Callers-Linden Holdings Limited

Annual report and financial statements

Registered number 03083842

31 March 2016

Contents

Strategic report

The director presents the strategic report for the year ended 31 March 2016.

Principal activities

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

Business review

The financial results for the year ended 31 March 2016 are contained in the profit and loss account on page 6.

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.

- Political risk: since the financial year end, the result of the referendum on the question of the UK's continuing membership of the European Union has become known. The vote has resulted in foreign exchange rate volatility and could potentially affect the fiscal, monetary and legal landscape in the UK. The Company is monitoring developments to respond to the decision being reached.

Key areas of strategic development and performance of the business include:

- Sales and marketing: significant investment is being 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.

	2016	**2015**	**Measure**
Financial			
Gross (loss)/profit(before exceptional items) %	(3)%	-%	Gross (loss)/profit(before exceptional items)/Turnover*100
Debtors days	8	5	Trade debtors/Turnover * days in accounting year.

Strategic report *(continued)*

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 directors have 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
21 December 2016

Director's report

The director presents the director's report and financial statements for the year ended 31 March 2016.

Dividend

The director does not recommend the payment of a dividend (2015: £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

21 December 2016

Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

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 31 March 2016 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 4, 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.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 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

21 December 2016

Profit and loss account
for the year ended 31 March 2016

	Note	Year ended 31 March 2016 £000	Year ended 2 April 2015 £000
Turnover		**2,911**	3,140
Cost of sales		**(4,805)**	(3,135)
Gross (loss)/profit		**(1,894)**	5
Administrative expenses		**(259)**	(149)
Operating loss		**(2,153)**	(144)
Loss on sale of tangible fixed assets - continuing operations		**-**	(1)
Group interest payable		**(2)**	(3)
Loss on ordinary activities before taxation	*2*	**(2,155)**	(148)
Tax credit on loss on ordinary activities	*4*	**60**	5
Loss for the financial year		**(2,095)**	(143)

The company has no other comprehensive income in either the current or prior year.

The result for the year has been derived from continuing activities.

The notes on pages 9 to 15 form an integral part of these financial statements.

Balance sheet
at 31 March 2016

	Note	2016	2015
		£000	£000
Fixed assets			
Tangible assets	*5*	**5,053**	6,979
Current assets			
Stocks	*6*	**46**	25
Debtors	*7*	**174**	61
Cash at bank and in hand		**1**	1
		221	87
Creditors: amounts falling due within one year	*8*	**(822)**	(519)
Net current liabilities		**(601)**	(432)
Net assets		**4,452**	6,547
Capital and reserves			
Called up share capital	*9*	**500**	500
Share premium		**5,439**	5,439
Profit and loss account		**(1,487)**	608
Equity Shareholders' funds		**4,452**	6,547

The notes on pages 9 to 16 form an integral part of these financial statements.

These financial Statements were approved by the board of directors on 21 December 2016 and were signed on its behalf by:

RG Fraser
Director

Statement of changes in equity
for year ended 31 March 2016

	Called up share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
Balance at 27 March 2014	500	5,439	751	6,690
Loss for the financial year	-	-	(143)	(143)
Balance at 2 April 2015	500	5,439	608	6,547
Loss for the financial year	-	-	(2,095)	(2,095)
Balance at 31 March 2016	500	5,439	(1,487)	4,452

Notes
(forming part of the financial statements)

1 Accounting policies

Callers-Linden Holdings Limited ('the Company') is a company limited by shares incorporated and domiciled in the UK.

Financial year

These financial statements are drawn up for the 52 week period ended 31 March 2016.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from UK GAAP, the Company has made no measurement and recognition adjustments.

The Company's ultimate parent undertaking, Macdonald Hotels Limited includes the Company in its consolidated financial statements. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Macdonald Hotels Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments;* and,
- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. On first time adoption of FRS 102, the Company has not retrospectively changed its accounting under old UK GAAP. The financial statements are prepared on the historical cost basis.

Judgements made by the directors, in the application of these accounting policies are considered in note 12.

Notes *(continued)*

1 Accounting policies *(continued)*

***Basis of preparation** (continued)*

The financial statements have been prepared on the going concern basis, notwithstanding the net current liabilities of £0.6 million 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.

As 100% of the Company's voting rights are controlled within the group headed by Macdonald Hotels Limited, the Company has taken advantage of the exemption contained in FRS 102.33 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). The consolidated financial statements of Macdonald Hotels Limited, within which this Company is included, can be obtained from Whiteside House, West Lothian, Bathgate, EH48 2RX.

Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

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. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	-	50 years
Vehicles, fixtures and equipment	-	4-10 years
Fixed Plant	-	20 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Stocks

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

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Turnover

Turnover is recognised when the significant risks and rewards of the goods and services provided are transferred to the buyer, the amount of turnover can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

Turnover for the Company comprises the following streams:

- Sale of goods - turnover from the sale of food and beverages is recognised at the point of sale.
- Rendering of services - turnover from room sales and other guest services is recognised when rooms are occupied and as services are provided.

Basic financial instruments

Trade and other debtors/creditors

- Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

- Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

- Cash and cash equivalents comprise cash balances and call deposits.

Notes *(continued)*

1 Accounting Policies *(continued)*

Expenses

Interest payable

Interest payable and similar charges include interest payable on borrowings.

Interest payable is recognised in profit or loss as it accrues, using the effective interest method.

2 Loss on ordinary activities before taxation

	Year ended 31 March 2016 £000	Year ended 2 April 2015 £000
Loss on ordinary activities before taxation is stated after charging		
Depreciation	**279**	273
Exceptional cost of sales - impairment of fixed assets (see note 5)	**1,794**	-

	Year ended 31 March 2016 £000	Year ended 2 April 2015 £000
Auditor's remuneration:		
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 2016	2015
Average employees	**89**	87

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2016 £000	Year ended 2 April 2015 £000
Wages and salaries	**1,215**	1,229
Social security costs	**80**	82
Other pension costs	**9**	8
	1,304	1,319

Notes *(continued)*

4 Taxation

Total taxation recognised in the profit and loss account

	Year ended 31 March 2016 £000	Year ended 2 April 2015 £000
UK corporation tax		
Current tax on loss for the year	**(84)**	-
Adjustment in respect of prior periods	**24**	(5)
Total tax on loss on ordinary activities	**(60)**	(5)

Reconciliation of effective tax rate

	Year ended 31 March 2016 £000	Year ended 2 April 2015 £000
Current tax reconciliation		
Loss for the year	**(2,095)**	(143)
Total tax credit	**(60)**	(5)
Loss excluding taxation	**(2,155)**	(148)
Tax using the UK corporation tax rate of 20% *(2015: 21%)*	**(431)**	(31)
Effects of:		
Expenses not deductible for tax purposes	**359**	6
Losses (utilised)/created	**(12)**	25
Adjustments in respect of prior periods	**24**	(5)
Total tax credit included in profit or loss	**(60)**	(5)

The company has a deferred tax asset of £116,000 (2015: £109,000) 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:

	Year ended 31 March 2016 £000	Year ended 2 April 2015 £000
Difference between accumulated depreciation and capital allowances	**116**	109
Deferred tax asset	**116**	109

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. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The unrecognised deferred tax balance at 31 March 2016 has been calculated based on these rates. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax balance.

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
Cost					
At beginning of year	6,138	508	4,461	22	11,129
Additions	-	-	-	147	147
Transfers	-	-	146	(146)	-
Disposals	-	-	(26)	-	(26)
At end of year	**6,138**	**508**	**4,581**	**23**	**11,250**
Depreciation					
At beginning of year	403	135	3,612	-	4,150
Charge for year	4	25	250	-	279
Impairment charge	1,794	-	-	-	1,794
Disposals	-	-	(26)	-	(26)
At end of year	**2,201**	**160**	**3,836**	-	**6,197**
Net book value					
At 31 March 2016	**3,937**	**348**	**745**	**23**	**5,053**
At 2 April 2015	5,735	373	849	22	6,979

Included in the total net book value of land and buildings is £4,002,000 (2015: £4,002,000) in respect of land which is not depreciated.

The Directors assess at each reporting date whether there is any indication that an asset may be impaired by reviewing the future operating cash flows from the hotel. As a result of this exercise in the current year, the directors have impaired the land and buildings by £1,794,000 (2015: £nil).

6 Stocks

	2016 £000	2015 £000
Goods for resale	**46**	25

Goods for resale recognised as cost of sales in the year amounted to £576,000 (2015: £626,000).

7 Debtors

	2016 £000	2015 £000
Debtors	**66**	41
Other debtors and prepayments	**24**	20
Group relief receivable	**84**	-
	174	61

Notes *(continued)*

8 Creditors: amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	**200**	157
Other creditors	**20**	18
Accruals and deferred income	**151**	175
Other taxes & social securities	**119**	125
Amounts due to group undertakings	**332**	44
	822	519

9 Called up share capital

	2016	2015
	£000	£000
Allotted, called up and fully paid		
500,298 Ordinary shares of £1 each	**500**	500

10 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 31 March 2016 amounted to £255 million (2015: £298 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 31 March 2016 to £1.2 million (2015: £1.8 million).

11 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.

Notes *(continued)*

12 Accounting estimates and judgements

Tangible fixed assets

The Company considers whether tangible assets are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Stock

The recoverability and value of inventories are kept under constant review and provision is made where appropriate.

Debtors

The recoverability of trade and other receivables are kept under constant review and provision is made where appropriate.

Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

13 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 2 April 2015.

In preparing its FRS 102 balance sheet, the Company has made no adjustments to the amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP).