# Paten & Co Limited

## Report and Financial Statements

31 October 2015

# Company Information

### Directors
S J McCaffer
S Scott
A C Lapping

### Secretary
S J McCaffer

### Auditors
Ernst & Young LLP
G1
5 George Square
Glasgow G2 1DY

### Bankers
Royal Bank of Scotland
Kirkstane House
139 St Vincent Street
Glasgow G2 5JF

### Solicitors
Pinsent Masons LLP
141 Bothwell Street
Glasgow G2 7EQ

### Registered Office
10th Floor The Mille
1000 Great West Road
Brentford
Middlesex
TW8 9DW

# Strategic report

The directors present their strategic report for the year ended 31 October 2015.

## Principal activities and review of the business

The principal activity of the company is the trading of hotels.

The company's key financial and other performance indicators during the year were as follows:

| | *2015* | *2014* |
|---|---|---|
| | *£000* | *£000* |
| Turnover | 7,361 | 7,108 |
| Operating profit/(loss) | 44 | (11) |

Company turnover has increased by £253k (3.6%) since the previous financial year end while operating profit has moved by £55k from a loss position of £11k in the previous financial year to a profit of £44k the year to 31 October 2015.

## Principal risks and uncertainties

The group's board meets regularly and in addition to reviewing the trading performance, will discuss the main risks to the group. The principal risks facing the group can be grouped as finance and borrowing, competitive, legislative and financial instrument:

- Finance and borrowing risks relate to the group having sufficient liquidity to pay for goods and services required to operate. The directors are confident that the banking and financing facilities currently in place are more than adequate for the group's working capital requirements.
- Competitive risks surround the maintenance of the service standards of the hotels and their places in the local hotel market.
- Legislative risks concern any potential change to the fabric, fittings or operation of the hotels which could have a significant impact on its performance or on the cost of compliance.
- Financial instrument risks principally relate to bank loans and therefore the company's exposure to interest rate movements. The company looks to minimise the risks by hedging a significant portion of the debt at fixed long-term rates. Similarly the company does not have a significant credit risk as the trade debtors position as a percentage of turnover is small.

On behalf of the Board

S J McCaffer
Director
29 April 2016

Registered No. 00227473

# Directors' report

The directors present their report and financial statements for the year ended 31 October 2015.

## Results and dividends

The loss for the year after taxation amounted to £138k (2014 – loss of £17k). The directors recommend that no dividend be paid (2014 – £nil), leaving a charge to reserves of £138k (2014 – charge of £17k).

## Directors

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

S J McCaffer
S Scott
A C Lapping

## Going concern

The financial statements are prepared on a going concern basis. The directors have assessed this to be appropriate on the basis that the Company's forecasts and projections show that the Company will have sufficient cash and headroom within its lending facilities to meet their liabilities as they fall due.

## Employee Involvement

Management regularly communicates and consults with its employees on general matters and takes proactive steps to ensure staff are informed of the factors affecting the performance of their hotel.

## Disabled employees

The group gives full consideration to applications from disabled persons where the candidates' particular aptitudes are consistent with the requirements of the job. Opportunities are available to disables employees for training, career development and promotion. Where existing employees become disabled, it is the group's policy to provide continuing employment in the same or in an alternative position and to provide appropriate training to achieve this aim.

## Post balance sheet events

The Group restructured its existing debt facility post year end. The Group entered into a term loan facility agreement with ICG - Longbow debt investments NO.4 S.A.R.L on 22 January 2016 for an amount of £31,442,000, receivable in two tranches. The purpose of tranche A was to refinance the existing financial indebtedness due from the obligors to the existing lender, Royal Bank of Scotland PLC. The purpose of tranche B is to finance future capital expenditure. The bank loan is a four and a half year term loan, with capital repayments starting in April 2016.

## Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Registered No. 00227473

# Directors' report (continued)

## Auditors

In accordance with Section 487(2) of the Companies Act 2006, and in the absence of a notice proposing that the appointment be terminated, the auditors, Ernst & Young LLP, will be deemed to be re-appointed for the next financial year.

On behalf of the Board

S J McCaffer
Director
29 April 2016

# Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 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 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.

# Independent auditor's report

**to the members of Paten & Co Limited**

We have audited the financial statements of Paten & Co Limited for the year ended 31 October 2015 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profits and Losses, the Balance Sheet and the related notes 1 to 16. 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 15 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 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.

## 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 Audited Financial Statements 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 October 2015 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Independent auditor's report (continued)

**to the members of Paten & Co Limited**

## 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.

Ernst & Young LLP.

Mark Harvey (senior statutory auditor)
for and on behalf of Ernst & Young LLP, Senior Statutory Auditor
Glasgow
29 April 2016

# Profit and loss account

**for the year ended 31 October 2015**

| | *Notes* | *2015* *£000* | *2014* *£000* |
|---|---|---|---|
| ***Turnover*** | 2 | 7,361 | 7,108 |
| Cost of sales | | (5,459) | (5,288) |
| ***Gross profit*** | | 1,902 | 1,820 |
| Administration expense | | (1,858) | (1,831) |
| ***Operating profit / (loss)*** | 3 | 44 | (11) |
| Interest receivable and similar income | | – | 1 |
| ***Profit / (loss) on ordinary activities before taxation*** | | 44 | (10) |
| Tax | 6 | (182) | (7) |
| ***Loss for the year*** | 12 | (138) | (17) |

All amounts relate to continuing activities.

# Statement of total recognised gains and losses

**for the year ended 31 October 2015**

| | *2015* *£000* | *2014* *£000* |
|---|---|---|
| Loss for the financial year | (138) | (17) |
| Amortisation of revaluation reserve | (2) | (2) |
| ***Total recognised gains and losses relating to the year*** | (140) | (19) |

# Note of historical cost profits and losses

**for the year ended 31 October 2015**

| | 2015 £000 | 2014 £000 |
|---|---|---|
| ***Reported profit/(loss) on ordinary activities before taxation*** | 44 | (10) |
| Difference between historical cost depreciation charge and actual depreciation charge as calculated on revalued amount | 91 | 91 |
| Historical cost profit on ordinary activities before taxation | 135 | 81 |
| Tax on profit on ordinary activities | (182) | (7) |
| ***Historical cost (loss)/profit retained for the year after taxation*** | (47) | 74 |

# Balance sheet

**At 31 October 2015**

| | Notes | 2015 £000 | 2014 £000 |
|---|---|---|---|
| ***Fixed assets*** | | | |
| Tangible assets | 7 | 12,020 | 12,503 |
| Investments | 8 | 34 | 34 |
| | | 12,054 | 12,537 |
| ***Current assets*** | | | |
| Stocks | | 53 | 53 |
| Debtors – due within one year | 9 | 619 | 630 |
| Cash at bank and in hand | | 622 | 787 |
| | | 1,294 | 1,470 |
| ***Creditors:*** amounts falling due within one year | 10 | (5,347) | (5,633) |
| ***Net current liabilities*** | | (4,053) | (4,163) |
| Debtors – due after one year | 9 | 18,499 | 18,264 |
| ***Total assets less current liabilities*** | | 26,500 | 26,638 |
| ***Net assets*** | | 26,500 | 26,638 |
| ***Capital and reserves*** | | | |
| Called up share capital | 11,12 | 1,135 | 1,135 |
| Share premium account | 12 | 871 | 871 |
| Revaluation reserve | 12 | 6,201 | 6,203 |
| Other reserves | 12 | 10,422 | 10,422 |
| Capital redemption reserve | 12 | 147 | 147 |
| Profit and loss account | 12 | 7,724 | 7,860 |
| ***Shareholders' funds*** | 12 | 26,500 | 26,638 |

The financial statements of Paten & Co Limited (registered number 00227473) were approved for issue by the Board of Directors on 29 April 2016.

S J McCaffer
Director
29 April 2016

# Notes to the financial statements

**At 31 October 2015**

## 1. Accounting policies

***Basis of preparation***

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards modified to include the revaluation of land and buildings.

***Going concern***

The financial statements are prepared on a going concern basis. The directors have assessed this to be appropriate on the basis that the Company's forecasts and projections show that the Company should have sufficient cash and headroom within its lending facilities to meet their liabilities as they fall due.

***Group financial statements***

The company has taken advantage of the exemptions allowed by section 400 of the Companies Act 2006 from preparing group financial statements. The company's financial statements present information about its individual undertakings and not its group.

***Statement of cash flows***

The company has taken advantage of the exemption available under FRS 1 for wholly owned subsidiary undertakings from preparing a statement of cash flows.

***Investments***

Investments are recorded at cost less provisions for impairment.

***Tangible fixed assets***

All fixed assets are initially recorded at cost. Costs include associated legal and professional fees and capitalised interest charges. The company has adopted a revaluation policy for subsequent years with a professional valuation of fixed assets being carried out every five years. The Directors conduct an internal interim valuation in year three of the five year cycle.

Depreciation is not charged on assets under construction until the point of completion. Depreciation has been provided on all tangible fixed assets, other than land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

| | | |
|---|---|---|
| Buildings | – | 50 years |
| Fixtures and fittings | – | 10 years |
| Plant and machinery | – | 15 years |

***Revenue recognition***

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

***Sale of goods and services***

Revenue from the sale of goods and services is recognised at the point of consumption by the buyer.

***Interest income***

Revenue is recognised as interest accrues using the effective interest method.

***Dividends***

Revenue is recognised when the company's right to receive payment is established.

***Stocks***

Stock is valued at the lower of cost and net realisable value.

# Notes to the financial statements (continued)

**At 31 October 2015**

## 1. Accounting policies (continued)

***Deferred taxation***

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

***Operating leases***

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

***Pensions***

The company operates defined contribution pension schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

## 2. Turnover

Turnover, which is stated net of value added tax, represents the invoiced amount of goods sold and services provided during the year.

Turnover and pre-tax loss is attributable to one continuing activity, the development and trading of hotels. The turnover is wholly generated within the United Kingdom.

## 3. Operating profit / (loss)

This is stated after charging:

| | *2015* | *2014* |
|---|---|---|
| | *£000* | *£000* |
| Auditors' remuneration – audit services | 7 | 6 |
| – non audit services | 3 | 2 |
| Depreciation of tangible fixed assets | 548 | 545 |
| Operating equipment lease | 4 | 5 |

# Notes to the financial statements (continued)

**At 31 October 2015**

## 4. Directors' remuneration

| | *2015* | *2014* |
|---|---|---|
| | *£000* | *£000* |
| Salary payments (including benefits in kind) | 40 | 40 |

The amounts in respect of the highest paid director are as follows:

| | *2015* | *2014* |
|---|---|---|
| | *£000* | *£000* |
| Remuneration | 40 | 40 |

No directors were members of the group pension scheme in the year (2014 – nil).

## 5. Staff costs

| | *2015* | *2014* |
|---|---|---|
| | *£000* | *£000* |
| Wages and salaries | 1,932 | 1,986 |
| Social security costs | 136 | 140 |
| Pension costs | 16 | 6 |
| | 2,084 | 2,132 |

The average monthly number of employees during the year was made up as follows:

| | *No.* | *No.* |
|---|---|---|
| Operational | 180 | 179 |
| Administration | 4 | 4 |
| | 184 | 183 |

## 6. Tax

(a) Tax on profit / (loss) on ordinary activities

The tax credit is made up as follows:

| | *2015* | *2014* |
|---|---|---|
| | *£000* | *£000* |
| ***Current tax:*** | | |
| UK corporation tax on the profit/(loss) for the year | 41 | – |
| Total current tax | 41 | – |
| ***Deferred tax:*** | | |
| Origination and reversal of timing differences | – | 7 |
| Adjustments in respect of previous periods | 141 | – |
| Total deferred tax | 141 | 7 |
| Tax on profit /(loss) on ordinary activities | 182 | 7 |

# Notes to the financial statements (continued)

**At 31 October 2015**

## 6. Tax (continued)

(b) Factors affecting the current tax credit for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20.41% (2014 – 21.83%). The differences are explained below:

| | *2015* | *2014* |
|---|---|---|
| | *£000* | *£000* |
| Profit / (loss) on ordinary activities before tax | 44 | (10) |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.41% (2014 – 21.83%) | 9 | (2) |
| *Effects of:* | | |
| Expenses not deductible for tax purposes | 25 | 26 |
| Group relief received for nil payment | – | (17) |
| Capital allowances in excess of depreciation | 7 | (7) |
| Current tax for the year | 41 | – |

(c) Deferred taxation asset

| | *2015* | *2014* |
|---|---|---|
| | *£000* | *£000* |
| Accelerated capital allowances (note 9) | (137) | (141) |
| Deferred tax not provided | 137 | – |
| | – | (141) |

| | *£000* |
|---|---|
| At 1 November 2014 | (141) |
| Deferred tax charge during the year | 146 |
| Adjustments in respect of prior years | (5) |
| At 31 October 2015 | – |

(d) Factors that may affect future tax charges

The main UK corporation tax rate reduced from 21% to 20% on 1 April 2015. The Finance Act (No.2) 2015 includes legislation which will reduce the tax rate further to 19%, from 1 April 2017, and to 18%, from 1 April 2020. The Finance Act (No.2) 2015 was substantively enacted on 26 October 2015. Following the Budget announcement on 16 March 2016, the corporation tax rate will now be reduced to 17% from 1 April 2020. As the reductions in tax rates were not substantively enacted at the balance sheet date, the deferred tax balances have continued to be recognised at 20%.

# Notes to the financial statements (continued)

**At 31 October 2015**

## 7. Tangible fixed assets

| | *Freehold land and buildings* | *Fixtures and Fittings* | *Plant and machinery* | *Total* |
|---|---|---|---|---|
| | *£000* | *£000* | *£000* | *£000* |
| Cost or valuation: | | | | |
| At 1 November 2014 | 11,484 | 2,738 | 2,343 | 16,565 |
| Additions | – | 3 | 62 | 65 |
| At 31 October 2015 | 11,484 | 2,741 | 2,405 | 16,630 |
| Depreciation: | | | | |
| At 1 November 2014 | 832 | 1,407 | 1,823 | 4,062 |
| Charge for the year | 115 | 274 | 159 | 548 |
| At 31 October 2015 | 947 | 1,681 | 1,982 | 4,610 |
| Net book value: | | | | |
| At 31 October 2015 | 10,537 | 1,060 | 423 | 12,020 |
| At 1 November 2014 | 10,652 | 1,331 | 520 | 12,503 |

The Bedford Swan Hotel was valued at £9,500,000 by Colliers International as at 30 May 2012 on the basis of value in use in accordance with the Appraisal and Valuation Manual of The Royal Institute of Chartered Surveyors.

The Best Western Marks Tey Hotel was valued at £3,500,000 by Colliers International as at 30 May 2012 on the basis of value in use in accordance with the Appraisal and Valuation Manual of The Royal Institute of Chartered Surveyors.

The Directors have conducted an interim assessment on the carrying value of the assets. As part of this review the Directors have taken into consideration an external valuation conducted as part of the Group refinancing and market information relevant to the Group in reaching their assessment. In considering these factors the Directors have deemed that the current carrying value is an accurate reflection of the current market value of the properties.

Historical cost analysis of tangible fixed assets included at valuation:

| | *2015* | *2014* |
|---|---|---|
| | *£000* | *£000* |
| Cost | 7,624 | 7,559 |
| Depreciation based on cost | (2,948) | (2,477) |
| | 4,676 | 5,082 |

The bank borrowings of the parent undertaking are supported by fixed and floating charges and a standard security over the company's land and buildings.

# Notes to the financial statements (continued)

**At 31 October 2015**

## 8. Investments

| | 2015 | 2014 |
|---|---|---|
| | £000 | £000 |
| ***Cost and net book value:*** | | |
| Shares in subsidiary undertaking | 34 | 34 |

***The company owns the following ordinary subsidiaries:***

| *Name of Company* | *Country of registration* | *Holding* | *Proportion of voting rights and shares* | *Nature of business* |
|---|---|---|---|---|
| Paten Hotels Limited | England | Ordinary | 100% | Hotel Operating Company |

## 9. Debtors

| | 2015 | 2014 |
|---|---|---|
| | £000 | £000 |
| ***Due within one year:*** | | |
| Trade debtors | 461 | 299 |
| Other receivables | 1 | – |
| Prepayments | 157 | 190 |
| Deferred tax asset | – | 141 |
| | 619 | 630 |
| ***Due after one year:*** | | |
| Amounts due from group undertakings | 18,499 | 18,264 |

## 10. Creditors: amounts falling due within one year

| | 2015 | 2014 |
|---|---|---|
| | £000 | £000 |
| Trade creditors | 248 | 367 |
| Deferred income | 420 | 436 |
| Corporation tax | 41 | – |
| Amounts owed to group undertakings | 3,972 | 4,139 |
| Other taxes and social security costs | 26 | 41 |
| Other creditors | 13 | 14 |
| Accruals | 337 | 347 |
| VAT payable | 290 | 289 |
| | 5,347 | 5,633 |

# Notes to the financial statements (continued)

**At 31 October 2015**

## 11. Issued share capital

| *Allotted, called up and fully paid* | *No.* | *2015* *£000* | *No.* | *2014* *£000* |
|---|---|---|---|---|
| Ordinary shares of £1 each | 1,135,000 | 1,135 | 1,135,000 | 1,135 |

## 12. Reconciliation of shareholders' funds and movements on reserves

| | *Share capital* *£000* | *Share premium* *£000* | *Revaluation reserve* *£000* | *Other reserves* *£000* | *Capital redemption reserve* *£000* | *Profit and loss account* *£000* | *Total share-holders' funds* *£000* |
|---|---|---|---|---|---|---|---|
| At 1 November 2013 | 1,135 | 871 | 6,205 | 10,422 | 147 | 7,875 | 26,655 |
| Loss for the year | – | – | – | – | – | (17) | (17) |
| Amortisation of Revaluation reserves | – | – | (2) | – | – | 2 | – |
| At 1 November 2014 | 1,135 | 871 | 6,203 | 10,422 | 147 | 7,860 | 26,638 |
| Profit for the year | – | – | – | – | – | (138) | (138) |
| Amortisation of Revaluation reserves | – | – | (2) | – | – | 2 | – |
| At 31 October 2015 | 1,135 | 871 | 6,201 | 10,422 | 147 | 7,724 | 26,500 |

## 13. Contingent liabilities

The company has given its bankers cross guarantees between the company and all group undertakings. This is supported by fixed and floating charges from all companies and a standard security over the group's freehold land and buildings.

## 14. Post balance sheet events

The Group restructured its existing debt facility post year end. The Group entered into a term loan facility agreement with ICG - Longbow debt investments NO.4 S.A.R.L on 22 January 2016 for an amount of £31,442,000, receivable in two tranches. The purpose of tranche A was to refinance the existing financial indebtedness due from the obligors to the existing lender, Royal Bank of Scotland PLC. The purpose of tranche B is to finance future capital expenditure. The bank loan is a four and a half year term loan, with capital repayments starting in April 2016.

# Notes to the financial statements (continued)

**At 31 October 2015**

## 15. Related party transactions

Paten Hotels Limited, a wholly owned subsidiary company under the same ultimate common control as Paten & Co Limited, operates two of the freehold hotel properties owned by Paten & Co Limited. All associated operating costs and revenues related to the hotels are recorded within the financial statements of Paten Hotels Limited.

Formal lease agreements exist between Paten & Co Limited and Paten Hotels Limited. Under the terms of the lease, Paten & Co is entitled to receive annual rents of £120,000 and £54,000 from Paten Hotels Limited. The directors of Paten & Co Limited have never enforced the terms of these leases and do not intend to do so in future. Accordingly, no revenue has been recorded in relation to the leased properties and no additional disclosures made in relation to the leases.

In addition, Paten & Co Limited operates a freehold hotel property owned by Paten Hotels Limited. All associated operating costs and revenues related to the hotel are recorded within the financial statements of Paten & Co Limited.

In addition, Paten & Co Limited operates a freehold hotel property owned by BDL Select Hotels Limited. All associated operating costs and revenues related to the hotel are recorded within the financial statements of Paten & Co Limited. Under the terms of the lease the annual rental charge will be £1,000,000. The charge for this amount has been recorded within these financial statements'

## 16. Ultimate parent undertaking and controlling party

In the directors' opinion the company's immediate and ultimate parent undertaking at 31 October 2015 is BDL Select Hotels Limited, a company registered in Scotland. This is the only parent undertaking for which group financial statements are drawn up and of which the company is a member. At 31 October 2015, no shareholder in BDL Select Hotels Limited held more than 50% of the voting share capital of the company. Accordingly, the company is not under the control of any one party.

Copies of its financial statements can be obtained from its registered office, c/o Redefine BDL Hotels, 10th Floor The Mille, 1000 Great West Road, Brentford, Middlesex TW8 9DW.