

The Crown Hotel Harrogate Limited

Registered number 05568552

Directors' report and financial statements

For the year ended 31 March 2013

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THE CROWN HOTEL HARROGATE LIMITED

COMPANY INFORMATION

Directors	A Kariminik H J A Stanford J M Thornton
Company secretary	Ka Wai Yu
Registered number	05568552
Registered office	1 King's Arms Yard London EC2R 7AF
Independent auditors	Mazars LLP Chartered Accountants & Statutory Auditors Mazars House Gelderd Road Gildersome Leeds LS27 7JN

THE CROWN HOTEL HARROGATE LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 - 16

THE CROWN HOTEL HARROGATE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2013

The directors present their report and the financial statements for the year ended 31 March 2013

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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, 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.

Principal activities

The principal activity of the company is the ownership and operation of The Crown Hotel in Harrogate.

Business review

During the year The Crown Hotel maintained its position as one of the leading hotels in Harrogate. Despite the challenging economic climate, turnover remained consistent year on year, leading to profit before depreciation, amortisation, directors' remuneration, management fees and interest of £0.5m (2012: £0.6m).

Results

The loss for the year, after taxation, amounted to £895,819 (2012: loss £880,755).

Directors

The directors who served during the year were

A Karimnik
H J A Stanford
J M Thornton

Charitable contributions

The company made charitable donations of £200 (2012: £500) in the year.

THE CROWN HOTEL HARROGATE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2013

Provision of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

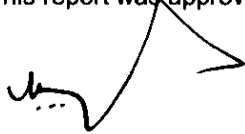
Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

Going Concern

The directors consider that the company has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date at which the audit report and financial statements have been signed. The use of the going concern basis of accounting is therefore considered appropriate because there are no material uncertainties to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

This report was approved by the board and signed on its behalf



H J A Stanford
Director

Date 24th October 2013

THE CROWN HOTEL HARROGATE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE CROWN HOTEL HARROGATE LIMITED

We have audited the financial statements of The Crown Hotel Harrogate Limited for the year ended 31st March 2013 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 1, 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. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31st March 2013 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 the 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.

THE CROWN HOTEL HARROGATE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE CROWN HOTEL HARROGATE LIMITED

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

S Davies

Steven Davies (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditors

Mazars House
Gelderd Road
Gildersome
Leeds
LS27 7JN

Date 19 November 2013

THE CROWN HOTEL HARROGATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2013

	Note	2013 £	2012 £
Turnover	1,2	2,660,937	2,626,119
Cost of sales		<u>(1,373,691)</u>	<u>(1,311,531)</u>
Gross profit	3	1,287,246	1,314,588
Administrative expenses		<u>(1,249,060)</u>	<u>(1,259,262)</u>
Operating profit	3	38,186	55,326
Interest payable and similar charges	6	<u>(934,005)</u>	<u>(936,081)</u>
Loss on ordinary activities before taxation		(895,819)	(880,755)
Tax on loss on ordinary activities	7	<u>-</u>	<u>-</u>
Loss for the financial year		<u><u>(895,819)</u></u>	<u><u>(880,755)</u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account

The notes on pages 8 to 16 form part of these financial statements


THE CROWN HOTEL HARROGATE LIMITED

Registered number 05568552

BALANCE SHEET AS AT 31 MARCH 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Tangible assets	8		5,618,143		5,869,760
Current assets					
Stocks	9	18,560		14,672	
Debtors	10	150,830		161,096	
Cash at bank and in hand		74,054		111,578	
		<u>243,444</u>		<u>287,346</u>	
Creditors amounts falling due within one year	11	(335,705)		(394,986)	
Net current liabilities			(92,261)		(107,640)
Total assets less current liabilities			<u>5,525,882</u>		<u>5,762,120</u>
Creditors: amounts falling due after more than one year	18		11,188,517		10,528,936
Capital and reserves					
Called up share capital	12	5,280		5,280	
Share premium account	13	2,643,161		2,643,161	
Profit and loss account	13	(8,311,076)		(7,415,257)	
	14		<u>(5,662,635)</u>		<u>(4,766,816)</u>
			<u>5,525,882</u>		<u>5,762,120</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
24th October 2013


H J A Stanford
Director

The notes on pages 8 to 16 form part of these financial statements

THE CROWN HOTEL HARROGATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

	Note	2013 £	2012 £
Net cash flow from operating activities	15	308,393	360,467
Returns on investments and servicing of finance	16	(934,005)	(936,081)
Capital expenditure and financial investment	16	(67,664)	(24,133)
Cash outflow before financing		(693,276)	(599,747)
Financing	16	655,752	501,871
Decrease in cash in the year		(37,524)	(97,876)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT FOR THE YEAR ENDED 31ST MARCH 2013

	2013 £	2012 £
Decrease in cash in the year	(37,524)	(97,876)
Cash inflow from increase in debt and lease financing	(655,752)	(501,871)
Movement in net debt in the year	(693,276)	(599,747)
Net debt at 1st April 2012	(10,421,187)	(9,821,440)
Net debt at 31st March 2013	(11,114,463)	(10,421,187)

The notes on pages 8 to 16 form part of these financial statements

THE CROWN HOTEL HARROGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

1 Accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

1.3 Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis for accounting in preparing the annual financial statements

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	- 2% straight line
Plant & machinery	- 5%, 10%, 20% straight line
Fixtures & fittings	- 5%, 10%, 20%, 33% straight line

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.7 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs.

THE CROWN HOTEL HARROGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

2 Turnover

All turnover arose within the United Kingdom

3. Operating profit

The operating profit is stated after charging

	2013 £	2012 £
Depreciation of tangible fixed assets		
- owned by the company	319,281	337,245
- held under finance leases	-	49,170
Auditors' remuneration	7,775	7,775
	<u> </u>	<u> </u>

4 Staff costs

Staff costs, including directors' remuneration, were as follows

	2013 £	2012 £
Wages and salaries	1,041,205	969,966
	<u> </u>	<u> </u>

The average monthly number of employees, including the directors, during the year was as follows

	2013 No.	2012 No.
Hotel staff	67	64
	<u> </u>	<u> </u>

5. Directors' remuneration

	2013 £	2012 £
Emoluments	131,582	133,459
	<u> </u>	<u> </u>

6 Interest payable

	2013 £	2012 £
On finance leases and hire purchase contracts	2,833	2,833
Other interest payable	931,172	933,248
	<u> </u>	<u> </u>
	<u>934,005</u>	<u>936,081</u>

THE CROWN HOTEL HARROGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

7 Taxation

Factors affecting tax charge for the year

Due to the trading losses there is no tax charge for period

Factors that may affect future tax charges

The company has unrelieved trading tax losses of £7,065,150 carried forward to future periods

8 Tangible fixed assets

	Freehold property £	Plant & machinery £	Fixtures & fittings £	Total £
Cost				
At 1st April 2012	4,722,142	2,925,898	1,130,580	8,778,620
Additions	-	17,275	50,389	67,664
Disposals	-	-	(125,475)	(125,475)
At 31st March 2013	4,722,142	2,943,173	1,055,494	8,720,809
Depreciation				
At 1st April 2012	457,871	1,602,331	848,658	2,908,860
Charge for the year	23,667	227,808	67,806	319,281
On disposals	-	-	(125,475)	(125,475)
At 31st March 2013	481,538	1,830,139	790,989	3,102,666
Net book value				
At 31st March 2013	4,240,604	1,113,034	264,505	5,618,143
At 31st March 2012	4,264,271	1,323,567	281,922	5,869,760

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2013 £	2012 £
Plant and machinery	-	29,186
Furniture, fittings and equipment	-	44,765
	-	73,951

Included within freehold property is land valued at a cost of £2,355,417 (2012 £2,355,417) Land is not depreciated

THE CROWN HOTEL HARROGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

9 Stocks

	2013 £	2012 £
Consumables	18,560	14,672

10. Debtors

	2013 £	2012 £
Trade debtors	17,646	29,862
Other debtors	93,000	91,956
Prepayments and accrued income	40,184	39,278
	150,830	161,096

11 Creditors

Amounts falling due within one year

	2013 £	2012 £
Trade creditors	108,107	100,102
Accruals and deferred income	85,529	110,200
Payments received on account	71,513	93,769
Net obligations under finance leases and hire purchase contracts	-	3,829
Social security and other taxes	63,938	77,548
Other creditors	6,618	9,538
	335,705	394,986

12 Share capital

	2013 £	2012 £
Allotted, called up and fully paid		
5,280,000 Ordinary shares of £0.001 each	5,280	5,280

THE CROWN HOTEL HARROGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

13. Reserves

	Share premium account £	Profit and loss account £
At 1st April 2012	2,643,161	(7,415,257)
Loss for the year		(895,819)
At 31st March 2013	<u>2,643,161</u>	<u>(8,311,076)</u>

14 Reconciliation of movement in shareholders' deficit

	2013 £	2012 £
Opening shareholders' deficit	(4,766,816)	(3,886,061)
Loss for the year	(895,819)	(880,755)
Closing shareholders' deficit	<u>(5,662,635)</u>	<u>(4,766,816)</u>

15 Net cash flow from operating activities

	2013 £	2012 £
Operating profit	38,186	55,326
Depreciation of tangible fixed assets	319,281	386,415
(Increase)/decrease in stocks	(3,886)	3,022
Decrease/(increase) in debtors	10,266	(75,041)
Decrease in creditors	(55,454)	(9,255)
Net cash inflow from operating activities	<u>308,393</u>	<u>360,467</u>

16 Analysis of cash flows for headings netted in cash flow statement

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest payable	(931,172)	(933,248)
Hire purchase interest	(2,833)	(2,833)
Net cash outflow from returns on investments and servicing of finance	<u>(934,005)</u>	<u>(936,081)</u>

THE CROWN HOTEL HARROGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

16 Analysis of cash flows for headings netted in cash flow statement (continued)

	2013 £	2012 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(67,664)	(24,133)
	<u>2013</u> £	<u>2012</u> £
Financing		
Interest rolled up on loans	659,581	506,465
Repayment of finance leases	(3,829)	(4,594)
Net cash inflow from financing	<u>655,752</u>	<u>501,871</u>

17. Analysis of changes in net debt

	1 April 2012 £	Cash flow £	Other non-cash changes £	31 March 2013 £
Cash at bank and in hand	111,578	(37,524)	-	74,054
Debt				
Debts due within one year	(3,829)	(655,752)	659,581	-
Debts falling due after more than one year	(10,528,936)	-	(659,581)	(11,188,517)
Net debt	<u>(10,421,187)</u>	<u>(693,276)</u>	<u>-</u>	<u>(11,114,463)</u>

18 Creditors: Amounts falling due after more than one year

	2013 £	2012 £
Shareholders' loans (see note 19)	<u>11,188,517</u>	<u>10,528,936</u>

THE CROWN HOTEL HARROGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

19. Shareholder loans

	2013 £	2012 £
14 63% secured loan stock	4,187,500	4,187,500
9 8% secured loan stock	1,500,000	1,500,000
Discounted loan stock	1,172,500	1,172,500
Unpaid interest	4,328,517	3,668,936
Total	<u>11,188,517</u>	<u>10,528,936</u>

The 14 63% secured loan stock comprises

Trust name	Date of issue	£	Repayment period and terms
Albion Venture Capital Trust Plc	09 November 2005	670,000	5 years after issue date at par
Albion Venture Capital Trust Plc	09 November 2005	670,000	5 years after issue date at par
Crown Place VCT	09 November 2005	1,273,000	5 years after issue date at par
Albion Venture Capital Trust Plc	09 May 2006	670,000	5 years after issue date at par
Albion Venture Capital Trust Plc	09 May 2006	234,500	5 years after issue date at par
Crown Place VCT Plc	09 May 2006	335,000	5 years after issue date at par
Albion Venture Capital Trust Plc	30 April 2007	335,000	5 years after issue date at par
Total		<u>4,187,500</u>	

During the year Albion Venture Capital Trust Plc merged with Albion Prime VCT Plc. As a result the loans previously held by Albion Prime VCT Plc have been transferred to Albion Venture Capital Trust Plc.

Any loan stocks that have not been repaid within the original repayment periods, will not be recalled by the lender within 12 months of the audit report date.

THE CROWN HOTEL HARROGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

The 9.8% secured loan stock comprises

Trust name	Date of issue	£	Repayment period and terms
Crown Place VCT Plc	26 January 2007	270,000	5 years after issue date at par
Crown Place VCT Plc	22 February 2007	114,000	5 years after issue date at par
Albion Venture Capital Trust Plc	22 February 2007	20,000	5 years after issue date at par
Albion Venture Capital Trust Plc	28 February 2007	50,000	5 years after issue date at par
Albion Venture Capital Trust Plc	15 March 2007	130,000	5 years after issue date at par
Albion Venture Capital Trust Plc	16 April 2007	16,000	5 years after issue date at par
Albion Venture Capital Trust Plc	16 April 2007	144,000	5 years after issue date at par
Albion Venture Capital Trust Plc	8 May 2007	60,000	5 years after issue date at par
Albion Venture Capital Trust Plc	31 May 2007	100,000	5 years after issue date at par
Albion Venture Capital Trust Plc	4 June 2007	15,000	5 years after issue date at par
Albion Venture Capital Trust Plc	26 June 2007	81,000	5 years after issue date at par
Albion Venture Capital Trust Plc	2 April 2008	100,000	5 years after issue date at par
Albion Venture Capital Trust Plc	2 April 2008	108,000	5 years after issue date at par
Crown Place VCT Plc	2 April 2008	192,000	5 years after issue date at par
Albion Venture Capital Trust Plc	7 April 2008	100,000	5 years after issue date at par
Total		<u>1,500,000</u>	

During the year Albion Venture Capital Trust Plc merged with Albion Prime VCT Plc. As a result the loans previously held by Albion Prime VCT Plc have been transferred to Albion Venture Capital Trust Plc.

Any loan stocks that have not been repaid within the original repayment periods, will not be recalled by the lender within 12 months of the audit report date.

The secured loan stock issued at discount comprises

Trust name	Date of issue	Principal amount £	Discount £	Discounted issue price £
Healthcare and Leisure Property Limited	9 November 2005	2,030,000	857,500	1,172,500

The Healthcare and Leisure Property Limited loan stock is redeemable at monthly intervals of £14,295 over a period of 5 years from the date of issue with a final redemption of £1,186,795. The discount is charged as a finance cost over the life of the loan stock.

Whilst the original repayment date has not been met, the loan stock will not be recalled by the lender within 12 months of the audit report date.

THE CROWN HOTEL HARROGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

20. Operating lease commitments

At 31st March 2013 the company had annual commitments under non-cancellable operating leases as follows

	2013 £	2012 £
Expiry date		
Within 1 year	49,567	55,367
Between 2 and 5 years	90,252	78,220

21 Related party transactions

During the year, the company was charged monitoring fees and expenses by Albion Ventures LLP of which Mr H J A Stanford is a partner to the amount of £15,489 (2012 £17,920)

During the year, the company made advances of £15,000 (2012 £78,000) to The Stanwell Hotel Limited, of which Mr J M Thornton, Mr A Karminik and Mr H J A Stanford are directors

During the year, the company was charged fees and expenses to the amount of £8,693 (2012 £7,686) by St Andrews Golf and Resort Management Ltd of which Mr J M Thornton is a director

Other interest payable per note 6 of the financial statements relates solely to interest payable on the shareholder loans as disclosed in note 19 of the financial statements

During the year the company was charged interest on shareholder loans of £931,172 (2012 £933,248) Of this, £659,581 (2012 £506,465) was not paid during the year increasing accrued interest on shareholder loans to £4,328,517 (2012 £3,668,936)

During the year 445,500 of the company's shares held by Albion Prime VCT Plc were transferred to Albion Venture Capital Trust Plc as a result of a merger between the two Trusts

	2013 Due from/ (owed to) £	2012 Due from/ (owed to) £
Albion Ventures LLP	(4,500)	(6,391)
The Stanwell Hotel Limited	93,000	91,276