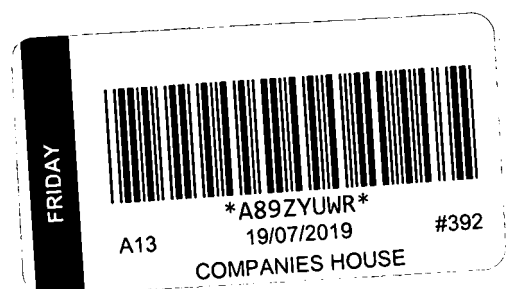


Paragon Hotels Limited

**Strategic report, Directors' report
and financial statements**

Registered number 09854588

28 March 2019



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Strategic report

Objective

To operate a profitable and cash generative hotel business providing growth in shareholder value.

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

Blenheim House
Ackhurst Park
Chorley
Lancashire
PR7 1NY

27 June 2019

Directors' report

The directors present their report, together with the financial statements for the year ended 28 March 2019.

Results and dividends

The Group's loss after tax for the year is £94,000 (2018: £244,000) and has been transferred from reserves. The directors do not recommend payment of a dividend (2018: £nil).

Principal activity

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

The Company's principal activity is as a holding company.

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

Employee Policies

The Group 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

Blenheim House
Ackhurst Park
Chorley
Lancashire
PR7 1NY

27 June 2019

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;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

Opinion

We have audited the financial statements of Paragon Hotels Limited ("the company") for the year ended 28 March 2019 which comprise the Consolidated Profit and Loss account, Statement of Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated and Company Statements of Changes in Equity, Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 28 March 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the valuation of fixed assets, related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence

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

(continued)

of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and Directors' report

The directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report or the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

The purpose of our audit work and to whom we owe our responsibilities

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.

Liam Finnigan

27/6/19

Liam Finnigan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
One St Peter's Square
Manchester
M2 3AE

Consolidated Profit and Loss account and Other Comprehensive Income
for the year ended 28 March 2019

	<i>Note</i>	2019 £000	2018 £000
Turnover	<i>1</i>	14,913	15,517
Cost of sales		(8,699)	(8,756)
		<hr/>	<hr/>
Gross profit		6,214	6,761
Administrative expenses		(6,389)	(6,826)
Profit on sale of fixed assets		266	-
		<hr/>	<hr/>
Operating profit/(loss)		91	(65)
Interest payable and similar charges	<i>4</i>	(199)	(168)
		<hr/>	<hr/>
Loss before taxation	<i>2</i>	(108)	(233)
Taxation on loss	<i>5</i>	14	(11)
		<hr/>	<hr/>
Loss for the financial year		(94)	(244)
		<hr/>	<hr/>

All amounts relate to continuing activities.

Statement of Other Comprehensive Income
for the year ended 28 March 2019

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 13 to 21 form an integral part of these financial statements.

Consolidated Balance Sheet
as at 28 March 2019

	Note	2019 £000	2018 £000
Fixed Assets			
Tangible assets	6	24,869	25,417
Current Assets			
Stock	8	150	174
Debtors	9	770	689
Cash at bank and in hand		224	192
		<u>1,144</u>	<u>1,055</u>
Creditors: amounts falling due within one year	10	<u>(4,147)</u>	<u>(4,278)</u>
Net current liabilities		<u>(3,003)</u>	<u>(3,223)</u>
Total assets less current liabilities		<u>21,866</u>	<u>22,194</u>
Creditors: amounts falling due after more than one year	11	<u>(4,269)</u>	<u>(4,503)</u>
Provisions for liabilities and charges	12	<u>-</u>	<u>-</u>
Net assets		<u>17,597</u>	<u>17,691</u>
Capital and reserves			
Called up share capital	13	-	-
Capital reserve		7	7
Profit and loss account		17,590	17,684
Shareholders' funds		<u>17,597</u>	<u>17,691</u>

The notes on pages 13 to 21 form an integral part of these financial statements.

Approved by the board of directors on 27 June 2019 and signed on its behalf by:



M L Widders
Director

Registered number 09854588

Company Balance Sheet
as at 28 March 2019

	<i>Note</i>	2019 £000	2018 £000
Fixed Assets			
Investments	7	21,131	21,131
Net assets		<u>21,131</u>	<u>21,131</u>
Capital and reserves			
Called up share capital	13	-	-
Profit and loss account		21,131	21,131
		<u>21,131</u>	<u>21,131</u>

The notes on pages 13 to 21 form an integral part of these financial statements.

Approved by the board of directors on 27 June 2019 and signed on its behalf by:



M L Widders
Director

Registered number 09854588

Consolidated Statement of Changes in Equity

	Called Up Share Capital	Capital Reserve	Profit & Loss Account	Total Equity
	£000	£000	£000	£000
Balance at 31 March 2017	-	7	17,928	17,935
Loss for the year	-	-	(244)	(244)
Balance at 29 March 2018	-	7	17,684	17,691
Balance at 30 March 2018	-	7	17,684	17,691
Loss for the year	-	-	(94)	(94)
Balance at 28 March 2019	-	7	17,590	17,597

The notes on pages 13 to 21 form an integral part of these financial statements.

Company Statement of Changes in Equity

	Called Up Share Capital	Profit & Loss Account	Total Equity
	£000	£000	£000
Balance at 31 March 2017	-	21,131	21,131
Balance at 29 March 2018	-	21,131	21,131
Balance at 30 March 2018	-	21,131	21,131
Balance at 28 March 2019	-	21,131	21,131

The notes on pages 13 to 21 form an integral part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 28 March 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Loss for the year		(94)	(244)
Adjustments for:			
Depreciation and impairment of fixed assets	6	934	1,016
Interest payable and similar charges	4	199	168
Gain on sale of tangible fixed assets		(266)	-
Taxation	5	(14)	11
		<hr/>	<hr/>
		759	951
Increase in trade and other debtors	9	(81)	(176)
Decrease/(increase) in stocks	8	24	(15)
(Decrease)/increase in trade and other creditors		(522)	240
Tax paid		(1)	(6)
		<hr/>	<hr/>
Net cash from operating activities		179	994
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		266	-
Acquisition of tangible fixed assets		(386)	(533)
		<hr/>	<hr/>
Net cash from investing activities		(120)	(533)
Cash flows from financing activities			
Proceeds from new loan		-	4,503
Interest paid	4	(199)	(168)
Repayment of borrowings		(234)	(4,401)
		<hr/>	<hr/>
Net cash from financing activities		(433)	(66)
Net (decrease)/increase in cash and cash equivalents		(374)	395
Cash and cash equivalents at 30 March 2018		(105)	(500)
		<hr/>	<hr/>
Cash and cash equivalents at 28 March 2019		(479)	(105)
		<hr/>	<hr/>
Cash and cash equivalents is made up of :			
Cash at bank and in hand		224	192
Bank overdraft		(703)	(297)
		<hr/>	<hr/>
		(479)	(105)
		<hr/>	<hr/>

The notes on pages 13 to 21 form an integral part of these Financial Statements.

Notes to the financial statements

1 Accounting policies

Paragon Hotels Limited is a private company incorporated, domiciled and registered in England and Wales in the UK. The registered number is 09854588 and the registered office is Blenheim House, Ackhurst Park, Chorley, Lancashire PR7 1NY

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

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 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 £1,000.

The financial statements have been prepared on the historical cost convention.

The financial statements have been prepared based upon the Group's trading cycle of a 52 week period ending 28 March 2019 (2018: 29 March 2018) within seven days of the end of the accounting reference period as permitted by the Companies Act.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company cash flow statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.

The directors, in the application of these accounting policies, have made certain judgments and estimates that may have significant effect on the financial statements.

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 28 March 2019.

Merger accounting has previously 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. 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).

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Notes (continued)

1 Accounting policies (continued)

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

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.

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

Investments

Investments are stated at cost less provision for any impairment.

Stocks

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

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes (continued)

1 Accounting policies (continued)

Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The Company makes employer contributions to defined contribution 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.

Expenses

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

2 Expenses and auditor's remuneration

Included in the loss for the year are the following:

	2019 £000	2018 £000
Auditors' remuneration - Audit services	28	25
- Non-audit services	16	9
Profit on disposal of fixed assets	(266)	-
Depreciation of owned assets	934	1,016
Operating leases		
- Hire of plant and machinery	62	60
	<hr/>	<hr/>

3 Staff numbers and costs

	2019 £000	2018 £000
Staff costs		
Wages and salaries	6,494	6,617
Social security costs	474	478
Other pension costs	104	76
	<hr/>	<hr/>
	7,072	7,171
	<hr/>	<hr/>

Notes (continued)

3 Staff numbers and costs (continued)

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

	2019 No.	2018 No.
Hotel staff	433	450

Directors' emoluments

The directors received no remuneration for services provided to the Group in either the current or prior year.

The directors of the company are employed and remunerated by other related companies. There has been no attribution of their remuneration to directors' emoluments of the Group, as their services as directors of the Group are not considered to be significant in relation to their overall duties.

4 Interest payable and similar charges

	2019 £000	2018 £000
Bank interest payable	199	168

5 Taxation on loss

	2019 £000	2018 £000
UK Corporation tax at 19% (2018: 19%) on the loss for the year	(14)	11
Adjustments in respect of prior years	-	-
Tax (credit)/charge for the year	(14)	11

Factors affecting the current tax for the year

The tax credit (2018: charge) assessed on the loss on ordinary activities for the year is lower (2018: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2019 £000	2018 £000
Loss for the year	(94)	(244)
Total tax expense	(14)	11
Loss on ordinary activities before tax	(108)	(233)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(21)	(44)
Effects of:		
Disallowed expenses and non-taxable income	4	2
Fixed asset timing differences	82	84
Deferred tax not recognised	(28)	(31)
Income not taxable for tax purposes	(51)	-
Total tax (credit)/charge included in profit or loss	(14)	11

Notes (continued)

5 Taxation on loss (continued)

Reductions in the UK corporation tax rate from 19% to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly.

The deferred tax liability at 28 March 2019 has been calculated based on these rates.

6 Tangible fixed assets

Group

	Freehold land and buildings £000	Fixtures, fittings and equipment £000	Total £000
<i>Cost</i>			
As at 30 March 2018	26,045	17,419	43,464
Additions	79	307	386
	<hr/>	<hr/>	<hr/>
As at 28 March 2019	26,124	17,726	43,850
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
As at 30 March 2018	3,193	14,854	18,047
Provided during the period	274	660	934
	<hr/>	<hr/>	<hr/>
As at 28 March 2019	3,467	15,514	18,981
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 28 March 2019	22,657	2,212	24,869
	<hr/>	<hr/>	<hr/>
As at 30 March 2018	22,852	2,565	25,417
	<hr/>	<hr/>	<hr/>

7 Fixed asset investments

Company

	Subsidiary Undertakings £000
<i>Cost</i>	
As at 29 March 2018 and 28 March 2019	21,131
	<hr/>

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%

The registered office of Classic Lodges Limited and The Balmoral Hotel Harrogate Limited is Quartermile One, 15 Lauriston Place, Edinburgh, EH3 9EP.

The registered office of Grovefield Hotel Limited is Blenheim House, Ackhurst Park, Foxhole Road, Chorley, PR7 1NY.

Notes (continued)

8 Stock

	Group	
	2019	2018
	£000	£000
Food	34	36
Liquor	82	104
Other	34	34
	<u>150</u>	<u>174</u>

9 Debtors

	Group	
	2019	2018
	£000	£000
Trade debtors	310	289
Amounts due from Group undertakings	25	19
Other debtors and prepayments	435	381
	<u>770</u>	<u>689</u>

10 Creditors: amounts falling due within one year

	Group	
	2019	2018
	£000	£000
Bank overdraft	703	297
Trade creditors	435	681
Amounts due to group undertakings	382	382
Other taxation and social security	617	579
Other creditors	1,479	1,461
Accruals	531	878
	<u>4,147</u>	<u>4,278</u>

11 Creditors: amounts falling due after more than one year

	Group	
	2019	2018
	£000	£000
Bank loan	4,269	4,503
	<u>4,269</u>	<u>4,503</u>
The bank loan is repayable as follows:		
Within one year	-	-
Between 1 – 2 years	-	-
Between 2 – 5 years	4,269	4,503
Greater than 5 years	-	-
	<u>4,269</u>	<u>4,503</u>

Notes (continued)

11 Creditors: amounts falling due after more than one year (continued)

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.

12 Provisions for liabilities and charges

Group

The amounts provided for deferred tax are set out below:

	2019 £000	2018 £000
Provision at 28 March 2019 and 30 March 2018	-	-

The elements of deferred tax are as follows:

	2019 £000	2018 £000
Fixed asset timings differences	155	150
Other timing differences	(15)	(29)
Tax losses	(140)	(121)
	-	-

The Group has an unrecognised deferred tax asset of £573,427 (2018: £573,427) 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 £127,558 (2018: £155,862) 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.

13 Share capital

	2019 £	2018 £
<i>Allotted, called up and fully paid</i>		
100 Ordinary shares of £1 each	100	100

14 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 £104,000 (2018: £76,000). There were contributions outstanding at the end of the financial year of £9,000 (2018: £9,000).

Notes (continued)

15 Operating leases

The Company has non-cancellable operating lease commitments repayable as follows

	2019 £000	2018 £000
Within one year	24	38
Between 1 – 2 years	21	24
Between 2 – 5 years	9	29
	<hr/> 54	<hr/> 91

16 Related party transactions

Northern Trust Company Limited

During the year the Group paid fees of £24,000 (2018: £24,000) for administration services and £4,000 (2018: £22,000) for rental charges to Northern Trust Company Limited. There was £3,000 (2018: £nil) owed to Northern Trust Company Limited at the year end.

During the year the Group surrendered tax losses with a value of £9,000 (2018: £nil) to Northern Trust Company Limited. At the year end an amount was due to Northern Trust Company Limited in respect of these losses of £1,000 (2018: Due from Northern Trust Company Limited £275).

During the year £4,000 of services were provided to Northern Trust Company Limited (2018: £604) and £1,000 (2018: £155) was owed by Northern Trust Company Limited to the Group in respect of these services at the end of the year.

Whittle Jones Group Limited

During the year the Group paid £nil (2018: £24,000) to Whittle Jones Group Limited for property and building services. There was £nil (2018: £nil) owed to Whittle Jones Group Limited at the year-end.

Preston North End Limited

During the year the Group received income of £59,311 (2018: £56,822) from Preston North End Limited. The amount owed by Preston North End to the Group at the end of the financial year was £15,448 (2018: £10,038).

Ramsey Park Hotel Limited

During the year the Group charged £100,081 of management charges and hotel services (2018: £11,976) to Ramsey Park Hotel Limited. The amount outstanding at the year end from Ramsey Park Hotel Limited was £1,436 (2018: £871).

During the year the Group purchased services from Ramsey Park Hotel to the value of £79 (2018: £467). At the end of the year £146 was owed to Ramsey Park Hotel (2018: £100).

Hemway

During the year management fees of £nil (2018: £200,000) were paid to Hemway Limited. At the end of the year the Group owed £7,000 (2018: £nil) to Hemway Limited.

Services valued at £2,563 were sold to Hemway Limited during the financial year (2018: £nil). At the year end £nil was owed by Hemway to the Group (2018: £nil)

Gleadhill House Stud Limited

During the year the Group provided services to Gleadhill House Stud Limited to the value of £7,000 (2018: £7,711). At the end of the year £7,000 (2018: £8,427) was owed by Gleadhill House Stud Limited to the Group.

Notes (continued)

Trustair Limited

During the year the Group provided services to Trustair Limited to the value of £218 (2018: £nil). At the end of the year £nil (2018: £nil) was owed by Trustair Limited to the Group.

Ambrose Hire Limited

During the year the Group provided services to Ambrose Limited to the value of £193 (2018: £nil). At the end of the year £nil (2018: £nil) was owed by Ambrose Hire Limited to the Group.

Trust Inns Limited

During the year the Group provided services to Trust Inns Limited to the value of £1,023 (2018: £nil). At the end of the year £nil (2018: £nil) was owed by Trust Inns Limited to the Group.

During the year the Group paid rent to Trust Inns Limited to the value of £25,887 (2018: £nil). At the end of the year £5,000 (2018: £nil) was owed by the Group to Trust Inns Limited.

Ensco 1156 Limited

At the end of the year £367,000 (2018: £367,000) was owed by the Group to Ensco 1156 Limited.

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

17 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 to 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.