

**Callers-Linden Holdings Limited**

**Annual report and financial statements**

**Registered number 03083842**

**2 April 2015**

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## Strategic report

The director presents the strategic report for the year ended 2 April 2015

### Principal activities

The Company's principal activity is the ownership and operation of a hotel

### Business review

The financial results for the year ended 2 April 2015 are contained in the profit and loss account on page 5

The principal risks and uncertainties affecting the business include the following

- The impact of current economic conditions on consumer spending levels the company operates in an industry which is impacted by consumer spending levels The fact that our hotel operates in a variety of markets including corporate, leisure, conference and functions, provides us with adequate sheltering from the impact of any drop in consumer spending levels
- Debtors the company maintains strong relationships with each of its key customers and has established credit control parameters Appropriate credit terms are agreed with key customers and these are closely monitored
- Competitive risk the company operates in competitive markets Product development by competitors could adversely affect the company The Company's focus on quality and standards together with the continual investment in its product reduces the possible effect of action by any single competitor

Key areas of strategic development and performance of the business include

- Sales and marketing significant efforts are made to develop our brand and ensure new business is being won continually, new markets have been developed, key customer relationships are monitored on a regular basis
- Competitive advantage the Company focuses on areas where it has a competitive advantage including quality and value and the development of its people which places it well in terms of superior long term income/cash flow growth potential

Key financial performance indicators include the monitoring of the management of profitability and working capital

	2015	2014	Measure
<b>Financial</b>			
Gross profit/(loss) %	-%	(4)%	Gross profit/(loss) /Turnover* 100
Debtors days	5	8	Trade debtors/Turnover * days in accounting year

Key non-financial performance indicators include the monitoring of quality, environmental impact and energy consumption The directors are satisfied with the progress the Company has made during the year and will continue to focus on quality together with limiting the Company's environmental impact and energy consumption

The director has prepared the financial statements on a going concern basis as explained in note 1 to the financial statements, under the section "Basis of Preparation"

By order of the board



**RG Fraser**  
Director

1 Finsbury Circus  
London  
EC2M 7SH

11 December 2015

## **Director's report**

The director presents the director's report and financial statements for the year ended 2 April 2015

### **Dividend**

The director does not recommend the payment of a dividend (2014 £nil)

### **Director**

The director who held office during the year and to the date of this report was as follows

RG Fraser

### **Disclosure of information to auditor**

The director who held office at the date of approval of this director report confirm that, so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and that he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



**RG Fraser**  
*Director*

1 Finsbury Circus  
London  
EC2M 7SH

11 December 2015

## **Statement of director's responsibilities in respect of the Strategic Report, Director's Report and the financial statements**

The director is responsible for preparing the Strategic Report, Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG

## **Independent auditor's report to the members of Callers-Linden Holdings Limited**

We have audited the financial statements of Callers-Linden Holdings Limited for the year ended 2 April 2015 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 director and auditor**

As explained more fully in the Director's Responsibilities Statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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](http://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 company's affairs as at 2 April 2015 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

**Alex Sanderson (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*

11 December 2015

**Profit and loss account**  
*for the year ended 2 April 2015*

	<i>Note</i>	<b>Year ended 2 April 2015 £000</b>	<b>Year ended 27 March 2014 £000</b>
Turnover		3,140	2,934
Cost of sales		(3,135)	(3,051)
		<hr/>	<hr/>
Gross profit/(loss)		5	(117)
Administrative expenses		(149)	(148)
		<hr/>	<hr/>
Operating loss		(144)	(265)
Loss on sale of tangible fixed assets		(1)	(8)
Group interest (payable)/receivable		(3)	11
		<hr/>	<hr/>
Loss on ordinary activities before taxation	2	(148)	(262)
Tax on loss on ordinary activities	4	5	178
		<hr/>	<hr/>
Loss for the financial year	10	<b>(143)</b>	<b>(84)</b>
		<hr/>	<hr/>

The company has no recognised gains or losses other than those reported above

The result for the year has been derived from continuing activities

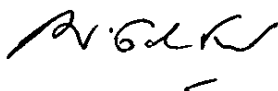
The notes on pages 8 to 14 form an integral part of these financial statements

**Balance sheet**  
at 2 April 2015

	<i>Note</i>	<b>2015</b> <b>£000</b>	2014 £000
<b>Fixed assets</b>			
Tangible assets	5	6,979	6,919
<b>Current assets</b>			
Stocks	6	25	36
Debtors	7	61	186
Cash at bank and in hand		1	3
		<u>87</u>	<u>225</u>
<b>Creditors amounts falling due within one year</b>	8	<u>(519)</u>	<u>(454)</u>
<b>Net current liabilities</b>		<u>(432)</u>	<u>(229)</u>
<b>Net assets</b>		<u><u>6,547</u></u>	<u><u>6,690</u></u>
<b>Capital and reserves</b>			
Called up share capital	9	500	500
Share premium	10	5,439	5,439
Profit and loss account	10	608	751
<b>Equity Shareholders' funds</b>		<u><u>6,547</u></u>	<u><u>6,690</u></u>

The notes on pages 8 to 14 form an integral part of these financial statements

These financial statements were approved by the director on 11 December 2015



**RG Fraser**  
Director



**Reconciliation of movements in shareholders' funds**

*for the year ended 2 April 2015*

	Year ended 2 April 2015	Year ended 27 March 2014
	£000	£000
Loss for the financial year	(143)	(84)
Opening shareholders' funds	6,690	6,774
Closing shareholders' funds	6,547	6,690

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

#### *Financial year*

These financial statements are drawn up for the 53 week period ended 2 April 2015

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Macdonald Hotels Limited, and its cash flows are included within the consolidated cash flow statement of that company

As the company is a wholly owned subsidiary of the group headed by Macdonald Hotels Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) These group accounts can be obtained from the address given in note 12

The financial statements have been prepared on the going concern basis, notwithstanding the loss of £143,000 incurred in the financial year and the net current liabilities of £432,000 at the financial year end, which the directors believe to be appropriate for the following reasons The day to day working capital requirements of Callers-Linden Holdings Limited are provided by the ultimate parent undertaking, Macdonald Hotels Limited The directors of Macdonald Hotels Limited have indicated to the directors of Callers-Linden Holdings Limited that Macdonald Hotels Limited will continue to provide such funds as are necessary to enable it to continue to trade and to meet its liabilities as they fall due and that Macdonald Hotels Limited will not seek repayment of the amounts currently made available As with any company placing reliance on other group companies for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so

Based upon the undertaking of financial support outlined above, and after making appropriate enquiries, the directors of Callers-Linden Holdings Limited have a reasonable expectation that Callers-Linden Holdings Limited has adequate resources to continue in operational existence for the foreseeable future Accordingly, the directors continue to adopt the going concern basis in preparing the company's annual financial statements

#### *Fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Land	- not depreciated
Freehold hotel properties	- 50 years
Fixed plant	- 20 years
Furniture, fixtures and equipment	- 4 -10 years
Motor vehicles	- 4 years
Projects in progress	- not depreciated

Any impairment in the value of hotel property is charged to the profit and loss account or statement of total recognised gains or losses, as appropriate in the financial year to which it relates

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value

## Notes (continued)

### 1 Accounting policies (continued)

#### Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

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 there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

#### Turnover

Turnover represents the invoiced value of sales, excluding Value Added Tax, recognised at the point in time at which the service is provided. All the company's turnover arises in the UK from its principal activity

### 2 Loss on ordinary activities before taxation

	Year ended 2 April 2015 £000	Year ended 27 March 2014 £000
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Depreciation	273	243
<i>Auditor's remuneration</i>		
Amounts receivable by the auditor and their associates in respect of Audit of these financial statements	3	3

Auditor's remuneration is borne by the company's holding company

### 3 Staff numbers and costs

The company has no employees other than the directors. All employees costs are recharged by a fellow group company as noted below

	Number 2015	2014
Average employees	87	103



## Notes (continued)

### 3 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows

	Year ended 2 April 2015 £000	Year ended 27 March 2014 £000
Wages and salaries	1,229	1,131
Social security costs	82	77
Other pension costs	8	5
	<u>1,319</u>	<u>1,213</u>

### 4 Taxation

The tax credit comprises

	Year ended 2 April 2015 £000	Year ended 27 March 2014 £000
<i>Current tax</i>		
Current year – group relief receivable	-	(85)
Adjustment in respect of prior periods	(5)	(93)
Total current tax credit	<u>(5)</u>	<u>(178)</u>

## Notes (continued)

### 4 Taxation (continued)

#### Factors affecting the tax for the current year

The current tax credit (2014 credit) for the year is lower (2014 higher) than the standard rate of corporation tax in the UK of 21% (2014 23%). The differences are explained below

	Year ended 2 April 2015 £000	Year ended 27 March 2014 £000
<i>Current tax reconciliation</i>		
Loss on ordinary activities before tax	(148)	(262)
Current tax at 21% (2014 23%)	(31)	(60)
<i>Effects of</i>		
Depreciation on assets ineligible for capital allowances	6	1
Difference between capital allowances and depreciation	25	(26)
Adjustment in respect of prior periods	(5)	(93)
Current tax credit for year	(5)	(178)

#### Factors affecting the tax charge for future years

The company has a deferred tax asset of £109,000 (2014 £92,000) which has not been recognised due to uncertainty over the availability of future suitable profits to utilise the asset

The elements of the unrecognised deferred tax asset are as follows

	2015 £000	2014 £000
Difference between accumulated depreciation and capital allowances	109	92

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The unrecognised deferred tax asset at 2 April 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

## Notes (continued)

### 5 Tangible fixed assets

	Freehold land and buildings £000	Fixed plant £000	Vehicles, fixtures and equipment £000	Projects in progress £000	Total £000
<b>Cost</b>					
At beginning of year	6,138	297	4,232	133	10,800
Additions	-	-	-	334	334
Disposals	-	-	(5)	-	(5)
Transfers	-	211	234	(445)	-
<b>At end of year</b>	<b>6,138</b>	<b>508</b>	<b>4,461</b>	<b>22</b>	<b>11,129</b>
<b>Depreciation</b>					
At beginning of year	399	113	3,369	-	3,881
Charge for year	4	22	247	-	273
Eliminated on disposal	-	-	(4)	-	(4)
<b>At end of year</b>	<b>403</b>	<b>135</b>	<b>3,612</b>	<b>-</b>	<b>4,150</b>
<b>Net book value</b>					
At 2 April 2015	5,735	373	849	22	6,979
At 27 March 2014	5,739	184	863	133	6,919

The cost of land and buildings includes £4,002,000 (2014 £4,002,000) of land which is not depreciated

### 6 Stocks

	2015 £000	2014 £000
Goods for resale	25	36

### 7 Debtors

	2015 £000	2014 £000
Debtors	41	66
Other debtors and prepayments	20	35
Group relief receivable	-	85
	61	186

## Notes (continued)

### 8 Creditors' amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	157	192
Other creditors	18	13
Accruals and deferred income	175	94
Other taxes & social securities	125	106
Amounts due to group undertakings	44	49
	<u>519</u>	<u>454</u>

### 9 Called up share capital

	2015 £000	2014 £000
<i>Allotted, called up and fully paid</i>		
500,298 Ordinary shares of £1 each	<u>500</u>	<u>500</u>

### 10 Reserves

	Share Premium £000	Profit and Loss Account £000	Total £000
At beginning of year	5,439	751	6,190
Loss for the financial year	-	(143)	(143)
At end of year	<u>5,439</u>	<u>608</u>	<u>6,047</u>



**Notes (continued)**

**11 Contingent liabilities**

The Company is party to joint and several guarantees, with other group members including Macdonald Hotels Limited, in respect of bank borrowings. The Company's liability in respect of these guarantees at 2 April 2015 amounted to £298 million (2014 £296 million). The group's bankers hold a fixed charge over all of the Company's property.

The company also has an obligation under the group VAT registration amounting at 2 April 2015 to £1.8 million (2014 £7.7 million).

**12 Ultimate parent company and parent undertaking of larger group of which the company is a member**

The company's ultimate parent undertaking is Macdonald Hotels Limited which is incorporated in Scotland. The only group in which the company's accounts are consolidated is headed by Macdonald Hotels Limited. Copies of the consolidated financial statements of this company can be obtained from Whiteside House, Bathgate, West Lothian, EH48 2RX.