


125335

The Balmoral Hotel Harrogate Limited

Report and Accounts

27 March 1999

 **ERNST & YOUNG**



The Balmoral Hotel Harrogate Limited

Registered No: 125335

DIRECTORS

T J Hemmings
J C Kay
S Stott

SECRETARY

S Stott

AUDITORS

Ernst & Young
Ten George Street
Edinburgh
EH2 2DZ

BANKERS

Bank of Scotland
PO Box No 5
The Mound
Edinburgh
EH1 1YZ

SOLICITORS

Halliwell Landau
Manchester

Maclay Murray & Spens
Edinburgh

REGISTERED OFFICE

3 Glenfinlas Street
Edinburgh
EH3 6AQ

The Balmoral Hotel Harrogate Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 27 March 1999.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £Nil (1998: £656,000). The directors do not recommend the payment of any dividend. (1998: £Nil).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

On 28 March 1998 the assets and liabilities of the company's hotels were transferred to its parent undertaking and a fellow subsidiary undertaking. Consequently, the company did not trade during the year.

DIRECTORS AND THEIR INTERESTS

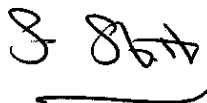
The directors who served during the year are shown on page 2.

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

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 will continue in office as auditors.

By order of the Board



Secretary

10 January 2000

ERNST & YOUNG

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year 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 accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

REPORT OF THE AUDITORS**to the members of The Balmoral Hotel Harrogate Limited**

We have audited the accounts on pages 6 to 10, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

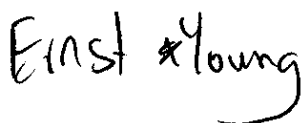
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 27 March 1999 and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor
Edinburgh

10 January 2000

The Balmoral Hotel Harrogate Limited

PROFIT AND LOSS ACCOUNT for the year ended 27 March 1999

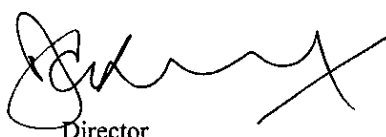
	<i>Notes</i>	<i>1999 £000</i>	<i>1998 £000</i>
TURNOVER		-	4,347
Cost of sales		-	(2,052)
GROSS PROFIT		-	2,295
Administrative expenses		-	(1,154)
OPERATING PROFIT	2	-	1,141
Interest payable	3	-	(271)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	870
Taxation on profit on ordinary activities	4	-	(214)
RETAINED PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		-	656

The Balmoral Hotel Harrogate Limited

BALANCE SHEET

at 27 March 1999

	Notes	1999 £000	1998 £000
CURRENT ASSETS			
Debtors	5	6,784	12,182
		<u>6,784</u>	<u>12,182</u>
CREDITORS: amounts falling due within one year	6	(164)	(5,562)
		<u>6,620</u>	<u>6,620</u>
NET CURRENT ASSETS			
CREDITORS: amounts falling due after more than one year	7	(6,460)	(6,460)
		<u>160</u>	<u>160</u>
TOTAL ASSETS LESS LIABILITIES			
		<u>160</u>	<u>160</u>
CAPITAL AND RESERVES			
Called up share capital	8	160	160
Profit and loss account	9	-	-
		<u>160</u>	<u>160</u>
EQUITY SHAREHOLDERS' FUNDS	9		
		<u>160</u>	<u>160</u>



Director

10 January 2000

The Balmoral Hotel Harrogate Limited

NOTES TO THE ACCOUNTS

at 27 March 1999

1. ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared on a going concern basis under the historical cost convention and in accordance with currently applicable accounting standards.

Turnover

Turnover comprises the value of sales of goods and services, (excluding Value Added Tax), supplied in the normal course of operation of an hotel business.

Taxation

The charge for taxation takes into account the timing differences in the accounting and taxation treatment of certain items to the extent that they are expected to reverse in the future. Deferred taxation is provided using the liability method.

2. OPERATING PROFIT

	1999	1998
	£000	£000
This is stated after charging:		
Depreciation of tangible fixed assets	-	69
Auditors' remuneration	-	5
	<u> </u>	<u> </u>

The company has no employees and none of the directors receives any emoluments from the company.

In addition the gross profit is stated after charging £Nil (1998: £1,192,392) paid to the hotel staff who are employed by a hotel management company.

The Balmoral Hotel Harrogate Limited

NOTES TO THE ACCOUNTS

at 27 March 1999

3. INTEREST PAYABLE

	1999 £000	1998 £000
On loans from parent undertaking	-	266
Bank interest payable	-	5
	<u>-</u>	<u>271</u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £000	1998 £000
The taxation (charge)/credit is based on the profit on ordinary activities and comprises:		
Current year:		
UK Corporation tax at 31%	-	(7)
Group relief	-	(122)
Prior year:		
UK Corporation tax at 31%	-	(142)
Group relief	-	57
	<u>-</u>	<u>(214)</u>

5. DEBTORS

	1999 £000	1998 £000
Amounts due by parent undertaking	6,784	12,182

6. CREDITORS: amounts falling due within one year

	1999 £000	1998 £000
Amounts owed to fellow subsidiary undertakings	164	164
Corporation tax	-	7
Proposed Dividends	-	5,391
	<u>164</u>	<u>5,562</u>

The Balmoral Hotel Harrogate Limited

NOTES TO THE ACCOUNTS at 27 March 1999

7. CREDITORS: amounts falling due after more than one year

	1999 £000	1998 £000
Amount owed to parent undertaking	6,460	6,460

There are no formal repayment terms agreed between parent and subsidiary undertakings and the loans are not repayable on demand.

8. CALLED UP SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	1999 £000	1998 £000	1999 £000	1998 £000
Ordinary shares of £1 each	160	160	160	160

9. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £000	Revaluation reserve £000	Profit and loss account £000	Total £000
At 27 March 1997	160	3,778	957	4895
Profit for the year	-	-	656	656
Release from revaluation reserve	-	(3,778)	3,778	-
Dividends	-	-	(5,391)	(5,391)
At 28 March 1998 and 27 March 1999	160	-	-	160

10. CONTINGENT LIABILITIES

The company is party to an agreement with its bankers whereby the bank is entitled to hold all sums at credit of any accounts in the company's name in security of all sums due to the bank by the company's parent company and fellow subsidiary undertakings. The overdraft is secured by bond and floating charge and standard security over all of the group's properties.

11. 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 accounts of Paragon Hotels Limited and copies of its Annual Report and Accounts may be obtained from The Chambers, 53 Guild Hall Street, Preston, Lancashire, PR1 3NU.

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