

Company Registration No. 3669276


THE LYGON ARMS HOTEL LIMITED

**Report and Accounts**

**31 December 2009**

**Deloitte LLP**  
**Leeds**

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# **THE LYGON ARMS HOTEL LIMITED**

## **2009 REPORT AND FINANCIAL STATEMENTS**

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# **THE LYGON ARMS HOTEL LIMITED**

## **2009 REPORT AND FINANCIAL STATEMENTS**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

Michael Jourdain  
Peter Procopis  
Jonathan Paisner

#### **SECRETARY**

David Kaye

#### **REGISTERED OFFICE**

Bond Street House  
14 Clifford Street  
London  
W15 4JU

#### **BANKERS**

Anglo Irish Bank Corporation plc  
10 Old Jewry  
London  
EC2R 8DN

National Westminster Bank PLC  
Piccadilly and New Road Street  
63 Piccadilly  
London  
W1J 0AJ

#### **AUDITORS**

Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Leeds

# **THE LYGON ARMS HOTEL LIMITED**

## **DIRECTORS' REPORT**

The Directors present their annual report on the affairs of the Company, together with the financial statements for the year ended 31 December 2009

### **PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS**

The Company was dormant throughout the year except for charging interest on inter-company loans. The Directors expect this position to be maintained for the foreseeable future.

### **RESULTS AND DIVIDENDS**

During the year dividends on ordinary shares of £nil (31 December 2008: £nil) were paid. The Directors do not recommend a final dividend.

The profit for the year of £2,963,000 (31 December 2008: profit £2,645,000) was transferred to reserves.

### **DIRECTORS AND THEIR INTERESTS**

The Directors who served during the year and up to the date of this report were

Michael Jourdain

Peter Procopis (appointed 10 February 2009)

Jonathan Paisner (appointed 10 February 2009)

No director had any interest in the shares of the Company at 31 December 2009 or 31 December 2008.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

As a company that is part of a group that invests in hotels, the Company is exposed to any risks associated with the hotel industry.

This risk is however mitigated by the rent and other guarantees provided by Barceló's Corporation Empresarial SA (the tenant's ultimate parent company).

### **GOING CONCERN**

On 13 May 2009 the Company's parent company, Puma Hotels plc, signed an agreement with Anglo Irish Bank Limited (AIB) to extend the term of its senior debt facility. This facility was due for repayment on 31 December 2009 but will now mature on 31 December 2012. The conditions for the completion of the refinancing were satisfied on 13 July 2009. Interest rate hedges are in place for 100% of the facility and the rental income benefits from guarantees provided by Barceló's Corporation Empresarial SA. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

The Directors have considered the Company's cash flow forecasts for the period to the end of December 2011. After making enquiries, the Board is satisfied that the Company's forecasts and projections show that the Company will have adequate resources to continue its operations for the foreseeable future. For this reason the Company continues to adopt the going concern basis in preparing its financial statements.

# THE LYGON ARMS HOTEL LIMITED

## DIRECTORS' REPORT (continued)

### AUDITORS

Each of the directors at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

A resolution for the re-appointment of Deloitte LLP is to be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors  
and signed on behalf of the Board



Director

27/09/10

PETER PROCOPIIS

# THE LYGON ARMS HOTEL LIMITED

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE LYGON ARMS HOTEL LIMITED**

We have audited the financial statements of The Lygon Arms Hotel Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 10. 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 auditors' 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, 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

### **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 December 2009 and of its 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 Directors' 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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Simon Manning (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Leeds

29 September 2010

# THE LYGON ARMS HOTEL LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 December 2009

	Note	31 December 2009 £'000	31 December 2008 £'000
Interest receivable and similar income		3 020	2,696
Interest payable		(57)	(51)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>2,963</b>	<b>2,645</b>
Tax on profit on ordinary activities	4	-	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>	9	<b>2,963</b>	<b>2,645</b>

All of the Company's operations during the year shown above represent continuing operations

The Company has no recognised gains or losses other than the profit or loss for the above financial periods

The accompanying notes are an integral part of this profit and loss account



# THE LYGON ARMS HOTEL LIMITED

## BALANCE SHEET

As at 31 December 2009

	Note	31 December 2009 £'000	31 December 2008 £'000
<b>CURRENT ASSETS</b>			
Debtors	5	28,183	25,163
<b>CREDITORS</b> Amounts falling due within one year	6	(533)	(476)
<b>NET ASSETS</b>		<u>27,650</u>	<u>24,687</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	150	150
Share premium account	8	16,688	16,688
Profit and loss account	8	10,812	7,849
<b>EQUITY SHAREHOLDERS' FUNDS</b>	9	<u>27,650</u>	<u>24,687</u>

The financial statements of The Lygon Arms Hotel Limited, company number 3669276, were approved by the Board of Directors on 27/09/10 and signed on its behalf by



Director

PETER PROCOPI'S

The accompanying notes are an integral part of this balance sheet

# THE LYGON ARMS HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

### 1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

#### Basis of accounting

The financial statements have been prepared under the historical cost convention.

As a wholly owned subsidiary, the Company has availed itself of the exemption under Financial Reporting Standard Number 8 not to disclose intra-group transactions.

Under Financial Reporting Standard Number 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds of it being a wholly owned subsidiary of Puma Hotels plc.

#### Going concern

On 13 May 2009, the Company's parent company, Puma Hotels plc, signed an agreement with Anglo Irish Bank Limited ("AIB") to extend the term of its senior debt facility. This facility was due for repayment on 31 December 2009 but will now mature on 31 December 2012. The conditions for the completion of the refinancing were satisfied on 13 July 2009.

The Directors have considered the Company's cash flow forecasts for the period to the end of December 2011. After making enquiries, the Board is satisfied that the Company's forecasts and projections show that the Company will have adequate resources to continue its operations for the foreseeable future. For this reason the Company continues to adopt the going concern basis in preparing its financial statements.

#### Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially 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 Company'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.

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.

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 substantially enacted by the balance sheet date.

### 2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Directors received no emoluments in the financial year (31 December 2008: £nil). Emoluments paid to the Directors are disclosed in the financial statements of Puma Hotels plc. With the exception of the Directors, the Company had no employees.

### 3 OPERATING PROFIT

The audit fee for the Company £1,000 (2008: £1,000) has been incurred by the Company's fellow group undertakings.

# THE LYGON ARMS HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2009

### 4 TAX ON PROFIT ON ORDINARY ACTIVITIES

	31 December 2009 £'000	31 December 2008 £'000
UK corporation tax charge - current period	-	-
Prior period adjustment	-	-
<b>Tax on profit on ordinary activities</b>	<b>-</b>	<b>-</b>

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

	31 December 2009 £'000	31 December 2008 £'000
<b>Profit on ordinary activities before taxation</b>	<b>2,963</b>	<b>2,645</b>
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2008 28.5%)	829	753
Effects of Group relief for nil consideration	(829)	(753)
<b>Current tax charge for year</b>	<b>-</b>	<b>-</b>

The Company had no provided or unprovided deferred tax assets or liabilities at the year end (2008 £nil)

### 5 DEBTORS

	31 December 2009 £'000	31 December 2008 £'000
<b>Amounts falling due within one year</b>		
Amounts owed by group undertakings	28,183	25,163

### 6 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2009 £'000	31 December 2008 £'000
<b>Amounts falling due within one year</b>		
Amounts owed to group undertakings	533	476

# THE LYGON ARMS HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2009

### 7 CALLED UP SHARE CAPITAL

	31 December 2009 £'000	31 December 2008 £'000
<b>Authorised</b>		
1,000,000 'A' ordinary shares of 10p each	100	100
500,000 'B' ordinary shares of 10p each	50	50
	<u>150</u>	<u>150</u>
<b>Allotted, called up and fully paid</b>		
'A' ordinary shares of 10p each	100	100
'B' ordinary shares of 10p each	50	50
	<u>150</u>	<u>150</u>

Shares rank equally, except for a dividend and return on capital, where the distribution rights of the 'A' shares are 10,000 times more than those of 'B' shares

### 8. RESERVES

	Profit and loss account £'000	Share premium £'000
As at the beginning of the year	7,849	16,688
Retained profit for the year	2,963	-
As at end of year	<u>10,812</u>	<u>16,688</u>

### 9 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	31 December 2009 £'000	31 December 2008 £'000
Profit for the financial year	2,963	2,645
Net addition to equity shareholders' funds	2,963	2,645
Opening equity shareholders' funds	24,687	22,042
Closing equity shareholders' funds	<u>27,650</u>	<u>24,687</u>

### 10. ULTIMATE PARENT UNDERTAKING

The entire issued share capital of this company is indirectly owned by Puma Hotels plc a company incorporated in Great Britain and registered in England and Wales. The Group accounts of Puma Hotels plc, which represents the smallest group in which the Company is consolidated, can be obtained from Registrar of Companies, Companies House Crown Way Cardiff, CF4 3UZ.

The Hotel Corporation plc owns 49.9% of the ordinary shares and 58.9% of the preference shares of Puma Hotels plc. The Hotel Corporation plc fully consolidates the results of Puma Hotels plc and its subsidiaries in its group accounts. This represents the largest group in which the Company is consolidated.