Company Registration No. 05392479 (England and Wales)

GRANGE (PRESCOT STREET) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

John Cumming Ross Limited
Chartered Certified Accountants
1st Floor, Kirkland House
11-15 Peterborough Road
Harrow
Middlesex
HA1 2AX

GRANGE (PRESCOT STREET) LIMITED

COMPANY INFORMATION

Directors	Mr R S Matharu Mr H S Matharu Mr T S Matharu
Secretary	Mr H S Matharu
Company number	05392479
Registered office	58 Rochester Row London SW1P 1JU
Auditors	John Cumming Ross Limited Chartered Certified Accountants 1st Floor, Kirkland House 11-15 Peterborough Road Harrow Middlesex HA1 2AX
Bankers	The Royal Bank of Scotland Plc Corporate Banking, London 280 Bishopsgate London EC2M 4RB
Solicitors	Howard Kennedy LLP 1 London Bridge London SE1 9BG

GRANGE (PRESCOT STREET) LIMITED

CONTENTS

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report for the year ended 31 March 2018.

Fair review of the business
The principal activity of the company in the year under review was that of hoteliers.

The company's trading and operating profit remains acceptable and the directors are satisfied with the performance during the year, given some challenging market conditions. The company's statement of financial position as detailed on page 10 shows a satisfactory position, the shareholders' funds amounting to £171.200 million (2017 - £164.235 million).

The year under review started strongly, with an increase in visitors for the World Athletics Championships, which took place in London in the Summer of 2017. This was mitigated somewhat by the London terrorist incidents which put off some international visitors. International visitor numbers to the UK, which were previously at record levels, began to fall into early 2018 due to the effects of the so called 'Brexit Bounce', where the currency exchange benefits to overseas visitors caused by Brexit wore off returning to the same levels seen in 2016. However, indicators show visitor numbers are returning to growth in the later part of 2018.

Principal risks and uncertainties
The key risks affecting the business are:
<u>Exposure to adverse Political and Economic Developments and currency strength relative to sterling</u>
Travel and take up of hotel accommodation is affected by global or regional adverse political, economic and financial market developments. Such developments include inflation, recession, currency fluctuations, and the uncertainty arising from the Brexit process.

<u>Perception of and actual Terrorist Action or Health Risks and other factors limiting domestic and international travel</u>
Actual or threatened terrorist incidents, wars and other conflicts, natural disasters, epidemics, travel related incidents, industrial action and increased transportation and fuel costs cause curtailment of travel and affect the volume of business and leisure travel. Only essential travel is undertaken when there are perceived additional risks due to adverse publicity on such health and safety grounds.

<u>The company is exposed to a variety of risks associated with the ability to borrow, the interest rates of such borrowing and ability to satisfy debt and financial covenants</u>
The company is reliant on having access to borrowing facilities to meet its expected capital and development requirements and to maintain an efficient statement of financial position . Availability and cost of funds for current and future financing is dependent on market conditions and liquidity in the capital markets.

Key performance indicators ("Kpis")
Whilst the company does not place significant value or weight on the kpis used widely throughout the Hotel operating and Leisure Industry it does monitor performance against some published data on some Kpis to indicate its relative performance against its competitors. In addition such data is used in the management of costs and working capital to improve operating profit. The major Kpis which it uses for these purposes are:

- Occupancy rate - rooms occupied by hotel guests, expressed as a percentage of rooms that are available.
- Average room rate - room revenue divided by the number of room nights sold
- Revpar - This is the revenue per available room whereby total income received during a period is expressed as a multiple of rooms available to be sold during the same period.

Key performance indicators ("Kpis") - continued
The directors have due regard to these ratios and figures for each and every unit traded by the company and aim to improve them on a continuing basis.

Turnover has decreased by 0.8% (2017: increased by 1.7%), the directors consider the KPI's underpinning this decrease to be occupancy rates that have increased by 0.5% (2017: 0.02%) and average room rates that have decreased by 1.6% (2017: increased by 2.8%).

By order of the board

....
Mr H S Matharu
Secretary
18/12/2018

GRANGE (PRESCOT STREET) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr R S Matharu
Mr H S Matharu
Mr T S Matharu

Results and dividends
The results for the year are set out on page 8.

The directors do not recommend a payment of dividend.

Fixed assets
In the opinion of the directors the market value of the company's property as at 31 March 2018 is not less than the amount at which they are stated in the financial statements.

Disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement
Employees of the company are regularly consulted by the management and kept informed of matters affecting them and the overall development of the company.
The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. The directors endeavour to ensure that as far as possible the training, career development and promotion of disabled persons is the same as for other employees. Should employees become disabled, every effort is made to ensure that their employment continues and appropriate retraining is received.
The company recognises the high standards required to ensure the health, safety and welfare of employees, its customers and the general public. These policies are regularly reviewed with the objective of ensuring that standards are maintained.

Post reporting date events
Following a strategic review of the business, the group headed by the ultimate parent undertaking Globalgrange Limited, undertook a major reorganisation to add flexibility for its shareholders. As part of this a new ultimate parent company, New Grange Holdings 1 Limited, was interposed between Globalgrange Limited and its shareholders in January 2018. New Grange Holdings 1 Limited held the entire share capital of Globalgrange Limited and Globalgrange Hotels Limited.

In May 2018, the trade and assets of the company were transferred into a separate company which was established as an indirect subsidiary of Globalgrange Hotels Limited. On transfer of the assets, the hotel operating company entered into a hotel management agreement with Globalgrange Limited to manage the business of the hotel on its behalf as its agent. The agreement covered central functions such as central office staff (finance, management, HR etc.), IT systems and Intellectual Property.

Subsequently, New Grange Holdings 1 Limited was placed into members' voluntary liquidations and in accordance with a restructuring agreement under s110 of the Insolvency Act 1986, the liquidator distributed Globalgrange Limited to New Grange Holdings 3 Limited and Globalgrange Hotels Limited to New Grange Holdings 2 Limited. This created two separate corporate groups with the same ultimate shareholders.

Future developments
Both 2018 and 2019 are set to be challenging years for London Hoteliers with revenue growth very subdued. London remains the most exciting City in the world and international visitor numbers still seem set to grow in the future. Once Brexit uncertainties are resolved London's economic growth as one of the world's leading financial centres should improve. The fundamentals supporting demand for the Groups business going forward remain positive.

Auditors
In accordance with the company's articles, a resolution proposing that John Cumming Ross Limited be reappointed as auditors of the company will be put at a General Meeting.

Statement of disclosure to auditors
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board

....

Mr H S Matharu
Secretary
Date: 18/12/2018

GRANGE (PRESCOT STREET) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

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 judgements 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;
- 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.

GRANGE (PRESCOT STREET) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GRANGE (PRESCOT STREET) LIMITED

Opinion

We have audited the financial statements of Grange (Prescot Street) Limited (the 'company') for the year ended 31 March 2018 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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.

Responsibilities of directors
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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
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 auditor's 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.

Balvantkumar B. Patel (Senior Statutory Auditor)
for and on behalf of John Cumming Ross Limited
Chartered Accountants and Statutory Auditors
1st Floor, Kirkland House
11-15 Peterborough Road
Harrow
Middlesex
HA1 2AX

18th DEC 2018

GRANGE (PRESCOT STREET) LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	3	25,191,646	25,393,049
Cost of sales		(12,533,053)	(12,097,664)
Gross profit		12,658,593	13,295,385
Administrative expenses		(4,255,992)	(3,739,409)
Profit before taxation		8,402,601	9,555,976
Tax on profit	7	(1,812,039)	(1,867,686)
Profit for the financial year		6,590,562	7,688,290

The Income Statement has been prepared on the basis that all operations are continuing operations.

GRANGE (PRESCOT STREET) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	£	£
Profit for the year	6,590,562	7,688,290
Other comprehensive income net of taxation		
Revaluation of tangible fixed assets	-	71,500,000
Tax relating to other comprehensive income	374,650	(11,540,000)
Other comprehensive income for the year	374,650	59,960,000
Total comprehensive income for the year	6,965,212	67,648,290

GRANGE (PRESCOT STREET) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	8		212,832,737		215,841,818
Current assets					
Stocks	9	108,131		94,412	
Debtors	10	1,126,853		840,716	
Cash at bank and in hand		3,697,832		3,030,266	
		4,932,816		3,965,394	
Creditors: amounts falling due within one year	11	(19,364,971)		(27,922,192)	
Net current liabilities			(14,432,155)		(23,956,798)
Total assets less current liabilities			198,400,582		191,885,020
Provisions for liabilities	12		(27,200,350)		(27,650,000)
Net assets			171,200,232		164,235,020
Capital and reserves					
Called up share capital	15		1		1
Revaluation reserve			132,986,300		133,582,200
Profit and loss reserves			38,213,931		30,652,819
Total equity			171,200,232		164,235,020

The financial statements were approved by the board of directors and authorised for issue on 18/12/2018 and are signed on its behalf by:

....

Mr R S Matharu
Director

Company Registration No. 05392479

GRANGE (PRESCOT STREET) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 April 2016	1	74,068,600	22,518,129	96,586,730
Year ended 31 March 2017:				
Profit for the year	-	-	7,688,290	7,688,290
Other comprehensive income net of taxation:				
Revaluation of tangible fixed assets	-	71,500,000	-	71,500,000
Tax relating to other comprehensive income	-	(11,540,000)	-	(11,540,000)
Total comprehensive income for the year	-	59,960,000	7,688,290	67,648,290
Transfers	-	(446,400)	446,400	-
Balance at 31 March 2017	1	133,582,200	30,652,819	164,235,020
Year ended 31 March 2018:				
Profit for the year	-	-	6,590,562	6,590,562
Other comprehensive income net of taxation:				
Tax relating to other comprehensive income	-	374,650	-	374,650
Total comprehensive income for the year	-	374,650	6,590,562	6,965,212
Transfers	-	(970,550)	970,550	-
Balance at 31 March 2018	1	132,986,300	38,213,931	171,200,232

1 Accounting policies

Company information

Grange (Prescot Street) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 58 Rochester Row, London, SW1P 1JU.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Globalgrange Limited. These consolidated financial statements are available from its registered office, 58 Rochester Row, Victoria, London, SW1P 1JU.

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1 Accounting policies **(Continued)**

1.3 Turnover

Turnover represents the amount derived from the provision of accommodation, conference facilities and meals. Income is recognised on the date of occupation for accommodation and meals, on the date of the event for conference facilities. Turnover excludes value added tax.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	1% p.a on a straight line basis
Plant and machinery	4% to 20% p.a on a straight line basis

Freehold land is not depreciated.

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

The property fair value can be measured reliably and is held under the revaluation model and is carried at a revalued amount, being the fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and building is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity, such gains and loss are recognised in profit or loss.

The part of the annual depreciation charge on the revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account reserve.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1 Accounting policies **(Continued)**

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

1.7 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies **(Continued)**

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

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 taxable profits and the 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.

Deferred tax is recognised in the Statement of Total Recognised Gains and Losses on revaluations where at the balance sheet date there is a binding agreement to sell the asset and the gain or loss expected to arise on sale has been recognised.

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

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Pension costs

Contributions are made for the majority of the staff to the workplace pension scheme established under the automatic enrolment legislation. All eligible staff are entitled to join the pension scheme. Contributions payable are charged to the profit and loss account in the year they are payable.

2 Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2 Judgements and key sources of estimation uncertainty **(Continued)**

Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities include:

Depreciation rates

The directors set depreciation rates based upon their estimate of the useful lives of the assets.

Valuation of fixed assets

The directors obtain professional valuations of the freehold land and buildings to inform them of the valuation of the company's properties. At each year end, in the absence of a professional valuation , the director use their experience and professional judgement to assess whether there has been a material change in the carrying value of the land and buildings. There is an element of judgement in this assessment of carrying value.

3 Turnover and other revenue

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Operating profit

	2018	2017
Operating profit for the year is stated after charging:	£	£
Fees payable to the company's auditors for the audit of the company's financial statements	7,775	8,400
Depreciation of owned tangible fixed assets	3,140,258	2,688,097

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018 Number	2017 Number
Hotel operating and sales	241	221
Administration and management	30	23
	271	244

5 Employees **(Continued)**

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	5,666,245	5,344,461
Social security costs	380,075	388,151
Pension costs	28,926	36,059
	6,075,246	5,768,671

6 Directors' Remuneration

The directors of the company are remunerated by the ultimate parent undertaking on behalf of the group. It is not practical to apportion amounts to the subsidiary undertakings.

7 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	1,862,000	2,011,000
Adjustments in respect of prior periods	25,039	(3,314)
Total current tax	1,887,039	2,007,686
Deferred tax		
Origination and reversal of timing differences	(75,000)	(140,000)
Total tax charge	1,812,039	1,867,686

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2018	2017
	£	£
Deferred tax arising on:		
Revaluation of property	(374,650)	11,540,000

The UK corporation tax rate was 19% in the year and will fall to 17% with effect from 1 April 2020.

7 Taxation (Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018	2017
	£	£
Profit before taxation	8,402,601	9,555,976
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	1,596,494	1,911,195
Tax effect of expenses that are not deductible in determining taxable profit	7,182	9,160
Adjustments in respect of prior years	25,039	(3,314)
Permanent capital allowances in excess of depreciation	389,581	249,314
Transfer pricing tax adjustment- no accounting charge	(95,342)	(158,906)
Other tax adjustments	(35,915)	237
Deferred tax charge for the year	(75,000)	(140,000)
Taxation charge for the year	1,812,039	1,867,686

8 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Total
	£	£	£
Cost			
At 1 April 2017	209,425,293	26,263,961	235,689,254
Additions	(3,059)	134,236	131,177
At 31 March 2018	209,422,234	26,398,197	235,820,431
Depreciation and impairment			
At 1 April 2017	5,629,026	14,218,410	19,847,436
Depreciation charged in the year	1,225,369	1,914,889	3,140,258
At 31 March 2018	6,854,395	16,133,299	22,987,694
Carrying amount			
At 31 March 2018	202,567,839	10,264,898	212,832,737
At 31 March 2017	203,796,267	12,045,551	215,841,818

The hotel property was valued at 31 March 2018 by CBRE, Chartered Surveyors, on a market value basis, in accordance with the Guidance Notes of the Royal Institution of Chartered Surveyors. The valuers, CBRE, are not connected with the company and the valuation was based on recent market transactions on an arm's length basis for similar properties. The depreciated historical cost of the hotel property as at 31 March 2018 was £ 44.08 million (2017: £43.6 million).

9 Stocks

	2018	2017
	£	£
Finished goods and goods for resale	108,131	94,412

The total value of stock sold during the year was £1,407,940 (2017 - £1,267,572).

10 Debtors

	2018	2017
Amounts falling due within one year:	£	£
Trade debtors	944,138	682,804
Prepayments and accrued income	182,715	157,912
	1,126,853	840,716

11 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	838,347	516,270
Amounts due to group undertakings	14,161,338	23,009,211
Corporation tax	1,862,000	2,011,000
Other taxation and social security	954,714	988,132
Accruals and deferred income	1,548,572	1,397,579
	19,364,971	27,922,192

12 Provisions for liabilities

		2018	2017
	Notes	£	£
Deferred tax liabilities	13	27,200,350	27,650,000

13 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

Balances:	**Liabilities 2018 £**	**Liabilities 2017 £**
Accelerated capital allowances	435,000	510,000
Valuation of land and buildings	26,765,350	27,140,000
	27,200,350	27,650,000

Movements in the year:	**2018 £**
Liability at 1 April 2017	27,650,000
Credit to profit or loss	(75,000)
Credit to other comprehensive income	(374,650)
Liability at 31 March 2018	27,200,350

14 Retirement benefits

	2018 £	**2017 £**
Contributions payable by the company for the year	28,926	36,059

15 Share capital

	2018 £	**2017 £**
Ordinary share capital		
Issued and fully paid		
1 Ordinary share of £1 each	1	1
	1	1

16 Contingent liabilities

The company is party to cross guarantees given to its bankers in respect of credit and overdraft facilities provided to its parent undertaking and subsidiaries. As at the year end, the parent undertaking total loans outstanding was £161.688 million (£154.438 million).

17 Controlling party

The company's ultimate parent undertaking during the year was Globalgrange Limited. Following a major reorganisation within the group the company's ultimate parent undertaking is now New Grange Holdings 3 Limited.

18 Post balance sheet events

Following a strategic review of the business, the group headed by the ultimate parent undertaking Globalgrange Limited, undertook a major reorganisation to add flexibility for its shareholders. As part of this a new ultimate parent company, New Grange Holdings 1 Limited, was interposed between Globalgrange Limited and its shareholders in January 2018. New Grange Holdings 1 Limited held the entire share capital of Globalgrange Limited and Globalgrange Hotels Limited.

In May 2018, the trade and assets of the company were transferred into a separate company which was established as an indirect subsidiary of Globalgrange Hotels Limited. On transfer of the assets, the hotel operating company entered into a hotel management agreement with Globalgrange Limited to manage the business of the hotel on its behalf as its agent. The agreement covered central functions such as central office staff (finance, management, HR etc.), IT systems and Intellectual Property.

Subsequently, New Grange Holdings 1 Limited was placed into members' voluntary liquidations and in accordance with a restructuring agreement under s110 of the Insolvency Act 1986, the liquidator distributed Globalgrange Limited to New Grange Holdings 3 Limited and Globalgrange Hotels Limited to New Grange Holdings 2 Limited. This created two separate corporate groups with the same ultimate shareholders.