Pennine Manor Hotel Limited

UNAUDITED FINANCIAL STATEMENTS

for the penod ended

30 September 2014

Company Registration No 04640106

Pennine Manor Hotel Limited
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C Brierley
M Brierley

SECRETARY

V Cosgrove

REGISTERED OFFICE

Unit F
Royal Pennine Trading Estate
Lynroyle Way
Rochdale
OL11 3EX

BANKERS

HSBC Bank Plc
4 Hardman Square
Manchester
M3 3EB

SOLICITORS

Linder Myers LLP
19 Spring Gardens
Manchester
M2 1FB

Pannone Law Group
123 Deansgate
Manchester
M3 2BU

Gunnercooke LLP
53 King Street
Manchester
M2 4LQ

Pennine Manor Hotel Limited
DIRECTORS' REPORT

The directors submit their report and unaudited financial statements of Pennine Manor Hotel Limited for the period from 1 April 2013 to 30 September 2014

PRINCIPAL ACTIVITIES

The principal activity of the company during the period was that of restaurateur and hotelier

DIRECTORS

The directors who served the company during the period were as follows

C Brierley
M Brierley

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

On behalf of the board

C Brierley

Director

18 March 2015

Pennine Manor Hotel Limited

UNAUDITED PROFIT AND LOSS ACCOUNT

for the period from 1 April 2013 to 30 September 2014

	Notes	Period from 1 Apr 13 to 30 Sep 14 £	Period from 3 Apr 12 to 31 Mar 13 £
TURNOVER		1,070,345	791,044
Cost of sales		(266,279)	(212,748)
Gross profit		804,066	578,296
Distribution costs		(601,843)	(396,147)
Administrative expenses		(424,084)	(242,363)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(221,861)	(60,214)
Taxation	3	(825)	11,807
LOSS FOR THE FINANCIAL PERIOD	12	(222,686)	(48,407)

The loss for the period arises from the company's continuing operations

No separate statement of total recognised gains and losses has been presented as all such gains and losses have been dealt with in the profit and loss account

Company Registration No 04640106

Pennine Manor Hotel Limited
UNAUDITED BALANCE SHEET
30 September 2014

	Notes	30 Sep 14 £	31 Mar 13 £
FIXED ASSETS			
Intangible assets	4	–	–
Tangible assets	5	1,254,417	1,260,715
		1,254,417	1,260,715
CURRENT ASSETS			
Stocks		21,926	25,723
Debtors	6	45,013	24,985
Cash at bank and in hand		11,158	17,772
		78,097	68,480
CREDITORS			
Amounts falling due within one year	7	(2,644,196)	(2,419,016)
NET CURRENT LIABILITIES		(2,566,099)	(2,350,536)
TOTAL ASSETS LESS CURRENT LIABILITIES		(1,311,682)	(1,089,821)
PROVISIONS FOR LIABILITIES	8	(6,148)	(5,323)
		(1,317,830)	(1,095,144)
CAPITAL AND RESERVES			
Called up share capital	11	1	1
Profit and loss account	12	(1,317,831)	(1,095,145)
DEFICIT	13	(1,317,830)	(1,095,144)

For the period ended 30 September 2014 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 In addition its members have not required the company to have an audit of its financial statements for the year in question in accordance with section 476

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime

The financial statements on pages 3 to 11 were approved by the board of directors and authorised for issue on 18 March 2015 and are signed on their behalf by

C Brierley
Director

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable UK accounting standards

GOING CONCERN

The company is part of a group headed by Deckers Hospitality Group Limited (the "group") Following a review of the group's forecasts and projections, the directors consider there are no material uncertainties that may cast significant doubt over the group's and company's ability to continue as a going concern

The group is funded centrally and going concern is assessed as a group with the individual subsidiary performances supported by Deckers Hospitality Group During the period the group refinanced with HSBC, this secured sufficient funding and headroom to meet the medium to long term strategy outlined by the directors The group generated £389,000 of cash in the period

The group's directors have a reasonable expectation that the group and company have adequate resources and forecast performance to continue in operational existence for the foreseeable future The going concern basis of accounting has been used in preparing the financial statements

CASH FLOW STATEMENT

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small

TURNOVER

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services in the ordinary nature of the business Turnover is shown net of Value Added Tax

GOODWILL

Goodwill representing the excess of the consideration for an acquired undertaking, or acquired trade and assets, compared with the fair value of net assets acquired is capitalised and written off evenly over 20 years as in the opinion of the directors this represents the period over which the goodwill is expected to give rise to economic benefits Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in in circumstances indicate that the carrying value may not be recoverable

AMORTISATION

Amortisation is calculated so as to write off the cost of an intangible fixed asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill - 20 years straight line

1 ACCOUNTING POLICIES *(continued)*

FIXED ASSETS

All fixed assets are recorded at cost or valuation less accumulated depreciation and accumulated impairment losses Such costs include costs directly attributable to making the asset capable of operating as intended

DEPRECIATION

Depreciation is calculated so as to write off the cost of a tangible fixed asset, less its estimated residual value, over the useful economic life of that asset as follows

Furniture, fixtures & fittings	- 5 to 20 years straight line

Depreciation is not charged in respect of freehold buildings and improvements on the basis that depreciation is immaterial because of long useful lives This is due to the company having a policy and practice of regular maintenance and repairs (which is charged to the profit and loss account) such that the previously assessed standard of performance is maintained The departure from the Companies Act 2006 is, in the opinion of the directors, necessary for the financial statements to give a true and fair view in accordance with applicable accounting standards

Freehold buildings and improvements are reviewed for impairment at end of each reporting period The carrying values of other tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

STOCKS

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

DEFERRED TAXATION

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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which 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 non-discounted basis

1 ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

2 OPERATING LOSS

Operating loss is stated after charging/(crediting)

	Period from 1 Apr 13 to 30 Sep 14	Period from 3 Apr 12 to 31 Mar 13
	£	£
Depreciation of owned fixed assets	33,286	27,344
Loss on disposal of fixed assets	–	6,278
Reversal of past impairment losses	–	(46,933)

The directors did not receive any remuneration from the company during the year The directors are paid by the parent company, Deckers Hospitality Group Limited

3 TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the period

	Period from 1 Apr 13 to 30 Sep 14	Period from 3 Apr 12 to 31 Mar 13
	£	£
Deferred tax		
Origination and reversal of timing differences	825	(11,807)

3 TAXATION ON ORDINARY ACTIVITIES *(continued)*

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 21% (2013 - 24%), as explained below

	Period from 1 Apr 13 to 30 Sep 14 £	Period from 3 Apr 12 to 31 Mar 13 £
Loss on ordinary activities before taxation	(221,861)	(60,214)
Loss on ordinary activities by rate of tax	(46,591)	(14,451)
Effects of		
Difference between capital allowances and depreciation	(2,087)	(7,182)
Group relief surrendered	48,678	21,633
Total current tax	-	-

(c) Factors that may affect future tax charges

Reductions in the UK Corporation Tax rate from 23% to 21% for the tax year 2014/15 and to 20% for the tax year 2015/16 were substantively enacted on 2 July 2013 This will reduce the company's future tax charge accordingly and the deferred tax balance at 30 September 2014 has been calculated at this reduced rate

4 INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
At 1 April 2013 and 30 September 2014	140,000
Amortisation	
At 1 April 2013	140,000
At 30 September 2014	140,000
Net book value	
At 30 September 2014	-
At 31 March 2013	-

5 TANGIBLE FIXED ASSETS

	Freehold property and improvements £	Furniture, fixtures & fittings £	Total £
Cost			
At 1 April 2013	1,150,375	551,219	1,701,594
Additions	4,018	22,970	26,988
At 30 September 2014	1,154,393	574,189	1,728,582
Depreciation			
At 1 April 2013	–	440,879	440,879
Charge for the period	–	33,286	33,286
At 30 September 2014	–	474,165	474,165
Net book value			
At 30 September 2014	1,154,393	100,024	1,254,417
At 31 March 2013	1,150,375	110,340	1,260,715

The company has not depreciated freehold property and improvements on the grounds that depreciation is insignificant given the useful lives of the buildings

The freehold properties and improvements were professionally valued on a continuing use basis, in accordance with Royal Institution of Chartered Surveyors Valuation Standards 7th Edition ("The Red Book"), as at 25 January 2013 by CBRE Limited, Chartered Surveyors

Freehold property is revalued every 5 years, with an interim valuation in year 3

If freehold property and improvements had not been revalued, they would have been included in the balance sheet on the historical cost basis at the following amounts

	2014 £	2013 £
Cost	1,867,366	1,863,348
Accumulated depreciation	–	–
Net book amount	1,867,366	1,863,348

6 DEBTORS

	30 Sep 14 £	31 Mar 13 £
Trade debtors	13,806	22,885
Other debtors	31,207	2,100
	45,013	24,985

7 CREDITORS Amounts falling due within one year

	30 Sep 14	31 Mar 13
	£	£
Amounts owed to group undertakings	2,512,360	2,248,203
Other taxation	38,600	42,810
Other creditors	93,236	128,003
	2,644,196	2,419,016

8 PROVISIONS FOR LIABILITIES

	Deferred taxation
	£
Balance brought forward	5,323
Profit and Loss Account movement arising during the period	825
Balance carried forward	6,148

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	30 Sep 14	31 Mar 13
	£	£
Excess of taxation allowances over depreciation on fixed assets	6,148	5,323
	6,148	5,323

9 CONTINGENCIES

Bank guarantee and group securities

There is a composite company unlimited guarantee dated 2 May 2013 in favour of HSBC Bank plc The guarantee was given by Deckers Hospitality Group Limited, Deckers Restaurants Limited, Pennine Manor Hotel Limited, Sale Waterpark Restaurant Limited, The Crimble Limited and The Royal Toby Hotel (Castleton) Limited

The group's bank loan is secured by a debenture including a fixed and floating charge over all present freehold and leasehold property, book and other debts, chattels, goodwill and uncalled capital dated 3 May 2013

VAT

The company is included within a group registration for VAT purposes and is therefore jointly and severally liable for all group companies' VAT liabilities The total potential liability at the period end was £216,247 (2013 - £212,200)

10 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by Financial Reporting Standard Number 8 not to disclose transactions with group companies as it is a 100% owned subsidiary included in consolidated accounts that are publicly available

There have been no other related party transactions during the period

11 SHARE CAPITAL

	30 Sep 14	31 Mar 13
	£	£
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	1	1

12 PROFIT AND LOSS ACCOUNT

	Period from 1 Apr 13 to 30 Sep 14	Period from 3 Apr 12 to 31 Mar 13
	£	£
Balance brought forward	(1,095,145)	(1,046,738)
Loss for the financial period	(222,686)	(48,407)
At the end of the period	(1,317,831)	(1,095,145)

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	30 Sep 14	31 Mar 13
	£	£
Loss for the financial period	(222,686)	(48,407)
Opening shareholder's deficit	(1,095,144)	(1,046,737)
Closing shareholder's deficit	(1,317,830)	(1,095,144)

14 ULTIMATE PARENT COMPANY

The ultimate parent company is Deckers Hospitality Group Limited also incorporated in the UK, the smallest and largest group for which consolidated accounts are prepared

The consolidated accounts of Deckers Hospitality Group Limited are available to the public and can be obtained from Companies House

The ultimate controlling party is a director of Deckers Hospitality Group Limited, Mr C Brierley