

**Britannia Hotels Limited
and subsidiary undertakings**

Annual report and financial statements
for the year ended 31 March 2015

Registered number: 1343600



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Directors' report

For the year ended 31 March 2015

The directors present their report and financial statements of the group for the year ended 31 March 2015.

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 2015 was £79.0 million (2014: £73.3 million) – a rise of 7.7% on last year. The group made a profit before tax of £14,229,000 (2014: profit before tax £2,630,000). 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 2015).

In order to simplify operations and minimise the administrative requirements of continuing to trade through a number of entities the Group has undertaken to simplify its corporate structure. The trade and assets of the following subsidiaries were hived up into Britannia Hotels Limited on 31 March 2015:

Britannia Adelphi Hotel Limited

Britannia Bolton Hotel Limited

Britannia Leeds Hotel Limited

Britannia Country House Hotel Limited

Britannia Hotel Wolverhampton Limited

Britannia Hotel Edinburgh Limited

The trade and assets of another subsidiary, Birmingham International Limited, were transferred to Britannia Hotels No.2 Limited, a connected company that sits outside of the Group on 31 March 2015.

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 (2014: £Nil).

Directors' report (continued)

For the year ended 31 March 2015

Results and dividends (continued)

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.

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

17 September 2015

Strategic report

For the year ended 31 March 2015

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.

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 7.8% 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 65.8% (2014: 61.9%). Trading conditions show some signs of improvement at selected locations influencing profitability and encouraging our continuing ambition of further investment in new properties.

Operating costs

Operating costs have decreased by around 7% on the previous year 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 2015

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

17 September 2015

Directors' responsibilities

For the year ended 31 March 2015

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

For the year ended 31 March 2014

We have audited the financial statements of Britannia Hotels Limited for the year ended 31 March 2015 which comprise the 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 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 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2015 and of the group's profit 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.


Independent auditors report to the members of Britannia Hotels Limited

For the year ended 31 March 2015

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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

22 September 2015

Britannia Hotels Limited

Company Reg No: 1343600

Consolidated profit and loss account

For the year ended 31 March 2015

| | Notes | 2015 £'000 | 2014 £'000 |
|--|-------|-----------------|---------------|
| Turnover | 1 | 79,017 | 73,318 |
| Cost of sales | | (27,004) | (27,898) |
| Gross profit | | 52,013 | 45,420 |
| Other operating expenses | 2 | (36,824) | (39,615) |
| Operating profit | | 15,189 | 5,805 |
| Bank interest received | | 3 | 23 |
| Interest payable and similar charges | 3 | (963) | (3,198) |
| Profit on ordinary activities before taxation | 4 | 14,229 | 2,630 |
| Tax on profit on ordinary activities | 7 | (3,081) | 207 |
| Retained profit for the year | 19 | 11,148 | 2,837 |

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.

Britannia Hotels Limited
Group balance sheet
 31 March 2015

| | Notes | 2015 £'000 | 2014 £'000 |
|--|-------|---------------|---------------|
| Fixed assets | | | |
| Chief rents | 9 | 33 | 33 |
| Goodwill | 10 | 1,301 | 2,140 |
| Intangible total assets | | 1,334 | 2,173 |
| Tangible assets | 11 | 154,112 | 141,676 |
| Investments | 12 | - | - |
| | | 155,446 | 143,849 |
| Current assets | | | |
| Stocks | 13 | 3,319 | 3,312 |
| Trade debtors | | 893 | 1,174 |
| Prepayments and accrued income | | 3,795 | 4,242 |
| Other debtors | 14 | 19,487 | 128,888 |
| Cash at bank and in hand | | 3,886 | 799 |
| | | 31,380 | 138,415 |
| Creditors: Amounts falling due within one year | | | |
| Trade creditors | | (1,368) | (1,431) |
| Accruals and deferred income | | (6,612) | (12,507) |
| Other creditors | 15 | (3,401) | (7,345) |
| Bank loans | 16 | (2,536) | (36,436) |
| | | (13,917) | (57,719) |
| Net current assets | | 17,463 | 80,696 |
| Total assets less current liabilities | | 172,909 | 224,545 |
| Creditors: Amounts falling due after more than one year | | | |
| Bank loans | 16 | (11,014) | (113,782) |
| Director's loan account | | (32,472) | - |
| Provisions for liabilities | 17 | (24,250) | (22,233) |
| Net assets | | 105,173 | 88,530 |
| Capital and reserves | | | |
| Called-up share capital | 18 | 30 | 30 |
| Revaluation reserve | 19 | 15,909 | 34,579 |
| Other reserve | 19 | 7,064 | 7,064 |
| Profit and loss account | 19 | 82,170 | 46,857 |
| Equity shareholders' funds | 20 | 105,173 | 88,530 |

Britannia Hotels Limited
Group balance sheet
31 March 2015

The financial statements on pages 9 to 35 were approved by the Board of Directors on 17 September 2015 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'R. Ferrari', with a long horizontal stroke extending to the right.

R. Ferrari
Director

Britannia Hotels Limited
Company no: 1343600

Britannia Hotels Limited
 Company balance sheet
 31 March 2015

| | Notes | 2015 £'000 | 2014 £'000 |
|--|-------|----------------------|----------------------|
| Fixed assets | | | |
| Chief rents | 9 | 33 | 33 |
| Intangible assets | 10 | 471 | 803 |
| Tangible assets | 11 | 143,565 | 86,783 |
| Investments | 12 | 2,000 | 2,020 |
| | | <u>146,069</u> | <u>89,639</u> |
| Current assets | | | |
| Stocks | 13 | 3,246 | 2,973 |
| Trade debtors | | 823 | 601 |
| Prepayments and accrued income | | 3,784 | 3,873 |
| Debtors | 14 | 31,066 | 140,794 |
| Cash at bank and in hand | | 4,724 | 2,977 |
| | | <u>43,643</u> | <u>151,218</u> |
| Creditors: Amounts falling due within one year | | | |
| Trade creditors | | (1,263) | (911) |
| Accruals and deferred income | | (6,409) | (10,185) |
| Other creditors | 15 | (63,931) | (33,824) |
| Bank loans | | (2,536) | (36,436) |
| | | <u>(74,139)</u> | <u>(81,356)</u> |
| Net current (liabilities)/assets | | <u>(30,496)</u> | <u>69,862</u> |
| Total assets less current liabilities | | 115,573 | 159,501 |
| Creditors: Amounts falling due after more than one year | | | |
| Bank loans | | (11,014) | (113,782) |
| Director's loan account | | (32,472) | - |
| Provisions for liabilities and charges | 17 | <u>(24,371)</u> | <u>(1,122)</u> |
| Net assets | | <u>47,716</u> | <u>44,597</u> |
| Capital and reserves | | | |
| Called-up share capital | 18 | 30 | 30 |
| Revaluation reserve | 19 | 15,910 | 15,910 |
| Profit and loss account | 19 | 31,776 | 28,657 |
| Closing equity shareholders' funds | 20 | <u>47,716</u> | <u>44,597</u> |

Britannia Hotels Limited
Company balance sheet
31 March 2015

The financial statements on pages 9 to 35 were approved by the Board of Directors on 17 September 2015 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'R. Ferrari', with a long horizontal stroke extending to the right.

R. Ferrari
Director

Britannia Hotels Limited

Consolidated cash flow statement

For the year ended 31 March 2015

| | Notes | 2015 £'000 | 2014 £'000 |
|--|-------|----------------|---------------|
| Net cash inflow/(outflow) from operating activities | 21 | 148,889 | (105,297) |
| Returns on investments and servicing of finance | 22 | (960) | (3,175) |
| Capital expenditure – acquisitions and disposals | 22 | (6,941) | (8,080) |
| Cash inflow/(outflow) before financing | | 140,988 | (116,552) |
| Financing | 22 | (137,210) | 110,853 |
| Increase/(decrease) in cash in the year | 23 | 3,778 | (5,699) |

Statement of accounting policies

For the year ended 31 March 2015

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.

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.

Notes to financial statements

For the year ended 31 March 2015

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. |
| Plant & machinery etc | 33% per annum straight line basis |

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.

Notes to financial statements

For the year ended 31 March 2015

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 2015

1 Turnover

| | 2015 £'000 | 2014 £'000 |
|---------------------------|---------------|---------------|
| Area of activity: | | |
| Hoteliers | 69,682 | 62,201 |
| Hotel management services | 9,223 | 11,005 |
| Rental income | 112 | 112 |
| | <u>79,017</u> | <u>73,318</u> |

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

2 Other operating expenses

| | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| Distribution expenses | 5,491 | 4,791 |
| Administrative expenses - onerous lease provision (note 17) | 1,797 | 3,190 |
| Administrative expenses – other | 29,536 | 31,633 |
| | <u>36,824</u> | <u>39,614</u> |

3 Interest payable and similar charges

| | 2015 £'000 | 2014 £'000 |
|---------------------------|---------------|---------------|
| Bank loans and overdrafts | <u>963</u> | <u>3,198</u> |

4 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

| | 2015 £'000 | 2014 £'000 |
|--|---------------|---------------|
| Depreciation | 17 | 16 |
| Amortisation of goodwill | 839 | 839 |
| Provision in respect of onerous leases | 1,797 | 3,190 |
| Operating lease rentals | 1,167 | 1,053 |
| Auditors' remuneration for audit services | | |
| - for audit of these financial statements | 24 | 24 |
| - for audit of subsidiary financial statements | 10 | 10 |
| | <u></u> | <u></u> |

Amounts paid to Deloitte in respect of corporation tax compliance services were £26,375 (2014 – Grant Thornton £51,870).

Notes to financial statements (continued)

For the year ended 31 March 2015

5 Staff costs

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

| | 2015 Number | 2014 Number |
|-----------------------|----------------|----------------|
| Office and management | 149 | 189 |
| Directors | 3 | 3 |
| Direct workers | 1,743 | 1,674 |
| | 1,895 | 1,866 |

| | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| Their aggregate remuneration comprised: | | |
| Wages and salaries | 19,055 | 16,990 |
| Social security costs | 889 | 1,064 |
| | 19,944 | 18,054 |

6 Directors' remuneration, interests and transactions

The total amounts for directors' remuneration was as follows:

| | 2015 £'000 | 2014 £'000 |
|--|---------------|---------------|
| Emoluments | 198 | 198 |
| Emoluments in respect of the highest paid director | 50 | 50 |

7 Tax on profit on ordinary activities

The tax charge comprises:

| | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| Current tax | | |
| UK corporation tax current year | 2,472 | - |
| UK corporation tax adjustment in respect of prior periods | 398 | (675) |
| Total current tax | 2,870 | (675) |
| Deferred tax | | |
| Origination and reversal of timing differences | 528 | 395 |
| Effect of change of tax rates | 1 | (360) |
| Adjustments in respect of prior periods | 40 | 555 |
| (Decrease) in discount rate | (358) | (122) |
| Total deferred tax (see note 17) | 211 | 468 |
| Total tax on profit on ordinary activities | 3,081 | (207) |

Notes to financial statements (continued)

For the year ended 31 March 2015

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.

| | 2015 £'000 | 2014 £'000 |
|--|---------------|---------------|
| Profit on ordinary activities before tax | 14,229 | 2,630 |
| Tax on group profit on ordinary activities at standard UK corporation tax rate of 21% (2014 – 23%) | 2,998 | 605 |
| Effects of: | | |
| Utilisation of losses | (2) | - |
| Net income/expenses not deductible/allowable for tax purposes | 81 | 24 |
| Capital allowances in excess of depreciation | (593) | (683) |
| Adjustments in respect of prior year | 398 | (675) |
| Other timing differences | (12) | - |
| Group relief | - | 54 |
| Current tax charge/(credit) for the year | 2,870 | (675) |

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 21% (2014: 23%)

8 Profit attributable to Britannia Hotels Limited

The profit after tax for the financial year dealt within the financial statements of the parent company, Britannia Hotels Limited, was £3,119,000 (2014 – loss of £2,799,000). 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

Chief rents
capitalised
£'000

Cost and net book value

At 1 April 2014 and 31 March 2015

33

Notes to financial statements (continued)

For the year ended 31 March 2015

10 Intangible fixed assets - Goodwill

| Group | Goodwill £'000 |
|--------------------------------------|-------------------------------|
| Cost | |
| At 1 April 2014 and at 31 March 2015 | <u>3,748</u> |
| Amortisation | |
| At 1 April 2014 | 1,608 |
| Charge for the year | <u>839</u> |
| At 31 March 2015 | <u>2,447</u> |
| Net book value | |
| At 31 March 2015 | <u>1,301</u> |
| At 31 March 2014 | <u>2,140</u> |
| Company | Goodwill £'000 |
| Cost | |
| At 1 April 2014 and at 31 March 2015 | <u>1,273</u> |
| Amortisation | |
| At 1 April 2014 | 401 |
| Charge for the year | <u>401</u> |
| At 31 March 2015 | <u>802</u> |
| Net book value | |
| At 31 March 2015 | <u>471</u> |
| At 31 March 2014 | <u>803</u> |

Notes to financial statements (continued)

For the year ended 31 March 2015

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 2014 | 62,643 | 358 | 48,201 | 39,774 | 77 | 151,053 |
| Additions | - | - | - | 493 | 5 | 498 |
| Disposals | - | - | - | - | (3) | (3) |
| Transfers in | 6,460 | - | - | - | - | 6,460 |
| Revaluations | 117 | - | 5,378 | - | - | 5,495 |
| At 31 March 2015 | 69,220 | 358 | 53,579 | 40,267 | 79 | 163,503 |
| Depreciation | | | | | | |
| At 1 April 2014 | 9,040 | - | - | 277 | 60 | 9,377 |
| Charge for the year | - | - | - | 12 | 5 | 17 |
| On disposals | - | - | - | - | (3) | (3) |
| At 31 March 2015 | 9,040 | - | - | 289 | 62 | 9,391 |
| Net book value | | | | | | |
| At 31 March 2015 | 60,180 | 358 | 53,579 | 39,978 | 17 | 154,112 |
| At 31 March 2014 | 53,603 | 358 | 48,201 | 39,497 | 17 | 141,676 |

Notes to financial statements (continued)

For the year ended 31 March 2015

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 2014 | 26,147 | 37,524 | 27,095 | 77 | 90,843 |
| Additions | - | - | 451 | 5 | 456 |
| Disposals | - | - | - | (3) | (3) |
| Transfers in | 27,433 | 19,694 | 9,204 | - | 56,331 |
| At 31 March 2015 | 53,580 | 57,218 | 36,750 | 79 | 147,627 |
| Depreciation | | | | | |
| At 1 April 2014 | - | 4,000 | - | 60 | 4,060 |
| Charge for the year | - | - | - | 5 | 5 |
| On disposals | - | - | - | (3) | (3) |
| At 31 March 2015 | - | 4,000 | - | 62 | 4,062 |
| Net book value | | | | | |
| At 31 March 2015 | 26,580 | 53,218 | 27,546 | 17 | 143,565 |
| At 31 March 2014 | 26,147 | 33,524 | 27,095 | 17 | 86,783 |

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:

| | 2015 | | | 2014 | | |
|-------------------------|--|---|---|---|---|---|
| | 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 | 53,105 | 32,569 | 28,040 | 46,645 | 32,569 | 27,545 |

Notes to financial statements (continued)

For the year ended 31 March 2015

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:

| | 2015 | | 2014 | |
|-------------------------|---|---|---|---|
| | 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 | 73,208 | 31,158 | 26,081 | 21,501 |

12 Fixed asset investments

| | Group | | Company | |
|-------------------------|-----------|-----------|-----------------|-----------|
| | 2015 £ | 2014 £ | 2015 £ | 2014 £ |
| Subsidiary undertakings | - | 100 | 2,00,300 | 2,020,404 |

Notes to financial statements (continued)

For the year ended 31 March 2015

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 % |
|---|---|-------------------------------|---|
| Ambassador Hotels (Bournemouth) Limited | England and Wales | Holding company | 100 |
| Ambassador (East Cliff) Limited | England and Wales | Hoteliers | 100 |
| Britannia Centre 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 2015

13 Stocks

| | Group | | Company | |
|------------------------|--------------|--------------|--------------|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £'000 | £'000 | £'000 | £'000 |
| Development properties | 2,572 | 2,572 | 2,572 | 2,572 |
| Wet stocks | 383 | 397 | 343 | 226 |
| Food stocks | 264 | 238 | 237 | 121 |
| Other | 100 | 105 | 94 | 54 |
| | 3,319 | 3,312 | 3,246 | 2,973 |

14 Debtors

| | Group | | Company | |
|------------------------------------|---------------|----------------|---------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts owed by group undertakings | - | - | 13,143 | 20,148 |
| Other debtors (note 26) | 19,482 | 126,587 | 17,919 | 120,103 |
| Unpaid share capital | 5 | 5 | 4 | 4 |
| Corporation tax | - | 2,296 | - | 539 |
| | 19,487 | 128,888 | 31,066 | 140,794 |

15 Creditors: Amounts falling due within one year

| | Group | | Company | |
|--|--------------|--------------|---------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £'000 | £'000 | £'000 | £'000 |
| Bank overdrafts | - | 691 | 1,228 | - |
| Other loans (note 26) | 80 | 80 | 80 | - |
| Amounts owed to group undertakings (note 26) | - | 96 | 59,190 | 32,115 |
| Other taxation and social security | 1,426 | 396 | 1,325 | 94 |
| Other creditors (note 26) | 1,773 | 6,082 | 1,984 | 1,615 |
| Corporation tax | 122 | - | 124 | - |
| | 3,401 | 7,345 | 63,931 | 33,824 |

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 2015

16 Bank loans

Bank loans are repayable as follows:

| | Group | | Company | |
|------------------------------|---------------|--------------|----------------|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £'000 | £'000 | £'000 | £'000 |
| Bank loans | | | | |
| Between one and two years | 2,536 | 59,825 | 2,536 | 59,825 |
| Between two and five years | 7,608 | 50,533 | 7,608 | 50,533 |
| After five years | 870 | 3,424 | 870 | 3,424 |
| | 11,014 | 113,782 | 11,014 | 113,782 |
| On demand or within one year | 2,536 | 36,436 | 2,536 | 36,436 |
| | 13,550 | 150,218 | 13,550 | 150,218 |

A bank loan with Svenska Handelsbanken of £5,849,884 (2014 - £7,004,133) 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 £7,700,000 (2014 – £9,100,000) 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 2014 | 1,412 | 20,821 | 22,233 |
| Movement arising from disposal or acquisition of business | 11 | - | 11 |
| Charged to profit and loss account | 209 | 1,797 | 2,006 |
| At 31 March 2015 | 1,632 | 22,618 | 24,250 |

Notes to financial statements (continued)

For the year ended 31 March 2015

17 Provisions for liabilities and charges (continued)

Company

| | Deferred taxation £'000 | Onerous lease £'000 | Total £'000 |
|---|-------------------------------|---------------------------|----------------|
| At 1 April 2014 | 1,122 | - | 1,122 |
| Transferred in | - | 22,618 | 22,618 |
| Movement arising from disposal or acquisition of business | 414 | - | 414 |
| Charged to profit and loss account | 217 | - | 217 |
| At 31 March 2015 | <u>1,753</u> | <u>22,618</u> | <u>24,371</u> |

Deferred tax

Deferred tax is provided as follows

| Group | 2015 £'000 | 2014 £'000 |
|--|---------------------|---------------------|
| Accelerated capital allowances | 3,396 | 3,036 |
| Other short term timing differences | (650) | (461) |
| Tax losses available | (333) | (621) |
| Deferred tax not provided for | <u>606</u> | <u>450</u> |
| Undiscounted provision for deferred tax | 3,019 | 2,404 |
| Discount | <u>(1,387)</u> | <u>(992)</u> |
| Discounted provision for deferred tax | <u>1,632</u> | <u>1,412</u> |
| Company | 2015 £'000 | 2014 £'000 |
| Accelerated capital allowances | 3,616 | 2,198 |
| Tax losses available | (89) | (243) |
| Short term timing differences | (650) | (46) |
| Deferred tax not provided for | <u>363</u> | <u>-</u> |
| Undiscounted provision for deferred tax | 3,240 | 1,909 |
| Discount | <u>(1,487)</u> | <u>(787)</u> |
| Discounted provision for deferred tax | <u>1,753</u> | <u>1,122</u> |

Onerous lease

Provision has 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 3.9% (2014 – 3.3%). 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 2015

18 Called-up share capital

| | 2015 £'000 | 2014 £'000 |
|---|---------------|---------------|
| Group and Company | | |
| <i>Authorised</i> | | |
| 30,000 (2014 – 30,000) ordinary shares of £1 each | <u>30</u> | <u>30</u> |
| <i>Allotted, called-up and fully-paid</i> | | |
| 30,000 (2014 – 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 2014 | 7,064 | 34,579 | 46,857 | 88,500 |
| Retained profit for the year | - | - | 11,148 | 11,148 |
| Revaluation in year | - | 5,495 | - | 5,495 |
| Transfers | - | (24,165) | 24,165 | - |
| | <u>7,064</u> | <u>15,909</u> | <u>82,170</u> | <u>105,143</u> |
| At 31 March 2015 | | | | |
| | | | | |
| Company | | | | |
| At 1 April 2014 | | 15,910 | 28,657 | 44,567 |
| Retained profit for the year | | - | 3,119 | 3,119 |
| At 31 March 2015 | | <u>15,910</u> | <u>31,776</u> | <u>47,686</u> |

Notes to financial statements (continued)

For the year ended 31 March 2015

20 Reconciliation of movements in equity shareholders' funds

| | 2015 | 2014 |
|------------------------------------|----------------|---------------|
| | £'000 | £'000 |
| Group | | |
| Profit for the financial year | 11,148 | 2,837 |
| Opening equity shareholders' funds | 88,530 | 85,693 |
| Revaluation in year | 5,495 | |
| Closing equity shareholders' funds | <u>105,173</u> | <u>88,530</u> |

| | 2015 | 2014 |
|--------------------------------------|---------------|---------------|
| | £'000 | £'000 |
| Company | | |
| Profit/(loss) for the financial year | 3,119 | (2,799) |
| Opening equity shareholders' funds | 44,597 | 47,396 |
| Closing equity shareholders' funds | <u>47,716</u> | <u>44,597</u> |

21 Reconciliation of operating profit to operating cash flows

| | 2015 | 2014 |
|--|----------------|------------------|
| | £'000 | £'000 |
| Operating profit | 15,189 | 5,805 |
| Amortisation of goodwill | 839 | 839 |
| Depreciation charges | - | 16 |
| (Increase) in stocks | (7) | (28) |
| Decrease/(increase) in debtors | 107,883 | (112,317) |
| Increase in creditors | 25,035 | 388 |
| Net cash inflow/(outflow) from operating activities | <u>148,889</u> | <u>(105,297)</u> |

22 Analysis of cash flows

| | 2015 | 2014 |
|--|----------------|----------------|
| | £'000 | £'000 |
| <i>Returns on investments and servicing of finance</i> | | |
| Interest received | 3 | 23 |
| Interest paid | (963) | (3,198) |
| Net cash outflow | <u>(960)</u> | <u>(3,175)</u> |
| <i>Capital expenditure</i> | | |
| Purchase of tangible fixed assets | (6,958) | (8,082) |
| Sale of tangible fixed assets | 17 | 2 |
| Net cash outflow | <u>(6,941)</u> | <u>(8,080)</u> |

Notes to financial statements (continued)

For the year ended 31 March 2015

22 Analysis of cash flows (continued)

Financing

| | 2015 £'000 | 2014 £'000 |
|----------------------------------|------------------|----------------|
| New loans | - | 115,489 |
| Repayment of loans | (136,668) | (2,529) |
| Taxation | (542) | (2,107) |
| Net cash (outflow)/inflow | (137,210) | 110,853 |

23 Analysis and reconciliation of net debt

| | 31 March 2014 £'000 | Cash flow £'000 | 31 March 2015 £'000 |
|--------------------------|---------------------------|--------------------|---------------------------|
| Cash at bank and in hand | 799 | 3,087 | 3,886 |
| Overdrafts | (691) | 691 | - |
| | <u>108</u> | <u>3,778</u> | <u>3,886</u> |
| Debt due after 1 year | (113,782) | 102,768 | (11,014) |
| Debt due within 1 year | (36,516) | 33,900 | (2,616) |
| | <u>(150,298)</u> | <u>136,668</u> | <u>(13,630)</u> |
| Net debt | (150,190) | 140,446 | (9,744) |

| | 2015 £'000 | 2014 £'000 |
|---|----------------|------------------|
| Increase/(decrease) in cash in the year | 3,778 | (5,699) |
| Cash outflow/(inflow) from increase in debt | 136,668 | (112,960) |
| Movement in net debt in year | 140,446 | (118,659) |
| Net debt at start of year | (150,190) | (31,531) |
| Net debt at end of year | (9,744) | (150,190) |

24 Financial commitments

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

| | 2015 Land and buildings £'000 | 2014 Land and buildings £'000 |
|--------------------|--|--|
| Group | | |
| Expiry date | | |
| - after five years | <u>1,008</u> | <u>939</u> |

Notes to financial statements (continued)

For the year ended 31 March 2015

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:

| | 2015 £'000 | 2014 £'000 |
|---------------------------------------|---------------|---------------|
| Britannia Adelphi Hotel Limited | - | 919 |
| Britannia Hotel Leeds Limited | 933 | 807 |
| Britannia Hotel Bolton Limited | 32 | 2,276 |
| Britannia Country House Hotel Limited | 298 | 794 |
| Ambassador (East Cliff) Limited | - | - |
| Britannia Hotel Wolverhampton Limited | - | - |

Notes to financial statements (continued)

For the year ended 31 March 2015

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 Hoteliers | Unincorporated sole trader | A. Langsam | |
| A. Langsam Estate Agents | Unincorporated sole trader | A. Langsam | |
| St Peter's Court (Bosworth) Flat Management Company Limited | Limited Company | A. Langsam | |

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

| | Group | | Company | |
|--------------------------------------|---------------|---------------|---------------|---------------|
| | 2015 £'000 | 2014 £'000 | 2015 £'000 | 2014 £'000 |
| Britannia Hotel (Manchester) Limited | - | 96 | - | 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 2015

26 Related party transactions (continued)

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

| | Group | | Company | |
|--|---------------|---------------|---------------|---------------|
| | 2015 £'000 | 2014 £'000 | 2015 £'000 | 2014 £'000 |
| A. Langsam and Mjalby Hotels Ltd - Hotel Management Services | - | 2,216 | - | 15,884 |
| A. Langsam and Mjalby Hotels Limited - Hoteliers | - | 78,147 | - | 26,898 |
| A. Langsam Hotelier | 14,571 | 6,319 | 14,567 | 49,400 |
| A. Langsam Estate Agents | 564 | 62 | 565 | 62 |
| A. Langsam | (80) | (80) | (80) | - |
| St Peter's Court (Bosworth) Flat Management Company Limited | (14) | 1 | (14) | 1 |
| Parkhead Developments (Manchester) Limited | - | - | - | - |
| Britannia Barrowfield LLP | - | 1,051 | - | 178 |
| Britannia Lenzie LLP | - | 784 | - | 5 |
| Britannia Shelbourne LLP | - | 248 | - | 176 |
| Britannia Jinky Jersey Limited | 1,596 | 21,843 | 1,596 | 22,132 |
| Britannia Hotels (Fylde) Limited | (1,113) | 2,694 | (1,112) | 2,694 |
| Britannia Hotels Payroll Limited | 1,071 | 1,427 | 1,080 | 1,427 |
| Britannia Hotels No.2 Limited | 1,591 | - | (250) | - |

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

| | 2015 | | 2014 | |
|--|--------------------------|----------|--------------------------|----------|
| Entity | Charged to/(by) £'000 | £'000 | Charged to/(by) £'000 | £'000 |
| A. Langsam and Mjalby Hotels Ltd - Hotel Management Services - Building Division | - | - | - | (2,480) |
| A. Langsam and Mjalby Hotels Ltd - Hotel Management Services - Rent | - | - | 65 | - |
| A. Langsam and Mjalby Hotels Ltd - Hotel Management Services - General expenses | - | - | 525 | (13,955) |
| A. Langsam and Mjalby Hotels Limited - Hoteliers - General expenses | - | - | 8,073 | (59) |
| A. Langsam - Hotelier - General expenses | 3,119 | - | 3,476 | - |
| Britannia Barrowfield LLP - General expenses | - | - | 1,440 | - |
| Britannia Lenzie LLP - General expenses | - | - | 992 | (39) |
| Britannia Shelbourne LLP - General expenses | - | - | 178 | - |
| Britannia Jinky Jersey Limited - General expenses | 230 | - | 67 | (734) |
| Britannia Hotels (Fylde) Limited - General expenses | 407 | (2) | - | (10) |
| Britannia Hotels No.2 Limited | 10,179 | (15,578) | - | - |

Notes to financial statements (continued)

For the year ended 31 March 2015

26 Related party transactions (continued)

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

| Entity | 2015 | | 2014 | |
|--|--------------------------|---------|--------------------------|---------|
| | Charged to/(by) £'000 | £'000 | Charged to/(by) £'000 | £'000 |
| A. Langsam and Mjalby Hotels Ltd - Hotel Management Services - Building Division | - | - | - | (1,328) |
| A. Langsam and Mjalby Hotels Ltd - Hotel Management Services - Rent | - | - | 65 | - |
| A. Langsam and Mjalby Hotels Ltd - Hotel Management Services - General expenses | - | - | 366 | (3,502) |
| A. Langsam and Mjalby Hotels Limited - Hoteliers - General expenses | - | - | 1,846 | (13) |
| A. Langsam - Hotelier - General expenses | 85 | - | 389 | - |
| Britannia Barrowfield LLP - General expenses | - | - | 373 | - |
| Britannia Lenzie LLP - General expenses | - | - | 101 | (1) |
| Britannia Shelbourne LLP - General expenses | - | - | 61 | - |
| Britannia Jinky Jersey Limited - General expenses | 567 | - | 405 | (65) |
| Britannia Hotels (Fylde) Limited - General expenses | 61 | (2) | - | (8) |
| Britannia Hotels No.2 Limited | 2,221 | (6,059) | - | - |

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.