

Armagh City Hotel Limited

Directors' report and financial statements

For the year ended 28 July 2013

WEDNESDAY



J31JPVPT

JNI

12/02/2014

#115

COMPANIES HOUSE

Armagh City Hotel Limited

Company Information

Directors	Kieran McAnallen Brian McCormack Ernest Fisher Felix Mooney
Company secretary	Anne Millar
Registered number	NI030708
Registered office	Friary Road Armagh Co Armagh BT60 4FR
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 32 Linen Green Dungannon Co Tyrone BT71 7HB
Bankers	First Trust Bank 18 Scotch Street Dungannon Co Tyrone BT70 1AR Allied Irish Bank The Diamond Monaghan Co Monaghan
Solicitors	McGrigors Belfast LLP Arnott House 12 - 16 Bridge Street Belfast Co Antrim BT1 1LS John J Taylor 1 Mallview Terrace Armagh Co Armagh BT61 9AN J G O'Hare & Co 37-41 High Street Belfast Co Antrim BT1 2AB

Armagh City Hotel Limited

Contents

	Page
Directors' report	1 - 3
Independent auditors' report to the members of Armagh City Hotel Limited	4 - 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Reconciliation of net cash flow to movement in net debt	8
Notes to the financial statements	9 - 16

Armagh City Hotel Limited

Directors' report For the year ended 28 July 2013

The directors present their report and the audited financial statements for the year ended 28 July 2013.

Principal activities

The company's principal activity during the year was that of the operation of a hotel complex.

Business review

The directors consider the results for the year and the position of the company at the year end to be satisfactory. A decline in turnover with increasing overheads has resulted in an overall reduction in profitability for the year. The directors are committed to long term creation of shareholder value by increasing the company's market share through organic growth. While the incoming year is likely to be very challenging both because of increased competition and the general economic climate, early results are satisfactory and the directors will closely monitor current performance.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competitor activity, market trends and forecasts and customer behaviour. These risks are addressed by the board carrying out regular strategic reviews including assessments of competitor activity and the board's active review of competitor prices both provides protection and maximises opportunities from anticipated price rises. These risks are also addressed through strong customer service as well as investment in its people and facilities.

Key performance indicators (KPI)

The company's key performance indicators are as follows:

	2013	2012	2011
(Decline) / growth in sales	(6.9%)	(2.4%)	6.2%
Gross profit margin	18.2%	18.2%	20.5%

Environment

The company recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Health and safety

The company is committed to achieving the highest practicable standards in health and safety management and strives to make all areas of the hotel safe environments for employees and customers alike.

Human resources

Management of the company recognise that its most important resource is its people; their knowledge and experience is crucial to meeting customer requirements. Retention of key staff is critical and the company has invested increasingly in employment training and development and has introduced appropriate incentive and career progression arrangements.

Financial risk management

The company's operations expose it to a variety of financial risks that include, interest rate, cash flow risk and liquidity risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Armagh City Hotel Limited

Directors' report For the year ended 28 July 2013

Liquidity risk

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk

The company has interest bearing liabilities. The company has a policy of maintaining debt at a competitive rate to ensure a reasonable degree of certainty over future interest cash flows. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature

Results and dividends

The profit for the year, after taxation, amounted to £252,944 (2012: £318,882). No interim dividend was paid during the year (2012 - £nil).

The directors do not recommend the payment of a final dividend (2012: £nil).

Political and charitable contributions

The company made charitable donations amounting to £125 (2012: £25) during the year for the benefit of local communities in which the company operates. No donations for political purposes were made during the year (2012: £nil).

Directors

The directors who served during the year and up to the date of signing the financial statements were:

Kieran McAnallen
Brian McCormack
Ernest Fisher
Felix Mooney

Armagh City Hotel Limited

Directors' report

For the year ended 28 July 2013

Directors' responsibilities statement

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 prepared 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.

Statement of disclosure of information to auditors

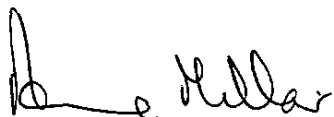
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Anne Millar
Company secretary

Date: 30 January 2014

Armagh City Hotel Limited

Independent auditors' report to the members of Armagh City Hotel Limited

We have audited the financial statements of Armagh City Hotel Limited for the year ended 28 July 2013 which comprise the Profit and Loss account, the Balance Sheet, the Cash Flow Statement, Reconciliation of net cashflow to movement in net debt 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 Statement 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Directors' 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 28 July 2013 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 matter 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.

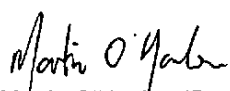
Armagh City Hotel Limited

Independent auditors' report to the members of Armagh City Hotel 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.



Martin O'Hanlon (Senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

32 Linen Green
Dungannon
Co Tyrone
BT71 7HB

30 January 2014

Armagh City Hotel Limited

**Profit and loss account
For the year ended 28 July 2013**

	Note	2013 £	2012 £
Turnover	1,2	4,285,786	4,600,912
Cost of sales		(3,504,484)	(3,759,721)
Gross profit		781,302	841,191
Administrative expenses		(508,320)	(495,135)
Operating profit	3	272,982	346,056
Interest payable and similar charges	5	(20,038)	(27,174)
Profit on ordinary activities before taxation		252,944	318,882
Tax on profit on ordinary activities	6	-	-
Profit for the financial year	15	252,944	318,882

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account.

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents.

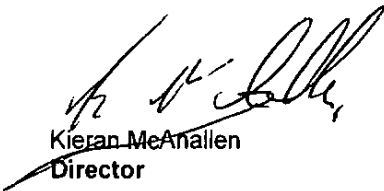
The notes on pages 9 to 16 form part of these financial statements.

Armagh City Hotel Limited
Registered number: NI030708

Balance sheet
As at 28 July 2013

			28 July 2013		29 July 2012
	Note	£	£	£	£
Fixed assets					
Tangible assets	7		5,818,955		5,929,389
Current assets					
Stocks	8	103,990		112,950	
Debtors	9	274,328		270,370	
Cash at bank and in hand		118,506		63,394	
		<u>496,824</u>		<u>446,714</u>	
Creditors: amounts falling due within one year	10	<u>(965,264)</u>		<u>(971,434)</u>	
Net current liabilities			<u>(468,440)</u>		<u>(524,720)</u>
Total assets less current liabilities			5,350,515		5,404,669
Creditors: amounts falling due after more than one year	11		<u>(1,264,194)</u>		<u>(1,525,000)</u>
Accruals and deferred income	13		<u>(1,749,108)</u>		<u>(1,795,400)</u>
Net assets			<u>2,337,213</u>		<u>2,084,269</u>
Capital and reserves					
Called up share capital	14		1,539,700		1,539,700
Share premium account	15		1,013,302		1,013,302
Profit and loss account	15		<u>(215,789)</u>		<u>(468,733)</u>
Total shareholders' funds	16		<u>2,337,213</u>		<u>2,084,269</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 January 2014.


Kieran McAnallen
Director

The notes on pages 9 to 16 form part of these financial statements.

Armagh City Hotel Limited

**Cash flow statement
For the year ended 28 July 2013**

	Note	2013 £	2012 £
Net cash flow from operating activities	17	365,858	366,256
Returns on investments and servicing of finance	18	(20,038)	(27,174)
Capital expenditure and financial investment	18	(92,261)	(39,949)
Net cash inflow before financing		253,559	299,133
Financing	18	(198,447)	(345,627)
Increase in net cash in the year		55,112	(46,494)

**Reconciliation of net cash flow to movement in net debt
For the year ended 28 July 2013**

	2013 £	2012 £
Increase in net cash in the year	55,112	(46,494)
Cash outflow from decrease in debt and lease financing	198,447	345,416
Movement in net debt in the year	253,559	298,922
Net debt at 30 July 2012	(1,211,606)	(1,510,528)
Net debt at 28 July 2013	(958,047)	(1,211,606)

The notes on pages 9 to 16 form part of these financial statements.

**Notes to the financial statements
For the year ended 28 July 2013**

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below

1.2 Turnover

Turnover represents net sales to customers and excludes value added tax. Turnover is recognised when, and to the extent that, the company obtains the right to consideration in exchange for its performance.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	-	2% straight line
Plant and equipment	-	12.5% straight line
Motor vehicles	-	25% straight line
Hotel equipment and furniture	-	25% straight line
Administration and IT equipment	-	25% straight line
Soft furnishings and original art	-	20-25% straight line

1.4 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is determined on a first in first out basis.

1.5 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the 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 an undiscounted basis.

1.6 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and loss account as the related expenditure is incurred.

1.7 Debtors

Debtors are stated after all known bad debts have been written off and specific provision has been made against all debts considered doubtful of collection.

Armagh City Hotel Limited

Notes to the financial statements For the year ended 28 July 2013

2. Turnover

The whole of the turnover is attributable to the company's principal activity.

All turnover arose within the United Kingdom.

3. Operating profit

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

	2013 £	2012 £
Depreciation of tangible fixed assets:		
- owned by the company	202,695	212,501
Auditors' remuneration	8,840	9,060
Difference on foreign exchange	(760)	(154)
Deferred capital grant released	(46,292)	(46,292)
	<u>164,483</u>	<u>126,115</u>

During the year, the directors did not receive any emoluments in respect of their services to the company. (2012 - £NIL).

4. Staff costs

Staff costs were as follows:

	2013 £	2012 £
Wages and salaries	1,473,944	1,606,865
Social security costs	68,949	80,743
	<u>1,542,893</u>	<u>1,687,608</u>

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

	2013 Number	2012 Number
Administration	5	5
Others	111	119
	<u>116</u>	<u>124</u>

5. Interest payable and similar charges

	2013 £	2012 £
On bank loans and overdrafts	18,936	26,383
Other interest payable	1,102	749
On finance leases and hire purchase contracts	-	42
	<u>20,038</u>	<u>27,174</u>

**Notes to the financial statements
For the year ended 28 July 2013**

6. Tax on profit on ordinary activities

	2013 £	2012 £
UK corporation tax charge on profit for the year	-	-

Factors affecting tax charge for the year

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 20% (2012:20%). The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before taxation	252,944	318,882
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2012 - 20%)	50,589	63,776
Effects of:		
Expenses not deductible for tax purposes	28,445	28,657
Income not taxable	(9,259)	-
Movement in deferred tax asset not provided for	(69,775)	(92,433)
Total current tax (see note above)	-	-

Factors that may affect future tax charges

The company has carried forward tax losses totalling £458,683 (2012: £753,708). These losses have not been recognised in the deferred tax calculation as they may not be utilised in the foreseeable future. However, if taxable profits do arise, these losses will be offset against future trading profits to reduce tax payable in the future by potentially £91,737 (2012: £150,742).

Deferred tax assets have not been discounted.

Armagh City Hotel Limited

Notes to the financial statements For the year ended 28 July 2013

7. Tangible fixed assets

	Freehold land and buildings £	Plant, equipment and motor vehicles £	Hotel equipment and furniture £	Administra- tion and IT equipment £	Soft furnishings and original art £	Total £
Cost						
At 30 July 2012	7,258,607	3,179,801	1,407,244	500,555	313,139	12,659,346
Additions	-	41,030	44,014	7,217	-	92,261
At 28 July 2013	7,258,607	3,220,831	1,451,258	507,772	313,139	12,751,607
Accumulated depreciation						
At 30 July 2012	1,436,058	3,156,029	1,357,016	470,903	309,951	6,729,957
Charge for the year	136,787	15,837	30,701	18,251	1,119	202,695
At 28 July 2013	1,572,845	3,171,866	1,387,717	489,154	311,070	6,932,652
Net book value						
At 28 July 2013	5,685,762	48,965	63,541	18,618	2,069	5,818,955
At 29 July 2012	5,822,549	23,772	50,228	29,652	3,188	5,929,389

Included in land and buildings is freehold land at cost of £410,843 (2012: £410,843) which is not depreciated.

8. Stocks

	2013 £	2012 £
Consumables	103,990	112,950

9. Debtors

	2013 £	2012 £
Trade debtors	89,520	75,315
Amounts owed by related undertakings	2,848	4,933
Other debtors	26,677	28,605
Prepayments and accrued income	155,283	161,517
	274,328	270,370

Amounts owed by related undertakings are unsecured, interest free and recoverable on demand.

Armagh City Hotel Limited

**Notes to the financial statements
For the year ended 28 July 2013**

**10. Creditors:
Amounts falling due within one year**

	2013 £	2012 £
Bank loans and overdrafts	325,000	325,000
Other loans	34,541	-
Trade creditors	238,299	248,128
Other taxation and social security	165,843	175,359
Other creditors	31,581	25,364
Accruals and deferred income	170,000	197,583
	<u>965,264</u>	<u>971,434</u>

**11. Creditors:
Amounts falling due after more than one year**

	2013 £	2012 £
Bank loans	675,000	950,000
Other loans	42,012	-
Amounts owed to related undertakings	547,182	575,000
	<u>1,264,194</u>	<u>1,525,000</u>

Included within the above are amounts falling due as follows:

	2013 £	2012 £
Between one and two years		
Bank loans	325,000	325,000
Other loans	42,012	-
Between two and five years		
Bank loans	350,000	625,000
Over five years		
Amounts owed to group undertakings	547,182	575,000

Creditors include amounts not wholly repayable within 5 years as follows:

	2013 £	2012 £
Repayable other than by instalments	547,182	575,000

12. Deferred taxation

	2013 £	2012 £
At beginning and end of year	-	-

Armagh City Hotel Limited

Notes to the financial statements For the year ended 28 July 2013

Deferred tax comprises:

	2013 £	2012 £
Accelerated capital allowances	-	-

Potential deferred taxation asset:

	2013 £	2012 £
Accelerated capital allowances and other timing differences	16,397	5,627
Losses	(91,736)	(150,741)
Total	(75,339)	(145,114)

The above asset has not been accounted for as in the opinion of the directors the timing of its recovery in the foreseeable future is not certain. (See note 6).

13. Accruals and deferred income

	Grants £
At 30 July 2012	1,795,400
Released to the profit and loss account	(46,292)
At 28 July 2013	1,749,108

14. Called up share capital

	2013 £	2012 £
Allotted, called up and fully paid		
1,154,775 ordinary A shares of £1 each	1,154,775	1,154,775
384,925 ordinary B shares of £1 each	384,925	384,925
Total	1,539,700	1,539,700

15. Reserves

	Share premium account £	Profit and loss account £
At 30 July 2012	1,013,302	(468,733)
Profit for the financial year		252,944
At 28 July 2013	1,013,302	(215,789)

Armagh City Hotel Limited

**Notes to the financial statements
For the year ended 28 July 2013**

16. Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	2,084,269	1,765,387
Profit for the financial year	252,944	318,882
	<u>2,337,213</u>	<u>2,084,269</u>
Closing shareholders' funds	<u>2,337,213</u>	<u>2,084,269</u>

17. Net cash flow from operating activities

	2013 £	2012 £
Operating profit	272,982	346,056
Depreciation of tangible fixed assets	202,695	212,501
Movement in stocks	8,960	2,810
Movement in debtors	(3,958)	22,108
Movement in creditors	(68,529)	(170,927)
Deferred capital grant release	(46,292)	(46,292)
	<u>365,858</u>	<u>366,256</u>
Net cash inflow from operating activities	<u>365,858</u>	<u>366,256</u>

18. Analysis of cash flows for headings netted in cash flow statement

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest paid	(20,038)	(27,132)
Hire purchase interest	-	(42)
	<u>(20,038)</u>	<u>(27,174)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(20,038)</u>	<u>(27,174)</u>

	2013 £	2012 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(92,261)	(39,949)

	2013 £	2012 £
Financing		
Repayment of loans	(275,000)	(325,000)
Other new loans	76,553	-
Repayment of other loans	-	(20,416)
Repayment of finance leases	-	(211)
	<u>(198,447)</u>	<u>(345,627)</u>
Net cash outflow from financing	<u>(198,447)</u>	<u>(345,627)</u>

Armagh City Hotel Limited

Notes to the financial statements For the year ended 28 July 2013

19. Analysis of changes in net debt

	30 July 2012 £	Cash flow £	Other non-cash changes £	28 July 2013 £
Cash at bank and in hand	63,394	55,112	-	118,506
Debt:				
Debts due within one year	(325,000)	198,447	(232,988)	(359,541)
Debts falling due after more than one year	(950,000)	-	232,988	(717,012)
Net debt	(1,211,606)	253,559	-	(958,047)

20. Contingent liabilities

There is a contingent liability to repay government grants under the terms of the letter of offer if the company fails to achieve and maintain specified conditions. In the opinion of the directors the terms of the letter of offer have been complied with and no loss is expected.

21. Ultimate controlling party and related party transactions

Each of the shareholders of the company holds an equal number of shares in the company, and therefore there is deemed to be no ultimate controlling party.

The company has identified the following transactions, which must be disclosed under the terms of Financial Reporting Standard 8 "Related Party Disclosures".

(a) Dunadry Development Company Limited, a shareholder in Armagh City Hotel Limited, traded with the company during the year under the same terms as those available to other customers in the ordinary course of business. During the year Dunadry Development Company Limited raised a management charge of £120,000 (2012: £155,527) to Armagh City Hotel Limited.

The amount due to Dunadry Development Company Limited at 29 July 2013 was £nil (2012: £nil)

b) Friary Road Enterprises Limited, of which Kieran McAnallen, Ernest Fisher, Brian McCormack and Felix Mooney are directors, traded with Armagh City Hotel Limited under the same terms as those available to other customers in the ordinary course of business.

The amount due from Friary Road Enterprises Limited at 29 July 2013 was £2,848 (2012: £4,933).

Armagh City Hotel Limited has received loans of £575,000 from Friary Road Enterprises Limited during 2005 and 2006, which are unsecured and there are no agreed repayment terms. At 29 July 2013, the amount owed by Armagh City Hotel Limited was £547,182 (2012: £575,000).

(c) Directors of the company, Kieran McAnallen, Brian McCormack and Ernest Fisher and shareholder, Dunadry Development Company Limited, have provided letters of undertaking to First Trust Bank.