

[AMENDED]

**Britannia Hotels Limited
and subsidiary undertakings**

Annual report and revised financial statements
for the year ended 31 March 2014

Registered number: 1343600

1 BRITANNIA HOTELS LIMITED

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COMPANIES HOUSE

Directors' report

For the year ended 31 March 2014

The directors present their report and financial statements of the group for the year ended 31 March 2014.

Revised reports & financial statements

The revised reports & financial statements replace the original reports & financial statements submitted to Companies House on 22 October 2014. They are now the statutory financial statements of the company for the year ended 31 March 2014. They have been prepared as at the date of the original reports & financial statements and accordingly do not deal with events between those dates.

The directors are of the opinion that the original reports & financial statements are defective under section 454 of the Companies Act 2006. The original reports & financial statements omitted interest receivable from a related party. Therefore in accordance with section 454 of the Companies Act 2006 they have prepared a revised set of reports & financial statements. Accordingly the interest payable has decreased by £1,216,000 with a corresponding increase in the debtor balance owed by the related party and the consequential amendments required in both the company and group financial statements. The revisions are confined to the correction of those respects in which the previous reports & financial statements did not comply with the requirements of the Act. Further details are included in note 28.

Principal activities

The group's principal activities continue to be the operating of hotels and property development. It also sells conference room hire, banqueting functions and health club membership.

Business review

The turnover for the year ended 31 March 2014 was £73.3 million (2013: £69.8 million) – a rise of 5.0% on last year. The group made a profit before tax of £2,630,000 (2013: profit before tax £3,551,000). The directors continue to recognise that the current economic climate in the UK has placed additional demands on the business, which has resulted in the need to maintain provisions for onerous contracts relating to two hotels and carefully consider whether there is a requirement to write down the carrying value of others (no adjustments being deemed necessary in the year ended 31 March 2014).

Results and dividends

The trading results for the year and the group's financial position at the end of the year are shown in the attached financial statements, and are discussed further in the business review below.

The company has paid no dividends during the year (2013: £Nil).

The directors who served during the year and at the date of this report were as follows:

Mr R. Ferrari

Mrs. E. Downey

Mr A. Langsam

Employees

Details of employees and related costs can be found in note 5 to the financial statements.

Directors' report (continued)

For the year ended 31 March 2014

The group's policies and practices are laid out in employees' contracts of employment. Regular meetings are held within the individual hotels with heads of departments and the resulting information is passed to all employees. The group makes every effort to provide the same opportunities to disabled persons as to others and does not discriminate between employees on the grounds of race, ethnic origin or sex. Equal opportunity is given to all job applicants.

Briefing and consultative procedures exist throughout the group to inform employees on all matters of concern to them and to provide opportunities for comment and discussion.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude of the applicant concerned. In the event of any members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Post-balance sheet events

Following the year end to the date of signing of the accounts there were no significant events to report.

Auditors

A resolution to re-appoint Grant Thornton UK LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Halecroft
253 Hale Road
Hale
Cheshire
WA15 8RE

By order of the Board,



R. Ferrari
Director

30 March 2015

Strategic report

For the year ended 31 March 2014

Strategy

The strategy adopted during the year has been to maintain the properties in the group to a high standard in order to meet the challenges presented by an increasingly competitive market. The group aims to offer increasing levels of comfort and service whilst maintaining its highly competitive prices and reputation for good value. The group continue to make strategic acquisitions of additional properties throughout the UK, as shown by the acquisition of 5 hotels during the year.

Turnover

Turnover is monitored in overall terms reflecting a mix of occupancy levels and average room rate. As a result of the hotel acquisitions in the current and previous year sales show growth of 1.8% for the year. This policy of organic growth and carefully managed expansion is designed to and enhance the future prospects of the business.

Gross profit

The gross margin achieved for the year equated to 61.9% (2013: 59.6%). Trading conditions show some signs of improvement at selected locations influencing profitability and encouraging our investment in new properties.

Operating costs

Operating costs have increased by around only 5% on the previous year. This is despite the acquisition of 4 new hotels during the period reflecting the directors focus on the careful management of costs.

Key Performance Indicators

The directors manage the company's operations by monitoring the above KPI's of turnover, gross profit and operating costs. It is believed that these KPI's are those most applicable in understanding the group as a whole's reported performance.

Future outlook

The directors recognise that the environment of increased competition in the UK hotel industry has placed additional demands on the business. In order to sustain and enhance our position in the market we have endeavoured to improve the standard of our product both in terms of facilities and levels of service. The group have made strategic acquisitions of hotels during the year and has also added two additional properties since the year end. The directors recognise that economic conditions in the short term are likely to put strains upon the business and have carefully considered the availability of working capital and likely levels of trading over the next 12 months. We are confident that the business is well placed in order to meet the challenges.

Principal risks and uncertainties

The hotel industry in the UK is becoming increasingly competitive and this brings an increased risk of losing major sales accounts to competitors. The group manages to control this risk by adding improved services whilst retaining highly competitive prices and maintaining good customer relationships. The group has no overseas operations.

Demand for hotel services can be affected by the general economic conditions in the country. We ensure that we retain the necessary flexibility on our prices in order to quickly respond to changing market conditions. In addition, we

Strategic report (continued)

For the year ended 31 March 2014

employ tight controls on our costs, particularly labour costs, in order to ensure that the group maintains its competitive position.

Financial risk management objectives and policies

The financial instruments used by the group include bank loans and overdrafts, cash and items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The main risks arising from the group's financial instruments are interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Interest rate risk

The company finances its operations through a mixture of retained profit, amounts owed to related parties and bank borrowings. It is the group's policy to undertake borrowings on the basis of variable interest rate facilities. The directors are confident that the overall resources of the organisation and its shareholders are sufficient to enable us to easily absorb any potential changes in interest rates.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Short-term flexibility is achieved by overdraft facilities.

The maturity of borrowings is set out in note 16 to the financial statements.

Credit risk

The group's principal financial assets are cash and trade debtors. The principal credit risk arises from the group's trade debtors. In order to manage credit risk, the directors enforce a rigorous system of third party credit references, constantly reviewed credit limits and uncompromising debt collection.

Halecroft
253 Hale Road
Hale
Cheshire
WA15 8RE

By order of the Board,



R. Ferrari
Director

30 March 2015

Directors' responsibilities

For the year ended 31 March 2014

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and profit or loss of the company and group 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 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;
- 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.

The directors confirm that:

- so far as each director is aware; there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent auditors report to the members of Britannia Hotels Limited (continued)

For the year ended 31 March 2014

We have audited the revised financial statements of Britannia Hotels Limited for the year ended 31 March 2014 which comprise consolidated profit and loss account, the consolidated and parent company balance sheets, the consolidated cash flow statement, the statement of accounting policies and the related notes. The financial reporting framework that has been applied in the preparation of these revised financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). These revised financial statements replace the original financial statements approved by the directors on 17 September 2014.

The revised financial statements have been prepared under the Companies (Revision of Defective Accounts and Reports) Regulations 2008 and accordingly do not take account of events which have taken place after the date on which the original financial statements were approved.

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 6, the directors are responsible for the preparation of the revised 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 revised 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.

We are required to report to you if, in our opinion: the revised financial statements are prepared in accordance with the requirements of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008; the original financial statements failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in the statement contained in the notes to the revised financial statements; and the information given in the Strategic Report and revised Directors' Report is consistent with the revised financial statements.

Scope of the audit of the revised financial statements

A description of the scope of an audit of revised financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

The audit of the revised financial statements includes the performance of procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

Independent auditors report to the members of Britannia Hotels Limited (continued)

For the year ended 31 March 2014

Opinion on revised financial statements

In our opinion:

- the revised financial statements give a true and fair view, seen as at the date the original financial statements were approved, of the state of the group's and the parent company's affairs as at 31 March 2014 and of the group's profit for the year then ended;
- the revised financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice seen as at the date the original financial statements were approved;
- the revised financial statements have been prepared in accordance with the requirements of the Companies Act 2006 as they have effect under the Companies (Revision of Defective Accounts and Reports) Regulations 2008;
- the original financial statements for the year ended 31 March 2014 failed to comply with the requirements of the Companies Act 2006 in the respects identified by the directors in the statement contained in note 28 to these revised financial statements; and
- the information given in the Strategic Report and revised Directors' Report for the financial year for which the financial statements are prepared is consistent with the revised financial statements.

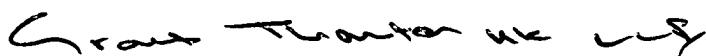
Emphasis of matter - revision of interest payable

In forming our opinion on the revised financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 28 to these revised financial statements concerning the need to revise the interest payable and corresponding related party debtor and the consequential amendments required in both the company and group financial statements. The original financial statements were approved on 17 September 2014 and our previous report was signed on 25 September 2014. We have not performed a subsequent events review for the period from the date of our previous report to the date of this 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:

- 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 revised 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.



Kevin Engel
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

31 March 2015

Consolidated profit and loss account

For the year ended 31 March 2014

	Notes	2014 £'000	2013 £'000
Turnover	1	73,318	69,783
Cost of sales		(27,898)	(28,188)
Gross profit		45,420	41,595
Other operating expenses	2	(39,614)	(37,645)
Operating profit		5,805	3,950
Bank interest received		23	4
Interest payable and similar charges	3	(3,198)	(403)
Profit on ordinary activities before taxation	4	2,630	3,551
Tax on profit on ordinary activities	7	207	(771)
Retained profit for the year	19	2,837	2,780

All activity relates to continuing operations.

There were no other recognised gains or losses in the year other than the profit for the year. Accordingly a statement of total recognised gains or losses is not presented.

Consolidated balance sheet

31 March 2014

	Notes	2014 £'000	2013 £'000
Fixed assets			
Chief rents	9	33	33
Goodwill	10	2,140	1,775
Intangible total assets		<u>2,173</u>	<u>1,808</u>
 Tangible assets	11	141,676	134,816
Investments	12	-	-
		<u>143,849</u>	<u>136,624</u>
Current assets			
Stocks	13	3,312	3,284
Debtors	14	134,304	19,691
Cash at bank and in hand		799	5,807
		<u>138,415</u>	<u>28,782</u>
Creditors: Amounts falling due within one year	15	(57,719)	(54,076)
Net current assets/(liabilities)		<u>80,696</u>	<u>(25,294)</u>
Total assets less current liabilities		224,545	111,330
Creditors: Amounts falling due after more than one year	16	(113,782)	(7,061)
Provisions for liabilities	17	(22,233)	(18,576)
Net assets		<u>88,530</u>	<u>85,693</u>
 Capital and reserves			
Called-up share capital	18	30	30
Revaluation reserve	19	34,579	34,579
Other reserve	19	7,064	7,064
Profit and loss account	19	46,857	44,020
Equity shareholders' funds	20	<u>88,530</u>	<u>85,693</u>

Company balance sheet

31 March 2014

	Notes	2014 £'000	2013 £'000
Fixed assets			
Chief rents	9	33	33
Intangible assets	10	803	-
Tangible assets	11	86,783	79,950
Investments	12	2,020	2,020
		<u>89,639</u>	<u>82,003</u>
Current assets			
Stocks	13	2,973	2,932
Debtors	14	145,268	24,908
Cash at bank and in hand		2,977	5,789
		<u>151,218</u>	<u>33,629</u>
Creditors: Amounts falling due within one year	15	<u>(81,356)</u>	<u>(60,320)</u>
Net current assets/(liabilities)		<u>69,862</u>	<u>(26,691)</u>
Total assets less current liabilities		159,501	55,312
Creditors: Amounts falling due after more than one year	16	(113,782)	(7,061)
Provisions for liabilities and charges	17	(1,122)	(855)
Net assets		<u>44,597</u>	<u>47,396</u>
Capital and reserves			
Called-up share capital	18	30	30
Revaluation reserve	19	15,910	15,910
Profit and loss account	19	28,657	31,456
Closing equity shareholders' funds	20	<u>44,597</u>	<u>47,396</u>

The financial statements on pages 9 to 33 were approved by the Board of Directors on 30 March 2015 and signed on its behalf by:



R. Ferrari
Director

Britannia Hotels Limited
Company no: 1343600

Consolidated cash flow statement

For the year ended 31 March 2014

	Notes	2014 £'000	2013 £'000
Net cash (outflow)/inflow from operating activities	21	(105,297)	16,173
Returns on investments and servicing of finance	22	(3,175)	(399)
Capital expenditure – acquisitions and disposals	22	<u>(8,080)</u>	<u>(22,184)</u>
Cash outflow) before financing		(116,552)	(6,410)
Financing	22	<u>110,853</u>	<u>13,130</u>
(Decrease)/increase in cash in the year	23	<u>(5,699)</u>	<u>6,720</u>

Statement of accounting policies

For the year ended 31 March 2014

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets (in accordance with the transitional rules of FRS 15) and in accordance with applicable United Kingdom law and accounting standards. The directors have reviewed the accounting policies to ensure that they are compliant with the requirements of FRS 18.

Going concern

The directors perform an annual review of the entity's ability to continue to operate as a going concern, taking into account expected cashflows and the ability to source funding from other group companies, controlling parties and external parties. On this basis the directors consider it appropriate to adopt the going concern basis.

Basis of consolidation

The group financial statements consolidate the financial statements of Britannia Hotels Limited and its material subsidiary undertakings (note 12) drawn up to the end of March each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Changes in accounting policy - Amortisation

The amortisation of goodwill arising on the acquisition of subsidiary undertakings and businesses has been changed from a straight line basis over ten years to a straight line basis over three years. Upon review the directors' opinion is that the useful economic life of goodwill is three years. Therefore the current year policy is considered more appropriate. No adjustments have been made to prior year figures.

Intangible assets – Goodwill

The goodwill in the group accounts arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired has been capitalised and written off on a straight line basis over three years and ten years respectively.

Intangible assets - Chief rents

Chief rents created are capitalised on the basis of 3 - 5 times the annual amounts receivable. No amortisation is provided on chief rents capitalised, as the amount involved would not be significant.

Statement of accounting policies

For the year ended 31 March 2014

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation net of depreciation and any provisions for impairment.

No depreciation is provided on freehold hotel properties or hotel properties with leases of twenty years or more to run at the balance sheet date or plant, machinery, fixtures and fittings. It is the group's practice to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time. Accordingly the directors consider that the lives of these assets are so long, and residual values (based on prices prevailing at the time of acquisition or subsequent valuation) are so high, that their depreciation is insignificant. Moreover, whilst the initial costs incurred on extensive repair and refurbishment programmes are capitalised, those in respect of items subsequently replaced are written off to the profit and loss account as incurred. In accordance with FRS 15 "Tangible fixed assets", the directors perform an annual impairment review. Any deficits are charged in the profit and loss account except where the asset has in the past been revalued, when the deficit is charged to the revaluation reserve.

Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of assets over their expected useful lives as follows:

Motor vehicles	25% per annum reducing balance basis.
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Plant & machinery etc	33% per annum straight line basis
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Revaluation of properties

The group has taken advantage of the transitional provisions of FRS 15 "Tangible fixed assets" and retained the book amounts of certain freehold properties which were revalued prior to implementation of that standard.

On the disposal of a revalued fixed asset, any related balance remaining in the revaluation reserve is transferred to the profit and loss account as a movement on reserves.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Stocks

Stocks including development properties held for resale, are stated at the lower of cost and net realisable value.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Statement of accounting policies

For the year ended 31 March 2014

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

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

Deferred tax is measured on a discounted basis to reflect the time value of money over the period between the balance sheet date and the dates on which it is estimated that the underlying timing differences will reverse, up to a maximum period of 25 years. The discount rates used reflect the post tax yields to maturity that can be obtained on government bonds with similar maturity dates and currencies to those of the deferred tax assets or liabilities.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover in respect of accommodation is recognised overnight during each night the customer stays whilst other sales, including restaurant and bar revenue, are recognised at the point of purchase. Rental income and Management Service income are recognised in the period in which they are earned.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount the obligation.

Long-term provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The present value of long-term provisions are determined by discounting the expected future cash flows at an appropriate pre-tax rate that reflects current market assessment of the time value of money and where appropriate, the risks specific to the liability.

Notes to financial statements

For the year ended 31 March 2014

1 Turnover

	2014 £'000	2013 £'000
Area of activity:		
Hoteliers	62,201	58,787
Hotel management services	11,005	10,883
Rental income	112	113
	<u>73,318</u>	<u>69,783</u>

All turnover arose from activity in the UK. Activities are regarded as one class of business.

2 Other operating expenses

	2014 £'000	2013 £'000
Distribution expenses	4,791	4,053
Administrative expenses - onerous lease provision (note 17)	3,190	2,525
Administrative expenses – other	31,633	31,067
	<u>39,614</u>	<u>37,645</u>

3 Interest payable and similar charges

	2014 £'000	2013 £'000
Bank loans and overdrafts	3,198	390

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2014 £'000	2013 £'000
Depreciation	16	8
Amortisation of goodwill	839	188
Provision in respect of onerous leases	3,190	(378)
Operating lease rentals		
- other	1,053	1,117
Auditors' remuneration for audit services		
- for audit of these financial statements	24	24
- for audit of subsidiary financial statements	10	10

Amounts payable to Grant Thornton UK LLP in respect of corporation tax compliance services were £51,870 (2013 - £62,850).

Notes to financial statements (continued)

For the year ended 31 March 2014

5 Staff costs

The average monthly number of employees (including executive directors) was:

	2014 Number	2013 Number
Office and management	189	273
Directors	3	3
Direct workers	1,674	1,722
	<u>1,866</u>	<u>1,998</u>

Their aggregate remuneration comprised:

	2014 £'000	2013 £'000
Wages and salaries	16,990	18,119
Social security costs	1,064	1,060
	<u>18,054</u>	<u>19,179</u>

6 Directors' remuneration, interests and transactions

The total amounts for directors' remuneration was as follows:

	2014 £'000	2013 £'000
Emoluments	<u>198</u>	<u>198</u>

Emoluments in respect of the highest paid director

<u>50</u>	<u>50</u>
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7 Tax on profit on ordinary activities

The tax charge comprises:

	2014 £'000	2013 £'000
Current tax		
UK corporation tax current year	-	1,097
UK corporation tax adjustment in respect of prior periods	(675)	36
Total current tax	<u>(675)</u>	<u>1,133</u>
Deferred tax		
Origination and reversal of timing differences	395	(116)
Effect of tax rate change on opening balance	(360)	(134)
Adjustments in respect of prior periods	555	(656)
(Decrease)/increase in discount rate	(122)	544
Total deferred tax (see note 17)	<u>468</u>	<u>(362)</u>
Total tax on profit on ordinary activities	<u>(207)</u>	<u>771</u>

Notes to financial statements (continued)

For the year ended 31 March 2014

7 Tax on profit on ordinary activities (continued)

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows.

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	2,630	3,551
Tax on group profit on ordinary activities at standard UK corporation tax rate of 23% (2013 – 24%)	605	852
Effects of:		
Utilisation of losses	-	-
Net expenses not deductible/allowable for tax purposes	24	119
Capital allowances in excess of depreciation	(683)	(354)
Adjustments in respect of prior year	(675)	36
Other timing differences	-	497
Unrelieved tax losses	-	(35)
Group relief	54	-
Consolidation adjustments	-	18
Current tax (credit)/charge for the year	(675)	1,133

The company earns its profits in the UK, therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax of 23% (2013: 24%)

8 Profit attributable to Britannia Hotels Limited

The loss for the financial year dealt within the financial statements of the parent company, Britannia Hotels Limited, was £2,799,000 (2013 – £996,000). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company.

9 Intangible fixed assets - chief rents

Group and company

Cost and net book value

At 1 April 2013 and 31 March 2014

Chief rents
capitalised
£'000

33

Notes to financial statements (continued)

For the year ended 31 March 2014

10 Intangible fixed assets - Goodwill

Group	Goodwill £'000
Cost	
At 1 April 2013	2,544
Additions	<u>1,204</u>
At 31 March 2014	<u>3,748</u>
Amortisation	
At 1 April 2013	769
Charge for the year	<u>839</u>
At 31 March 2014	<u>1,608</u>
Net book value	
At 31 March 2014	<u>2,140</u>
At 31 March 2013	<u>1,775</u>
Company	Goodwill £'000
Cost	
At 1 April 2013	-
Additions	<u>1,204</u>
At 31 March 2014	<u>1,204</u>
Amortisation	
At 1 April 2013	-
Charge for the year	<u>401</u>
At 31 March 2014	<u>401</u>
Net book value	
At 31 March 2014	<u>803</u>
At 31 March 2013	<u>-</u>

Notes to financial statements (continued)

For the year ended 31 March 2014

11 Tangible fixed assets

Group	Freehold land, and buildings £'000	Leasehold improvements £'000	Long leasehold land and buildings £'000	Plant, machinery, fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation						
At 1 April 2013	62,643	358	45,463	35,634	84	144,182
Additions	-	-	2,738	4,140	-	6,878
Disposals	-	-	-	-	(7)	(7)
At 31 March 2014	62,643	358	48,201	39,774	77	151,053
Depreciation						
At 1 April 2013	9,040	-	-	267	59	9,366
Charge for the year	-	-	-	10	6	16
On disposals	-	-	-	-	(5)	(5)
At 31 March 2014	9,040	-	-	277	60	9,377
Net book value						
At 31 March 2014	53,603	358	48,201	39,497	17	141,676
At 31 March 2013	53,603	358	45,463	35,367	25	134,816

Notes to financial statements (continued)

For the year ended 31 March 2014

11 Tangible fixed assets (continued)

Company	Long leasehold land, buildings £'000	Freehold land, buildings and improvements £'000	Plant, machinery fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost or valuation					
At 1 April 2013	23,409	37,524	22,992	84	84,009
Additions	2,738	-	4,103	-	6,841
Disposals	-	-	-	(7)	(7)
At 31 March 2014	<u>26,147</u>	<u>37,524</u>	<u>27,095</u>	<u>77</u>	<u>90,843</u>
Depreciation					
At 1 April 2013	-	4,000	-	59	4,059
Charge for the year	-	-	-	6	6
On disposals	-	-	-	(5)	(5)
At 31 March 2014	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>60</u>	<u>4,060</u>
Net book value					
At 31 March 2014	<u>26,147</u>	<u>33,524</u>	<u>27,095</u>	<u>17</u>	<u>86,783</u>
At 31 March 2013	<u>23,409</u>	<u>33,524</u>	<u>22,992</u>	<u>25</u>	<u>79,950</u>

The company has adopted Financial Reporting Standard No. 15 "Tangible Fixed Assets" and has followed the transitional provisions to retain the revalued amount of certain land and buildings.

Group

If land and buildings and plant, machinery, fixtures and fittings had not been revalued, they would have been included at the following amounts:

	2014			2013		
	Freehold land buildings and improvements £'000	Long leasehold land and buildings £'000	Plant, machinery, fixtures and fittings £'000	Freehold land, buildings and improvements £'000	Long leasehold land and buildings £'000	Plant, machinery, fixtures and fittings £'000
Cost and net book value	<u>46,645</u>	<u>32,569</u>	<u>27,545</u>	<u>46,645</u>	<u>29,831</u>	<u>23,405</u>

Notes to financial statements (continued)

For the year ended 31 March 2014

11 Tangible fixed assets (continued)

Company

If land and buildings and plant, machinery, fixtures and fittings had not been revalued, they would have been included at the following amounts:

	2014		2013	
	Freehold Land, buildings and improvements £'000	Plant, machinery, fixtures and fittings £'000	Freehold land, buildings and improvements £'000	Plant, machinery, fixtures and fittings £'000
Cost and net book value	<u>26,081</u>	<u>21,501</u>	<u>23,343</u>	<u>17,398</u>

12 Fixed asset investments

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Subsidiary undertakings	<u>100</u>	<u>100</u>	<u>2,020,404</u>	<u>2,020,404</u>

Group

The directors consider that consolidating Britannia Hotel (Manchester) Limited would not be material to the group's members in view of it's immaterial impact on the group's balance sheet and results (being dormant). The cost of the investment (£100) is shown in the consolidated balance sheet.

	Aggregate capital and reserves at 31 March 2014 £'000
Britannia Hotel (Manchester) Limited	<u>96</u>

Notes to financial statements (continued)

For the year ended 31 March 2014

12 Fixed asset investments (continued)

Company

The parent company has investments in the following subsidiary undertakings which principally affected the results or net assets of the group.

	Country of incorporation or principal business address	Principal activity	Holding of ordinary shares %
Britannia Adelphi Hotel Limited	England and Wales	Hoteliers	100
Birmingham International Hotel Limited	England and Wales	Hoteliers	100
Ambassador Hotels (Bournemouth) Limited	England and Wales	Holding company	100
Ambassador (East Cliff) Limited	England and Wales	Hoteliers	100
Britannia Hotel Bolton Limited	England and Wales	Hoteliers	100
Britannia Hotel Leeds Limited	England and Wales	Hoteliers	100
Britannia Country House Hotel Limited	England and Wales	Hoteliers	100
Britannia Hotel Wolverhampton Limited	England and Wales	Hoteliers	100
Britannia Hotel Edinburgh Limited	England and Wales	Property	100

All of the subsidiaries are directly owned by Britannia Hotels Limited, apart from Ambassador (East Cliff) Limited. Britannia Hotels Limited has a direct holding of 5% in Ambassador (East Cliff) Limited and an indirect holding of 100% by virtue of the fact that Ambassador Hotels (Bournemouth) Limited holds the other 95%.

Notes to financial statements (continued)

For the year ended 31 March 2014

13 Stocks

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Development properties	2,572	2,572	2,572	2,572
Wet stocks	397	396	226	202
Food stocks	238	208	121	103
Other	105	108	54	55
	3,312	3,284	2,973	2,932

14 Debtors

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Trade debtors	1,174	1,300	601	575
Amounts owed by group undertakings	-	-	20,148	14,105
Other debtors (note 26)	126,587	17,575	120,103	9,753
Unpaid share capital	5	5	4	4
Prepayments and accrued income	4,242	811	3,873	471
Corporation tax	2,296	-	539	-
	134,304	19,691	145,268	24,908

15 Creditors: Amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Bank loans (note 16)	36,436	11,572	36,436	11,572
Bank overdrafts	691	-	-	-
Other loans (note 26)	80	18,705	-	18,625
Trade creditors	1,431	1,388	911	756
Amounts owed to group undertakings (note 26)	96	96	32,115	19,669
Corporation tax	-	485	-	104
Other taxation and social security	396	1,244	94	639
Other creditors (note 26)	6,082	11,645	1,615	5,352
Accruals and deferred income	12,507	8,941	10,185	3,603
	57,719	54,076	81,356	60,320

Overdrafts for the group and for the company are secured on the assets of the Company and on those of Britannia Adelphi Hotel Limited.

Notes to financial statements (continued)

For the year ended 31 March 2014

16 Bank loans

Bank loans are repayable as follows:

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Bank loans				
Between one and two years	59,825	1,072	59,825	1,072
Between two and five years	50,533	3,216	50,533	3,216
After five years	3,424	2,773	3,424	2,773
	113,782	7,061	113,782	7,061
On demand or within one year	36,436	11,572	36,436	11,572
	150,218	18,633	150,218	18,633

A bank loan with Svenska Handelsbanken of £7,004,133 (2013 - £8,132,732) is secured by a fixed charge on the Company's Bosworth Hall Hotel. The interest rate on the loan is linked to the base rate and will incur interest at 0.75% above base rate.

A bank loan with Royal Bank of Scotland of £9,100,000 (2013 – £10,500,000) is secured by a fixed charge on the assets of the Company and on those of Britannia Adelphi Hotel Limited. The interest rate on the loan is linked to the London Inter-Bank Offer rate.

17 Provisions for liabilities

Group	Deferred taxation £'000	Onerous lease £'000	Total £'000
At 1 April 2013	945	17,631	18,576
Utilised in the year	-	-	-
Change in discount rate	-	-	-
Adjustments in respect of prior periods	555	-	555
Charged to profit and loss account	(88)	3,190	3,102
At 31 March 2014	1,412	20,821	22,233

Notes to financial statements (continued)

For the year ended 31 March 2014

17 Provisions for liabilities and charges (continued)

Company

	Deferred taxation £'000
At 1 April 2013	855
Charged to profit and loss account	(117)
Adjustment in respect of prior years	384
At 31 March 2014	<u>1,122</u>

Deferred tax

Deferred tax is provided as follows

	2014 £'000	2013 £'000
Group		
Accelerated capital allowances	3,036	2,460
Other short term timing differences	(461)	(954)
Tax losses available	(621)	(13)
Deferred tax not provided for	450	-
Undiscounted provision for deferred tax	<u>2,404</u>	<u>1,493</u>
Discount	(992)	(548)
Discounted provision for deferred tax	<u>1,412</u>	<u>945</u>
	2014 £'000	2013 £'000
Company		
Accelerated capital allowances	2,198	1,800
Tax losses available	(243)	(6)
Short term timing differences	(46)	(443)
Undiscounted provision for deferred tax	<u>1,909</u>	<u>1,351</u>
Discount	(787)	(496)
Discounted provision for deferred tax	<u>1,122</u>	<u>855</u>

Onerous lease

Provision has been made in the prior year for two hotel leases, where the directors do not believe they will make a positive contribution over the periods of the leases. The provision has been made by reference to the estimated present value of future contractual payments, reduced (where applicable) by the estimated contribution from trading activities at these hotels. The future payments have been discounted at a rate of 3.3% (2013 – 2.7%). The choice of discount rate reflects the directors' estimate of risk attached to such payments. The principal uncertainties relating to the calculation of the provision are the levels of future trading and movements in discount rates. The provisions are expected to be utilised over the remaining period of the lease.

Notes to financial statements (continued)

For the year ended 31 March 2014

18 Called-up share capital

	2014 £'000	2013 £'000
Group and Company		
<i>Authorised</i>		
30,000 (2013 – 30,000) ordinary shares of £1 each	<u>30</u>	<u>30</u>
<i>Allotted, called-up and fully-paid</i>		
30,000 (2013 – 30,000) ordinary shares of £1 each	<u>30</u>	<u>30</u>

19 Reserves

	Other reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
Group				
At 1 April 2013	7,064	34,579	44,020	85,663
Retained profit for the year	-	-	2,837	2,837
At 31 March 2014	<u>7,064</u>	<u>34,579</u>	<u>46,857</u>	<u>88,500</u>
Company				
At 1 April 2013		15,910	31,456	47,366
Retained loss) for the year		-	(2,799)	(2,799)
At 31 March 2014		<u>15,910</u>	<u>28,657</u>	<u>44,567</u>

Notes to financial statements (continued)

For the year ended 31 March 2014

20 Reconciliation of movements in equity shareholders' funds

	2014	2013
	£'000	£'000
Group		
Profit for the financial year	2,837	2,780
Opening equity shareholders' funds	85,693	82,913
Closing equity shareholders' funds	88,530	85,693
	2014	2013
	£'000	£'000
Company		
Loss for the financial year	(2,799)	(996)
Opening equity shareholders' funds	47,396	48,392
Closing equity shareholders' funds	44,597	47,396

21 Reconciliation of operating profit to operating cash flows

	2014	2013
	£'000	£'000
Operating profit	5,805	3,950
Amortisation of goodwill	839	188
Depreciation charges	16	8
(Increase) in stocks	(28)	(152)
(Increase)/decrease in debtors	(112,317)	691
Increase in creditors	388	11,488
Net cash inflow from operating activities	(105,297)	16,173

Notes to financial statements (continued)

For the year ended 31 March 2014

22 Analysis of cash flows

	2014 £'000	2013 £'000
<i>Returns on investments and servicing of finance</i>		
Interest received	23	4
Interest paid	(3,198)	(403)
Net cash outflow	(3,175)	(399)
<i>Capital expenditure</i>		
Purchase of tangible fixed assets	(8,082)	(22,185)
Sale of tangible fixed assets	2	1
Net cash outflow	(8,080)	(22,184)
<i>Financing</i>		
New loans	115,489	18,625
Repayment of loans	(2,529)	(5,495)
Corporation tax payments on account	(2,107)	-
Net cash inflow	110,853	13,130

23 Analysis and reconciliation of net debt

	31 March 2013 £'000	Cash flow £'000	31 March 2014 £'000
Cash at bank and in hand	5,807	(5,008)	799
Overdrafts	-	(691)	(691)
	<u>5,807</u>	<u>(5,699)</u>	<u>108</u>
Debt due after 1 year	(7,061)	(106,721)	(113,782)
Debt due within 1 year	(30,277)	(6,239)	(36,516)
	<u>(37,338)</u>	<u>(112,960)</u>	<u>(150,298)</u>
Net debt	(31,531)	(118,659)	(150,190)

Notes to financial statements (continued)

For the year ended 31 March 2014

23 Analysis and reconciliation of net debt (continued)

	2014 £'000	2013 £'000
(Decrease)/increase in cash in the year	(5,699)	6,410
Cash (inflow) from increase in debt	(112,960)	(13,130)
Movement in net debt in year	(118,659)	(6,720)
Net debt at start of year	(31,531)	(24,811)
Net debt at end of year	(150,190)	(31,531)

24 Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	2014 Land and buildings £'000	2013 Land and buildings £'000
Group		
Expiry date		
- after five years	939	939

25 Contingent liabilities

Company

The company has guaranteed to the Royal Bank of Scotland plc the borrowings of Britannia Adelphi Hotel Limited, Birmingham International Limited, Britannia Hotel Leeds Limited, Britannia Hotel Bolton Limited, Britannia Country House Hotel Limited, Ambassador (East Cliff) Limited and Britannia Hotel Wolverhampton Limited. At 31 March the potential liability was as follows:

	2014 £'000	2013 £'000
Britannia Adelphi Hotel Limited	919	256
Britannia Hotel Leeds Limited	807	-
Britannia Hotel Bolton Limited	2,276	1,668
Britannia Country House Hotel Limited	794	-
Ambassador (East Cliff) Limited	-	1,857
Britannia Hotel Wolverhampton Limited	-	939

Notes to financial statements (continued)

For the year ended 31 March 2014

26 Related party transactions

During the year, the group entered into transactions with various businesses in which the shareholders, A. Langsam and Hawksford Trust Company Jersey Limited as trustee of The Moravcik Trust and/or directors, are materially interested as detailed below:

Company	Nature of entity	Interested as shareholder	Interested as director
Britannia Jinky Jersey Limited	Limited Company	A Langsam	A Langsam
Britannia Hotels (Fylde) Limited	Limited Company	A Langsam	A Langsam
A. Langsam and Mjalby Hotels Ltd - Hoteliers	Unincorporated partnership	A. Langsam Mjalby Hotels Limited	
A. Langsam Hoteliers	Unincorporated sole trader	A. Langsam	
A. Langsam Estate Agents	Unincorporated sole trader	A. Langsam	
A. Langsam & Mjalby Hotels Ltd - Hotel Management Services	Unincorporated partnership	A. Langsam Mjalby Hotels Limited	
St Peter's Court (Bosworth) Flat Management Company Limited	Limited Company	A. Langsam	
Britannia Barrowfield LLP	Limited Liability Partnership	A. Langsam Mjalby Hotels Limited	
Britannia Lenzie LLP	Limited Liability Partnership	A. Langsam Mjalby Hotels Limited	
Britannia Shelbourne LLP	Limited Liability Partnership	A. Langsam Mjalby Hotels Limited	

Included in amounts due to group undertakings (note 15) is the following balance relating to a non-consolidated subsidiary (note 12):

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Britannia Hotel (Manchester) Limited	96	96	97	97

The company and group have taken advantage of the exemption under Financial Reporting Standard No. 8 whereby wholly owned subsidiaries need not disclose related party transactions with group companies for which consolidated financial statements have been prepared.

Notes to financial statements (continued)

For the year ended 31 March 2014

26 Related party transactions (continued)

Included in other debtors/(creditors) are the following balances:

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
A. Langsam and Mjalby Hotels Ltd - Hotel Management Services	2,216	(11,307)	15,884	(1,140)
A. Langsam and Mjalby Hotels Limited - Hoteliers	78,147	5,973	26,898	1,196
A. Langsam Hotelier	6,319	5,271	49,400	2,958
A. Langsam Estate Agents	62	61	62	61
A. Langsam	(80)	(18,705)	-	(18,625)
St Peter's Court (Bosworth) Flat Management Company Limited	1	13	1	13
Parkhead Developments (Manchester) Limited	-	-	-	-
Britannia Barrowfield LLP	1,051	1,236	178	416
Britannia Lenzie LLP	784	1,138	5	297
Britannia Shelbourne LLP	248	344	176	124
Britannia Jinky Jersey Limited	21,843	2,587	22,132	2,848
Britannia Hotels (Fylde) Limited	2,694	386	2,694	386
Britannia Hotels Payroll Limited	1,427	175	1,427	175

During the year the group had the following transactions with related parties:

Entity	2014		2013	
	Charged to/(by) £'000	£'000	Charged to/(by) £'000	£'000
A. Langsam and Mjalby Hotels Ltd - Hotel Management Services - Building Division	-	(2,480)	-	(3,716)
A. Langsam and Mjalby Hotels Ltd - Hotel Management Services - Rent	65	-	65	-
A. Langsam and Mjalby Hotels Ltd - Hotel Management Services - General expenses	525	(13,955)	15,335	(39,143)
A. Langsam and Mjalby Hotels Limited - Hoteliers - General expenses	8,073	(59)	10,114	(249)
A. Langsam - Hotelier - General expenses	3,476	-	7,675	(692)
Britannia Barrowfield LLP - General expenses	1,440	-	2,975	(47)
Britannia Lenzie LLP - General expenses	992	(39)	2,571	(52)
Britannia Shelbourne LLP - General expenses	178	-	891	(13)
Britannia Jinky Jersey Limited - General expenses	67	(734)	9,024	(1,025)
Britannia Hotels (Fylde) Limited - General expenses	-	(10)	1,077	(149)

Notes to financial statements (continued)

For the year ended 31 March 2014

26 Related party transactions (continued)

During the year the company had the following transactions with related parties:

Entity	2014		2013	
	Charged to/(by) £'000	£'000	Charged to/(by) £'000	£'000
A. Langsam and Mjalby Hotels Ltd - Hotel Management Services - Building Division	-	(1,328)	-	(2,095)
A. Langsam and Mjalby Hotels Ltd - Hotel Management Services - Rent	65	-	65	-
A. Langsam and Mjalby Hotels Ltd - Hotel Management Services - General expenses	366	(3,502)	10,193	(16,159)
A. Langsam and Mjalby Hotels Limited - Hoteliers - General expenses	1,846	(13)	3,844	(128)
A. Langsam - Hotelier - General expenses	389	-	4,544	(516)
Britannia Barrowfield LLP - General expenses	373	-	2,013	(47)
Britannia Lenzie LLP - General expenses	101	(1)	1,538	(29)
Britannia Shelbourne LLP - General expenses	61	-	622	(13)
Britannia Jinky Jersey Limited - General expenses	405	(65)	9,012	(462)
Britannia Hotels (Fylde) Limited - General expenses	-	(8)	1,076	(147)

Other movements in the balances shown above relate to their settlement in the year. Transactions with related parties are presented on a net basis where they relate to transactions that are similar in nature.

Transactions with other related parties are not considered to be material.

27 Ultimate controlling party

The ultimate controlling parties are A. Langsam and Hawksford Trust Company Jersey Limited as trustee of The Moravcik Trust by virtue of their shareholdings in the company.

28 Revision of original financial statements

The original reports & financial statements omitted interest receivable from a related party (A. Langsam and Mjalby Hotels Limited - Hoteliers). The interest payable has decreased by £1,216,000 with a corresponding increase in the related party debtor party and the consequential amendments required in both the company and group financial statements. Those consequential amendments are to the cash flow statement and related notes, the tax reconciliation and the reserves. Therefore in accordance with section 454 of the Companies Act 2006 a revised set of reports & financial statements have been prepared.