

Company Registration No. SC004676 (Scotland)

Centre Hotels (Cranston) Limited

Annual report and financial statements

for the year ended 31 December 2011

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Centre Hotels (Cranston) Limited

Annual report and financial statements 2011

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Centre Hotels (Cranston) Limited

Annual report and financial statements 2011

Officers and professional advisers

The Board of Directors

R Prince
P Ekas

Company secretary

Paul Hastings Administrative Services Limited

Registered office

Holiday Inn
107 Queensferry Road
Edinburgh
EH4 3HL

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

Centre Hotels (Cranston) Limited

Directors' report

The directors present their annual report and the financial statements for the year ended 31 December 2011.

Principal activities and business review

The company continues to act as an investment holding company.

Future developments

The directors plan to maintain the company's current status for the foreseeable future.

Results and dividends

The loss after taxation for the year ended 31 December 2011 was £6,000 (2010: £6,000).

The directors do not propose a dividend for this year (2010: £nil).

Directors

The directors who served the company throughout the year were as follows:

R Prince
P Ekas

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

R Prince
Director

8 May 2012



Centre Hotels (Cranston) Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to 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.

Independent auditor's report to the members of Centre Hotels (Cranston) Limited

We have audited the financial statements of Centre Hotels (Cranston) Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. 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).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistency with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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 other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Centre Hotels (Cranston) 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:

- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report; or
- 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.



Timothy Steel (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

10/5 2012

Centre Hotels (Cranston) Limited

Profit and loss account Year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Interest payable and similar charges	3	(6)	(6)
Loss on ordinary activities before taxation		(6)	(6)
Tax charge on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation		(6)	(6)

The company did not trade in either the current or prior period.

The company has no recognised gains and losses other than the loss for the year as set out above. Accordingly no statement of recognised gains and losses has been prepared.

Centre Hotels (Cranston) Limited

Balance sheet 31 December 2011

	Notes	2011 £'000	2010 £'000
Fixed assets			
Investments	5	-	-
Current assets			
Debtors: amounts falling due within one year	6	14,022	14,022
Creditors: amounts falling due within one year	7	(132)	(126)
Net current assets		13,890	13,896
Creditors: amounts falling due after more than one year	8	(85)	(85)
Net assets		13,805	13,811
Capital and reserves			
Called-up share capital	9	5,708	5,708
Profit and loss account	10	8,097	8,103
Shareholders' funds	10	13,805	13,811


The financial statements of Centre Hotels (Cranston) Limited, (registered number SC004676 (Scotland)) were approved by the Board of Directors and authorised for issue on **8 May** 2012.

Signed on behalf of the Board of Directors

R Prince
Director



P Ekas
Director



Centre Hotels (Cranston) Limited

Notes to the financial statements (continued)

Year ended 31 December 2011

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention. They have been drawn up to comply with applicable UK accounting standards, which have been applied consistently throughout the current and prior period.

Going concern

The company is part of the LRG Holdings Limited group ("the Group") and the Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the financial statements of LRG Holdings Limited.

The Group meets its day to day working capital requirements from normal trading activities through its 61 hotels.

As a result of the uncertain economic conditions, the directors have considered the ability of the Group to meet its operational and financing obligations over the next twelve months and the ability of the Group to extend or refinance its debt.

In June 2010 agreement was reached with the Group's lenders to extend the maturity of senior loans for two years to 24 May 2012 with a further twelve month extension at the option of the group and subject to meeting certain tests. Forecasts show that these tests will be met at the test date of 15 May 2012 and the Group expects to be able to extend the maturity accordingly.

Also in June 2010, new interest rate swap and cap agreements were entered into to limit the risk of higher interest rates being payable on the Group's loans. At the balance sheet date, 80.9% of the debt (2010: 82.9%) was fixed or capped to limit the effects of interest rates movements.

The Group's financial forecasts, taking account of the revised loan terms, expected loan maturity extension and current trading performance, show that the Group will be able to operate within the level of its current and future facilities and remain in compliance with the terms of its loan agreements.

The company is dependent on continuing finance being made available by its parent undertaking to enable it to continue operating and to meet its liabilities as they fall due. The company is in receipt of a letter from its parent company confirming that it will provide continuing support and the directors have made enquiries to form a reasonable expectation that the parent company has adequate resources to continue in operational existence and provide support for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. These accounts give information about the company as an individual undertaking and not about its group.

Financial instruments

In preparing the financial statements for the past and current period, the company has adopted the presentation paragraph of FRS 25, 'Financial Instruments'. Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Centre Hotels (Cranston) Limited

Notes to the financial statements (continued) Year ended 31 December 2011

1. Accounting policies (continued)

Statement of cash flows

The directors have taken advantage of the exemption in FRS 1 "Cash Flow Statements" (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly-owned and its ultimate parent publishes consolidated financial statements.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

The taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by fellow group undertakings. The tax benefits arising from group relief are recognised in the financial statements of both the surrendering and recipient companies, being paid at a rate of 26.5% of the losses surrendered.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. Costs and overheads, less other income

Directors' emoluments for the current and prior period were £nil.

There were no staff employed by the company in either the current or prior period.

Auditor's remuneration of £1,600 (2010: £1,600) has been borne by a fellow group undertaking in both the current and prior period.

3. Interest payable and similar charges

	2011 £'000	2010 £'000
Preference dividend	<u>6</u>	<u>6</u>

Centre Hotels (Cranston) Limited

Notes to the financial statements (continued) Year ended 31 December 2011

4. Tax charge on loss on ordinary activities

(a) Analysis of tax charge in the year

	2011 £'000	2010 £'000
UK corporation tax based on the results for the year	-	-
Adjustment in respect of prior years	-	-
	<u>-</u>	<u>-</u>
Tax charge on loss on ordinary activities	<u>-</u>	<u>-</u>

(b) Factors affecting current tax charge

	2011 £'000	2010 £'000
Loss on ordinary activities before taxation	(6)	(6)
	<u>£'000</u>	<u>£'000</u>
Tax on loss at standard UK rate of 26.5% (2010: 28%)	(2)	(2)
Effects of:		
Expenses not deductible for tax purposes	2	2
	<u>-</u>	<u>-</u>
Current tax on ordinary activities	<u>-</u>	<u>-</u>

5. Investments

	2011 £	2010 £
Cost at 1 January and 31 December 2011	<u>100</u>	<u>100</u>

Details of the principal subsidiary held are given below:

Company	Main activity	Proportion of ordinary shares held
LRG IG Limited	Non-trading	100%

In the opinion of the directors, the aggregate value of shares in and amounts owing from the subsidiary undertakings is not less than the aggregate of the amounts at which they are stated in the company's balance sheet.

6. Debtors: amounts falling due within one year

	2011 £'000	2010 £'000
Amounts owed by fellow subsidiary undertakings	<u>14,022</u>	<u>14,022</u>

There are no specific repayment terms and no interest is charged on the balance.

Centre Hotels (Cranston) Limited

Notes to the financial statements (continued)

Year ended 31 December 2011

7. Creditors: amounts falling due within one year

	2011 £'000	2010 £'000
Amounts owed to group undertakings	132	126

There are no specific repayment terms and no interest is charged on the balance.

8. Creditors: amounts falling due after more than one year

	2011 £'000	2010 £'000
Preference shares	85	85
Cumulative preference stock		
Allotted, called-up and fully paid 85,440 7% cumulative preference shares of £1 each	85	85

9. Called-up share capital

	2011 £'000	2010 £'000
Allotted, called-up and fully paid		
57,075,904 ordinary shares of 10p each	5,708	5,708

10. Reconciliation of shareholders' funds and movement on reserves

	Called-up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 2011	5,708	8,103	13,811
Loss for the year	-	(6)	(6)
At 31 December 2011	5,708	8,097	13,805

11. Related party transactions

The company has taken advantage of the exemptions available under FRS 8 "Related Party Transactions", and has not disclosed transactions with group companies on the basis that the company is a wholly-owned subsidiary. In addition, the group accounts in which the company is included are publicly available.

Centre Hotels (Cranston) Limited

Notes to the financial statements (continued) **Year ended 31 December 2011**

12. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is LRG Holdings Limited. The immediate parent undertaking is LRG Hotels Group (UK) Limited.

The smallest and largest group of companies for which consolidated financial statements are prepared is LRG Holdings Limited. Copies of the consolidated financial statements of LRG Holdings Limited may be obtained from the registered office located at 10 Bishops Square, 8th Floor, London, E1 6EG.