

REGISTERED NUMBER: 01899376

**GROUP STRATEGIC REPORT,
REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014
FOR
ELITE HOTELS (ROTHERWICK) LIMITED**

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for the Year Ended 31 March 2014**

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ELITE HOTELS (ROTHERWICK) LIMITED

COMPANY INFORMATION
for the Year Ended 31 March 2014

DIRECTORS:

T E Mugleston
G C Bateman
S Willis

SECRETARY:

R S Callaghan

REGISTERED OFFICE:

Ashdown Park Hotel
Wych Cross
Forest Row
East Sussex
RH18 5JR

REGISTERED NUMBER:

01899376

AUDITORS:

Oury Clark Chartered Accountants
Statutory Auditors
Herschel House
58 Herschel Street
Slough
Berkshire
SL1 1PG

**GROUP STRATEGIC REPORT
for the Year Ended 31 March 2014**

The directors present their strategic report of the company and group for the year ended 31 March 2014

REVIEW OF BUSINESS

Overall group performance has shown a marginal improvement on the year ended 31 March 2013, with an increased operating profit before finance charges, depreciation and amortisation of 0.1% to £3,705,416 (2013- £3,701,234) due to increased margin and cost control. Group sales for the year ending 31 March 2014 were also up close to half a percent to £32.61 mil (2013- £32.47mil).

Although average room rate has fallen by circa £5 group wide (driven by competition in the corporate market), occupancy is up by over 1.5%. These two KPIs along with departmental gross profit and labour cost percentages remain important in assessing group performance.

POTENTIAL RISKS AND UNCERTAINTIES

Market and competition risk

The Leisure and Hospitality sector remains very competitive, however the group sales and marketing strategy continues to see results. Although sales have increased only marginally on the year ended 31 March 2013, the group continues to see positive signs both internally and in the external market. Meeting, Conference and Events (including Weddings) sectors remain key competitive areas of the groups business mix. Continued focus and growth in these areas will positively impact group performance.

The group manages competition risk by focusing on its strengths and maintaining its established luxury brand, focusing on guest experience.

Financial risk

The group re-negotiated its substantial bank borrowings in the period and has secured funding for the next five years. The group is exposed to interest rate rises, however the directors have fully considered rate rises and are extremely confident these will not threaten the companies going concern. The borrowings are secured against the group's substantial Freehold Land and buildings. These assets were externally re-valued by Knight Frank at 31 March 2013. Given the slight upturn in the hospitality market and internal trends the directors believe current value is higher than the 2013 external valuations. The group regularly review interest cover and debt services cover in order to ensure it does not breach bank covenants.

Staff risk

The group has several key staff, especially at director level but overall views staff risk to the business as low. The group continues to place importance in staff development and is an active member of Investors in People.

Regulatory risk

The group minimises regulatory risk by training key personnel and appointing external experts where appropriate, to assess any potential non compliance. Health and safety, hygiene and accounting are examples of externally audited areas.

CORPORATE SOCIAL RESPONSIBILITY

The Elite Hotels group places great importance on its Corporate Social Responsibility. Each hotel aims to ensure that they are a key player within the heart of respective local communities, values passed down by its ultimate parent, the Incorporated Trustees of the Rotherwick Foundation (a UK registered charity).

The group operates an active policy to lower its CO2 emissions by reviewing process and capital expenditure. Emissions fell from 5,821 tonnes for the year ended 31 March 2013 to 5,442 for the year ended 31 March 2014.

PENSIONS

The group has chosen NOW Pensions as the provider to meet its Automatic Enrolment statutory obligations.


FUTURE DEVELOPMENTS

The directors continue to focus on strengthening the current operations and maximising operating profits. Quarter 1 results for 2014/15 have demonstrated strong year on year growth and as such the directors remain confident of record growth for the year ended 31 March 2015.

ELITE HOTELS (ROTHERWICK) LIMITED (REGISTERED NUMBER: 01899376)

**GROUP STRATEGIC REPORT
for the Year Ended 31 March 2014**

ON BEHALF OF THE BOARD:


G C Bateman - Director

5 September 2014

**REPORT OF THE DIRECTORS
for the Year Ended 31 March 2014**

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2014.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2014.

FUTURE DEVELOPMENTS

The group intends to concentrate on its current operations and maximise profits.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2013 to the date of this report.

T E Muggleston
G C Bateman
S Willis

EMPLOYEE INVOLVEMENT

The group has continued its practice of keeping employees informed of matters affecting them as employees and of the financial and economic factors affecting the performance of the group.

DISABLED EMPLOYEES

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities.

In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the group may continue.

It is the policy of the group that training, career development and promotion opportunities should be made available to all employees.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 the group and of the profit or loss of the group 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 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

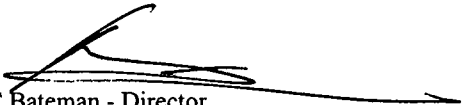
ELITE HOTELS (ROTHERWICK) LIMITED (REGISTERED NUMBER: 01899376)

**REPORT OF THE DIRECTORS
for the Year Ended 31 March 2014**

AUDITORS

The auditors, Oury Clark Chartered Accountants, are deemed to be re-appointed under Section 487 (2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:


G C Bateman - Director

5 September 2014

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ELITE HOTELS (ROTHERWICK) LIMITED**

We have audited the financial statements of Elite Hotels (Rotherwick) Limited for the year ended 31 March 2014 on pages eight to twenty five. 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).

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 group's and the parent 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 Group Strategic Report and the Report of the Directors 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 group's and of the parent company's affairs as at 31 March 2014 and of the group's 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 other matter prescribed by the Companies Act 2006

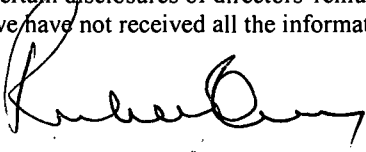
In our opinion the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ELITE HOTELS (ROTHERWICK) LIMITED**

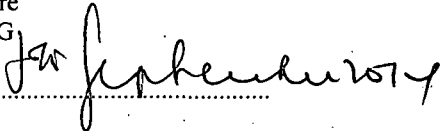
Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Richard Oury (Senior Statutory Auditor)
for and on behalf of Oury Clark Chartered Accountants
Statutory Auditors
Herschel House
58 Herschel Street
Slough
Berkshire
SL1 1PG

Date: 

ELITE HOTELS (ROTHERWICK) LIMITED (REGISTERED NUMBER: 01899376)**CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the Year Ended 31 March 2014**

	Notes	31.3.14 £	31.3.13 £
TURNOVER		32,610,634	32,466,396
Cost of sales		<u>15,716,186</u>	<u>15,779,151</u>
GROSS PROFIT		16,894,448	16,687,245
Administrative expenses		<u>15,751,988</u>	<u>16,778,718</u>
		1,142,460	(91,473)
Other operating income		<u>83,675</u>	<u>83,159</u>
OPERATING PROFIT/(LOSS)	3	1,226,135	(8,314)
Revaluation loss		<u>-</u>	<u>721,063</u>
		1,226,135	(729,377)
Interest receivable and similar income	4	<u>129</u>	<u>-</u>
		1,226,264	(729,377)
Interest payable and similar charges	5	<u>1,730,753</u>	<u>1,692,802</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(504,489)	(2,422,179)
Tax on loss on ordinary activities	6	<u>2,263,695</u>	<u>(2,551,429)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP		<u>(2,768,184)</u>	<u>129,250</u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current year or previous year.

The notes form part of these financial statements

ELITE HOTELS (ROTHERWICK) LIMITED (REGISTERED NUMBER: 01899376)

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the Year Ended 31 March 2014**

	31.3.14 £	31.3.13 £
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(2,768,184)	129,250
Unrealised deficit on revaluation of properties	-	(27,646,543)
Recognised in P&L	<u>-</u>	<u>721,063</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>(2,768,184)</u>	<u>(26,796,230)</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account and the results on unmodified historical cost basis is not material as the revaluation on freehold land and buildings has had no effect on the depreciation charged in the accounts.

ELITE HOTELS (ROTHERWICK) LIMITED (REGISTERED NUMBER: 01899376)

**CONSOLIDATED BALANCE SHEET
31 March 2014**

	Notes	31.3.14		31.3.13	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		99,508,224		101,586,587
Investments	9		<u>-</u>		<u>-</u>
			99,508,224		101,586,587
CURRENT ASSETS					
Stocks	10	374,046		414,036	
Debtors	11	1,556,055		3,586,279	
Cash at bank and in hand		<u>372,395</u>		<u>9,350</u>	
		2,302,496		4,009,665	
CREDITORS					
Amounts falling due within one year	12	<u>7,354,359</u>		<u>10,010,394</u>	
NET CURRENT LIABILITIES			<u>(5,051,863)</u>		<u>(6,000,729)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			94,456,361		95,585,858
CREDITORS					
Amounts falling due after more than one year	13		<u>103,379,975</u>		<u>101,741,288</u>
NET LIABILITIES			<u>(8,923,614)</u>		<u>(6,155,430)</u>
CAPITAL AND RESERVES					
Called up share capital	17		110		110
Share premium	18		5,412,490		5,412,490
Revaluation reserve	18		11,070,727		11,070,727
Profit and loss account	18		<u>(25,406,941)</u>		<u>(22,638,757)</u>
SHAREHOLDERS' FUNDS	24		<u>(8,923,614)</u>		<u>(6,155,430)</u>

The financial statements were approved by the Board of Directors on 5 September 2014 and were signed on its behalf by:


G C Bateman - Director

The notes form part of these financial statements

COMPANY BALANCE SHEET
31 March 2014

	Notes	31.3.14		31.3.13	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		9,188		13,126
Investments	9		<u>52,750,400</u>		<u>52,750,400</u>
			52,759,588		52,763,526
CURRENT ASSETS					
Debtors	11	4,883,526		4,602,514	
Cash at bank		<u>19,575</u>		<u>-</u>	
		4,903,101		4,602,514	
CREDITORS					
Amounts falling due within one year	12	<u>7,046,377</u>		<u>6,627,108</u>	
NET CURRENT LIABILITIES					
			<u>(2,143,276)</u>		<u>(2,024,594)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			50,616,312		50,738,932
CREDITORS					
Amounts falling due after more than one year	13		<u>56,750,000</u>		<u>55,102,585</u>
NET LIABILITIES					
			<u>(6,133,688)</u>		<u>(4,363,653)</u>
CAPITAL AND RESERVES					
Called up share capital	17		110		110
Share premium	18		5,412,490		5,412,490
Profit and loss account	18		<u>(11,546,288)</u>		<u>(9,776,253)</u>
SHAREHOLDERS' FUNDS					
	24		<u>(6,133,688)</u>		<u>(4,363,653)</u>

The financial statements were approved by the Board of Directors on 5 September 2014 and were signed on its behalf by:



G C Bateman - Director

CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 March 2014

	Notes	31.3.14		31.3.13	
		£	£	£	£
Net cash inflow from operating activities	1		3,113,565		4,052,363
Returns on investments and servicing of finance	2		(1,730,624)		(1,692,802)
Taxation			-		1
Capital expenditure	2		<u>(241,929)</u>		<u>(1,026,528)</u>
			1,141,012		1,333,034
Financing	2		<u>2,596,064</u>		<u>(132,045)</u>
Increase in cash in the period			<u>3,737,076</u>		<u>1,200,989</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Increase in cash in the period			3,737,076		1,200,989
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing			<u>(2,596,064)</u>		<u>132,045</u>
Change in net debt resulting from cash flows			<u>1,141,012</u>		<u>1,333,034</u>
Movement in net debt in the period			1,141,012		1,333,034
Net debt at 1 April			<u>(58,527,345)</u>		<u>(59,860,379)</u>
Net debt at 31 March			<u>(57,386,333)</u>		<u>(58,527,345)</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 March 2014

1. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.3.14 £	31.3.13 £
Operating profit/(loss)	1,226,135	(8,314)
Depreciation charges	2,751,527	3,641,770
Profit on disposal of fixed assets	(431,236)	-
Decrease/(increase) in stocks	39,990	(46,573)
(Increase)/decrease in debtors	(233,472)	116,259
(Decrease)/increase in creditors	<u>(239,379)</u>	<u>349,221</u>
Net cash inflow from operating activities	<u><u>3,113,565</u></u>	<u><u>4,052,363</u></u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.3.14 £	31.3.13 £
Returns on investments and servicing of finance		
Interest received	129	-
Interest paid	(1,722,185)	(1,671,115)
Interest element of hire purchase payments	<u>(8,568)</u>	<u>(21,687)</u>
Net cash outflow for returns on investments and servicing of finance	<u><u>(1,730,624)</u></u>	<u><u>(1,692,802)</u></u>
Capital expenditure		
Purchase of tangible fixed assets	(675,195)	(1,026,528)
Sale of tangible fixed assets	<u>433,266</u>	<u>-</u>
Net cash outflow for capital expenditure	<u><u>(241,929)</u></u>	<u><u>(1,026,528)</u></u>
Financing		
Net new loans in the year	2,647,415	-
Capital repayments in year	<u>(51,351)</u>	<u>(132,045)</u>
Net cash inflow/(outflow) from financing	<u><u>2,596,064</u></u>	<u><u>(132,045)</u></u>

ELITE HOTELS (ROTHERWICK) LIMITED (REGISTERED NUMBER: 01899376)

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 March 2014**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.4.13 £	Cash flow £	At 31.3.14 £
Net cash:			
Cash at bank and in hand	9,350	363,045	372,395
Bank overdraft	<u>(3,374,031)</u>	<u>3,374,031</u>	<u>-</u>
	<u>(3,364,681)</u>	<u>3,737,076</u>	<u>372,395</u>
Debt:			
Hire purchase	(60,079)	51,351	(8,728)
Debts falling due within one year	-	(1,000,000)	(1,000,000)
Debts falling due after one year	<u>(55,102,585)</u>	<u>(1,647,415)</u>	<u>(56,750,000)</u>
	<u>(55,162,664)</u>	<u>(2,596,064)</u>	<u>(57,758,728)</u>
Total	<u>(58,527,345)</u>	<u>1,141,012</u>	<u>(57,386,333)</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the Year Ended 31 March 2014

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Basis of preparing the financial statements

The accounts have been prepared on a going concern basis notwithstanding the fact that the group incurred a loss before taxation of £504,489 and has net liabilities of £8,923,614. The directors have received confirmation from its immediate parent company, West Indies Investments Limited, that it will not seek recovery of its debt amounting to £46,629,975 within at least one year and one day from the signing off of the 2014 audit. In addition the group's projections show that the company will generate sufficient cash resources to enable it to satisfy the bank loan facility terms and covenants.

On the above basis the directors consider that the going concern basis is appropriate.

Basis of consolidation

The consolidated accounts incorporate the accounts of the company and those of its subsidiaries, all of which are made up to 31 March 2014.

Turnover

Turnover represents income from hotel and restaurant operations, excluding value added tax and is recognised on provision of the related service.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Integral plant & machinery	- 5% on cost
Fixtures, fittings & equipment	- 12.5% on cost
Motor vehicles	- 30% on reducing balance

Depreciation is provided on freehold land and buildings at 0% per annum on the basis that the hotels are continually maintained to a high standard as a consequence of the trade. As a result, the directors' opinion is that the residual value of the property is so high that any depreciation charge would be negligible and immaterial. The need to impair the assets is considered instead, this is in accordance with accounting standard FRS15.

The directors deem that fixtures and fittings are disposed of after eight years and so at the end of this period a disposal is included to remove the accumulated cost and depreciation from the financial statements.

Stocks

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

Deferred tax

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Deferred taxation assets are recognised for all deductible temporary differences, such as unused taxation losses, to the extent that it is probable that future taxable profit will be available against which the unused taxation losses can be utilised.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2014**

1. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

2. STAFF COSTS

	31.3.14	31.3.13
	£	£
Wages and salaries	12,984,704	12,911,207
Social security costs	932,210	930,673
Other pension costs	<u>157,052</u>	<u>139,898</u>
	<u>14,073,966</u>	<u>13,981,778</u>

The average monthly number of employees during the year was as follows:

	31.3.14	31.3.13
Hotel services and catering staff	903	531
Administration	<u>139</u>	<u>154</u>
	<u>1,042</u>	<u>685</u>

3. OPERATING PROFIT/(LOSS)

The operating profit (2013 - operating loss) is stated after charging/(crediting):

	31.3.14	31.3.13
	£	£
Hire of plant and machinery	-	1,809
Depreciation - owned assets	2,720,544	3,610,785
Depreciation - assets on hire purchase contracts	30,984	30,984
Profit on disposal of fixed assets	(431,236)	-
Auditors' remuneration	14,400	14,400
Auditors' remuneration (subsidiaries)	<u>57,600</u>	<u>57,600</u>
Directors' remuneration	<u>206,830</u>	<u>167,128</u>

Information regarding the highest paid director for the year ended 31 March 2014 is as follows:

	31.3.14
	£
Emoluments etc	<u>131,327</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2014

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	31.3.14	31.3.13
	£	£
Deposit account interest	<u>129</u>	<u>-</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	31.3.14	31.3.13
	£	£
Bank interest	62,520	90,778
Bank loan interest	1,659,665	1,580,337
Hire purchase interest	<u>8,568</u>	<u>21,687</u>
	<u>1,730,753</u>	<u>1,692,802</u>

6. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the loss on ordinary activities for the year was as follows:

	31.3.14	31.3.13
	£	£
Deferred tax	<u>2,263,695</u>	<u>(2,551,429)</u>
Tax on loss on ordinary activities	<u>2,263,695</u>	<u>(2,551,429)</u>

Factors affecting the tax charge/(credit)

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.3.14	31.3.13
	£	£
Loss on ordinary activities before tax	<u>(504,489)</u>	<u>(2,422,179)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2013 - 24%)	(100,898)	(581,323)
Effects of:		
Difference between depreciation and capital allowances	5,075	30,182
Revaluation loss	-	173,055
Cost and indexation adjustment on freehold property disposal	(99,419)	-
Losses for year utilised	(145,707)	-
Utilisation of brought forward trading losses	-	(185,650)
Losses carried forward	342,202	563,736
Non allowable expenses	233	-
Miscellaneous adjustments and difference in tax rates used	<u>(1,486)</u>	<u>-</u>
Current tax charge/(credit)	<u>-</u>	<u>-</u>

7. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(1,770,035) (2013 - £2,433,642 profit).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2014

8. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Integral plant & machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Totals £
COST OR VALUATION					
At 1 April 2013	82,256,976	20,391,100	12,883,646	448,396	115,980,118
Additions	86,845	296,203	269,946	22,201	675,195
Disposals	-	-	(1,117,178)	(16,579)	(1,133,757)
At 31 March 2014	<u>82,343,821</u>	<u>20,687,303</u>	<u>12,036,414</u>	<u>454,018</u>	<u>115,521,556</u>
DEPRECIATION					
At 1 April 2013	-	5,842,284	8,189,443	361,804	14,393,531
Charge for year	-	1,043,823	1,675,676	32,029	2,751,528
Eliminated on disposal	-	-	(1,117,178)	(14,549)	(1,131,727)
At 31 March 2014	-	<u>6,886,107</u>	<u>8,747,941</u>	<u>379,284</u>	<u>16,013,332</u>
NET BOOK VALUE					
At 31 March 2014	<u>82,343,821</u>	<u>13,801,196</u>	<u>3,288,473</u>	<u>74,734</u>	<u>99,508,224</u>
At 31 March 2013	<u>82,256,976</u>	<u>14,548,816</u>	<u>4,694,203</u>	<u>86,592</u>	<u>101,586,587</u>

Group

The group's freehold land & buildings together with the fixtures, fittings & equipment were revalued on an open market basis in total at £101,500,000 on 31 March 2013 by Knight Frank LLP, Chartered Surveyors. At that date plant, fixtures, fittings & equipment were valued in each company's accounts at £18,839,287 in total which the directors valued at £19,243,023. Accordingly a value of £82,256,977 was attached to the group's freehold land & buildings. The Directors considered the values per the revaluation were still appropriate at the balance sheet date.

The revaluation has no effect on the depreciation charged for fixed assets.

The valuation at 31 March 2013 did not include a value for a derelict and unused freehold property as there was uncertainty over its valuation. The directors disposed of the property during the year and the proceeds have been accordingly taken directly to profit and loss.

Cost or valuation at 31 March 2014 is represented by:

	Freehold property £	Integral plant & machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Totals £
Valuation in 1986	387,807	-	-	-	387,807
Valuation in 1997	7,440,672	-	-	-	7,440,672
Valuation in 2007	30,167,729	-	-	-	30,167,729
Valuation in 2013	(28,050,281)	325,867	77,868	-	(27,646,546)
Cost	<u>72,397,894</u>	<u>20,361,436</u>	<u>11,958,546</u>	<u>454,018</u>	<u>105,171,894</u>
	<u>82,343,821</u>	<u>20,687,303</u>	<u>12,036,414</u>	<u>454,018</u>	<u>115,521,556</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2014

8. TANGIBLE FIXED ASSETS - continued

Group

If freehold land and buildings had not been revalued they would have been included at the following historical cost:

	31.3.14	31.3.13
	£	£
Cost	<u>72,397,894</u>	<u>72,311,048</u>

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Fixtures, fittings & equipment £
COST OR VALUATION	
At 1 April 2013 and 31 March 2014	<u>301,107</u>
DEPRECIATION	
At 1 April 2013	228,811
Charge for year	<u>30,984</u>
At 31 March 2014	<u>259,795</u>
NET BOOK VALUE	
At 31 March 2014	<u>41,312</u>
At 31 March 2013	<u>72,296</u>
Company	
	Motor vehicles £
COST	
At 1 April 2013 and 31 March 2014	<u>49,597</u>
DEPRECIATION	
At 1 April 2013	36,471
Charge for year	<u>3,938</u>
At 31 March 2014	<u>40,409</u>
NET BOOK VALUE	
At 31 March 2014	<u>9,188</u>
At 31 March 2013	<u>13,126</u>

ELITE HOTELS (ROTHERWICK) LIMITED (REGISTERED NUMBER: 01899376)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2014**

9. FIXED ASSET INVESTMENTS

Company

	Unlisted investments £
COST	
At 1 April 2013 and 31 March 2014	<u>52,750,400</u>
NET BOOK VALUE	
At 31 March 2014	<u><u>52,750,400</u></u>
At 31 March 2013	<u><u>52,750,400</u></u>

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries

Luton Hoo Park Limited

Nature of business: Hotel and leisure

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.3.14	31.3.13
		£	£
Aggregate capital and reserves		25,664,350	28,910,516
(Loss)/profit for the year		<u>(3,246,166)</u>	<u>1,743,661</u>

The Grand Hotel (Eastbourne)

Nature of business: Hotel and leisure

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.3.14	31.3.13
		£	£
Aggregate capital and reserves		1,149,320	(95,338)
Profit for the year		<u>1,244,658</u>	<u>189,356</u>

Tylney Hall Hotel Limited

Nature of business: Hotel and leisure

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.3.14	31.3.13
		£	£
Aggregate capital and reserves		14,492,567	13,929,463
Profit for the year		<u>563,104</u>	<u>54,405</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2014

9. FIXED ASSET INVESTMENTS - continued

Ashdown Park (Sussex) Limited

Nature of business: Hotel and leisure

Class of shares:	% holding		
Ordinary	100.00		
		31.3.14	31.3.13
		£	£
Aggregate capital and reserves		8,654,236	8,213,981
Profit/(loss) for the year		<u>440,255</u>	<u>(291,819)</u>

10. STOCKS

	Group	
	31.3.14	31.3.13
	£	£
Goods for resale and raw materials	<u>374,046</u>	<u>414,036</u>

11. DEBTORS

	Group		Company	
	31.3.14	31.3.13	31.3.14	31.3.13
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	596,106	716,305	-	-
Amounts owed by group undertakings	-	-	4,516,563	4,602,514
Other debtors	410,117	25,951	366,963	-
Deferred tax asset	287,734	839,735	-	-
Prepayments and accrued income	<u>262,098</u>	<u>292,594</u>	-	-
	<u>1,556,055</u>	<u>1,874,585</u>	<u>4,883,526</u>	<u>4,602,514</u>
Amounts falling due after more than one year:				
Deferred tax asset	-	<u>1,711,694</u>	-	-
Aggregate amounts	<u>1,556,055</u>	<u>3,586,279</u>	<u>4,883,526</u>	<u>4,602,514</u>

Deferred tax asset

	Group		Company	
	31.3.14	31.3.13	31.3.14	31.3.13
	£	£	£	£
Accelerated capital allowances	106,763	(322,145)	-	-
Tax losses carried forward	<u>180,971</u>	<u>1,161,880</u>	-	-
	<u>287,734</u>	<u>839,735</u>	-	-

ELITE HOTELS (ROTHERWICK) LIMITED (REGISTERED NUMBER: 01899376)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2014**

11. DEBTORS - continued

During the year the directors reviewed the deferred tax asset in Luton Hoo Park Limited relating to unutilised losses and decided that, whilst they believed that these losses would eventually be relieved, the current available projections did not show sufficient taxable income in the short-term to reasonably allow the recognition of a deferred tax asset. Consequently the deferred tax asset relating to these losses has been reversed in these financial statements.

The deferred tax asset at the beginning of the year was £2,551,429. During the year deferred tax of £2,263,695 was released to the profit and loss account leaving a balance carried forward of £287,734.

The deferred tax asset has been recognised on the basis of future forecast profits.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.3.14 £	31.3.13 £	31.3.14 £	31.3.13 £
Bank loans and overdrafts (see note 14)	1,000,000	3,374,031	1,000,000	2,216,366
Hire purchase contracts (see note 15)	8,728	51,351	-	-
Trade creditors	1,619,092	1,949,351	-	-
Amounts owed to group undertakings	-	-	5,962,806	4,244,034
Social security and other taxes	226,542	231,365	-	-
VAT	877,939	893,771	-	81,480
Other creditors	2,485,976	2,650,260	-	-
Accrued expenses	1,136,082	860,265	83,571	85,228
	<u>7,354,359</u>	<u>10,010,394</u>	<u>7,046,377</u>	<u>6,627,108</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31.3.14 £	31.3.13 £	31.3.14 £	31.3.13 £
Bank loans (see note 14)	56,750,000	55,102,585	56,750,000	55,102,585
Hire purchase contracts (see note 15)	-	8,728	-	-
Amounts owed to group undertakings	46,629,975	46,629,975	-	-
	<u>103,379,975</u>	<u>101,741,288</u>	<u>56,750,000</u>	<u>55,102,585</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2014

14. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	31.3.14 £	31.3.13 £	31.3.14 £	31.3.13 £
Amounts falling due within one year or on demand:				
Bank overdrafts	-	3,374,031	-	2,216,366
Bank loans	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
	<u>1,000,000</u>	<u>3,374,031</u>	<u>1,000,000</u>	<u>2,216,366</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>56,750,000</u>	<u>55,102,585</u>	<u>56,750,000</u>	<u>55,102,585</u>

The company entered into a new loan facility with HSBC Bank Plc during the year. The loan is for a term of 5 years with minimum annual repayments of £1,000,000. The interest rate charged is LIBOR+3%.

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

Group

	Hire purchase contracts	
	31.3.14 £	31.3.13 £
Net obligations repayable:		
Within one year	8,728	51,351
Between one and five years	<u>-</u>	<u>8,728</u>
	<u>8,728</u>	<u>60,079</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	31.3.14 £	31.3.13 £	31.3.14 £	31.3.13 £
Bank overdraft	-	3,374,031	-	2,216,366
Bank loans	<u>57,750,000</u>	<u>55,102,585</u>	<u>57,750,000</u>	<u>55,102,585</u>
	<u>57,750,000</u>	<u>58,476,616</u>	<u>57,750,000</u>	<u>57,318,951</u>

There is a first legal charge over the freehold properties known as Tylney Hall Hotel, Ashdown Park Hotel, The Grand Hotel (Eastbourne) and Luton Hoo Park Hotel and a fixed charge over the book debts of the group in favour of the HSBC Bank Plc. In addition the bank has a floating charge over the remainder of the group's assets.

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.3.14 £	31.3.13 £
110	Ordinary	£1	<u>110</u>	<u>110</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2014**

18. RESERVES

Group

	Profit and loss account £	Share premium £	Revaluation reserve £	Totals £
At 1 April 2013	(22,638,757)	5,412,490	11,070,727	(6,155,540)
Deficit for the year	<u>(2,768,184)</u>			<u>(2,768,184)</u>
At 31 March 2014	<u>(25,406,941)</u>	<u>5,412,490</u>	<u>11,070,727</u>	<u>(8,923,724)</u>

Company

	Profit and loss account £	Share premium £	Totals £
At 1 April 2013	(9,776,253)	5,412,490	(4,363,763)
Deficit for the year	<u>(1,770,035)</u>		<u>(1,770,035)</u>
At 31 March 2014	<u>(11,546,288)</u>	<u>5,412,490</u>	<u>(6,133,798)</u>

19. PENSION COMMITMENTS

The group operates a defined contribution pension scheme.

The total contributions for the year ended 31 March 2014 were £164,531 (2013: £154,385) and there were no outstanding or prepaid contributions at the balance sheet date.

20. ULTIMATE PARENT COMPANY

The ultimate parent undertaking is the Incorporated Trustees of the Rotherwick Foundation, a UK registered charity.

21. CONTINGENT LIABILITIES

The company's bankers, HSBC Bank Plc. hold unlimited cross guarantees between Elite Hotels (Rotherwick) Limited and its wholly owned subsidiaries.

22. RELATED PARTY DISCLOSURES

In accordance with FRS 8 the company has chosen not to disclose transactions or balances with its parent company or any of its other wholly owned subsidiaries.

23. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued
for the Year Ended 31 March 2014

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group		
	31.3.14	31.3.13
	£	£
(Loss)/profit for the financial year	(2,768,184)	129,250
Other recognised gains and losses relating to the year (net)	<u>-</u>	<u>(26,925,480)</u>
Net reduction of shareholders' funds	(2,768,184)	(26,796,230)
Opening shareholders' funds	<u>(6,155,430)</u>	<u>20,640,800</u>
Closing shareholders' funds	<u>(8,923,614)</u>	<u>(6,155,430)</u>
Company		
	31.3.14	31.3.13
	£	£
(Loss)/profit for the financial year	<u>(1,770,035)</u>	<u>2,433,642</u>
Net (reduction)/addition to shareholders' funds	(1,770,035)	2,433,642
Opening shareholders' funds	<u>(4,363,653)</u>	<u>(6,797,295)</u>
Closing shareholders' funds	<u>(6,133,688)</u>	<u>(4,363,653)</u>

25. DEFERRED TAX

Company

Elite Hotels (Rotherwick) Limited have trading losses carried forward in the order of £22m There is no expectation that these losses will be utilised in the foreseeable future and so the potential deferred tax asset of £4.5m has not been recognised.

Group

The group's freehold properties have been revalued in accordance with FRS 15, Tangible Fixed Assets. The freehold properties are used in the group's trade and it is the group's intention to retain the properties for the foreseeable future. As a result the maximum potential deferred tax liability of £2,324,852 has not been provided on the gains arising from the revaluation.

The group has recognised a deferred tax asset of £287,734 (2013: £839,735), see note 11.