

**Marshall Meadows Hotel Limited**

**Directors' report and financial  
statements**

**Registered number 04147692**

**26 March 2009**

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## Directors' report

The directors present their report, together with the financial statements for the period ended 26 March 2009.

### Principal activity and review of business

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

### Results and dividends

The retained loss after taxation for the period is £217,000 (2008: £107,000) and has been transferred from reserves. The directors do not recommend payment of a dividend (2008: £nil).

### Directors and their interests

The directors who held office during the period were as follows:

JC Kay  
CJ Hemmings  
K Revitt (appointed 8 January 2009)

### Auditors

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

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director 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 auditors are aware of that information.

By order of the board



JC Kay  
Director

Levens House  
Ackhurst Park  
CHORLEY  
Lancashire  
PR7 1NW

27 January 2010

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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 LLP**

Edward VII Quay  
Navigation Way  
Preston  
PR2 2YF  
United Kingdom

### **Independent auditor's report to the members of Marshall Meadows Hotel Limited**

We have audited the financial statements of Marshall Meadows Hotel Limited for the period ended 26 March 2009 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Independent auditor's report to the members of Marshall Meadows Hotel Limited** *(continued)*

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 26 March 2009 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

*KPMG LLP*  
**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

*28/01/2010*

**Profit and loss account**  
*for the period ended 26 March 2009*

	<i>Note</i>	<b>2009</b>	<b>2008</b>
		<b>£000</b>	<b>£000</b>
<b>Turnover</b>	<i>1</i>	<b>451</b>	<b>531</b>
Cost of sales		<b>(383)</b>	<b>(388)</b>
<b>Gross profit</b>		<b>68</b>	<b>143</b>
Administrative expenses		<b>(286)</b>	<b>(265)</b>
<b>Operating loss</b>	<i>2</i>	<b>(218)</b>	<b>(122)</b>
Interest receivable and similar income	<i>4</i>	<b>1</b>	<b>1</b>
<b>Loss on ordinary activities before taxation</b>		<b>(217)</b>	<b>(121)</b>
Taxation on loss on ordinary activities	<i>5</i>	<b>-</b>	<b>14</b>
<b>Loss on ordinary activities after taxation</b>	<i>11</i>	<b>(217)</b>	<b>(107)</b>

All amounts relate to continuing activities.

There were no material differences between the reported profit and the historical cost profit of the company.

**Statement of total recognised gains and losses**  
*for the period ended 26 March 2009*

The company has no other gains or losses other than the income and expenditure for both the current and prior period as shown in the profit and loss account.

**Balance sheet**  
as at 26 March 2009

	Note	2009 £000	2008 £000
<b>Fixed assets</b>			
Tangible assets	6	825	812
<b>Current assets</b>			
Stock		9	11
Debtors	7	14	54
Cash at bank and in hand		68	67
		<u>91</u>	<u>132</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(486)</u>	<u>(297)</u>
<b>Net current liabilities</b>		(395)	(165)
<b>Total assets less current liabilities</b>		<u>430</u>	<u>647</u>
<b>Provisions for liabilities and charges</b>	9	-	-
<b>Net assets</b>		<u>430</u>	<u>647</u>
<b>Capital and reserves</b>			
Called up share capital	10	1	1
Share premium account	11	771	771
Revaluation reserve	11	27	27
Profit and loss account	11	(369)	(152)
<b>Equity shareholders' funds</b>	12	<u>430</u>	<u>647</u>

These financial statements were approved by the board of directors on 27 January 2010 and signed on its behalf by:



**J C Kay**  
Director

Registered number 04147692



## Notes to the financial statements

### 1 Accounting policies

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

#### *Basis of preparation*

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

The company is exempt from the requirement of Financial Reporting Standard ('FRS') 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Paragon Hotels Limited, and its cash flows are included within the consolidated cash flow statement of that company.

#### *Related party transactions*

The directors have taken advantage of the exemption in FRS 8, paragraph 3(c) and have not disclosed transactions with entities that are part of the Paragon Hotels Limited group.

#### *Turnover*

Turnover comprises the value of sales of goods and services supplied in the normal course of operation of a hotel business (excluding Value Added Tax).

#### *Tangible fixed assets*

Depreciation is provided to write down the assets of their estimated residual value by equal instalments over their estimated useful economic lives as follows:

Land	-	not depreciated
Freehold hotel properties	-	50 years
Fixtures, fittings and equipment	-	4 – 10 years
Motor vehicles	-	4 years

Depreciation is not provided, if on calculation it is found to be immaterial.

#### *Stocks*

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

#### *Taxation*

The charge for taxation is based on the profit or loss for the period, taking into account deferred taxation. 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.

**Notes (continued)**

**2 Operating loss**

Operating loss is stated after charging:

	2009 £000	2008 £000
Depreciation – owned assets	29	27

The auditors' remuneration of £2,000 (2008: £2,000) was borne by a fellow subsidiary of the Paragon Hotels Limited group.

**3 Staff numbers and costs**

	2009 £000	2008 £000
<i>Staff costs</i>		
Wages and salaries	243	274
Social security costs	18	20
	<u>261</u>	<u>294</u>

The average monthly number of employees during the period (including directors) was made up as follows:

	2009 No	2008 No
Hotel staff	21	24

*Directors' emoluments*

The directors received no remuneration from the company in either period.

**4 Interest receivable and similar income**

	2009 £000	2008 £000
Bank interest receivable	1	1

**Notes** *(continued)*

**5 Taxation on loss on ordinary activities**

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
UK corporation tax at 28% (2008: 30%)	-	-
Movement in deferred tax (see note 9)		
- origination/reversal of timing differences	-	-
- in respect of prior period	-	(14)
Total tax charge/(credit) for the period	<u>-</u>	<u>(14)</u>

*Factors affecting the tax credit for the period*

The tax assessed on the loss on ordinary activities for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Loss on ordinary activities before taxation	<u>(217)</u>	<u>(121)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 30%)	<b>(61)</b>	<b>(36)</b>
<i>Effects of:</i>		
Disallowed expenses and non taxable income	<b>5</b>	<b>1</b>
Difference between depreciation and capital allowances	<b>1</b>	<b>8</b>
Short term timing differences	<b>1</b>	-
Group relief surrendered	<b>54</b>	-
Unrelieved tax losses carried forward	-	27
Current tax charge/(credit) for the period	<u>-</u>	<u>-</u>

**Notes (continued)**

**6 Tangible fixed assets**

	<b>Freehold land and buildings £000</b>	<b>Plant and Machinery £000</b>	<b>Fixtures, fittings, and equipment £000</b>	<b>Total £000</b>
<i><b>Cost or valuation</b></i>				
At 27 March 2008	824	30	58	912
Additions	-	7	35	42
At 26 March 2009	824	37	93	954
<i><b>Depreciation</b></i>				
At 27 March 2008	69	23	8	100
Charge for the period	14	7	8	29
At 26 March 2009	83	30	16	129
<i><b>Net book value</b></i>				
At 26 March 2009	741	7	77	825
At 27 March 2008	755	7	50	812

**7 Debtors**

	<b>2009 £000</b>	<b>2008 £000</b>
Trade debtors	11	18
Prepayments	3	26
Corporation tax	-	10
	14	54

**8 Creditors: amounts falling due within one year**

	<b>2009 £000</b>	<b>2008 £000</b>
Payments received on account	16	20
Amounts owed to parent undertaking	451	258
Other creditors and accruals	19	19
	486	297

## Notes (continued)

### 9 Provisions for liabilities and charges

The amounts provided for deferred tax are set out below:

	2009 £000	2008 £000
<i>Provisions for deferred tax</i>		
Provision at 27 March 2008	-	14
Deferred tax in profit and loss account for the period	-	(14)
	<u>-</u>	<u>-</u>
Provision at 26 March 2009	<u>-</u>	<u>-</u>

The elements of deferred taxation are as follows:

	2009 £000	2008 £000
Difference between accumulated depreciation and capital allowances	8	9
Other timing differences	(1)	(9)
Tax losses	(7)	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The company has an unrecognised deferred tax asset of £21,000 (2008: £19,000) in respect of trading losses. This is available for offset against future trading profits.

### 10 Share capital

	2009 £000	2008 £000
<i>Authorised</i>		
1,000 Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>
<i>Allotted, called up and fully paid</i>		
1,000 Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

### 11 Reserves

	Share premium £000	Revaluation reserve £000	Profit and loss account £000
At 27 March 2008	771	27	(152)
Loss for the period	-	-	(217)
	<u>771</u>	<u>27</u>	<u>(369)</u>
At 26 March 2009	<u>771</u>	<u>27</u>	<u>(369)</u>

**Notes** *(continued)*

**12 Reconciliation of movements in shareholders' funds**

	2009 £000	2008 £000
Loss for the financial period	(217)	(107)
Shareholders' funds at beginning of the period	647	754
	<hr/>	<hr/>
Shareholders' funds at the end of the period	430	647
	<hr/>	<hr/>

**13 Ultimate parent company**

The company's immediate parent undertaking is Paragon Hotels Limited, a company registered in England and Wales. The company's results are included in the consolidated financial statements of Paragon Hotels Limited and copies of its Annual Report and Financial Statements may be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ

The ultimate controlling party are the family interests of Mr T J Hemmings.