

*REGISTRAR*

Company Registration No. 05392479 (England and Wales)

**GRANGE (PRESCOT STREET) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

WEDNESDAY



A01      \*A6LPS7TU\*      #157  
20/12/2017  
COMPANIES HOUSE

**John Cumming Ross Limited**  
**Chartered Certified Accountants**  
**1st Floor, Kirkland House**  
**11-15 Peterborough Road**  
**Harrow**  
**Middlesex**  
**HA1 2AX**

# GRANGE (PRESCOT STREET) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr R S Matharu Mr H S Matharu Mr T S Matharu
<b>Secretary</b>	Mr H S Matharu
<b>Company number</b>	05392479
<b>Registered office</b>	58 Rochester Row London SW1P 1JU
<b>Auditors</b>	John Cumming Ross Limited Chartered Certified Accountants 1st Floor, Kirkland House 11-15 Peterborough Road Harrow Middlesex HA1 2AX
<b>Bankers</b>	The Royal Bank of Scotland Plc Corporate Banking, London 280 Bishopsgate London EC2M 4RB
<b>Solicitors</b>	Howard Kennedy LLP 1 London Bridge London SE1 9BG

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# **GRANGE (PRESCOT STREET) LIMITED**

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# GRANGE (PRESCOT STREET) LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2017

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The directors present the strategic report for the year ended 31 March 2017.

#### **Fair review of the business**

The principal activity of the company in the year under review was that of hoteliers.

The company's trading and operating profit remains acceptable and the directors are satisfied with the performance during the year. The directors anticipate that the current levels of performance will be maintained in the coming year. The company's statement of financial position as detailed on page 8 shows a satisfactory position, the shareholders' funds amounting to £164.235 million (2016 - £96.587 million).

2016 would not see any major one off events in London as in previous years such as the Rugby World Cup in 2015. This coincided with a further anticipated increase in hotel room supply in London of 4.6% after an increase of 4% in 2015 - both ahead of the long term trend. Furthermore there was economic and political uncertainty arising from the London Mayoral Election and EU Referendum. Most commentators were expecting a very challenging year for the London hotel market.

There were still positive trends nevertheless with rising visitor numbers to the UK in 2015 reaching a record with Visit Britain estimating 35.8 million. In 2016 whilst the political upheaval of the Brexit vote certainly affected business confidence visitor numbers still continued to rise in 2016 with a record 37.3 million inbound visits to the UK, up 3% lead by both Europe up 3% and the USA up 7%. Both markets in the latter part of the year benefitted from the effect of the weaker pound sterling.

This benefit carried on into 2017 despite the uncertainties caused by the terrorist incidents in Paris and Brussels late in 2016 and April's tourism figures brought the number of inbound visits to the UK for the first four months of the year up to a record 11.8 million, up 11% and increase on the same period in 2016. In the event this influx for the most part compensated for the increase in bedstock supply and loss of any business customers.

#### **Principal risks and uncertainties**

The key risks affecting the business are:

##### Exposure to adverse Political and Economic Developments and currency strength relative to sterling

Travel and take up of hotel accommodation is affected by global or regional adverse political, economic and financial market developments. Such developments include inflation, recession, currency fluctuations, and the uncertainty arising from the Brexit referendum result.

##### Perception of and actual Terrorist Action or Health Risks and other factors limiting domestic and international travel

Actual or threatened terrorist incidents, wars and other conflicts, natural disasters, epidemics such as SARS and avian flu, travel related incidents, industrial action and increased transportation and fuel costs cause curtailment of travel and affect the volume of business and leisure travel. Only essential travel is undertaken when there are perceived additional risks due to adverse publicity on such health and safety grounds.

##### The company is exposed to a variety of risks associated with the ability to borrow, the interest rates of such borrowing and ability to satisfy debt and financial covenants

The company is reliant on having access to borrowing facilities to meet its expected capital development requirements and to maintain an efficient balance sheet. Availability and cost of funds for current and future financing is dependent on market conditions and liquidity in the capital markets.

# GRANGE (PRESCOT STREET) LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2017**

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### Key performance indicators ("Kpis")

Whilst the company does not place significant value or weight on the kpis used widely throughout the Hotel operating and Leisure Industry it does monitor performance against some published data on some Kpis to indicate its relative performance against its competitors. In addition such data is used in the management of costs and working capital to improve operating profit. The major Kpis which it uses for these purposes are:

- Occupancy rate - rooms occupied by hotel guests, expressed as a percentage of rooms that are available.
- Average room rate - room revenue divided by the number of room nights sold
- Revpar - This is the revenue per available room whereby total income received during a period is expressed as a multiple of rooms available to be sold during the same period.

The directors have due regard to these ratios and figures for each and every unit traded by the company and aim to improve them on a continuing basis.

Due to the commercially sensitive nature of the Kpis actual figures achieved are not disclosed.

By order of the board



Mr H S Matharu

**Secretary**

26/9/17

# GRANGE (PRESCOT STREET) LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 MARCH 2017

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The directors present their annual report and financial statements for the year ended 31 March 2017.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr R S Matharu

Mr H S Matharu

Mr T S Matharu

#### Results and dividends

The results for the year are set out on page 7.

The directors do not recommend a payment of dividend.

#### Fixed assets

In the opinion of the directors the market value of the company's property as at 31 March 2017 is not less than the amount at which they are stated in the financial statements.

#### Future developments

The outlook for the economy for the next year continues to improve, but remains uncertain. However, the directors consider that the programme of capital expansion and investment in refurbishing and improving the hotel will continue to result in the company being able to cope with the crisis better than competitors. Management policies will continue to be reviewed in the light of changing trading conditions.

#### Auditors

In accordance with the company's articles, a resolution proposing that John Cumming Ross Limited be reappointed as auditors of the company will be put at a General Meeting.

#### 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 judgements 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;
- 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.

# **GRANGE (PRESCOT STREET) LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2017**

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### **Statement of disclosure to auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



Mr H S Matharu

**Secretary**

26/9/17

# **GRANGE (PRESCOT STREET) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBER OF GRANGE (PRESCOT STREET) LIMITED**

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We have audited the financial statements of Grange (Prescot Street) Limited for the year ended 31 March 2017 set out on pages 7 to 20. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities set out on page 3 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 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**

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 2017 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 matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.



# GRANGE (PRESCOT STREET) LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBER OF GRANGE (PRESCOT STREET) LIMITED

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.



Balvantkumar B Patel (Senior Statutory Auditor)  
for and on behalf of John Cumming Ross Limited  
Chartered Certified Accountants and Statutory Auditors  
1st Floor, Kirkland House  
11-15 Peterborough Road  
Harrow  
Middlesex  
HA1 2AX

26/11/17.....

# GRANGE (PRESCOT STREET) LIMITED

## INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Turnover	3	25,393,049	24,968,089
Cost of sales		(12,097,664)	(11,925,922)
<b>Gross profit</b>		<b>13,295,385</b>	<b>13,042,167</b>
Administrative expenses		(3,739,409)	(3,342,058)
<b>Operating profit</b>	4	<b>9,555,976</b>	<b>9,700,109</b>
Interest receivable and similar income	7	-	157
Interest payable and similar expenses	8	-	(6)
<b>Profit before taxation</b>		<b>9,555,976</b>	<b>9,700,260</b>
Taxation	9	(1,867,686)	(2,115,438)
<b>Profit for the financial year</b>		<b>7,688,290</b>	<b>7,584,822</b>

The income statement has been prepared on the basis that all operations are continuing operations.

# GRANGE (PRESCOT STREET) LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

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	2017 £	2016 £
Profit for the year	<u>7,688,290</u>	<u>7,584,822</u>
Other comprehensive income net of taxation		
Revaluation of tangible fixed assets	71,500,000	-
Tax relating to other comprehensive income	<u>(11,540,000)</u>	<u>1,725,000</u>
Other comprehensive income for the year	<u>59,960,000</u>	<u>1,725,000</u>
Total comprehensive income for the year	<u>67,648,290</u>	<u>9,309,822</u>

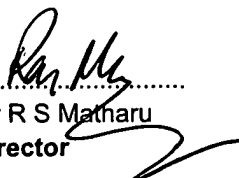
# GRANGE (PRESCOT STREET) LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Tangible assets	10	215,841,818		146,917,610	
<b>Current assets</b>					
Stocks	11	94,412		138,858	
Debtors	12	840,716		1,045,364	
Cash at bank and in hand		3,030,266		2,449,205	
		<u>3,965,394</u>		<u>3,633,427</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(27,922,192)</u>		<u>(37,714,307)</u>	
<b>Net current liabilities</b>		(23,956,798)		(34,080,880)	
<b>Total assets less current liabilities</b>		<u>191,885,020</u>		<u>112,836,730</u>	
<b>Provisions for liabilities</b>	14	<u>(27,650,000)</u>		<u>(16,250,000)</u>	
<b>Net assets</b>		<u><u>164,235,020</u></u>		<u><u>96,586,730</u></u>	
<b>Capital and reserves</b>					
Called up share capital	17		1		1
Revaluation reserve		133,582,200		74,068,600	
Profit and loss reserves		<u>30,652,819</u>		<u>22,518,129</u>	
<b>Total equity</b>		<u><u>164,235,020</u></u>		<u><u>96,586,730</u></u>	

The financial statements were approved by the board of directors and authorised for issue on 26/9/17 and are signed on its behalf by:

  
 .....  
 Mr R S Matharu  
 Director

Company Registration No. 05392479

# GRANGE (PRESCOT STREET) LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 April 2015</b>	1 72,790,000		14,486,907	87,276,908
<b>Year ended 31 March 2016:</b>				
Profit for the year	-	-	7,584,822	7,584,822
Other comprehensive income net of taxation:				
Tax relating to other comprehensive income	-	1,725,000	-	1,725,000
Total comprehensive income for the year	-	1,725,000	7,584,822	9,309,822
Transfers	-	(446,400)	446,400	-
<b>Balance at 31 March 2016</b>	1 74,068,600		22,518,129	96,586,730
<b>Year ended 31 March 2017:</b>				
Profit for the year	-	-	7,688,290	7,688,290
Other comprehensive income net of taxation:				
Revaluation of tangible fixed assets	-	71,500,000	-	71,500,000
Tax relating to other comprehensive income	-	(11,540,000)	-	(11,540,000)
Total comprehensive income for the year	-	59,960,000	7,688,290	67,648,290
Transfers	-	(446,400)	446,400	-
<b>Balance at 31 March 2017</b>	1 133,582,200		30,652,819	164,235,020

# GRANGE (PRESCOT STREET) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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### 1 Accounting policies

#### Company information

Grange (Prescot Street) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 58 Rochester Row, London, SW1P 1JU.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Globalgrange Limited. These consolidated financial statements are available from its registered office, 58 Rochester Row, Victoria, London, SW1P 1JU.

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

# GRANGE (PRESCOT STREET) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 1 Accounting policies

(Continued)

#### 1.3 Turnover

Turnover represents the amount derived from the provision of accommodation, conference facilities and meals. Income is recognised on the date of occupation for accommodation and meals, on the date of the event for conference facilities. Turnover excludes value added tax.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	1% p.a on a straight line basis
Plant and machinery	4% to 20% p.a on a straight line basis

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

The property fair value can be measured reliably and is held under the revaluation model and is carried at a revalued amount, being the fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and building is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity, such gains and loss are recognised in profit or loss.

The part of the annual depreciation charge on the revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account reserve.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# GRANGE (PRESCOT STREET) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

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#### 1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.



# GRANGE (PRESCOT STREET) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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### 1 Accounting policies

(Continued)

#### 1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

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 taxable profits and the 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 recognised in the Statement of Total Recognised Gains and Losses on revaluations where at the balance sheet date there is a binding agreement to sell the asset and the gain or loss expected to arise on sale has been recognised.

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.

#### 1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.11 Pension costs

Contributions are made for the majority of the staff to the workplace pension scheme established under the automatic enrolment legislation. All eligible staff are entitled to join the pension scheme. Contributions payable are charged to the profit and loss account in the year they are payable.

#### 1.12 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

### 2 Judgements and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

# GRANGE (PRESCOT STREET) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 2 Judgements and key sources of estimation uncertainty

(Continued)

#### Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities include:

#### Depreciation rates

The directors set depreciation rates based upon their estimate of the useful lives of the assets.

#### Valuation of fixed assets

The directors obtain professional valuations of the freehold land and buildings to inform them of the valuation of the company's properties. At each year end, in the absence of a professional valuation, the director use their experience and professional judgement to assess whether there has been a material change in the carrying value of the land and buildings. There is an element of judgement in this assessment of carrying value.

### 3 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

### 4 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging/(crediting):		
Auditors' remuneration	8,400	6,600
Depreciation of owned tangible fixed assets	2,688,097	2,739,670

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017	2016
	Number	Number
Hotel operating and sales	221	223
Administration and management	23	25
	244	248

# GRANGE (PRESCOT STREET) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 5 Employees

(Continued)

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	5,344,461	5,176,040
Social security costs	388,151	354,207
Pension costs	36,059	33,179
	<u>5,768,671</u>	<u>5,563,426</u>

### 6 Directors' Remuneration

The directors of the company are remunerated by the ultimate parent undertaking on behalf of the group. It is not practical to apportion amounts to the subsidiary undertakings.

### 7 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Other interest income	-	157
	<u>-</u>	<u>157</u>

### 8 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and loans	-	6
	<u>-</u>	<u>6</u>

### 9 Taxation

	2017 £	2016 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	2,011,000	1,950,000
Adjustments in respect of prior periods	(3,314)	(9,562)
Total current tax	<u>2,007,686</u>	<u>1,940,438</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(140,000)	175,000
Total tax charge	<u>1,867,686</u>	<u>2,115,438</u>

# GRANGE (PRESCOT STREET) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

#### 9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	9,555,976	9,700,260
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	1,911,195	1,940,052
Tax effect of expenses that are not deductible in determining taxable profit	9,160	2,740
Adjustments in respect of prior years	(3,314)	(9,562)
Permanent capital allowances in excess of depreciation	249,314	220,542
Transfer pricing tax adjustment- no accounting charge	(158,906)	(216,649)
Other tax adjustments	237	3,315
Deferred tax charge for the year	(140,000)	175,000
Taxation charge for the year	1,867,686	2,115,438

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2017 £	2016 £
Deferred tax arising on:		
Revaluation of property	11,540,000	(1,725,000)

A reduction in the UK corporation tax rate from 20% to 19% and subsequently to 18% was substantively enacted in November 2015 and will take effect from 1 April 2017 and 1 April 2020 respectively.

# GRANGE (PRESCOT STREET) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 10 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Total
	£	£	£
<b>Cost</b>			
At 1 April 2016	137,925,293	26,151,656	164,076,949
Additions	-	112,305	112,305
Revaluation	71,500,000	-	71,500,000
At 31 March 2017	209,425,293	26,263,961	235,689,254
<b>Depreciation and impairment</b>			
At 1 April 2016	4,970,363	12,188,976	17,159,339
Depreciation charged in the year	658,663	2,029,434	2,688,097
At 31 March 2017	5,629,026	14,218,410	19,847,436
<b>Carrying amount</b>			
At 31 March 2017	203,796,267	12,045,551	215,841,818
At 31 March 2016	132,954,930	13,962,680	146,917,610

The hotel property was valued in March 2017 on an existing use basis by the directors. The directors took advice from hotel valuers authorised by the Royal Institution of Chartered Surveyors. The depreciated historical cost of the hotel property as at 31 March 2017 was £43.6 million (2016: £42.7 million).

### 11 Stocks

	2017 £	2016 £
Finished goods and goods for resale	94,412	138,858

The total value of stock sold during the year was £1,267,572 (2016 - £1,335,606).

### 12 Debtors

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Trade debtors	682,804	885,339
Prepayments and accrued income	157,912	160,025
	840,716	1,045,364

# GRANGE (PRESCOT STREET) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2017

#### 13 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	516,270	667,424
Amounts due to group undertakings	23,009,211	32,747,401
Corporation tax	2,011,000	1,950,000
Other taxation and social security	988,132	918,155
Accruals and deferred income	1,397,579	1,431,327
	<u>27,922,192</u>	<u>37,714,307</u>

#### 14 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	15	27,650,000	16,250,000
		<u>27,650,000</u>	<u>16,250,000</u>

#### 15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2017 £	Liabilities 2016 £
<b>Balances:</b>		
Accelerated capital allowances	510,000	650,000
Valuation of land and buildings	27,140,000	15,600,000
	<u>27,650,000</u>	<u>16,250,000</u>
<b>Movements in the year:</b>		2017 £
Liability at 1 April 2016		16,250,000
Credit to profit or loss		(140,000)
Charge to other comprehensive income		11,540,000
Liability at 31 March 2017		<u>27,650,000</u>

# GRANGE (PRESCOT STREET) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

### 16 Retirement benefits

	2017 £	2016 £
Contributions payable by the company for the year	36,059	33,179

### 17 Share capital

	2017 £	2016 £
Ordinary share capital Issued and fully paid 1 Ordinary share of £1 each	1	1

### 18 Contingent liabilities

The company is party to cross guarantees given to its bankers in respect of credit and overdraft facilities provided to its parent undertaking and subsidiaries. As at the year end, the parent undertaking total loans outstanding was £154.438 million (£133.688 million).

### 19 Controlling party

The company's ultimate parent undertaking at the balance sheet date was Globalgrange Limited, a company registered in England and Wales. Globalgrange Limited is owned and controlled by its directors.

### 20 Related party relationships and transactions

As at 31 March 2017 the amounts due to group undertakings were as follows:

Name of company	Relationship	2017 £	2016 £
Globalgrange Limited	ultimate parent undertaking	13,704,724	23,442,914
Sectormatch Limited	parent undertaking	9,304,487	9,304,487