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The Balmoral Hotel Harrogate Limited

Report and Financial statements

30 March 2006

ERNST & YOUNG



The Balmoral Hotel Harrogate Limited

Registered No: 125335

Directors

C J Hemmings

J C Kay

Secretary

J C Kay

Auditors

Ernst & Young LLP

Ten George Street

Edinburgh

EH2 2DZ

Bankers

Bank of Scotland

New Ubertior House

11 Earl Grey Street

Edinburgh

EH3 9BN

Solicitors

Halliwell Landau

Manchester

Maclay Murray & Spens

Edinburgh

Registered Office

3 Glenfinlas Street

Edinburgh

EH3 6AQ

Directors' report

The directors present their report and financial statements for the period ended 30 March 2006

Principal activity and review of the business

The company did not trade during the period

Directors and their interests

The directors at the year end are shown on page 2 Mr C J Hemmings was appointed as a director on 15 July 2005 Mr S Stott resigned as a director on 8 August 2005

No directors had an interest in the shares of the company, nor in the shares of Paragon Hotels Limited, the company's parent undertaking

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 2 Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

Auditors

In accordance with the provisions of Section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually Accordingly, Ernst & Young LLP will continue in office as auditors

By order of the Board



J C Kay

Secretary

27/2006

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial period which 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 those 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 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 proper accounting records which 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 1985. 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 auditors' report

to the members of The Balmoral Hotel Harrogate Limited

We have audited the company's financial statements for the period ended 30 March 2006 which comprise the Profit and Loss account, Balance Sheet, and the related notes 1 to 3. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is not consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

Basis of audit opinion

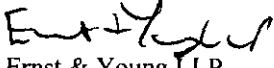
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 March 2006,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.


Ernst & Young LLP
Registered Auditor
Edinburgh

27/7/2006

Profit and loss account

For the period ended 30 March 2006

	2006 £000	2005 £000
Waiver of amount due from parent undertaking		160
Loss for the period		(160)

The Balmoral Hotel Harrogate Limited

Balance sheet

at 30 March 2006

	<i>Notes</i>	<i>2006</i> <i>£000</i>	<i>2005</i> <i>£000</i>
Total assets less liabilities		<u> </u>	<u> </u>
		<u> </u>	<u> </u>
Capital and reserves			
Called up share capital	2	160	160
Profit and loss account		(160)	(160)
Equity shareholders' funds		<u> </u>	<u> </u>
		<u> </u>	<u> </u>

ERNST & YOUNG

27/7/2006 

J C Kay
Director

Notes to the financial statements

at 30 March 2006

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with currently applicable accounting standards

2. Called up share capital

	<i>Authorised</i>		<i>Allotted, called up and fully paid</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Ordinary shares of £1 each	160	160	160	160

3 Ultimate parent company

The company's immediate parent undertaking is Paragon Hotels Limited, a company registered in England and Wales. The company's results are included in the consolidated financial statements of Paragon Hotels Limited and copies of its Annual Report and Financial statements may be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ

The company's ultimate parent company and controlling party is Calgarth Limited, which is incorporated in the Isle of Man