

# The Connaught F&B Limited

Directors' report and  
financial statements

For the year ended 31 December 2012

*Registered number 6456183*



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# The Connaught F&B Limited

## Directors' report and financial statements

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# The Connaught F&B Limited

## Directors and other information

<b>Directors</b>	Stephen Alden Carole Walker
<b>Secretary</b>	Carole Walker
<b>Registered office</b>	30 Old Burlington Street Mayfair London W1S 3AR
<b>Bankers</b>	Barclays Bank 1 Churchill Place London E14 5HP  Allied Irish Bank (GB) City Office 9 – 10 Angel Court London EC2R 7AB
<b>Auditor</b>	KPMG Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2
<b>Solicitors</b>	DLA 3 Noble Street London EC2V 7EE

# The Connaught F&B Limited

## Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2012

### Activities

The principal activity of the company is to run the restaurant operations of the Connaught Hotel, Carlos Place, London

### Review of developments and future prospects

The loss before tax for the year ended 31 December 2012 was £0.4 million (*2011 £0.8 million*). The profit and loss account is shown on page 9.

### Business review

The key risk facing the company's performance for 2013 is a downturn in the global economy.

### Dividends

During the year no dividends have been paid or proposed.

### Directors and their interests

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

Stephen Alden  
Carole Walker

The directors and secretary do not hold any material interests in the shares of the company or any other company in the group.

### Employees

The company's policy is to give full and fair consideration to the recruitment of disabled persons having regard to their particular aptitudes and abilities. Appropriate training will be arranged for disabled persons. The company's personnel policies ensure that all its employees are made aware, on a regular basis, of the company's policies, programmes and progress.

# The Connaught F&B Limited

## Directors' report *(continued)*

### **Creditor payment policy**

The payment policy of the company is to pay all purchases within thirty days of the end of the month. The payment policy applies to all payments to creditors/suppliers for revenue and capital supplies of goods and services without exception.

### **Disclosure of information to auditors**

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.

### **Political and charitable contributions**

The company made no political contributions during the year and no donations to charities.

### **Auditor**

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

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



Carole Walker  
Director

19 June 2013

# The Connaught F&B Limited

## 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 period. 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)

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

On behalf of the board



Carole Walker  
Director

19 June 2013



**KPMG**  
**Chartered Accountants**  
1 Stokes Place  
St. Stephen's Green  
Dublin 2  
Ireland

## **Independent auditor's report to the members of The Connaught F&B Limited**

We have audited the financial statements of The Connaught F&B Limited for the year ended 31 December 2012 which comprise the profit and loss account, balance sheet and related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 (APB'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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### **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 2012 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

Independent auditor's report to the members of The Connaught F&B Limited  
(continued)

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report 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



Laura Gallagher (Senior Statutory Auditor)  
For and on behalf of KPMG, Statutory Auditor  
Chartered Accountants  
Stokes Place  
St Stephens Green  
Dublin 2  
Ireland

24 June 2013



# The Connaught F&B Limited

## Statement of accounting policies

*for the year ended 31 December 2012*

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

### **Basis of preparation and going concern**

The financial statements are prepared in Sterling in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Financial Reporting Council

The financial statements have been prepared on a going concern basis

### **Cash flow statement**

The company's ultimate parent undertaking publishes financial statements which are publicly available. Those financial statements include a consolidated cash flow statement. For this reason the exemption requirements of FRS 1 (Revised) "Cash Flow Statements" are met and the company has therefore not prepared a cash flow statement.

### **Group accounts**

The company is exempt from the obligation to prepare consolidated accounts by virtue of Section 400 of the Companies Act 2006 in that it is a wholly owned subsidiary of its ultimate parent and controlling undertaking which itself prepares group accounts which are publicly available. These financial statements are therefore entity financial statements and are not consolidated financial statements.

### **Turnover**

Turnover represents income from food and beverage operations, excludes value added tax and is recognised on provision of the related service. Turnover is derived solely from UK operations.

### **Stocks**

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

### **Tangible fixed assets**

Tangible fixed assets are held at cost.

Assets under course of construction are held at cost. Depreciation is not recorded until the asset is fully operational.

# The Connaught F&B Limited

## Statement of accounting policies *(continued)*

### **Depreciation**

Depreciation is calculated to write-off the original cost of tangible fixed assets over their expected useful lives on a straight line basis. No depreciation is provided on assets under course of construction.

### **Deferred taxation**

Deferred taxation is provided in full on an undiscounted basis on timing differences that result in an obligation to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

### **Pension and other post retirement benefits**

The Company is a participating member of a larger group defined benefit pension scheme, the Maybourne Hotels Group Pension and Life Insurance Scheme, providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. The Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis and therefore, as permitted by FRS 17 'Retirement benefits', the scheme has been accounted for in these financial statements, as if the scheme was a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

# The Connaught F&B Limited

## Profit and loss account for the year ended 31 December 2012

	<i>Notes</i>	<b>2012 £'000</b>	<b>2011 £'000</b>
<b>Turnover – continuing operations</b>	<i>1</i>	<b>9,267</b>	<b>8,535</b>
Cost of sales		<b>(6,027)</b>	<b>(5,762)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>3,240</b>	<b>2,773</b>
Administrative expenses		<b>(3,678)</b>	<b>(3,525)</b>
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>	<i>3</i>	<b>(438)</b>	<b>(752)</b>
Tax charge on loss on ordinary activities	<i>4</i>	<b>-</b>	<b>-</b>
		<hr/>	<hr/>
<b>Loss for the financial year</b>	<i>10/11</i>	<b>(438)</b>	<b>(752)</b>
		<hr/>	<hr/>

The company had no recognised gains or losses in the financial year or the previous financial year other than those dealt with in the profit and loss account. All activities are derived from continuing operations.

# The Connaught F&B Limited

Registered number 6456183

## Balance sheet

At 31 December 2012

	Notes	2012 £'000	2011 £'000
<b>Fixed assets</b>	5	1,238	858
<b>Current assets</b>			
Stocks	6	899	908
Debtors	7	181	151
Cash at bank and in hand		713	158
		<u>1,793</u>	<u>1,217</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(8,663)</u>	<u>(7,269)</u>
<b>Net current liabilities</b>		<u>(6,870)</u>	<u>(6,052)</u>
<b>Net liabilities</b>		<u>(5,632)</u>	<u>(5,194)</u>
<b>Capital and reserves</b>			
Called up share capital	9	-	-
Profit and loss account	10	<u>(5,632)</u>	<u>(5,194)</u>
<b>Deficit on shareholders' funds</b>	11	<u>(5,632)</u>	<u>(5,194)</u>

These financial statements were approved by the Board of Directors on 19 June 2013

Signed on behalf of the Board of Directors

  
Stephen Alden  
Director

19 June 2013

# The Connaught F&B Limited

## Notes

*forming part of the financial statements*

### 1 Turnover

	2012 £'000	2011 £'000
Restaurant and ancillary business receipts	9,267	8,535

All revenue is derived from operations within the UK

### 2 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	2012 No.	2011 No.
Hotel and administration	128	124

The aggregate payroll costs of these persons were as follow

	2012 £'000	2011 £'000
Wages and salaries	3,044	2,922
Social security costs	160	215
Other pension costs	10	5
	3,214	3,142

The directors receive no remuneration for their services to this company

# The Connaught F&B Limited

## Notes *(continued)*

### 3 Operating loss

	2012 £'000	2011 £'000
Operating loss is stated after charging		
Depreciation – owned assets	115	99
	<u>          </u>	<u>          </u>

#### Auditor's remuneration

	2012 £'000	2011 £'000
Audit of these financial statements	-	-
	<u>          </u>	<u>          </u>
Amounts receivable by the auditors and their associates in respect of		
Other services relating to taxation	-	-
	<u>          </u>	<u>          </u>

### 4 Tax charge on loss on ordinary activities

	2012 £'000	2011 £'000
UK corporation tax for the year	-	-
	<u>          </u>	<u>          </u>
<b>Tax charge on loss on ordinary activities</b>	<b>-</b>	<b>-</b>
	<u>          </u>	<u>          </u>

#### Factors affecting corporation tax charge for the current year

The corporation tax assessed for the year is different than that resulting from applying the standard rate of corporation tax in the UK of 24.50%

# The Connaught F&B Limited

## Notes *(continued)*

### 4 Tax charge on loss on ordinary activities *(continued)*

The differences are explained below

	2012 £'000	2011 £'000
Loss on ordinary activities before tax	(438)	(752)
Tax at 24.50% (2011: 26.49%) thereon	(107)	(199)
Effects of		
Current losses carried forward	145	236
Qualifying depreciation in excess of capital allowances	26	26
Expenses not deductible for tax purposes	(64)	(63)
<b>Current tax charge for the year</b>	<b>-</b>	<b>-</b>

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset/liability accordingly.

A deferred tax asset has not been recognised in respect of the carried forward tax losses of £722,000 (2011: £792,000) as their utilisation in the near future is uncertain.

# The Connaught F&B Limited

## Notes (continued)

### 5 Tangible fixed assets

	Assets under course of construction £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
<b>Cost or valuation</b>			
As at 31 December 2011	95	885	980
Additions	495	-	495
Reclassification	(159)	159	-
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2012</b>	<b>431</b>	<b>1,044</b>	<b>1,475</b>
	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>			
As at 31 December 2011	-	122	122
Charge for the year	-	115	115
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2012</b>	<b>-</b>	<b>237</b>	<b>237</b>
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
<b>At 31 December 2012</b>	<b>431</b>	<b>807</b>	<b>1,238</b>
	<hr/>	<hr/>	<hr/>
At 31 December 2011	95	763	858
	<hr/>	<hr/>	<hr/>

Borrowings of MHG Senior Borrower Limited, a group company, and other group companies, are secured by a fixed and floating charge over the assets of the Company

### 6 Stocks

	2012 £'000	2011 £'000
Raw materials and consumables	899	908
	<hr/>	<hr/>



# The Connaught F&B Limited

## Notes *(continued)*

### 7 Debtors

	2012 £'000	2011 £'000
Trade debtors	144	119
Other debtors	9	9
Prepayments and accrued income	28	23
	<u>181</u>	<u>151</u>

All amounts fall due within one year

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

	2012 £'000	2011 £'000
Trade creditors	1,104	345
Amounts owed to parent undertaking	514	2,238
Amounts owed to group companies	5,987	3,704
Other taxes and social security	306	369
Other creditors	135	128
Accruals and deferred income	617	485
	<u>8,663</u>	<u>7,269</u>

# The Connaught F&B Limited

## Notes *(continued)*

### 9 Called up share capital

	2012 £'000	2011 £'000
<i>Authorised</i>		
1,000 ordinary shares of £1 each	1	1
	<u>          </u>	<u>          </u>
<i>Allotted, called up and fully paid</i>	2012 £'000	2011 £'000
1 ordinary share of £1 each	-	-
	<u>          </u>	<u>          </u>

### 10 Reserves

	Profit and loss account £'000	Total £'000
At 31 December 2011	(5,194)	(5,194)
Loss for the year	(438)	(438)
	<u>          </u>	<u>          </u>
At 31 December 2012	(5,632)	(5,632)
	<u>          </u>	<u>          </u>

# The Connaught F&B Limited

## Notes (continued)

### 11 Reconciliation of movement in shareholders' deficit

	2012 £'000	2011 £'000
At beginning of the financial year	(5,194)	(4,442)
Loss for the financial year	(438)	(752)
	<hr/>	<hr/>
At end of the financial year	(5,632)	(5,194)
	<hr/>	<hr/>

### 12 Pensions and similar obligations

The Connaught F&B Limited is a participating employer in two pension schemes

- The Maybourne Hotels Group Pension and Life Insurance Scheme, a defined benefit scheme, which has two sections – the Staff and Senior Staff sections, was closed to new entrants with effect from 1 August 2006
- The Maybourne Stakeholder Scheme, a defined contribution scheme, was introduced on 1 August 2006 and is open to all staff if they meet the eligibility criteria. Pensions for 7 employees are funded through this scheme. The defined contribution pension cost for the year amounted to £11,086 (2011 £5,568). The company actively encourages staff to join the scheme as it believes that it is an important element of the remuneration package.

The consolidated pension position at 31 December 2012 is disclosed in the consolidated accounts of Coroin Limited.

The directors are unable to identify the company's share of the scheme assets and liabilities as,

- Most scheme members have worked for more than one company within the group. The group structure has also changed materially over time due to restructurings, acquisitions and disposals. It is therefore not appropriate to allocate assets and liabilities between the participating companies.
- For funding purposes, the employers within the group share actuarial risks. The determination of cash contributions does not separately identify assets and liabilities for individual participating companies and all employers pay the same contribution rate in respect of accruing benefits. Contributions in respect of the past service deficit are paid separately by another group company.

As a result it is accounted for as a defined contribution scheme. The scheme is currently in deficit and it is expected that contributions will be increased to reduce the deficit. At 31 December 2011 this deficit, calculated in accordance with FRS 17, amounted to £2.1 million (2011 £5.2 million). Full details of the scheme are disclosed in the accounts of Coroin Limited.

### 14 Related party disclosures

The company is exempt under the provisions of paragraph 3, Financial Reporting Standard 8 "Related Party Disclosures" from disclosing details of transactions with Group related parties.

# The Connaught F&B Limited

## Notes *(continued)*

### **15 Ultimate parent company**

The company's ultimate parent company is Coroin Limited, a company incorporated in Great Britain and registered in England and Wales. This is the smallest and largest group in which the results of the company are consolidated. Copies of those statutory accounts will also be available from its registered office, 30 Old Burlington Street, Mayfair, London, W1S 3AR.