

Registration number: SC004676 (Scotland)

# Centre Hotels (Cranston) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2013

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## **Centre Hotels (Cranston) Limited**

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## **Centre Hotels (Cranston) Limited**

### **Company Information**

<b>Directors</b>	P Ekas R Prince
<b>Company secretary</b>	Paul Hastings Administrative Services Limited (resigned on 31 January 2014) HaysMacintyre Company Secretaries Limited (appointed on 31 January 2014)
<b>Registered office</b>	Holiday Inn 107 Queensferry Road Edinburgh EH4 3HL
<b>Auditor</b>	Deloitte LLP Chartered Accountants and Statutory Auditor London United Kingdom

## **Centre Hotels (Cranston) Limited**

### **Directors' Report for the Year Ended 31 December 2013**

The directors present their annual report and the financial statements for the year ended 31 December 2013.

#### **Principal activity**

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.

#### **Directors**

The directors who served throughout the year were as follows:

P Ekas  
R Prince

#### **Business review**

The loss after taxation for the year ended 31 December 2013 was £6,000 (2012: £6,000).

The directors do not propose a dividend for this year (2012: £nil).

#### **Small company provisions statement**

This report has been prepared in accordance with the small companies regime under the Companies Act 2006 including the exemption from preparing a Strategic report.

#### **Auditor**

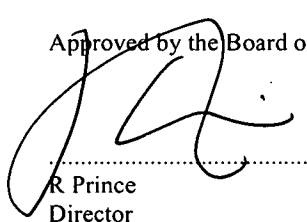
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has 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 on 10/6/14 and signed on its behalf by:



.....  
R Prince  
Director

## **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 apply them consistently;
- make judgements and accounting 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 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.

## **Centre Hotels (Cranston) Limited**

### **Independent Auditor's Report**

We have audited the financial statements of Centre Hotels (Cranston) Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet and the related notes 1 to 13. 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 (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 (APB'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 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Centre Hotels (Cranston) Limited**

### **Independent Auditor's Report**

#### **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 from preparing the Strategic 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 ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP, Chartered Accountants and Statutory Auditor

London  
United Kingdom

Date: 14th June 2014

**Centre Hotels (Cranston) Limited**

**Profit and Loss Account for the Year Ended 31 December 2013**

	Note	2013 £ 000	2012 £ 000
Interest payable and similar charges	3	(6)	(6)
Loss on ordinary activities before taxation		(6)	(6)
Tax on loss on ordinary activities	4	-	-
Loss for the financial year	10	(6)	(6)

The company has no recognised gains or losses for the year other than the results above.



# Centre Hotels (Cranston) Limited

## Balance Sheet as at 31 December 2013

	Note	2013 £ 000	2012 £ 000
<b>Fixed assets</b>			
Investments	5	-	-
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	14,022	14,022
Creditors: amounts falling due within one year	7	(144)	(138)
Net current assets		13,878	13,884
Total assets less current liabilities		13,878	13,884
Creditors: Amounts falling due after more than one year	8	(85)	(85)
Net assets		13,793	13,799
<b>Capital and reserves</b>			
Called up share capital	9	5,708	5,708
Profit and loss account	10	8,085	8,091
Shareholders' funds	11	13,793	13,799

The financial statements of Centre Hotels (Cranston) Limited, (registration number: SC004676 (Scotland)) were approved by the Board of Directors on 10/6/14..... and signed on its behalf by:

  
P. Ekas  
Director

  
R. Prince  
Director

## **Centre Hotels (Cranston) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2013**

#### **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.

##### **Cash flow statement**

The company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the group and its ultimate parent publishes consolidated financial statements.

##### **Consolidation**

The company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 and has not prepared group accounts.

##### **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.

In May 2013, agreement was reached with a consortium of lenders whereby new senior debt of £585m and additional junior debt of £35m were secured and the existing senior debt was redeemed. The new senior debt term is for five years maturing in August 2018 and the new junior debt ranks equally with the existing junior debt maturing in September 2018.

At the same time as the agreement was reached with the consortium of lenders, new interest rate swap and cap agreements were put in place to limit the risk of higher interest rates being payable on the Group's loans. As a result 100% of the Group's debt subsequent to the refinancing is at a rate which is either fixed, swapped into a fixed rate or capped.

The Group's financial forecasts, taking account of the revised loan terms 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.

## **Centre Hotels (Cranston) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2013**

#### **Deferred tax**

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.

#### **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 23.25% of the losses surrendered.

#### **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.

## **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 (2012: £1,600) has been borne by a fellow group undertaking in both the current and prior period.

## **3 Interest payable and similar charges**

	<b>2013</b>	<b>2012</b>
	<b>£ 000</b>	<b>£ 000</b>
Preference share dividends	<u>6</u>	<u>6</u>

## Centre Hotels (Cranston) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2013

#### 4 Taxation

##### Tax on loss on ordinary activities

	2013 £ 000	2012 £ 000
<b>Current tax</b>		
UK Corporation tax	-	-

##### Factors affecting current tax charge for the year

The tax on loss on ordinary activities for the year is the same as the standard rate of corporation tax in the UK (2012 - the same as the standard rate of corporation tax in the UK) of 23.25% (2012 - 24.5%).

The differences are reconciled below:

	2013 £ 000	2012 £ 000
Loss on ordinary activities before tax	(6)	(6)
Corporation tax at standard rate	(1)	(1)
Expenses not deductible for tax purposes	1	1
Total current tax	-	-

## Centre Hotels (Cranston) Limited

### Notes to the Financial Statements for the Year Ended 31 December 2013

#### 5 Investments

	2013 £	2012 £
Shares in group undertakings and participating interests	100	100

#### Shares in group undertakings and participating interests

	Subsidiary undertakings £ 000
<b>Cost</b>	
At 1 January 2013	-
At 31 December 2013	-
<b>Net book value</b>	
At 31 December 2013	-

#### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Subsidiary undertakings	Principal activity	Proportion of ordinary shares held
LRG IG Limited	Non-trading	100%

The above companies are wholly owned subsidiaries registered in England and Wales.

# Centre Hotels (Cranston) Limited

## Notes to the Financial Statements for the Year Ended 31 December 2013

### 6 Debtors: amounts falling due within one year

	2013 £ 000	2012 £ 000
Amounts owed by group undertakings	14,022	14,022

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

### 7 Creditors: amounts falling due within one year

	2013 £ 000	2012 £ 000
Amounts owed to group undertakings	144	138

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

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

	2013 £ 000	2012 £ 000
Preference shares	85	85

Allotted, called-up and fully paid 85,440 7% cumulative preference shares of £1 each.

### 9 Called up share capital

#### Allotted, called up and fully paid shares

	No. 000	2013 £ 000	No. 000	2012 £ 000
Ordinary shares of £0.10 each	57,076	5,708	57,076	5,708

## **Centre Hotels (Cranston) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2013**

#### **10 Reserves**

	<b>Profit and loss account £ 000</b>
At 1 January 2013	8,091
Loss for the year	(6)
At 31 December 2013	<u>8,085</u>

#### **11 Reconciliation of movement in shareholders' funds**

	<b>2013 £ 000</b>	<b>2012 £ 000</b>
Loss attributable to the members of the company	(6)	(6)
Shareholders' funds at 1 January	<u>13,799</u>	<u>13,805</u>
Shareholders' funds at 31 December	<u>13,793</u>	<u>13,799</u>

#### **12 Related party transactions**

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group on the basis that the company is a wholly owned subsidiary and that the ultimate parent company's accounts are publically available.

#### **13 Ultimate parent undertaking and controlling party**

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

Consolidated financial statements of LRG Holdings Limited are available from:  
26 Red Lion Square, London WC1R 4AG