

Paragon Hotels Limited

**Directors' report and financial
statements**

Registered number 9854588

31 March 2017



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Strategic report

Objective

To operate a profitable and successful business providing returns to shareholders.

Strategy

To improve the estate of hotels, the experience of our customers and the trading performance.

Principal risks and uncertainty

The main uncertainties which the business faces are the level of economic activity, guest numbers, and competition in the form of prevailing room rates. The directors believe that these factors present both challenges and opportunities for the business.

Performance during the year

The directors monitor performance through production of a detailed annual budget and the comparison of actual performance against the budget.

Position at the end of the year

The Group has a sound financial base from which to further improve the business.

Key performance indicators

Additionally, the directors monitor key performance indicators to ensure they are within acceptable parameters, these include:

- Room rate and occupancy
- The ratio of key costs to income
- Hotel operating profit
- Cash generated from operating activities

By order of the board



ML Widders
Director

Conway House
Ackhurst Park
Chorley
Lancashire
PR7 1NW

17 July 2017

Directors' report

The directors present their report, together with the financial statements for the year ended 31 March 2017.

Results and dividends

The Group's loss after tax for the year is £203,000 (2016: £53,000) and has been transferred from reserves. The directors do not recommend payment of a dividend (2016: *£nil*).

Principal activity

The Company was incorporated on 3 November 2015 and acquired its principal operating subsidiary company, Classic Lodges Limited, and three dormant companies on 9 December 2015 for £21,131,505. Merger accounting has therefore been adopted.

The Company issued 99 ordinary shares of £1 each on 14 December 2015 for £21,131,504.

On 21 December 2015, the Company cancelled its share premium account of £21,131,405.

The Group's principal activity is the ownership and operation of hotels.

Going concern

As set out in note 1, the directors consider that the Group has adequate resources to continue as a going concern for the foreseeable future and therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The directors who served during the period were as follows:

CJ Hemmings

JC Kay

K Revitt

ML Widders (appointed 8 June 2016)

Employee Policies

The Group's activities are geographically spread and local managers are responsible for employee relations and development on a day to day basis. This is supported by regular visits by senior executives who are available to explain and provide employees with information on matters of concern to them as employees and to enable their views to be taken into account.

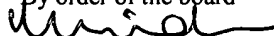
It is the policy and practice of the Group to give equal consideration to applications for employment from disabled persons having regard to the particular aptitudes and abilities of the applicants concerned. The services of any existing employee who becomes disabled are retained wherever practicable.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the board



ML Widders

Director

Conway House
Ackhurst Park
Chorley
Lancashire
PR7 1NW

17 July 2017

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland.

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP

One St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditor's report to the members of Paragon Hotels Limited

We have audited the financial statements of Paragon Hotels Limited for the year ended 31 March 2017 set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland.

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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' Report:

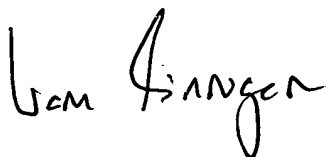
- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Paragon Hotels Limited
(continued)

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Liam Finnigan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Manchester

21/7/2017

Consolidated profit and loss account
for the year ended 31 March 2017

| | <i>Note</i> | 2017 £000 | 2016 £000 |
|--|-------------|----------------------------|----------------------------|
| Turnover | <i>1</i> | 15,662 | 15,471 |
| Cost of sales | | (9,266) | (8,406) |
| | | <hr/> | <hr/> |
| Gross profit | | 6,396 | 7,065 |
| Administrative expenses | | (6,438) | (7,140) |
| Profit on sale of fixed assets | | 7 | 295 |
| | | <hr/> | <hr/> |
| Operating (loss)/ profit | | (35) | 220 |
| Interest receivable and similar income | <i>4</i> | - | 7 |
| Interest payable and similar charges | <i>5</i> | (157) | (170) |
| | | <hr/> | <hr/> |
| (Loss)/profit before taxation | <i>2</i> | (192) | 57 |
| Taxation on (loss)/profit | <i>6</i> | (11) | (110) |
| | | <hr/> | <hr/> |
| Loss for the financial year | | (203) | (53) |
| | | <hr/> | <hr/> |

All amounts relate to continuing activities.

There were no material differences between the reported loss and the historical cost loss of the Group.

Statement of other comprehensive income
for the year ended 31 March 2017

There are no other gains and losses in either year, other than those disclosed in the profit and loss account above.

The notes on pages 12 to 20 form an integral part of these financial statements.

Consolidated balance sheet
as at 31 March 2017

| | <i>Note</i> | 2017 | 2016 |
|--|-------------|----------------|----------------|
| | | £000 | £000 |
| Fixed Assets | | | |
| Tangible assets | 7 | 25,900 | 26,449 |
| Current Assets | | | |
| Stock | 9 | 159 | 152 |
| Debtors | 10 | 513 | 859 |
| Cash at bank and in hand | | 250 | 572 |
| | | <u>922</u> | <u>1,583</u> |
| Creditors: amounts falling due within one year | 11 | <u>(4,731)</u> | <u>(5,493)</u> |
| Net current liabilities | | <u>(3,809)</u> | <u>(3,910)</u> |
| Total assets less current liabilities | | <u>22,091</u> | <u>22,539</u> |
| Creditors: amounts falling due after more than one year | 12 | <u>(4,156)</u> | <u>(4,401)</u> |
| Provisions for liabilities and charges | 13 | <u>-</u> | <u>-</u> |
| Net assets | | <u>17,935</u> | <u>18,138</u> |
| Capital and reserves | | | |
| Called up share capital | 14 | - | - |
| Capital Reserve | | 7 | 7 |
| Profit and loss account | | 17,928 | 18,131 |
| Shareholders' funds | | <u>17,935</u> | <u>18,138</u> |

The notes on pages 12 to 20 form an integral part of these financial statements.

Approved by the board of directors on 17 July 2017 and signed on its behalf by:



M L Widders
Director

Registered number 9854588

Company balance sheet
as at 31 March 2017

| | <i>Note</i> | 2017 £000 |
|-----------------------------|-------------|----------------------|
| Fixed Assets | | |
| Investments | 8 | 21,131 |
| | | <hr/> |
| Net assets | | 21,131 |
| | | <hr/> |
| Capital and reserves | | |
| Called up share capital | 14 | - |
| Share premium | | - |
| Profit and loss account | | 21,131 |
| | | <hr/> |
| | | 21,131 |
| | | <hr/> |

The notes on pages 12 to 20 form an integral part of these financial statements.

Approved by the board of directors on 17 July 2017 and signed on its behalf by:



M L Widders
Director

Registered number 9854588

Group Statement of Changes in Equity
for the year ended 31 March 2017

| | Called Up Share Capital | Share Premium | Capital Reserve | Profit & Loss Account | Total Equity |
|---|----------------------------|------------------|--------------------|-----------------------------|-----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Balance at 1 April 2015 | - | - | 600 | (3,540) | (2,940) |
| Loss for the year | | | - | (53) | (53) |
| <i>Transactions with owners, recorded directly in equity:</i> | | | | | |
| Issue of shares | - | 21,131 | - | - | 21,131 |
| Capital reduction | - | (21,131) | (593) | 21,724 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total contributions by and distributions to owners | - | - | (593) | 21,724 | 21,131 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 31 March 2016 | - | - | 7 | 18,131 | 18,138 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 1 April 2016 | - | - | 7 | 18,131 | 18,138 |
| Loss for the year | - | - | - | (203) | (203) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 31 March 2017 | - | - | 7 | 17,928 | 17,935 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

The notes on pages 12 to 20 form an integral part of these financial statements.

Company Statement of Changes in Equity
for the period ended 31 March 2017

| | Called Up Share Capital £000 | Share Premium £000 | Profit & Loss Account £000 | Total Equity £000 |
|---|---------------------------------------|--------------------------|-------------------------------------|----------------------|
| Balance on incorporation | - | - | - | - |
| Profit for the year | - | - | - | - |
| <i>Transactions with owners, recorded directly in equity:</i> | | | | |
| Issue of shares | - | 21,131 | - | 21,131 |
| Capital reduction | - | (21,131) | 21,131 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total contributions by and distributions to owners | - | - | 21,131 | 21,131 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 31 March 2017 | - | - | 21,131 | 21,131 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

The notes on pages 12 to 20 form an integral part of these financial statements.

Consolidated cash flow statement

for the year ended 31 March 2017

| | Note | 2017 £000 | 2016 £000 |
|---|------|--------------|---------------|
| Cash flows from operating activities | | | |
| Loss for the year | | (203) | (53) |
| Adjustments for: | | | |
| Depreciation and impairment of fixed assets | | 1,151 | 1,506 |
| Interest receivable and similar income | | - | (7) |
| Interest payable and similar charges | | 157 | 170 |
| Gain on sale of tangible fixed assets | | (7) | (295) |
| Taxation | | 11 | 110 |
| | | <hr/> 1,109 | <hr/> 1,431 |
| Decrease / (increase) in trade and other debtors | | 346 | (216) |
| Increase in stocks | | (7) | (1) |
| Increase in trade and other creditors | | 86 | 742 |
| Tax paid | | (109) | (95) |
| | | <hr/> 1,425 | <hr/> (1,861) |
| Net cash from operating activities | | | |
| Cash flows from investing activities | | | |
| Proceeds from sale of tangible fixed assets | | 7 | 343 |
| Interest received | | - | 7 |
| Acquisition of tangible fixed assets | | (602) | (2,556) |
| | | <hr/> (595) | <hr/> (2,206) |
| Net cash from investing activities | | | |
| Cash flows from financing activities | | | |
| Proceeds from new loan | | - | 1,400 |
| Interest paid | | (157) | (170) |
| Repayment of borrowings | | (245) | (210) |
| | | <hr/> (402) | <hr/> 1,020 |
| Net cash from financing activities | | | |
| Net increase in cash and cash equivalents | | 428 | 675 |
| Cash and cash equivalents at 1 April 2016 | | (928) | (1,603) |
| | | <hr/> (500) | <hr/> (928) |
| Cash and cash equivalents at 31 March 2017 | | | |

The notes on pages 12 to 20 form an integral part of these Financial Statements.

Notes to the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of preparation

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

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

The financial statements have been prepared based upon the Group's trading cycle of a 52 week period ending 30 March 2017 (2016: 31 March 2016) within seven days of the end of the accounting reference period as permitted by the Companies Act.

Going Concern

The Group's business activities, together with the factors likely to affect future trading are set out in the Strategic report on page 1.

During the year and subsequent period to date and forecast for the foreseeable future, the Group has operated within its banking facilities and has been compliant with the financial covenants.

The directors have no reason to believe that a material uncertainty exists that may cast doubt on the ability of the Group to continue as a going concern. It is therefore considered appropriate to continue to prepare the accounts on a going concern basis.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements for the Company and its subsidiary undertakings which have been prepared for the year ended 31 March 2017.

Merger accounting has been applied for subsidiaries acquired under common control. The carrying values of the assets and liabilities of the parties to the combination are not required to be adjusted to fair value on consolidation. Consolidated comparative figures include the results of all of the combining entities and their balance sheets at the previous balance sheet date.

Under s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Turnover

Turnover comprises the value of sales of goods and services supplied in the normal course of operation of a hotel business (excluding value added tax).

Investments

Investments are stated at cost less provision for any impairment.

Tangible fixed assets and depreciation

Depreciation is provided to write down the assets to their estimated residual value by equal instalments over their useful economic lives as follows:

| | | |
|---------------------------------|---|-----------------|
| Land | - | not depreciated |
| Freehold hotel properties | - | 50 years |
| Fixture, fittings and equipment | - | 4 – 10 years |

Stocks

Stocks are estimated at the lower of their cost or net realisable value.

Notes to the financial statements

1 Accounting policies *(continued)*

Taxation

Tax on the profit or loss for the year comprises current and deferred tax, where applicable. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. *Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.* Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pensions

The Group makes employer contributions to defined contributions pension schemes on behalf of certain employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

2 Expenses and auditor's remuneration

Included in the loss for the year are the following:

| | 2017 £000 | 2016 £000 |
|---------------------------------------|--------------|--------------|
| Auditors' remuneration Audit services | 25 | 18 |
| Non-audit services | 10 | 10 |
| Depreciation of owned assets | 1,151 | 1,506 |
| Operating leases | | |
| Hire of plant and machinery | 48 | 38 |
| | <hr/> | <hr/> |

Notes to the financial statements

3 Staff numbers and costs

| | 2017 £000 | 2016 £000 |
|-----------------------|--------------|--------------|
| <i>Staff costs</i> | | |
| Wages and salaries | 6,501 | 6,387 |
| Social security costs | 462 | 437 |
| Other pension costs | 75 | 83 |
| | <u>7,038</u> | <u>6,907</u> |

The average monthly number of employees during the year (including directors) was made up as follows:

| | 2017 No. | 2016 No. |
|-------------|-------------|-------------|
| Hotel staff | <u>445</u> | <u>445</u> |

Directors' emoluments

The directors received no remuneration for services provided to the Group.

4 Interest receivable and similar income

| | 2017 £000 | 2016 £000 |
|---------------|--------------|--------------|
| Bank interest | <u>-</u> | <u>7</u> |

5 Interest payable and similar charges

| | 2017 £000 | 2016 £000 |
|-----------------------|--------------|--------------|
| Bank interest payable | <u>157</u> | <u>170</u> |

Notes (continued)

6 Taxation on loss on ordinary activities

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| UK Corporation tax at 20% (2016: 20%) on the loss for the year | 7 | 6 |
| Adjustments in respect of prior years | 4 | 104 |
| | <hr/> | <hr/> |
| Total current tax charge for the year | 11 | 110 |
| Deferred tax movement | - | - |
| | <hr/> | <hr/> |
| Tax charge for the year | 11 | 110 |
| | <hr/> | <hr/> |

Factors affecting the current tax for the year

The tax charge assessed on the loss on ordinary activities for the year is lower (2016: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Loss for the year | (203) | (53) |
| Total tax expense | 11 | 110 |
| | <hr/> | <hr/> |
| (Loss)/profit on ordinary activities before tax | (192) | 57 |
| | <hr/> | <hr/> |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%) | (38) | 11 |
| Effects of: | | |
| Disallowed expenses and non-taxable income | 6 | 43 |
| Difference between depreciation and capital allowances | 89 | 30 |
| Group relief surrendered | - | 5 |
| Payment receivable for group relief surrendered | - | (5) |
| Deferred tax not recognised | (49) | (78) |
| Income not taxable for tax purposes | (1) | - |
| Adjustment in respect of prior periods | 4 | 104 |
| | <hr/> | <hr/> |
| Total tax charge included in profit or loss | 11 | 110 |
| | <hr/> | <hr/> |

Notes (continued)

7 Tangible fixed assets
Group

| | Freehold land and buildings | Fixtures, fittings and equipment | Total |
|----------------------------|--------------------------------|--|---------------|
| | £000 | £000 | £000 |
| <i>Cost</i> | | | |
| As at 31 March 2016 | 25,968 | 16,361 | 42,329 |
| Additions | 59 | 543 | 602 |
| | <hr/> | <hr/> | <hr/> |
| As at 31 March 2017 | 26,027 | 16,904 | 42,931 |
| | <hr/> | <hr/> | <hr/> |
| <i>Depreciation</i> | | | |
| As at 31 March 2016 | 2,646 | 13,234 | 15,880 |
| Provided during the period | 273 | 878 | 1,151 |
| | <hr/> | <hr/> | <hr/> |
| As at 31 March 2017 | 2,919 | 14,112 | 17,031 |
| | <hr/> | <hr/> | <hr/> |
| <i>Net book value</i> | | | |
| At 31 March 2017 | 23,108 | 2,792 | 25,900 |
| | <hr/> | <hr/> | <hr/> |
| As at 31 March 2016 | 23,322 | 3,127 | 26,449 |
| | <hr/> | <hr/> | <hr/> |

Company

There are no fixed assets held by the Company.

8 Fixed asset investments

| Company | Subsidiary Undertakings £000 |
|-------------------------|---|
| <i>Cost</i> | |
| On incorporation | - |
| Acquired in the period | 21,131 |
| | <hr/> |
| At 31 March 2017 | 21,131 |
| | <hr/> |
| <i>Impairment</i> | |
| On incorporation | - |
| | <hr/> |
| At 31 March 2017 | - |
| | <hr/> |
| <i>Net book value</i> | |
| At 31 March 2017 | 21,131 |
| | <hr/> |

Notes (continued)

8 Fixed asset investments (continued)

The subsidiary undertakings of the Group, all held by the Company, are as follows:

| | Country of incorporation | Nature of business | Proportion of shares held |
|--------------------------------------|-----------------------------|-----------------------|------------------------------|
| Classic Lodges Limited | Great Britain | Hotels | 100% |
| Grovefield Hotel Limited | Great Britain | Non trading | 100% |
| The Balmoral Hotel Harrogate Limited | Great Britain | Non trading | 100% |
| Classic Lodges Scotland Limited | Great Britain | Non trading | 100% |

9 Stock

| | Group | |
|--------|--------------|--------------|
| | 2017 £000 | 2016 £000 |
| Food | 31 | 32 |
| Liquor | 94 | 88 |
| Other | 34 | 32 |
| | <hr/> | <hr/> |
| | 159 | 152 |
| | <hr/> | <hr/> |

10 Debtors

| | Group | |
|-------------------------------|--------------|--------------|
| | 2017 £000 | 2016 £000 |
| Trade debtors | 263 | 446 |
| Other debtors and prepayments | 250 | 413 |
| | <hr/> | <hr/> |
| | 513 | 859 |
| | <hr/> | <hr/> |

11 Creditors: amounts falling due within one year

| | Group | |
|------------------------------------|--------------|--------------|
| | 2017 £000 | 2016 £000 |
| Bank overdraft | 750 | 1,500 |
| Bank loan | 245 | 245 |
| Trade creditors | 439 | 929 |
| Amounts due to group undertakings | 80 | 28 |
| Other taxation and social security | 572 | 413 |
| Other creditors | 1,535 | 1,435 |
| Accruals | 1,110 | 943 |
| | <hr/> | <hr/> |
| | 4,731 | 5,493 |
| | <hr/> | <hr/> |

Notes *(continued)*

12 Creditors: amounts falling due after more than one year

| | 2017 £000 | 2016 £000 |
|-----------|----------------------------|--------------|
| Bank loan | 4,156 | 4,401 |

The bank loan is repayable as follows

| | 2017 £000 | 2016 £000 |
|----------------------|----------------------------|--------------|
| Within one year | 245 | 245 |
| Between 1 – 2 years | 245 | 245 |
| Between 2 – 5 years | 3,911 | 245 |
| Greater than 5 years | - | 3,911 |
| | 4,401 | 4,646 |

The bank loan and overdraft are secured on all of the Group's properties and bear interest at a rate based on LIBOR plus a margin.

13 Provisions for liabilities and charges

Group

The amounts provided for deferred tax are set out below:

| | 2017 £000 | 2016 £000 |
|--|----------------------------|--------------|
| Provision at 31 March 2017 and 31 March 2016 | - | - |

The elements of deferred tax are as follows:

| | 2017 £000 | 2016 £000 |
|---------------------------------|----------------------------|--------------|
| Fixed asset timings differences | 145 | 165 |
| Other timing differences | (29) | 15 |
| Tax losses | (116) | (180) |
| | - | - |

Notes (continued)

13 Provisions for liabilities and charges (continued)

The Group has an unrecognised deferred tax asset of £573,427 (2016: £674,620) in respect of capital losses. These losses would be available for offset against future capital gains. This asset is not expected to crystallise in the foreseeable future.

The Group has an unrecognised tax asset of £211,468 (2016: £448,640) in respect of trading losses. This is available for offset against future trading profits. This asset is not expected to crystallise in the foreseeable future.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the Group's future current tax charge accordingly.

14 Share capital

| | 2017 £ |
|---|------------|
| <i>Allotted, called up and fully paid</i> | |
| 100 Ordinary shares of £1 each | 100 |

15 Pensions

Certain of the Group's employees are members of defined contribution pension schemes. The assets of the schemes are held separately from those of the Group. The pension costs charge represents pension contributions payable by the Group to the funds and amounted to £75,000 (2016: £83,000). There were contributions outstanding at the end of the financial year of £7,000 (2016: £12,000).

16 Operating leases

The Group has non-cancellable operating lease commitments of £nil at the year end (2016: £nil).

Notes (continued)

17 Related party transactions

Northern Trust Group Limited

During the year the Group paid fees of £39,675 (2016: £44,287) to Northern Trust Group Limited for administration services. There were amounts of £475 (2016: £24,000) owed to Northern Trust Group Limited at the year end.

At the year end an amount of £11,000 (2016: £5,268) was due from Northern Trust Group Limited in respect of payments for corporation tax group relief surrendered for the year ended 31 March 2017.

Whittle Jones Group Limited

During the year the Group paid rental charges of £29,900 (2016: £29,900) to Whittle Jones Group Limited. There were amounts of £3,811 (2016: £3,637) owed to Whittle Jones Group Limited at the year end.

Preston North End Limited

During the year the Group received income of £54,254 (2016: £47,802) from Preston North End Limited. The amount owed by Preston North End to the Group at the end of the financial year was £5,787 (2016: £11,547).

Ramsey Park Hotel Limited

During the year the Group paid and recharged costs of £13,202 (2016: £10,542) to Ramsey Park Hotel Limited. The amount outstanding at the year end from Ramsey Park Hotel Limited was £982 (2016: £2,153).

Hemway Limited

During the year management fees of £200,000 (2016: £200,000) were paid to Hemway Limited. Further costs of £22,841 (2016: £13,940) were recharged by Hemway to the Group. At the end of the year the Group owed £75,600 (2016: £nil) to Hemway Limited.

The family interests of Mr TJ Hemmings are the ultimate controlling party of Paragon Hotels Limited and the above companies.

18 Immediate parent company and ultimate controlling party

The Company's immediate parent undertaking is Calgarth Limited, a company registered in the Isle of Man. The ultimate parent company is Wordon Limited, a company registered in the Isle of Man. The accounts of both companies are not available to the public.

The ultimate controlling party are the family interests of Mr T J Hemmings.