

**PARAMOUNT HOTELS (DAVENTRY)
LIMITED**

Report and Financial Statements

31 December 2010

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COMPANIES HOUSE

**Deloitte LLP
Leeds**

PARAMOUNT HOTELS (DAVENTRY) LIMITED

2010 REPORT AND FINANCIAL STATEMENTS

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PARAMOUNT HOTELS (DAVENTRY) LIMITED

2010 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
W15 4JU

BANKERS

Anglo Irish Bank Corporation plc
10 Old Jewry
London
EC2R 8DN

National Westminster Bank PLC
Piccadilly and new Road Street
63 Piccadilly
London
N15 0AJ

SOLICITORS

Olswangs
90 High Holborn
London
WCV 6XX

AUDITORS

Deloitte LLP
Chartered Accountants and Statutory Auditors
Leeds

PARAMOUNT HOTELS (DAVENTRY) LIMITED

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Company, together with the financial statements for the year ended 31 December 2010

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The Company's principal activity is that of owning a hotel. On 6 September 2007 the Company transferred its trade to Barcelo Hotels and Resorts ("Barcelo"). In return for this the Company now receives rental income and the hotel is held as an investment property. The Directors are not aware, at the date of this report of any likely major changes in the Company's activities next year.

As a result of a mid year rent increase in 2010, the Company's turnover increased from £936,000 to £947,000.

The balance sheet on page 7 of the financial statements shows that the Company's financial position at the year end in net liability terms has worsened from last year. This is due to the reported loss after tax for the year of £1,817,000.

DIVIDENDS AND RESULTS

The Directors do not propose the payment of a dividend. The retained loss for the year of £1,817,000 was transferred to reserves (31 December 2009 retained loss of £2,316,000).

DIRECTORS AND THEIR INTERESTS

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

Peter Procopis

Jonathan Paisner (resigned 31 December 2010)

Michael Jourdain

David Kaye (appointed 31 December 2010)

No director had any interest in the shares of the Company at 31 December 2010 or 31 December 2009.

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 Company is exposed to the risk that its hotel tenant Barcelo UK may be unable to meet its rent obligations. The Company is also exposed to risks associated with the hotel industry such as new hotel openings close to its existing site and any general downturn in the hotel industry.

These risks are however mitigated by the rent and other guarantees provided by Barcelo Corporation Empresarial SA (the tenant's ultimate parent company).

GOING CONCERN

The Puma Hotels plc Group debt facility is not due until 31 December 2012, interest rate hedges are in place for 100% of the facility and the rental income benefits from guarantees provided by Barcelo's Corporation Empresarial SA. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

The Directors have considered the Company's cash flow forecasts for the period to the end of December 2012 and the confirmation of support received from Puma Hotels plc. After making enquiries, the Board is satisfied that the Company's forecasts and projections, along with the support from its parent company, show that the Company will have adequate resources to continue its operations for the foreseeable future. For this reason the Company continues to adopt the going concern basis in preparing its financial statements.

PARAMOUNT HOTELS (DAVENTRY) LIMITED

DIRECTORS' REPORT (continued)

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

25th March 2011

PARAMOUNT HOTELS (DAVENTRY) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 17. 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.

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 2010 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.


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.


Simon Manning (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Leeds

25 March 2011

PARAMOUNT HOTELS (DAVENTRY) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2010

	Note	31 December 2010 £'000	31 December 2009 £'000
TURNOVER	2	947	936
Cost of sales		-	-
GROSS PROFIT		947	936
Other Administrative expenses		(169)	(184)
Administrative expenses – exceptional (deficit on revaluation of properties)		(250)	(904)
Total Administrative expenses		(419)	(1,088)
OPERATING PROFIT/(LOSS)		528	(152)
Interest receivable	5	419	375
Interest payable	6	(2,764)	(2,539)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,817)	(2,316)
Tax on loss on ordinary activities	7	-	-
RETAINED LOSS FOR THE FINANCIAL YEAR	14	(1,817)	(2,316)

All amounts relate to continuing activities

The accompanying notes are an integral part of this profit and loss account

PARAMOUNT HOTELS (DAVENTRY) LIMITED

BALANCE SHEET

As at 31 December 2010

		31 December 2010 £'000	31 December 2009 £'000
	Note		
FIXED ASSETS			
Tangible assets	8	12,945	13,168
CURRENT ASSETS			
Debtors	9	3,915	3,496
CREDITORS: Amounts falling due within one year	10	(25,740)	(23,727)
NET CURRENT LIABILITIES		(21,825)	(20,231)
TOTAL ASSETS LESS CURRENT LIABILITIES		(8,880)	(7,063)
PROVISION FOR LIABILITIES	11	-	-
NET LIABILITIES		(8,880)	(7,063)
CAPITAL AND RESERVES			
Called up share capital	12	-	-
Revaluation reserve	13	-	-
Profit and loss account	13	(8,880)	(7,063)
EQUITY SHAREHOLDERS' DEFICIT	14	(8,880)	(7,063)

The financial statements of Paramount Hotels (Daventry) Limited, company number 5314294, were approved by the Board of Directors on 25 March '11 and signed on its behalf by



Peter Procopis

Director

The accompanying notes are an integral part of this balance sheet

PARAMOUNT HOTELS (DAVENTRY) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES **Year ended 31 December 2010**

	31 December 2010 £'000	31 December 2009 £'000
Retained loss for the financial year	(1,817)	(2,316)
Unrealised (deficit) on revaluation of property	-	-
Total gains and losses recognised	<u>(1,817)</u>	<u>(2,316)</u>

PARAMOUNT HOTELS (DAVENTRY) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2010

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

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 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 Puma Hotels plc Group debt facility is not due until 31 December 2012, interest rate hedges are in place for 100% of the facility and the rental income benefits from guarantees provided by Barceló Corporation Empresonal SA.

The Directors have considered the Company's cash flow forecasts for the period to the end of December 2011 and the confirmation of support received from Puma Hotels plc. After making enquiries, the Board is satisfied that the Company's forecasts and projections, along with the support from its parent company, show that the Company will have adequate resources to continue its operations for the foreseeable future. For this reason the Company continues to adopt the going concern basis in preparing its financial statements.

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*.

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.

PARAMOUNT HOTELS (DAVENTRY) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2010

1. ACCOUNTING POLICIES (continued)

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 2009 £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 (2009 £1,000) have been borne by Puma Hotels plc

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	31 December 2010 £'000	31 December 2009 £'000
Loss on ordinary activities before taxation is stated		
After crediting:		
Rent receivable	947	936

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	31 December 2010 £'000	31 December 2009 £'000
Interest receivable from group undertakings	419	375

6. INTEREST PAYABLE AND SIMILAR CHARGES

	31 December 2010 £'000	31 December 2009 £'000
Interest payable to group undertakings	2,764	2,539

PARAMOUNT HOTELS (DAVENTRY) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2010

7. TAX ON LOSS ON ORDINARY ACTIVITIES

	31 December 2010 £'000	31 December 2009 £'000
Corporation tax credit in respect of		
Group relief - current year	-	-
Adjustment in respect of prior period	-	-
Total current tax	-	-
Deferred tax (note 11)		
Origination and reversal of timing differences	-	-
Tax on loss on ordinary activities	-	-

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 2010 £'000	31 December 2009 £'000
Current tax reconciliation		
Loss on ordinary activities before taxation	(1,817)	(2,316)
Tax on loss on ordinary activities at standard UK corporation tax rate of 28% (2009 28.5%)	(509)	(648)
Effects of		
Reduction of assets not deductible for tax purposes	70	253
Effect of unutilised losses	(117)	458
Capital allowances in excess of depreciation	(84)	(105)
Group relief for nil consideration	656	72
Permanent timing differences	(16)	(30)
Current tax credit for year	-	-

8. TANGIBLE FIXED ASSETS

	Investment properties £'000
Cost or valuation	
At 1 January 2010	13,168
Revaluation	(250)
Additions	27
At 31 December 2010	12,945
Net book value	
At 31 December 2010	12,945
At 31 December 2009	13,168

PARAMOUNT HOTELS (DAVENTRY) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2010

8. TANGIBLE FIXED ASSETS (continued)

The Company's freehold property was valued externally subject to and having the benefits of the leases granted to Barceló by Colliers Robert Barry Chartered Surveyors, on 31 December 2010

Prior to September 2007, the freehold land and buildings were treated as tangible fixed assets. From 6 September 2007 the freehold land and buildings are treated as investment properties.

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 2010 £'000	31 December 2009 £'000
Historical cost	13,433	13,406
Historical net book value	13,327	13,300
9. DEBTORS		
	31 December 2010 £'000	31 December 2009 £'000
Amounts falling due within one year		
Amounts due from group undertakings	3,915	3,496
10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	31 December 2010 £'000	31 December 2009 £'000
Amounts due to group undertakings	25,520	23,514
Accruals and deferred income	220	213
	25,740	23,727

PARAMOUNT HOTELS (DAVENTRY) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2010

11 PROVISIONS FOR LIABILITIES

	31 December 2010 £'000	31 December 2009 £'000
<i>Deferred taxation</i>		
At beginning of year	-	-
Transfer to profit and loss account	-	-
At end of year	-	-

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

	31 December 2010		31 December 2009	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Difference between accumulated depreciation and capital allowances	383	-	303	-
Other timing differences (losses)	(383)	(664)	(303)	(890)
	-	(664)	-	(890)

No provision has been made in respect of the unrealised property revaluation surplus as it is not the Directors' current intention to dispose of the related property

12. SHARE CAPITAL

	31 December 2010 £	31 December 2009 £
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, issued and fully paid		
1 Ordinary share of £1 each	1	1

13. RESERVES

	Revaluation Reserve £'000	Profit and loss account £'000	Total £'000
At 1 January 2010	-	(7,063)	(7,063)
Retained loss for the financial year	-	(1,817)	(1,817)
At 31 December 2010	-	(8,880)	(8,880)

PARAMOUNT HOTELS (DAVENTRY) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2010

14. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' DEFICIT

	31 December 2010 £'000	31 December 2009 £'000
Opening equity shareholders' deficit	(7,063)	(4,747)
Loss for the financial year	(1,817)	(2,316)
Revaluation	-	-
Closing equity shareholders' deficit	<u>(8,880)</u>	<u>(7,063)</u>

15. FINANCIAL COMMITMENTS

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

16. CONTINGENT LIABILITIES

The Company is a participant in a 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

17. 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 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.