinary activities	7	-	-
<b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>	14	(7,712)	(1,817)

All amounts relate to continuing activities

The accompanying notes on pages 10 to 16 are an integral part of this profit and loss account

# PARAMOUNT HOTELS (DAVENTRY) LIMITED

## BALANCE SHEET

As at 31 December 2011

		31 December 2011 £'000	31 December 2010 £'000
	Note		
<b>FIXED ASSETS</b>			
Tangible assets	8	7,000	12,945
<b>CURRENT ASSETS</b>			
Debtors due within one year	9	-	3,915
Debtors due after one year	9	4,385	-
		4,385	3,915
<b>CREDITORS: Amounts falling due within one year</b>	10	(194)	(25,740)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		4,191	(21,825)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		11,191	(8,880)
<b>CREDITORS: Amounts falling due after more than one year</b>	11	(27,783)	-
<b>NET LIABILITIES</b>		(16,592)	(8,880)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	-	-
Revaluation reserve	14	-	-
Profit and loss account	14	(16,592)	(8,880)
<b>EQUITY SHAREHOLDERS' DEFICIT</b>	15	(16,592)	(8,880)

The financial statements of Paramount Hotels (Daventry) Limited, company number 5314294, were approved by the Board of Directors on 28 September 2012 and signed on its behalf by



Peter Procopis

Director

The accompanying notes on pages 10 to 16 are an integral part of this balance sheet.

**PARAMOUNT HOTELS (DAVENTRY) LIMITED**

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

	<b>31 December 2011 £'000</b>	<b>31 December 2010 £'000</b>
Retained loss for the financial year	(7,712)	(1,817)
Unrealised (deficit) on revaluation of property	-	-
Total losses since last annual report and financial statements	<u>(7,712)</u>	<u>(1,817)</u>

# PARAMOUNT HOTELS (DAVENTRY) 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 and 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 tangible fixed assets.

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 an 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.

## PARAMOUNT HOTELS (DAVENTRY) LIMITED

### 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.

##### Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

##### 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 recognized 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 recognized 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.

#### 2. SEGMENTAL ANALYSIS

The Company's turnover, loss before taxation and net liabilities 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.

#### 4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated

	31 December 2011 £'000	31 December 2010 £'000
After crediting: Rent receivable	980	947

# PARAMOUNT HOTELS (DAVENTRY) LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2011

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

31 December 2011 £'000	31 December 2010 £'000
Interest receivable from group undertakings	
470	419

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

31 December 2011 £'000	31 December 2010 £'000
Interest payable to group undertakings	
3,003	2,764

### 7. TAX ON LOSS ON ORDINARY ACTIVITIES

	31 December 2011 £'000	31 December 2010 £'000
<b>Corporation tax credit in respect of :</b>		
Group relief - current year	-	-
Adjustment in respect of prior period	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax (note 12)</b>		
Origination and reversal of timing differences	-	-
<b>Tax on loss on ordinary activities</b>	-	-

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 before tax is as follows.

	31 December 2011 £'000	31 December 2010 £'000
<b>Current tax reconciliation</b>		
Loss on ordinary activities before taxation	(7,712)	(1,817)
Tax on loss on ordinary activities at standard UK corporation tax rate of 26.5% (2010: 28%)	(2,044)	(509)
<b>Effects of</b>		
Reduction of assets not deductible for tax purposes	1,584	70
Effect of unutilised losses	-	(117)
Capital allowances in excess of depreciation	-	(84)
Group relief for nil consideration	468	656
Permanent timing differences	(8)	(16)
<b>Current tax credit for year</b>	-	-

# PARAMOUNT HOTELS (DAVENTRY) LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2011

### 8. TANGIBLE FIXED ASSETS

	Investment properties £'000
Cost or valuation	
At 1 January 2011	12,945
Additions	31
Revaluation	(5,976)
At 31 December 2011	7,000
Net book value	
At 31 December 2011	7,000
At 31 December 2010	12,945

An external valuation of the Company's freehold property, was performed by Christie + Co Chartered Surveyors in March 2012 acting in their capacity as appropriately qualified external valuers which valued the property at £7m. The 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 land and buildings included at valuation is as follows

	Investment properties	
	31 December 2011 £'000	31 December 2010 £'000
Historical cost	13,464	13,433
Historical net book value	13,359	13,327

### 9. DEBTORS

	31 December 2011 £'000	31 December 2010 £'000
Amounts falling due within one year		
Amounts due from group undertakings	-	3,915
Amounts falling due after one year		
Amounts due from group undertakings	4,385	-
	4,385	-

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

# PARAMOUNT HOTELS (DAVENTRY) LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2011

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2011 £'000	31 December 2010 £'000
Amounts due to group undertakings	-	25,520
Accruals and deferred income	194	220
	<u>194</u>	<u>25,740</u>

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

### 11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2011 £'000	31 December 2010 £'000
Amounts due to group undertakings	27,783	-
	<u>27,783</u>	<u>-</u>

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.

### 12. PROVISIONS FOR LIABILITIES

	31 December 2011 £'000	31 December 2010 £'000
<i>Deferred taxation</i>		
At beginning of year	-	-
Transfer to profit and loss account	-	-
At end of year	<u>-</u>	<u>-</u>

The amounts provided for the deferred taxation liability 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	383	-	383	-
Other timing differences (losses)	(383)	(664)	(383)	(664)
	<u>-</u>	<u>(664)</u>	<u>-</u>	<u>(664)</u>

A deferred tax asset of £1,681,000 has not been recognised in relation to the downward revaluation of land and buildings



# PARAMOUNT HOTELS (DAVENTRY) LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2011

### 13. SHARE CAPITAL

	31 December 2011 £	31 December 2010 £
<b>Authorised</b>		
1,000 Ordinary shares of £1 each	1,000	1,000
<b>Allotted, issued and fully paid</b>		
1 Ordinary share of £1 each	1	1

*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.

### 14. RESERVES

	Revaluation Reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2011	-	(8,880)	(8,880)
Retained loss for the financial year	-	(7,712)	(7,712)
At 31 December 2011	-	(16,592)	(16,592)

### 15. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' DEFICIT

	31 December 2011 £'000	31 December 2010 £'000
Opening equity shareholders' deficit	(8,880)	(7,063)
Loss for the financial year	(7,712)	(1,817)
Revaluation	-	-
Closing equity shareholders' deficit	(16,592)	(8,880)

### 16. FINANCIAL COMMITMENTS

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

### 17. CONTINGENT LIABILITIES

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

## **PARAMOUNT HOTELS (DAVENTRY) LIMITED**

### **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2011**

#### **18. 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.

#### **19. 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.