

Company number: 04205711

NOTTINGHAM PARK PLAZA HOTEL OPERATOR LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

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NOTTINGHAM PARK PLAZA HOTEL OPERATOR LIMITED

Company number: 4205711

COMPANY INFORMATION

DIRECTORS

EURO SEA HOTELS N V
D BOCK

SECRETARY

BRINDLEY GOLDSTEIN LIMITED

REGISTERED OFFICE

103 HIGH STREET
WALTHAM CROSS
HERTS
EN8 7AN

COMPANY NUMBER

04205711

REGISTERED AUDITORS

MAZARS LLP
TOWER BRIDGE HOUSE
ST KATHARINE'S WAY
LONDON
E1W 1DD

BANKERS

NATWEST BANK PLC
BANK OF SCOTLAND

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 December 2011

Principal activities

Its principal activity is the operation of a hotel property

Directors

The directors of the company during the period were

Euro Sea Hotels N V

D Bock

Review of the business and future development

The Company's turnover has fallen by £462,819 in the year, a reduction of 5.02% on the performance in the prior year. The hotel has incurred a higher retained loss this year at £2,402,450 (2010: £1,922,148), this is both a result of the reduction in revenue and higher administrative expenses experienced in the year. The gross profit percentage is 20.1% compared to 23.1% in the prior year.

In summary the key performance indicators that we use to monitor business performance are as follows:

- Turnover growth,
- Occupancy rates,
- Average room rate (ARR),
- Revenue per available room (REVPAR)

We do not believe there to be any significant risks and uncertainties facing our business, other than those normally encountered within our industry.

Financial instruments**a. Treasury operations**

The Company has no borrowings and so its principal instruments are cash balances. In addition the Company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from the operations of the business.

b. Liquidity risk

The Company manages its cash requirements centrally to maximise interest income and minimise interest expense, whilst ensuring that the Company has sufficient liquid resources to meet the operating needs of its business.

c. Interest rate risk

The Company is exposed to fair value interest rate risk on its bank overdraft facility only.

d. Foreign currency risk

At the year end there were no commitments to forward purchase any foreign currency.

REPORT OF THE DIRECTORS (continued)

Review of the business and future development (continued)

Financial instruments (continued)

e. Credit risk

Investments of cash surpluses are made with the Company's main bankers. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Results and dividends

The results for the year are set out on page 7. The directors have not recommended a dividend for the current period (2010 £nil).

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to

- settle the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- pay in accordance with the company's contractual and other legal obligations.

As at 31 December 2011, the number of creditor days in relation to trade creditors outstanding at the period end was 31 days.

Disclosure of information to auditors

So far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information, and taken such other steps for that purpose, as were required by their duty as directors of the company to exercise due care, skill and diligence.

Auditors

It is proposed that Mazars LLP will continue in office in accordance with the Companies Act 2006 section 487(2).

REPORT OF THE DIRECTORS (continued)**Statement of directors' responsibilities**

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

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- 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.

Approved by the Board on 23/7/12
and signed on its behalf by



C. MOLAVSKY - AUTHORIZED OFFICER ON BEHALF OF
Euro Sea Hotels N V
Director

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF NOTTINGHAM PARK PLAZA HOTEL OPERATOR LIMITED**

We have audited the financial statements of Nottingham Park Plaza Hotel Operator Limited (company number 4205711) for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, Cash Flow statement and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities set out on page 4 the directors are responsible for the preparation of 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. 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.

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

Opinion on the 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 2011 and of its loss 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 the other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT (continued)
TO THE MEMBERS OF NOTTINGHAM PARK PLAZA HOTEL OPERATOR LIMITED

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



Jonathan Seaman (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

Tower Bridge House
St Katharine's Way
London E1W 1DD

Date 31/7/12

NOTTINGHAM PARK PLAZA HOTEL OPERATOR LIMITED**Company number: 4205711****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2011**

| | Note | 2011 £ | 2010 £ |
|--|-------------|-------------------|-------------------|
| Turnover | 1, 2 | 8,747,798 | 9,210,617 |
| Cost of sales | | (6,988,239) | (7,086,297) |
| Gross profit | | 1,759,559 | 2,124,320 |
| Administrative expenses | | (4,021,595) | (3,921,367) |
| Operating loss | 3 | (2,262,036) | (1,797,047) |
| Interest payable and similar charges | 6 | (140,414) | (125,101) |
| Loss on ordinary activities before taxation | | (2,402,450) | (1,922,148) |
| Taxation on loss from ordinary activities | 7 | - | - |
| Loss on ordinary activities after taxation being retained loss for the period | 12 | (2,402,450) | (1,922,148) |

The profit and loss account has been prepared on the basis that all operations are continuing

There are no recognised gains or losses other than those passing through the profit and loss account and consequently no statement of total recognised gains or losses has been prepared

BALANCE SHEET

AT 31 DECEMBER 2011

| | Note | 2011 £ | 2010 £ |
|---|------|--------------------|--------------------|
| Current assets | | | |
| Stocks | 8 | 96,178 | 114,578 |
| Debtors | 9 | 875,330 | 617,407 |
| Cash at bank | | 251,804 | 380,315 |
| | | <u>1,223,312</u> | <u>1,112,300</u> |
| Creditors: amounts falling due within one year | 10 | <u>(9,720,323)</u> | <u>(7,206,861)</u> |
| Net current liabilities | | <u>(8,497,011)</u> | <u>(6,094,561)</u> |
| | | <u>(8,497,011)</u> | <u>(6,094,561)</u> |
| Capital and reserves | | | |
| Called up share capital | 11 | 3,314,763 | 3,314,763 |
| Profit and loss account | 12 | (11,811,774) | (9,409,324) |
| Shareholders' deficit - equity | 13 | <u>(8,497,011)</u> | <u>(6,094,561)</u> |

Approved by the Board on 23/1/12
and signed on its behalf by



C. MOLAVSKY - AUTHORIZED OFFICER ON BEHALF OF
Euro Sea Hotels N V
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

| | Notes | 2011 £ | 2010 £ |
|--|-------|-----------|-------------|
| Cash inflow/(outflow) from operating activities | | | |
| Net cash inflow/(outflow) | A | 11,903 | (2,810,164) |
| Returns on investments and servicing of finance | | | |
| Interest paid | | (140,414) | (125,101) |
| | | (140,414) | (125,101) |
| Taxation | | - | - |
| Capital expenditure | | - | - |
| Equity dividends paid | | - | - |
| Net cash outflow before financing | | (128,511) | (2,935,265) |
| Management of liquid resources and financing | C | - | 3,314,761 |
| (Decrease)/increase in cash | B | (128,511) | 379,496 |

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

A Reconciliation of operating loss to net cash flows from operating activities

| | 2011 £ | 2010 £ |
|---|---------------|--------------------|
| Operating loss | (2,262,036) | (1,797,047) |
| Decrease/(increase) in stocks | 18,400 | (7,050) |
| Increase in debtors | (257,923) | (10,803) |
| Increase/(decrease) in creditors | 2,513,462 | (995,264) |
| | <u>11,903</u> | <u>(2,810,164)</u> |
| Net cash inflow/(outflow) from operating activities | <u>11,903</u> | <u>(2,810,164)</u> |

Analysis of changes in net debt

| | At 1 January 2011 £ | Cash flows £ | At 31 December 2011 £ |
|--------------------------|------------------------------|------------------|--------------------------------|
| Cash at bank and in hand | 380,315 | (128,511) | 251,804 |
| | <u>380,315</u> | <u>(128,511)</u> | <u>251,804</u> |

B Reconciliation of net cash flow to movement in net debt

| | 2011 £ | 20110 £ |
|--|----------------|----------------|
| (Decrease)/increase in cash in the year | (128,511) | 379,496 |
| Change in net cash resulting from cash flows | (128,511) | 379,496 |
| Net cash at 1 January | 380,315 | 819 |
| | <u>251,804</u> | <u>380,315</u> |
| Net cash at 31 December | <u>251,804</u> | <u>380,315</u> |

C Management of liquid resources and financing

| | 2011 £ | 2010 £ |
|--------------------------|-----------|------------------|
| New share capital issued | - | 3,314,761 |
| | <u>-</u> | <u>3,314,761</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

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

The following principal accounting policies have been applied

a) Basis of preparation

The director has prepared the accounts on the going concern basis as the amounts owed to related parties will not be called for payment until such time as the company is in a position to meet its external obligations

b) Turnover

Turnover represents the amounts invoiced, excluding value added tax, in respect of the sale of goods and related services to customers. All of the turnover is derived from UK operations

c) Stock

Stock is stated at the lower of cost and net realisable value

d) Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date 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 is not provided on the revaluation of fixed assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

e) Operating leases

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

f) Pension contributions

Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate

g) Foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

2 Segmental information

The company operates in the UK and the whole of its turnover is to the UK market

| 3 Operating loss | 2011 | 2010 |
|---|------------------|------------------|
| | £ | £ |
| This has been arrived at after charging | | |
| Staff costs (note 4) | 2,896,263 | 2,821,156 |
| Operating leases – rental of land and buildings | 3,192,189 | 3,069,252 |
| Auditors' remuneration - audit | 29,000 | 18,000 |
| - non-audit services | 6,000 | 6,000 |
| | <u>2,896,263</u> | <u>2,821,156</u> |

4 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

| | 2011 | 2010 |
|----------------|---------------|---------------|
| | Number | Number |
| Management | 22 | 22 |
| Administration | 7 | 7 |
| Hotel staff | 182 | 182 |
| | <u>211</u> | <u>211</u> |

Employment costs

| | £ | £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 2,691,062 | 2,620,272 |
| Social security costs | 204,078 | 199,048 |
| Other pension costs | 1,123 | 1,836 |
| | <u>2,896,263</u> | <u>2,821,156</u> |

The company operates a defined contribution scheme for employees. The assets of the scheme are held in a separate trustee administered fund. The pension costs charge represents contributions payable by the company to the fund amounting to £1,123 (2010 £1,836). There were no outstanding contributions at the year end (2010 £nil).

5 Directors

The company directors did not receive any emoluments during either period in respect of their services to the company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

| 6 | Interest payable and similar charges | 2011 £ | 2010 £ |
|---|--------------------------------------|----------------|----------------|
| | Intercompany interest | 140,414 | 124,801 |
| | Other interest | - | 300 |
| | | <u>140,414</u> | <u>125,101</u> |

| 7 | Taxation | 2011 £ | 2010 £ |
|---|--|-----------|-----------|
| | Current taxation | | |
| | UK corporation tax charge for the year | - | - |
| | Total current tax | <u>-</u> | <u>-</u> |

The effective rate of tax for the year, based on the UK standard rate of corporation tax, is 26.49% (2010 28%). The actual charge for the current and previous year exceeds the effective rate for the reasons set out in the following reconciliation

| | 2011 £ | 2010 £ |
|---|--------------------|--------------------|
| Loss on ordinary activities before tax | <u>(2,402,450)</u> | <u>(1,922,148)</u> |
| Tax on loss on ordinary activities at standard rate of corporation tax of 26.49% (2010 28%) | (636,409) | (538,201) |
| <i>Factors affecting the tax charge in the period</i> | | |
| Unrelieved tax losses and other deductions arising in the period | 532,526 | 530,153 |
| Group relief surrendered | 100,270 | - |
| Other short term timing differences | 1,590 | 5,950 |
| Expenses not deductible for tax purposes | 2,023 | 2,098 |
| Total actual amount of current tax | <u>-</u> | <u>-</u> |

| 8 | Stocks | 2011 £ | 2010 £ |
|---|------------------|---------------|----------------|
| | Goods for resale | 56,741 | 75,141 |
| | Consumables | 39,437 | 39,437 |
| | | <u>96,178</u> | <u>114,578</u> |

There is no material difference between the carrying value of stock and its replacement cost

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

| 9 Debtors | 2011 | 2010 |
|---|----------------|----------------|
| | £ | £ |
| Trade debtors | 295,181 | 366,302 |
| Amounts owed by related companies (note 17) | 351,893 | 102,779 |
| Prepayments | 223,960 | 136,240 |
| Other debtors | 4,296 | 12,086 |
| | <u>875,330</u> | <u>617,407</u> |

All amounts fall due within one year

| 10 Creditors: amounts falling due within one year | 2011 | 2010 |
|--|------------------|------------------|
| | £ | £ |
| Trade creditors | 348,496 | 335,468 |
| Amounts owed to related parties (note 17) | 8,700,013 | 6,233,887 |
| Social security and other taxes | 170,894 | 163,146 |
| Accruals and deferred income | 438,560 | 396,756 |
| Other creditors | 62,360 | 77,604 |
| | <u>9,720,323</u> | <u>7,206,861</u> |

| 11 Share capital | 2011 | 2010 |
|--------------------------------------|------------------|------------------|
| | £ | £ |
| Issued and called up | | |
| 2 ordinary shares of £1 each | <u>2</u> | <u>2</u> |
| Issued, called up and paid | | |
| 3,314,761 ordinary shares of £1 each | <u>3,314,761</u> | <u>3,314,761</u> |
| Total | <u>3,314,763</u> | <u>3,314,763</u> |

On 2 August 2010, 2 £1 ordinary shares were transferred to Hotel Nottingham Holdings BV

On 6 September 2010, the authorised and issued share capital were both increased by 3,314,761 £1 ordinary shares, and these were issued to Hotel Nottingham Holdings B V at par value

| 12 Statement of movements on profit and loss account | Profit and loss account |
|---|--------------------------------|
| | £ |
| Balance at 1 January 2011 | (9,409,324) |
| Retained loss for the year | <u>(2,402,450)</u> |
| Balance at 31 December 2011 | <u>(11,811,774)</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

| 13 Reconciliation of movements in shareholders' deficit | 2011 £ | 2010 £ |
|---|--------------------|--------------------|
| Loss for the period | (2,402,450) | (1,922,148) |
| Share capital issued in the period (note 11) | - | 3,314,761 |
| Net (addition)/reduction to shareholders' deficit | (2,402,450) | 1,392,613 |
| Opening shareholders' deficit | (6,094,561) | (7,487,174) |
| Closing shareholders' deficit | <u>(8,497,011)</u> | <u>(6,094,561)</u> |

14 Operating lease commitments

| Annual payments arising under operating lease commitments due within the next twelve months | 2011 £ | 2010 £ |
|---|------------------|------------------|
| Land and buildings | | |
| Leases expiring between one and five years | 3,192,189 | 3,192,189 |
| | <u>3,192,189</u> | <u>3,192,189</u> |

The company has a lease with Hotel Nottingham Holdings BV for the rent of the hotel in Nottingham at an annual rent of £1,188,524 (2010 £1,188,524) subject to five yearly rent reviews

The company has a second lease with Hotel Leeds Holdings BV for the rent of the hotel in Leeds at an annual rent of £2,003,665 (2010 £2,003,665) subject to five yearly rent reviews

15 Controlling companies

The immediate shareholder is Hotel Nottingham Holdings BV (100%), a company incorporated in the Netherlands

The company's ultimate parent company throughout the period was PPHE Hotel Group Limited, a company registered in Guernsey. PPHE Hotel Group Limited changed its name from Park Plaza Hotels Limited on 29 February 2012. Copies of the consolidated financial statements of PPHE Hotel Group Limited are available to the public on the Company's website at www.parkplazahotels.net

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

16 Provisions for liabilities and charges

Deferred taxation consists of assets not recognised in the accounts. The assets have been calculated at the normal company tax rate of 25% (2010 27%). The deferred tax asset has not been recognised on the grounds that there is insufficient evidence that the asset will be recoverable. Unrecognised deferred taxation assets could be recoverable in the event, and to the extent, of a return to taxable profits in the future.

| | Asset not recognised | |
|-------------------------------|----------------------|------------------|
| | 2011 | 2010 |
| | £ | £ |
| Unutilised tax losses | 2,660,831 | 2,417,238 |
| Short term timing differences | 10,957 | 10,592 |
| | <u>2,671,788</u> | <u>2,427,830</u> |

17 Related party transactions

The company has taken advantage of the exemption available in accordance with Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which it is party to the transactions.

All of the companies below are related parties through investment via the ultimate parent companies or by common directorship. All balances are interest free and are recoverable/payable on demand, with the exception of the loan balance with Hotel Nottingham which does accrue interest.

Amounts outstanding and recoverable as at 31 December 2011 are as follows:

| | Amounts due from related party | Amounts owed to related party |
|--|--------------------------------------|-------------------------------------|
| | £ | £ |
| Park Plaza Hotels Europe B V | - | 663,063 |
| Leno Investments | 269,935 | - |
| Park Plaza Hotel (UK) Services Limited | - | 106,718 |
| Hotel Leeds Holding B V | - | 5,938,607 |
| Hotel Nottingham Holding B V | - | 1,959,719 |
| Victoria Park Plaza Operator Limited | - | 14,229 |
| Katmandu Limited | 10,377 | - |
| Sanbach Investments Limited | 22,931 | - |
| Laguna Estates (Leeds) Limited | 48,650 | - |
| Sherlock Holmes Park Plaza Limited | - | 14,432 |
| Riverbank Park Plaza Limited | - | 3,245 |
| | <u>351,893</u> | <u>8,700,013</u> |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

17 Related party transactions (continued)

Amounts outstanding and recoverable as at 31 December 2010 were as follows

| | Amounts due from related party £ | Amounts owed to related party £ |
|--|---|--|
| Park Plaza Hotels Europe B V | - | 121,322 |
| Leno Investments | 51,028 | - |
| Park Plaza Hotel (UK) Services Limited | - | 32,189 |
| Hotel Leeds Holding B V | - | 4,770,600 |
| Hotel Nottingham Holding B V | - | 1,293,324 |
| Victoria Park Plaza Operator Limited | - | 3,176 |
| Katmandu Limited | - | 13,276 |
| Sanbach Investments Limited | 22,930 | - |
| Laguna Estates (Leeds) Limited | 28,821 | - |
| | <u>102,779</u> | <u>6,233,887</u> |