Stardon (Moorside) Limited
Annual report and financial statements
for the year ended 31 December 2012

Registered Number: SC281954

Stardon (Moorside) Limited
Contents

Stardon (Moorside) Limited
Company Registration Number: SC281954
Directors and advisors

Directors
Jeffrey Gordon Dishner
Cody Bradshaw
Sarah Broughton

Secretary
London Registrars PLC (appointed 9 January 2013)
Adam Armstrong (Resigned 8 February 2013)
Bankers
Bank of Scotland plc
The Mound
Edinburgh
EH1 1YZ

Royal Bank of Scotland Plc
Corporate Banking
Kirkstane House
139 St Vincent Street
Glasgow
G2 5JF

Independent Auditors
PricewaterhouseCoopers LLP
Charted Accountants and Statuary Auditors
141 Bothwell Street
Glasgow
G2 7EQ

Registered Office
Stardon (Moorside) Limited
2nd Floor
Albert Chambers
13 Bath Street
Glasgow
G2 1HY

Stardon (Moorside) Limited
Company Registration Number: SC281954

Directors' report
for the year ended 31 December 2012

The directors present their report and the audited financial statements for the year ended 31 December 2012.

Principal activities

The company was incorporated in Scotland on 21 March 2005 and was a fully owned subsidiary of Stardon Investments (Moorside) S.à.r.l. until a restructuring at the end of 2008, when it became a fully owned subsidiary of Stardon Capital Investments S.à.r.l. From the date of incorporation the principal activity of the company has been the operation of the hotel trading as the Moorside Grange Hotel & Spa, Mudhurst Lane, Higher Disley, Cheshire, SK12 2AP. The company forms part of a group of companies ultimately owned by SOF–VI International Holding L.P., an investment fund sponsored by Starwood Capital Group Global, L.L.C.

Future developments

On 22 January 2013, the assets of Stardon (Moorside) limited were sold to Kedleston Schools Limited for net proceeds of £3,050K. This sale has resulted in an impairment to the net book value of the asset being held for sale of £284.2K. Since the company has now ceased trading, the directors do not believe that the going concern basis of preparation is appropriate and have therefore prepared the financial statements on a break-up basis. Adjustments have been recorded within these financial statements to present the assets at their recoverable value and to provide for liabilities arising from the decision to sell.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

- The key business risks and uncertainties affecting the company are considered to relate to the economic environment. The hotel business closely follows GDP movements. This is clear from current trading which is being heavily impacted by the current economic environment.
- New hotels entering the company's local market place and existing competitors upgrading their products is also a significant risk to the company's trading performance.
- The resignation of key individuals and the inability to recruit people with the right experience and skills from the local community could adversely impact the performance of the company.

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Directors' report
for the year ended 31 December 2012

Results and dividends

The results for the year and the financial position of the company are as shown in the annexed financial statements.

The directors have not paid a dividend during the year and are not recommending the payment of any dividends to the ordinary shareholder (2011 - £nil).

Key performance indicators (KPI's)

The business has one primary KPI which is monitored regularly, revpar (revenue per available room). Revpar for 2012 was £21.55 (2011 - £21.96).

Directors and directors' interests

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Jeffrey Gordon Dishner
Cody Bradshaw (Appointed 8 February 2013)
Sarah Broughton (Appointed 9 January 2013)
Maurice Taylor (Resigned 1 December 2012)
Desmond Taljaard (Resigned 31 December 2012)
Thierry Drinka (Appointed 21 December 2012; Resigned 8 February)

No directors have any interests in the share capital of the company.

Financial instruments

The company's third party financing arrangements were transacted on a group wide basis. Debt was initially raised centrally and then assigned to those group companies which own the hotels' operating assets. On 2 June 2008 the previous facility was repaid in full and the group's external borrowings were re-financed for a further five years, on improved terms, with an alternative provider. The loan was taken out by Stardon (UK) Ltd. and then assigned to its fellow subsidiaries.

The debt bears a variable rate interest based on LIBOR plus a fixed margin of 3.25% and a variable rate mandatory cost and was repayable in May 2013. The fixed rate margin increased from 1.25% to 3.25% on 2 May 2010. In order to manage the interest rate risk, Stardon (UK) Ltd took out an interest rate swap in February 2009 which hedged the entire outstanding loan at a fixed interest rate of 3.5%. This was terminated in January 2010. In May 2010 Stardon (UK) Ltd bought a cap on the entire loan at 4.0% which expired in May 2012.

The day to day treasury transactions are managed by the company.

Impairments

The hotel was impaired to its recoverable value based on the sale and purchase agreement which was executed in January 2013.

Significant contracts with related parties

On 17 May 2005 the company entered into a service agreement with Chardon Management Limited to manage the hotel operations. On 15 April 2010 the terms of this agreement were renegotiated to extend from 5 to 8 years, on marginally more favourable terms. Charges to the company by Chardon Management Limited amounted to £53k in the year (2011 - £39k).

Further details regarding transactions that took place during the year can be found in note 18 of the financial statements.

Statement of directors' responsibilities

The directors are responsible for preparing 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 the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union 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.

Stardon (Moorside) Limited

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Statement of Directors responsibilities (Continued)

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

On Behalf of the Board

Miss S. Broughton
Director
4th December 2013

Independent Auditors' Report To The Members Of Stardon (Moorside) Limited

We have audited the financial statements of Stardon (Moorside) Limited for the year ended 31 December 2012 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 and 5, 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 and Financial Statements to identify material inconsistencies 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 2012 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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Independent Auditors' Report To The Members Of Stardon (Moorside) Limited (continued)

Emphasis of Matter – Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the Directors' Report and note 1 to the financial statements concerning the going concern basis of accounting. Following the year end the directors have sold the assets of the company and the company will subsequently cease trading in the next financial year. Accordingly, the going concern basis of accounting is no longer appropriate. Adjustments have been made in these financial statements to reduce assets to their realisable values and to provide for liabilities arising from the decision to sell.

Opinion on other matter 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.

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:

- 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.

Kenneth Wilson

Kenneth Wilson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow
4th December 2013

Stardon (Moorside) Limited
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Income statement
for the year ended 31 December 2012

	Notes	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Revenue		**2,565.0**	**2588.00**
Cost of sales		(2,312.5)	(2,334.7)
Gross operating profit		**252.5**	**253.3**
Impairment	9	(284.2)	-
Administrative expenses		(260.2)	(347.2)
Operating loss	3	**(291.9)**	**(93.9)**
Finance costs	7	(64.8)	(103.1)
Loss before taxation		**(356.7)**	**(197.0)**
Taxation	8	-	-
Loss for the year attributable to owners of the company	17	**(356.7)**	**(197.0)**

All operations are discontinuing.

The company has no recognised income or expenses other than those included in the Income Statement above and therefore no separate Statement of Comprehensive Income has been presented.

The notes on pages 11 to 23 form part of these financial statements.

Statement of changes in equity
for the year ended 31 December 2012

	Ordinary shares £'000	Accumulated losses £'000	Total equity £'000
Equity at 31 December 2010	-	(6,212.3)	(6,212.3)
Loss for the year and total comprehensive income	-	(197.0)	(197.0)
Equity at 31 December 2011	-	(6,409.3)	(6,409.3)
Loss for the year and total comprehensive income	-	(356.7)	(356.7)
Closing equity at 31 December 2012	**-**	**(6,766.0)**	**(6,766.0)**

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Balance Sheet
as at 31 December 2012

	Notes	As at 31 December 2012 £'000	As at 31 December 2011 £'000
Assets			
Current assets			
Assets classified as held for sale	9	2,905.2	3,174.9
Inventories	10	60.2	56.1
Trade and other receivables	11	146.9	135.8
Cash and cash equivalents	12	239.0	0.0
Total assets		**3,351.3**	**3,366.8**
Current liabilities			
Trade and other payables	13	2,496.4	1,863.5
Financial liabilities	14	6,567.0	6,567.0
Bank borrowings	15	1,053.9	1,345.6
Total liabilities		**10,117.3**	**9,776.1**
Net liabilities		**(6,766.0)**	**(6,409.3)**
Issued capital and reserves attributable to the equity owners of the company			
Ordinary shares	16	-	-
Accumulated losses	17	(6,766.0)	(6,409.3)
Total shareholders' equity		**(6,766.0)**	**(6,409.3)**

The financial statements on pages 8 to 23 were approved by the board of directors on 4th December 2013 and were signed on its behalf by:

Miss S. Broughton
Director
4th December 2013

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Cash flow statement
for the year ended 31 December 2012

	Notes	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Operating loss		**(291.9)**	**(93.9)**
Adjustments for:			
Depreciation		-	129.3
Write down of buildings		284.2	-
Changes in working capital:			
Increase in inventories	10	(4.1)	-
(Increase)/decrease in trade and other receivables		(7.1)	5.8
(Decrease)/Increase in trade and other payables		(201.1)	0.2
Net cash (used in)/generated from operating activities		**(220.0)**	**41.4**
Cash flows from investing activities			
Purchase of property, plant and equipment		(13.7)	(47.7)
Net cash used in investing activities		**(13.7)**	**(47.7)**
Cash flows from financing activities			
Increase in loans to group companies		(4.1)	(3.6)
Increase in loans from group companies		800.5	1,115.2
Decrease in bank loans		-	(1,050.0)
Interest paid		(32.0)	(103.1)
Net cash generated from/(used in) financing activities		**764.4**	**(41.5)**
Net increase/(decrease) in cash and cash equivalents		**530.7**	**(47.8)**
Cash and cash equivalents at the beginning of the year		(291.7)	(243.9)
Cash and cash equivalents at the end of the year	12	**239.0**	**(291.7)**

Stardon (Moorside) Limited

Notes to the financial statements
For the year ended 31 December 2012

1. Principal accounting policies

The principal accounting policies adopted in the presentation of these financial statements are set out below. These policies have been consistently applied throughout the period under review, unless otherwise stated.

a) ***Basis of accounting***

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Post year end the assets of Stardon (Moorside) limited were sold to Kedleston Schools Limited and as a result the company ceased trading. As a result, the directors do not believe that the going concern basis of preparation is appropriate and have therefore prepared the financial statements on a break-up basis. Adjustments have been recorded within these financial statements to present the assets at their recoverable value and to provide for liabilities arising from the decision to sell.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates.

b) ***Changes in accounting policies and disclosures***

The financial statements have been prepared in accordance with the accounting polices adapted in the last annual financial statements for the year to 31 December 2011. As of 31 December 2012, the following standards and interpretations are in issue but not effective for accounting periods commencing on 1 January 2012.

- IFRS 10 Consolidated financial statements (effective 1 January 2014)
- IFRS 11 Joint Arrangements (effective 1 January 2014)
- IFRS 12 Disclosure of interests in other Entities (effective 1 January 2014)
- IFRS 13 Fair Value Measurement (effective January 2013)
- IAS 27 Separate Financial Statements (effective 1 January 2014)
- IAS 28 Investments in associates and joint Ventures (effective 1 January 2014)

The company does not intend to apply any of these pronouncements early.

Stardon (Moorside) Limited

Notes to the financial statements

For the year ended 31 December 2012

1. Principal accounting policies (continued)

c) ***Revenue***

Revenue is measured at the fair value of the consideration received excluding VAT and net of trade discounts.

Revenue in respect of hotel accommodation, food and beverage and related services is recognised at the point the services are rendered. Merchandise sales are recognised at point of sale.

d) ***Impairment***

The carrying amount of the company's assets, other than financial assets within the scope of IAS 39 and deferred tax assets, is reviewed at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. The recoverable amount is determined based on value in use calculations, which require the use of estimates. An impairment loss is recognised in the income statement whenever the carrying amount of the assets exceeds their recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised estimate of their recoverable amount. This cannot exceed the carrying amount prior to the impairment charge.

e) ***Finance and Operating Leases***

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets acquired under finance leases are capitalised at the inception of the lease and are depreciated over their useful lives. The interest element of rental payments is charged to the Income Statement over the period of the lease on the basis of the capital element outstanding. All other leases are operating leases, and the rental of these is charged to the income statement over the life of the lease on a straight line basis.

f) ***Assets Classified as Held for Sale***

Assets classified as "held for sale" are measured at the lower of their carrying amount or their fair value less costs to sell in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'.

g) ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis.

i) ***Trade receivables***

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer) they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Stardon (Moorside) Limited

Notes to the financial statements

For the year ended 31 December 2012

1 Principal accounting policies (continued)

j) ***Trade payables***

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

k) ***Share capital***

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

l) ***Foreign currency***

The functional currency of the company is pounds sterling. Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in the income statement.

m) ***Taxation***

The taxation expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax expected to be payable or recoverable on differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax is calculated at the rates of taxation enacted or substantively enacted at the balance sheet date and is not discounted.

o) ***Cash and cash equivalents***

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and other short-term, highly liquid deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Stardon (Moorside) Limited

Notes to the financial statements

For the year ended 31 December 2012

1 Principal accounting policies (continued)

p) ***Bank borrowings***

Interest-bearing bank loans are recorded at the proceeds received, net of direct issue costs. Finance costs, including premiums payable on settlement or redemption costs and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

q) ***Pensions***

The company operates a defined contribution pension scheme on behalf of certain employees of the company. The assets are held separately from those of the company in independently administered funds. Payments made to the scheme are charged to the income statement as incurred and comprise current service contributions.

2. Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. Although these estimates are based on management's best knowledge of amounts, events or actions, actual results ultimately may differ from those estimates.

3. Operating loss

The operating loss has been arrived at after charging:

	Notes	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Employee benefit expenses	4	1155.3	1,163.7
Impairment of buildings	9	284.2	
Depreciation	9	0.0	129.3
Operating lease rentals:			
- Other		24.7	25.0
Repairs and maintenance expenditure		130.7	118.2
Auditors' remuneration	6	16.8	9.7

Notes to the financial statements

For the year ended 31 December 2012

4. Employee benefit expenses

Employee benefit expenses of the company during the year were as follows:

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Wages and salaries	1,065.1	1,069.1
Social security costs	65.5	67.5
Other pension costs	0.7	0.8
Other employee benefits	24.0	26.3
	1,155.3	**1,163.7**

The average monthly number of full time employees employed during the year was 65 (2011 – 73). As the company considers the employees of the hotel as a single category, no further analysis of staff numbers is appropriate.

5. Directors' remuneration

No directors have received any remuneration from the company for their services to the company in the current or prior year. No directors had retirement benefits accruing under the company pension scheme in the current or prior year

6. Auditors' remuneration

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Audit services		
- Statutory audit	9.2	6.4
Tax and consultancy services		
- Consultancy services	7.6	3.3
Total auditors remuneration	**16.8**	**9.7**

7. Finance costs

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Interest payable on bank borrowings	32.0	70.4
Interest payable on amounts owed to intermediate holding company	32.8	32.7
Finance costs	**64.8**	**103.1**

8. Taxation

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
UK corporation tax at 24.5% (2011 – 26.5%)	-	-
Total current tax charge	-	-
Deferred tax	-	-
Taxation	-	-

The tax assessed for the year is lower than the standard rate applying in the UK (24.5%). The differences are explained below:

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Loss on ordinary activities before tax	(356.7)	(197.0)
Loss on ordinary activities at the UK tax rate (24.5%) (2011: 26.5%)	(87.4)	(52.2)
Effects of:		
Expenses not deductible for tax purposes	13.8	8.7
Group relief surrendered	-	18.0
Deferred tax movement not recognised	73.6	25.5
Total taxation	-	-

Unrecognised deferred tax assets at 31 December 2012 are analysed below. There is no time limit on the use of the unrecognised deferred tax that arises on the losses.

Amounts not recognised in respect of deferred taxation:

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Accelerated tax depreciation	(1,048.5)	(1,175.4)
Provisions	-	-
Tax losses	(228.1)	(194.5)
	(1,276.6)	**(1,369.9)**

During the year, the standard rate of corporation tax in the UK reduced from 26% to 24% with effect from 1 April 2012. A further reduction to 23%, effective from 1 April 2013, was announced and substantively enacted in July 2012. The relevant deferred tax balances have been re-measured accordingly.

In addition to the changes in rates of Corporation tax disclosed above further changes to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2013 on 2 July 2013.

8. Taxation (Continued)

These include reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015.

As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements. The overall effect of these further changes, if applied to the deferred tax balance at the balance sheet date, would not have a significant impact on the financial statements.

9. Assets classified as held for sale

	As at 31 December 2012 £'000	As at 31 December 2011 £'000
Assets classified as held for sale	2,905.2	3,174.9

Assets classified as held for sale comprise of the hotel which the company owns and operates, namely Moorside Grange Hotel and Spa, Mudhurst Lane, Higher Disley, Cheshire, SK12 2AP, including all land, buildings, plant and equipment, fixtures and fittings and computer equipment. The amount has been impaired in the current year by £284.2K.

10. Inventories

	As at 31 December 2012 £'000	As at 31 December 2011 £'000
Food and beverage	9.2	9.2
Merchandise	15.6	11.5
Operating stocks	35.4	35.4
	60.2	**56.1**

Inventories recognised as expenses in the income statement in the year are as follows:-

	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Food and beverage	338.2	326.2
Merchandise	8.3	8.9
Operating stocks	43.8	33.8
	390.3	**368.9**

No expenses have been recognised to write down inventories to net realisable value in the year (2011 – £nil).

Stardon (Moorside) Limited

Notes to the financial statements

For the year ended 31 December 2012

11. Trade and other receivables

	As at 31 December 2012 £'000	As at 31 December 2011 £'000
Trade receivables	58.2	39.0
Amounts owed by subsidiaries of intermediate holding company	15.6	11.5
Prepayments and accrued income	45.0	47.8
Other receivables	28.1	37.5
	146.9	**135.8**

The directors consider that the carrying amount of trade debtors approximates their fair value.

The ageing of trade receivables is as follows:

	As at 31 December 2012	As at 31 December 2011 £'000
Up to 30 days past due date	32.6	32.6
31-60 days past due date	20.8	5.4
61-90 days past due date	3.7	0.8
Over 91 days past due date	1.1	0.2
	58.2	**39.0**

Concentrations of credit risk with respect to trade receivables are limited due to the company's customer base being large and unrelated. Due to this, the management believe there is no further credit risk provision required in excess of normal provisions for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment. The carrying amounts of the company's receivables are denominated in GBP (UK sterling).

The directors consider that the carrying amount of trade debtors approximates their fair value.

The other classes within Trade and other receivables do not contain impaired assets.

12. Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and in hand and the carrying amount of £239K (2011 - nil) equates to the fair value.

13. Trade and other payables

	As at 31 December 2012	As at 31 December 2011
	£'000	£'000
Trade payables	44.5	121.9
Amounts owed to intermediate holding company	163.0	130.2
Amounts owed to subsidiaries of intermediate holding company	2,062.1	1,261.6
Other tax and social security	29.4	84.2
Other creditors	0.2	1.4
Deferred income	81.7	166.2
Accruals	115.5	98.0
	2,496.4	**1,863.5**

Amounts owed to the intermediate holding company (Stardon Investments S.à.r.l.) principally comprise of fixed rate interest of 0.5% on an unsecured GBP sterling loan which is repayable in 2015. Amounts owed to subsidiaries of the intermediate holding company principally comprise of fixed rate interest of 7% on rolling unsecured loans (see note 15).

The directors consider that the carrying amount of trade payables and other payables approximates their fair value.

14. Financial liabilities

	As at 31 December 2012	As at 31 December 2011
	£'000	£'000
Amounts owed to intermediate holding company	**6,567.0**	**6,567.0**

Amounts owed to the intermediate holding company (Stardon Investments S.à.r.l.) comprise of an unsecured GBP sterling loan which is repayable on 17 February 2015. Either party may terminate the agreement at any time before this date by giving 30 days' notice but the loan is not expected to be repaid within the next twelve months. The loan bears a fixed interest rate of 0.5% and a variable interest rate based on the net accounting profit of the company (see note 15).

Stardon (Moorside) Limited

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15. Bank borrowings

	As at 31 December 2012 £'000	As at 31 December 2011 £'000
Bank overdraft	0	291.7
Bank loans	1,053.9	1,053.9
	1,053.9	**1,345.6**

Bank borrowings

The GBP sterling bank loan is secured via floating charges and a share pledge and is repayable in a single instalment due in 2013. The external bank loan drawn down by the company has been assigned to it from Stardon (UK) Limited, a fellow subsidiary of the intermediate holding company, and forms part of a facility taken out by Stardon (UK) Limited. As part of the restructuring exercise, the company also assumed the external bank loan that had originally been assigned to its parent. Stardon (UK) Limited provides a cross guarantee to all parties included in the facility agreement.

The loan bears floating rate interest based on LIBOR plus a fixed margin of 3.25% and a variable rate mandatory cost. The fixed rate margin increased from 1.25% to 3.25% on 2 May 2010. Under the terms of the facility agreement, in order to manage the interest rate risk, Stardon (UK) Limited has hedged the full loan via an interest rate swap which remained in place until 1 May 2012. The swap, which was contracted by Stardon (UK) Limited for the whole of the group, had the effect of fixing the interest rate (before margin) at 3.5% to April 2010. It was renegotiated in February 2010 to fix the interest rate before margin at 4% with effect from May 2011 until its expiry in May 2012

The weighted average effective interest rate for the year on all loans drawn down was 3.3%. The weighted average effective interest rate takes into account the effect of the interest rate swap.

16. Ordinary shares

	As at 31 December 2012 £'000	As at 31 December 2011 £'000
Issued and fully paid		
1 (2011 – 1) ordinary share of £1	-	-

17. Accumulated losses

	Accumulated losses £'000
At 1 January 2012	(6,409.3)
Loss for the year	(356.7)
At 31 December 2012	**(6,766.0)**

18. Related party transactions

During the year the company has traded in its normal course of business with businesses which are subject to joint control as follows:

Related party	Nature of the transaction	Purchases from	Sales to	Net debtor/ (creditor) outstanding	Purchases from	Sales to	Net debtor/ (creditor) outstanding
		2012	2012	2012	2011	2011	2011
		£'000	£'000	£'000	£'000	£'000	£'000
Intermediate holding company							
Stardon Investments S.à.r.l.	Interest/loan	32.8	-	6,730.0	32.8	-	6,697.2
		32.8	**-**	**6,730.0**	**32.8**	**-**	**6,730.0**
Subsidiaries of intermediate holding company							
Stardon (UK) Limited	Cost recharge	-	-	1,256.8	1,082.3	-	1,256.8
		-	**-**	**1,256.8**	**1,082.3**	**-**	**1,256.8**
Stardon (Brighton West Pier) Limited	Cost recharge	-	-	4.8	-	-	4.8
Stardon (Corby) Limited	Cost recharge	-	4.1	(15.6)	-	3.6	(11.5)
Stardon (Leeds) Limited	Cost recharge	-	0.1	-	-	-	-
Stardon (Norwich) Limited	Cost recharge	800.0	-	800.0	-	-	-
		800.0	**4.2**	**789.2**	**-**	**3.6**	**(6.7)**
		800.0	**4.2**	**2,046.0**	**1,082.3**	**3.6**	**1,250.1**
Other related party							
Chardon Management Limited	Management services	53.3	-	-	39.2	-	-
		53.3	**-**	**-**	**39.2**	**-**	**-**

18. Related party transactions (Continued)

The loan of £3,363K included in the amounts owed to Stardon Investment S.à.r.l. is an unsecured loan repayable on 17 February 2015. Either party may terminate the agreement at any time before this date by giving 30 days' notice. The loan bears a fixed interest rate of 0.5% and a variable interest rate based on the net accounting profit of the company.

All other transactions are settled in line with the company's creditor payment policy.

19. Financial and capital commitments

The total of future minimum lease payments under non-cancellable operating leases was as follows:

	As at 31 December 2012 £'000	As at 31 December 2011 £'000
Total commitments under operating leases		
Expiring within one year	-	22.2
Expiring between two and five years	-	39.1
Expiring over five years	-	-
	-	**61.3**

The company leases plant and machinery under non-cancellable operating lease agreements.

In addition, the company has operating lease commitments under rolling contracts without an agreed termination date. The minimum lease commitment payable under these leases is therefore less than the annual income statement charge.

At 31 December 2012, the company had entered into unprovided contractual commitments for the acquisition of property, plant and equipment amounting to £nil (2011 £6,265).

20. Pensions

The company operates a defined contribution pension plan. Contributions of £726 (2011 - £780) were paid into the scheme during the year. There were no outstanding contributions due from the company at the balance sheet date (2011 – nil).

21. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Stardon Capital Investments S.à.r.l.

The ultimate parent undertaking and controlling party is SOF–VI International Holdings L.P., a company incorporated in the United States of America.

Stardon Capital Group European S.à.r.l. is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2012. The consolidated financial statements of Stardon Capital Group European S.à.r.l. can be obtained from 5 Rue Guillaume Kroll, L-1882 Luxembourg.

Stardon (Moorside) Limited

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22. Post Balance Sheet Event

On 22 January 2013, the assets of Stardon (Moorside) limited were sold to Kedleston Schools Limited for net proceeds of £3,050K. This sale has resulted in impairment to the net book value of the asset being held for sale of £284.2K.