

The Crown Hotel Harrogate Limited

Registered number: 05568552

Directors' report and financial statements

For the year ended 31 March 2015

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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
Gelder Road
Gildersome
Leeds
LS27 7JN

THE CROWN HOTEL HARROGATE LIMITED

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THE CROWN HOTEL HARROGATE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31ST MARCH 2015

The directors present their strategic report for the year ended 31 March 2015.

Review and Analysis of the business for the year

The company's principal activity remained the ownership and operation of the Crown Hotel in Harrogate.

The Crown Hotel continued to maintain its position as one of the leading hotels in Harrogate and turnover in the year to 31 March 2015 rose from £2.4m to £2.8m. Accommodation revenue rose by nearly 20%, driven by increases in both occupancy and rate, while food and beverage revenue rose by over 17%. As a result, profit before depreciation, directors' remuneration, management fees and interest increased to over £0.6m.

Key performance indicators (KPI's)

Management use a range of performance measures to monitor and manage the business. The principal financial KPI's are

- Occupancy levels
- Average Room Rates
- Total revenue
- Food and Beverage cost of sale percentages
- EBITDA

Financial position at 31 March 2015

The balance sheet shows cash of approximately £0.08m at 31 March 2015. Net current liabilities were £0.19m. Total assets less current liabilities reduced from £5.2m to £5.0m, principally as a result of the £0.3m depreciation charge. The principal investors continue to support the business by deferring interest as the business requires.

Principal risks and uncertainties facing the business

The principal risks and uncertainties are deemed to be the strength of the recovery of the UK economy, impacting both consumer and business optimism, and the competitive pressures of the local hospitality and conference and events markets.

This report was approved by the board on

8th July 2015

and signed on its behalf.



H J A Stanford
Director

THE CROWN HOTEL HARROGATE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2015

The directors present their report and the financial statements for the year ended 31 March 2015.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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;
- 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.

Results

The loss for the year, after taxation, amounted to £797,922 (2014 - loss £978,295).

Directors

The directors who served during the year were:

A Kariminik
H J A Stanford
J M Thornton

Disclosure 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 relevant audit information and to establish that the company's auditors are aware of that information.

THE CROWN HOTEL HARROGATE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2015

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: 8th July 2015

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 2015 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 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. 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 2015 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 Strategic report and 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: *14 July 2015*

THE CROWN HOTEL HARROGATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 £	2014 £
Turnover	1,2	2,833,576	2,395,019
Cost of sales		(1,320,596)	(1,206,641)
Gross profit		1,512,980	1,188,378
Administrative expenses		(1,378,786)	(1,232,668)
Operating profit/(loss)	3	134,194	(44,290)
Interest payable and similar charges	6	(932,116)	(934,005)
Loss on ordinary activities before taxation		(797,922)	(978,295)
Tax on loss on ordinary activities		-	-
Loss for the financial year		(797,922)	(978,295)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the profit and loss account.

The notes on pages 9 to 17 form part of these financial statements.

THE CROWN HOTEL HARROGATE LIMITED

Registered number: 05568552

BALANCE SHEET AS AT 31 MARCH 2015

	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	7		5,200,211		5,384,277
Current assets					
Stocks	8	39,432		19,891	
Debtors	9	80,252		85,929	
Cash at bank and in hand		77,576		143,105	
		<u>197,260</u>		<u>248,925</u>	
Creditors: amounts falling due within one year	10	<u>(386,942)</u>		<u>(386,978)</u>	
Net current liabilities			<u>(189,682)</u>		<u>(138,053)</u>
Total assets less current liabilities			<u>5,010,529</u>		<u>5,246,224</u>
Creditors: amounts falling due after more than one year	17		12,449,381		11,887,154
Capital and reserves					
Called up share capital	11	5,280		5,280	
Share premium account	12	2,643,161		2,643,161	
Profit and loss account	12	<u>(10,087,293)</u>		<u>(9,289,371)</u>	
	13		<u>(7,438,852)</u>		<u>(6,640,930)</u>
			<u>5,010,529</u>		<u>5,246,224</u>

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

8th July 2015


H J A Stanford
Director

The notes on pages 9 to 17 form part of these financial statements.

THE CROWN HOTEL HARROGATE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

	Note	2015 £	2014 £
Net cash flow from operating activities	14	434,722	381,366
Returns on investments and servicing of finance	15	(932,116)	(934,005)
Capital expenditure and financial investment	15	(130,362)	(76,948)
Cash outflow before financing		(627,756)	(629,587)
Financing	15	562,227	698,638
(Decrease)/Increase in cash in the year		(65,529)	69,051

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT FOR THE YEAR ENDED 31ST MARCH 2015

	2015 £	2014 £
(Decrease)/Increase in cash in the year	(65,529)	69,051
Cash inflow from increase in debt and lease financing	(562,227)	(698,638)
Movement in net debt in the year	(627,756)	(629,587)
Net debt at 1st April 2014	(11,744,049)	(11,114,462)
Net debt at 31st March 2015	(12,371,805)	(11,744,049)

The notes on pages 9 to 17 form part of these financial statements.

THE CROWN HOTEL HARROGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

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 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.

1.6 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 and an appropriate proportion of fixed and variable overheads.

1.7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. Turnover

All turnover arose within the United Kingdom.

THE CROWN HOTEL HARROGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

3. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the company	314,428	310,814
Auditors' remuneration	5,850	5,250
Auditors' remuneration - non-audit	1,650	1,500
	<u>321,928</u>	<u>317,564</u>

4. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	1,064,936	929,582
Social security costs	81,571	66,830
Other pension costs	2,618	-
	<u>1,149,125</u>	<u>996,412</u>

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

	2015 No.	2014 No.
Hotel staff	<u>62</u>	<u>58</u>

5. Directors' remuneration

	2015 £	2014 £
Remuneration	<u>134,596</u>	<u>113,313</u>

6. Interest payable

	2015 £	2014 £
On finance leases and hire purchase contracts	944	2,833
Other interest payable	931,172	931,172
	<u>932,116</u>	<u>934,005</u>

THE CROWN HOTEL HARROGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

7. Tangible fixed assets

	Freehold property £	Plant & machinery £	Fixtures & fittings £	Total £
Cost				
At 1st April 2014	4,738,142	2,982,659	1,202,430	8,923,231
Additions	9,023	86,937	34,402	130,362
At 31st March 2015	4,747,165	3,069,596	1,236,832	9,053,593
Depreciation				
At 1st April 2014	505,293	2,051,113	982,548	3,538,954
Charge for the year	23,888	225,741	64,799	314,428
At 31st March 2015	529,181	2,276,854	1,047,347	3,853,382
Net book value				
At 31st March 2015	4,217,984	792,742	189,485	5,200,211
At 31st March 2014	4,232,849	931,546	219,882	5,384,277

Included within freehold property is land valued at a cost of £2,355,417 (2014: £2,355,417). Land is not depreciated.

8. Stocks

	2015 £	2014 £
Consumables	39,432	19,891

9. Debtors

	2015 £	2014 £
Trade debtors	11,275	6,847
Other debtors	22,710	34,000
Prepayments and accrued income	46,267	45,082
	80,252	85,929

THE CROWN HOTEL HARROGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

10. Creditors: Amounts falling due within one year

	2015 £	2014 £
Payments received on account	140,440	154,081
Trade creditors	102,575	108,331
Other taxation and social security	72,988	60,311
Other creditors	8,522	3,460
Accruals and deferred income	62,417	60,795
	<u>386,942</u>	<u>386,978</u>

11. Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
5,280,000 Ordinary shares of £0.001 each	<u>5,280</u>	<u>5,280</u>

12. Reserves

	Share premium account £	Profit and loss account £
At 1st April 2014	2,643,161	(9,289,371)
Loss for the financial year		(797,922)
At 31st March 2015	<u>2,643,161</u>	<u>(10,087,293)</u>

13. Reconciliation of movement in shareholders' deficit

	2015 £	2014 £
Opening shareholders' deficit	(6,640,930)	(5,662,635)
Loss for the financial year	<u>(797,922)</u>	<u>(978,295)</u>
Closing shareholders' deficit	<u>(7,438,852)</u>	<u>(6,640,930)</u>

THE CROWN HOTEL HARROGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

14. Net cash flow from operating activities

	2015 £	2014 £
Operating profit/(loss)	134,194	(44,290)
Depreciation of tangible fixed assets	314,428	310,814
Increase in stocks	(19,541)	(1,332)
Decrease in debtors	5,676	64,901
(Decrease)/increase in creditors	(35)	51,273
Net cash inflow from operating activities	434,722	381,366

15. Analysis of cash flows for headings netted in cash flow statement

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest payable	(931,172)	(931,172)
Hire purchase interest	(944)	(2,833)
Net cash outflow from returns on investments and servicing of finance	(932,116)	(934,005)

	2015 £	2014 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(130,362)	(76,948)

	2015 £	2014 £
Financing		
Interest rolled up on loans	562,227	698,638

THE CROWN HOTEL HARROGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

16. Analysis of changes in net debt

	1 April 2014 £	Cash flow £	Other non-cash changes £	31 March 2015 £
Cash at bank and in hand	143,105	(65,529)	-	77,576
Debt:				
Debts due within one year	-	(562,227)	562,227	-
Debts falling due after more than one year	(11,887,154)	-	(562,227)	(12,449,381)
Net debt	<u>(11,744,049)</u>	<u>(627,756)</u>	<u>-</u>	<u>(12,371,805)</u>

17. Creditors: Amounts falling due after more than one year

	2015 £	2014 £
Shareholders' loans (see note 18)	<u>12,449,381</u>	<u>11,887,154</u>

THE CROWN HOTEL HARROGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

18. Shareholder loans

	2015 £	2014 £
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	5,589,381	5,027,154
Total	<u>12,449,381</u>	<u>11,887,154</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>	

Any loan stocks that have not been repaid within the original repayment periods, will not be recalled by the loan stock holder within 12 months of the audit report date without alternative finance being available.

THE CROWN HOTEL HARROGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

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>	

Any loan stocks that have not been repaid within the original repayment periods, will not be recalled by the loan stock holder within 12 months of the audit report date without alternative finance being available.

The secured loan stock issued at discount comprises:

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

The Healthcare & 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 loan stock holder within 12 months of the audit report date without alternative finance being available.

19. Capital commitments

At 31st March 2015 the company had capital commitments as follows:

	2015 £	2014 £
Contracted for but not provided in these financial statements	<u>24,710</u>	<u>-</u>

THE CROWN HOTEL HARROGATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

20. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £2,618 (2014 - £Nil). Contributions totalling £716 (2014 - £Nil) were payable to the fund at the balance sheet date and are included in creditors.

21. Operating lease commitments

At 31st March 2015 the company had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
Expiry date:		
Within 1 year	101,599	102,727
Between 2 and 5 years	13,908	13,908

22. 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 £15,940 (2014: £15,000).

During the year, the company was charged fees and expenses to the amount of £8,430 (2014: £8,684) 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 loan stock as disclosed in note 18 of the financial statements.

During the year the company was charged interest on shareholder loan stock of £931,172 (2014: £931,172). Of this, £562,486 (2014: £698,379) was not paid during the year increasing accrued interest on shareholder loan stock to £5,589,381 (2014: £5,026,894). Total amounts owing on shareholder loan stock including accrued interest are disclosed below.

The Stanwell Hotel Limited is a sister company in which Albion Venture Capital Trust Plc has a significant investment.

The amounts due from/(owed to) related parties at the year end are as follows:

	2015 £	2014 £
J M Thornton	(8,430)	(6,875)
Albion Ventures LLP	(15,940)	(29,938)
The Stanwell Hotel Limited	22,711	34,000
Crown Place VCT Plc	(3,946,626)	(3,764,314)
Albion Venture Capital Trust Plc	(6,265,608)	(5,992,647)
Healthcare & Leisure Property Limited	(2,237,146)	(2,129,933)
	<u>(12,451,039)</u>	<u>(11,889,707)</u>