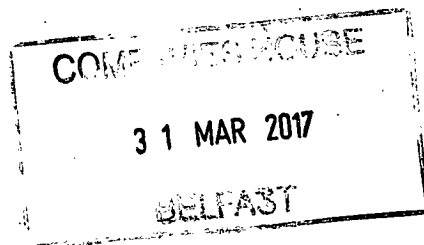


Armagh City Hotel Limited

Annual Report

For the Year Ended 31 July 2016



Armagh City Hotel Limited

Contents

	Page
Company information page	1
Strategic report	2
Directors' report	3 - 4
Independent Auditors' report to the members of Armagh City Hotel Limited	5 - 6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9 - 10
Statement of cash flows	11
Notes to the financial statements	12 - 27

Armagh City Hotel Limited

Company Information

Directors

T E Fisher
P K McAnallen
B McCormack
F D C Mooney

Company secretary

F D C Mooney

Registered number

NI030708

Registered office

Friary Road
Armagh
Co Armagh
BT60 4FR

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants & Statutory Auditors
Dungannon
Co Tyrone
BT71 7HB

Bankers

First Trust Bank
18 Scotch Street
Dungannon
Co Tyrone
BT70 1AR

Solicitors

Carson McDowell LLP
Murray House
Murray Street
Belfast
Co Antrim
BT1 6DN

Armagh City Hotel Limited

Strategic Report For the Year Ended 31 July 2016

Business review

The directors consider the results for the year and the position of the company at the year end to be satisfactory. 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 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. These risks are also addressed through strong customer service as well as investment in its people and facilities.

Financial key performance indicators

The company's key performance indicators are as follows:

	2016	2015	2014
Increase/(decrease) in sales	2.2%	(2.5%)	3.2%
Gross profit margin	38.2%	37.5%	38.2%

In the current accounting period costs have been re allocated which has resulted in presentation change to the 2015 figures. The KPI's as stated above have been adjusted for in 2015 and 2014 to reflect this change.

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

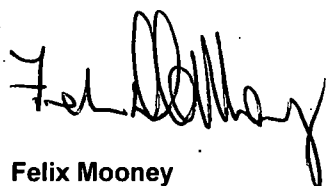
The company is committed to achieving the highest practicable standards in health and safety management and strives to make all areas of the hotel safe environments for employees and customers alike.

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.

This report was approved by the board on

and signed on its behalf by



Felix Mooney
Secretary

Armagh City Hotel Limited

Directors' Report For the Year Ended 31 July 2016

The directors present their report and the financial statements of the company for the year ended 31 July 2016.

Principal activities

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

Results and dividends

The profit for the year, after taxation, amounted to £181,447 (2015 - £728,447).

The directors do not recommend the payment of a final dividend (2015: £nil).

Future developments

The section on future developments which is detailed in the Strategic report is included in this report by cross reference.

Directors

The directors who served during the year were:

T E Fisher
P K McAnallen
B McCormack
F D C Mooney

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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 the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

Armagh City Hotel Limited

Directors' Report For the Year Ended 31 July 2016 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.

Post balance sheet events

There have been no significant events affecting the company since the year end.

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 on

and signed on its behalf by:



Kieran McAnallen
Director

Independent Auditors' Report to the Members of Armagh City Hotel Limited

Report on the financial statements

Our opinion

In our opinion Armagh City Hotel Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 July 2016 and of its profit and cash flows 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.
-

What we have audited

Armagh City Hotel Limited's financial statements, comprise:

- the statement of financial position as at 31 July 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report if, in our opinion, certain disclosures of directors' remuneration specified by law have not been made. We have no exceptions to report arising from this responsibility.

Independent Auditors' Report to the Members of Armagh City Hotel Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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 & Ireland) ("ISAs (UK & 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.

What an audit of financial statements involves

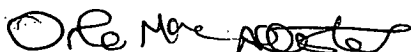
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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



Orla MacAllister
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Dungannon
Co Tyrone

Date: 20/3/17.

Armagh City Hotel Limited

**Statement of Comprehensive Income
For the Year Ended 31 July 2016**

	Note	2016	2015
Turnover	5	4,425,147	4,326,238
Cost of sales		(2,733,742)	(2,704,561)
Gross profit		1,691,405	1,621,677
Administrative expenses		(1,424,736)	(794,594)
Operating profit	6	266,669	827,083
Finance costs	8	(12,396)	(22,023)
Profit before tax		254,273	805,060
Tax on profit	9	(72,826)	(76,613)
Profit for the year		181,447	728,447
Other comprehensive income for the year			
Unrealised surplus on revaluation of tangible fixed assets	10	639,197	87,813
Other comprehensive income for the year		639,197	87,813
Total comprehensive income for the year		820,644	816,260

Armagh City Hotel Limited
Registered number: NI030708

Statement of Financial Position
As at 31 July 2016

	Note	2016	2015
Fixed assets			
Tangible assets	10	6,261,982	5,746,316
		<u>6,261,982</u>	<u>5,746,316</u>
Current assets			
Stocks	11	102,550	111,510
Debtors: amounts falling due within one year	12	247,762	204,449
Cash at bank and in hand		125,070	21,350
		<u>475,382</u>	<u>337,309</u>
Creditors: amounts falling due within one year	13	(1,245,031)	(1,247,209)
Net current liabilities		<u>(769,649)</u>	<u>(909,900)</u>
Total assets less current liabilities		<u>5,492,333</u>	<u>4,836,416</u>
Creditors: amounts falling due after more than one year	14	(33,768)	(199,276)
Provisions for liabilities			
Deferred tax	16	(55,505)	(54,724)
		<u>(55,505)</u>	<u>(54,724)</u>
Net assets		<u>5,403,060</u>	<u>4,582,416</u>
Capital and reserves			
Called up share capital	17	1,539,700	1,539,700
Share premium account		1,013,302	1,013,302
Revaluation reserve		727,010	87,813
Profit and loss account		2,123,048	1,941,601
Total Equity		<u>5,403,060</u>	<u>4,582,416</u>

The notes on pages 12 to 27 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Kieran McAnallen
Director

Date:

Armagh City Hotel Limited

**Statement of Changes in Equity
For the Year Ended 31 July 2016**

	Share capital	Share premium	Revaluation reserve	Retained earnings	Total equity
At 1 August 2015	1,539,700	1,013,302	87,813	1,941,601	4,582,416
Comprehensive income for the year					
Profit for the year	-	-	-	181,447	181,447
Surplus on revaluation of freehold property	-	-	639,197	-	639,197
Other comprehensive income for the year	-	-	639,197	-	639,197
Total comprehensive income for the year	-	-	639,197	181,447	820,644
Total transactions with owners	-	-	-	-	-
At 31 July 2016	1,539,700	1,013,302	727,010	2,123,048	5,403,060

Armagh City Hotel Limited

**Statement of Changes in Equity
For the Year Ended 31 July 2015**

	Share capital	Share premium	Revaluation reserve	Retained earnings	Total equity
At 1 August 2014	1,539,700	1,013,302	-	1,213,154	3,766,156
Comprehensive income for the year					
Profit for the year	-	-	-	728,447	728,447
Surplus on revaluation of freehold property	-	-	87,813	-	87,813
Other comprehensive income for the year	-	-	87,813	-	87,813
Total comprehensive income for the year	-	-	87,813	728,447	816,260
Total transactions with owners	-	-	-	-	-
At 31 July 2015	1,539,700	1,013,302	87,813	1,941,601	4,582,416

The notes on pages 12 to 27 form part of these financial statements.

Armagh City Hotel Limited

**Statement of Cash Flows
For the Year Ended 31 July 2016**

	2016	2015
Cash flows from operating activities		
Profit for the financial year	181,447	728,447
Adjustments for:		
Depreciation of tangible assets	226,126	207,481
Impairment of fixed assets reversal	-	(534,341)
Decrease/(increase) in stocks	8,960	(8,210)
Interest paid	12,396	22,023
Taxation on profit	72,826	76,613
(Increase)/decrease in debtors	(43,311)	13,406
Increase/(decrease) in creditors	16,690	(23,194)
Corporation tax paid	(22,354)	-
Net cash generated from operating activities	452,780	482,225
Cash flows from investing activities		
Purchase of tangible fixed assets	(102,595)	(176,905)
Net cash from investing activities	(102,595)	(176,905)
Cash flows from financing activities		
Repayment of loans	(226,005)	(321,631)
Repayment of other loans	(8,064)	(29,244)
Interest paid	(12,396)	(23,242)
Net cash used in financing activities	(246,465)	(374,117)
Net increase / (decrease) in cash and cash equivalents	103,720	(68,797)
Cash and cash equivalents at beginning of year	21,350	90,147
Cash and cash equivalents at the end of year	125,070	21,350
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	125,070	21,350
	125,070	21,350

Armagh City Hotel Limited

Notes to the Financial Statements For the Year Ended 31 July 2016

1. General information

Armagh City Hotel Limited's ("the company") principal activity during the financial year was the operation of a hotel complex.

The company is a private company and is incorporated and domiciled in the UK. The address of the registered office is Friary Road, Armagh, Co. Armagh, BT60 4FR.

2. Statement of compliance

The individual financial statements of Armagh City Hotel Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 and the Companies Act 2006.

3. Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 4).

3.2 Revenue recognition

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 service.

**Notes to the Financial Statements
For the Year Ended 31 July 2016**

3. Accounting policies (continued)

3.3 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

**Notes to the Financial Statements
For the Year Ended 31 July 2016**

3. Accounting policies (continued)

3.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-2% straight line
Plant and machinery	-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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

3.5 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

3.6 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**Notes to the Financial Statements
For the Year Ended 31 July 2016**

3. Accounting policies (continued)

3.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

3.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.9 Other financial liabilities

Trade creditors are measured at invoice price, unless payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate. In this case the arrangement constitutes a financing transaction, and the financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

3.10 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**Notes to the Financial Statements
For the Year Ended 31 July 2016**

3. Accounting policies (continued)

3.11 Borrowing costs

All borrowing costs are recognised in the Income Statement in the year in which they are incurred.

3.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

4. Judgments in applying accounting policies and key sources of estimation uncertainty

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

4.1 Critical judgements in applying the entity's accounting policies

Freehold property valuation

The company has freehold property that is carried at fair value. The calculation of the fair value depends on a number of factors, including the condition and location of the property, potential uses and yields. The fair value has been determined, using a combination of the above factors, by a professional valuer at each reporting date of 1 August 2014, 31 July 2015 and 31 July 2016.

4.2 Critical accounting estimates and assumptions

Tangible fixed asset depreciation

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

5. Turnover

Turnover relates to the company's main activity which is carried out in the United Kingdom. No analysis of turnover is presented as the directors consider such disclosure to be seriously prejudicial to the company's interest.

Armagh City Hotel Limited

Notes to the Financial Statements For the Year Ended 31 July 2016

6. Operating profit

Operating profit is stated after charging:

	2016	2015
Staff costs	1,704,602	1,647,953
Inventory recognised as an expense	1,032,478	1,056,556
Exchange differences	91	(27)
Defined contribution pension cost	13,054	11,296
Audit fees payable to company's auditors	10,400	10,100
	<u>1,704,602</u>	<u>1,647,953</u>

7. Employees

Staff costs were as follows:

	2016	2015
Wages and salaries	1,626,606	1,572,629
Social security costs	64,942	64,028
Cost of defined contribution scheme	13,054	11,296
	<u>1,704,602</u>	<u>1,647,953</u>

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

	2016 No.	2015 No.
Administration	7	7
Selling	166	164
	<u>173</u>	<u>171</u>

Key management compensation

	2016	2015
Salary and benefits	54,806	50,487
	<u>54,806</u>	<u>50,487</u>

8. Interest payable and similar charges

	2016	2015
Bank interest payable	10,112	21,127
Other loan interest payable	2,284	896
	<u>12,396</u>	<u>22,023</u>

Armagh City Hotel Limited

Notes to the Financial Statements For the Year Ended 31 July 2016

9. Taxation

	2016	2015
Corporation tax		
Current tax on profits for the year	71,581	21,889
Adjustments in respect of previous periods	464	-
	<u>72,045</u>	<u>21,889</u>
Total current tax	<u>72,045</u>	<u>21,889</u>
Deferred tax		
Origination and reversal of timing differences	6,941	54,724
Effect of changes in tax rates	(6,160)	-
Total deferred tax	<u>781</u>	<u>54,724</u>
Taxation on profit on ordinary activities	<u>72,826</u>	<u>76,613</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016	2015
Profit on ordinary activities before tax	<u>254,273</u>	<u>805,060</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	50,855	161,012
Effects of:		
Expenses not deductible for tax purposes	28,131	26,472
Credits not taxable	-	(110,871)
Tax rate changes	(6,160)	-
Total tax charge for the year	<u>72,826</u>	<u>76,613</u>

**Notes to the Financial Statements
For the Year Ended 31 July 2016**

9. Taxation (continued)

Factors that may affect future tax charges

The UK Corporation Tax rate currently in force is 20%. This rate will be reduced to 19% from 1 April 2017, and to 18% from 1 April 2020. Both of these rate changes were enacted by Finance (No 2) Act 2015; and were substantively enacted (for UK GAAP and IFRS purposes) on 26 October 2015.

10. Tangible fixed assets

	Freehold property	Plant and machinery	Fixtures and fittings	Computer equipment	Other fixed assets	Total
Cost or valuation						
At 1 August 2015	5,500,000	3,266,090	1,574,589	565,909	321,223	11,227,811
Additions	-	63,175	25,222	3,374	10,824	102,595
Revaluations	500,000	-	-	-	-	500,000
At 31 July 2016	<u>6,000,000</u>	<u>3,329,265</u>	<u>1,599,811</u>	<u>569,283</u>	<u>332,047</u>	<u>11,830,406</u>
Depreciation						
At 1 August 2015	-	3,198,565	1,458,092	509,533	315,305	5,481,495
Charge for the period on owned assets	139,197	7,210	56,980	19,137	3,602	226,126
On revalued assets	(139,197)	-	-	-	-	(139,197)
At 31 July 2016	<u>-</u>	<u>3,205,775</u>	<u>1,515,072</u>	<u>528,670</u>	<u>318,907</u>	<u>5,568,424</u>
Net book value						
At 31 July 2016	<u>6,000,000</u>	<u>123,490</u>	<u>84,739</u>	<u>40,613</u>	<u>13,140</u>	<u>6,261,982</u>
At 31 July 2015	<u>5,500,000</u>	<u>67,525</u>	<u>116,497</u>	<u>56,376</u>	<u>5,918</u>	<u>5,746,316</u>

The net book value of land and buildings may be further analysed as follows:

	2016	2015
Freehold	<u>6,000,000</u>	<u>5,500,000</u>
	<u>6,000,000</u>	<u>5,500,000</u>

Armagh City Hotel Limited

Notes to the Financial Statements For the Year Ended 31 July 2016

11. Stocks

	2016	2015
Raw materials and consumables	58,200	54,410
Finished goods and goods for resale	44,350	57,100
	<u>102,550</u>	<u>111,510</u>

12. Debtors

	2016	2015
Trade debtors	114,731	77,632
Other debtors	53,085	41,424
Prepayments and accrued income	79,946	85,393
	<u>247,762</u>	<u>204,449</u>

13. Creditors: Amounts falling due within one year

	2016	2015
Bank loans	160,800	226,001
Other loans	4,704	8,064
Trade creditors	181,019	209,253
Amounts owed to related parties	390,647	409,737
Corporation tax	71,580	21,889
Taxation and social security	164,370	169,938
Other creditors	58,031	9,389
Accruals and deferred income	213,880	192,938
	<u>1,245,031</u>	<u>1,247,209</u>

Secured loans

Amounts owed to related parties are unsecured, have no fixed date of repayment and are repayable on demand.

Armagh City Hotel Limited

**Notes to the Financial Statements
For the Year Ended 31 July 2016**

14. Creditors: Amounts falling due after more than one year

	2016	2015
Bank loans	33,768	194,572
Other loans	-	4,704
	<u>33,768</u>	<u>199,276</u>

Secured loans

Included within the above are amounts falling due as follows:

	2016	2015
Amounts falling due within one year		
Bank loans	160,800	226,001
Other loans	4,704	8,064
	<u>165,504</u>	<u>234,065</u>

Amounts falling due 1-2 years

Bank loans	33,768	156,192
Other loans	-	4,704
	<u>33,768</u>	<u>160,896</u>

Amounts falling due 2-5 years

Bank loans	-	38,380
	<u>-</u>	<u>38,380</u>

Armagh City Hotel Limited

**Notes to the Financial Statements
For the Year Ended 31 July 2016**

15. Financial instruments

	2016	2015
Financial assets		
Cash at bank and in hand	125,070	21,350
Trade debtors	114,731	77,632
Other debtors	53,085	41,424
	292,886	140,406
Financial liabilities		
Bank loans and overdrafts	194,568	420,573
Other loans	4,704	12,768
Trade creditors	181,019	209,253
Amounts owed to related parties	390,647	409,737
Other creditors	58,031	9,389
Accruals	147,090	154,826
	976,059	1,216,546

Armagh City Hotel Limited

**Notes to the Financial Statements
For the Year Ended 31 July 2016**

16. Deferred taxation

	Deferred tax
At 1 August 2015	(54,724)
Charged to the profit or loss	(781)
At 31 July 2016	(55,505)

The provision for deferred taxation is made up as follows:

	2016	2015
Accelerated capital allowances	(55,505)	(54,724)
	<u>(55,505)</u>	<u>(54,724)</u>

17. Share capital

	2016	2015
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
	<u>1,539,700</u>	<u>1,539,700</u>

Armagh City Hotel Limited

Notes to the Financial Statements For the Year Ended 31 July 2016

18. Related party transactions

The company has identified the following transactions which are disclosable under the terms of FRS 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 £151,000 (2015: £132,500) to Armagh City Hotel Limited.

The amount due to Dunadry Development Company Limited at 31 July 2016 was £nil (2015: £19,887)

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 to Friary Road Enterprises Limited at 31 July 2016 was £6,920 (2015: £2,868).

Armagh City Hotel Limited 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 31 July 2016, the amount owed by Armagh City Hotel Limited was £383,727 (2015: £383,727).

(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.

(d) Wellington Park Hotel Limited and Dunadry Inn Limited, subsidiaries of Dunadry Development Company Limited, traded with Armagh City Hotel Limited under the same terms as those available to other customers in the ordinary course of business.

The amount owed to Wellington Park Hotel Limited at 31 July 2016 was £nil (2015: £432)

The amount owed to Dunadry Inn Limited at 31 July 2016 was £nil (2015: £2,823)

(e) At 31 July 2016 there was a balance due from the directors of the company, which is disclosed in other debtors (note 12).

The movement on the balances have been summarised below:

	Balance at 1 August 2015	Withdrawals	Repayments	Balance at 31 July 2016
Mr B McCormick	2,104	148	-	2,252
Mr K McAnallen	2,481	30	-	2,511
	<u>4,585</u>	<u>178</u>	<u>-</u>	<u>4,763</u>

19. Controlling party

Each of the shareholders has an equal shareholding in the share capital of the company and there is deemed to be no ultimate controlling party.

Armagh City Hotel Limited

**Notes to the Financial Statements
For the Year Ended 31 July 2016**

20. First time adoption of FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 August 2014. The impact of the transition to FRS 102 is as follows:

		As previously stated 1 August 2014	Effect of transition 1 August 2014	FRS 102 (as restated) 1 August 2014	As previously stated 31 July 2015	Effect of transition 31 July 2015	FRS 102 (as restated) 31 July 2015
	Note						
Fixed assets	1	5,703,713	(548,975)	5,154,738	5,658,503	87,813	5,746,316
Current assets		411,302	-	411,302	337,309	-	337,309
Creditors: amounts falling due within one year	2	(964,745)	(423,727)	(1,388,472)	(863,482)	(383,727)	(1,247,209)
Net current liabilities		(553,443)	(423,727)	(977,170)	(526,173)	(383,727)	(909,900)
Total assets less current liabilities		5,150,270	(972,702)	4,177,568	5,132,330	(295,914)	4,836,416
Creditors: amounts falling due after more than one year	2	(835,139)	423,727	(411,412)	(583,003)	383,727	(199,276)
Provisions for liabilities	3	(1,702,814)	1,702,814	-	(1,712,340)	1,657,616	(54,724)
Net assets		2,612,317	1,153,839	3,766,156	2,836,987	1,745,429	4,582,416
Capital and reserves		2,612,317	1,153,839	3,766,156	2,836,987	1,745,429	4,582,416

Armagh City Hotel Limited

**Notes to the Financial Statements
For the Year Ended 31 July 2016**

20. First time adoption of FRS 102 (continued)

		As previously stated 31 July 2015	Effect of transition 31 July 2015	FRS 102 (as restated) 31 July 2015
	Note			
Turnover		4,326,238	-	4,326,238
Cost of sales		(2,704,561)	-	(2,704,561)
		1,621,677	-	1,621,677
Administrative expenses	1	(1,298,371)	503,777	(794,594)
Operating profit		323,306	503,777	827,083
Interest payable and similar charges		(22,023)	-	(22,023)
Taxation		(76,613)	-	(76,613)
Profit on ordinary activities after taxation and for the financial year		224,670	503,777	728,447

Explanation of changes to previously reported profit and equity:

- 1 On Transition to FRS 102 the company has adopted a revaluation policy for freehold property. This has resulted in
- An impairment charge of £548,975 reducing the carrying value of freehold property £5,000,000 as at 1 August 2014 with a corresponding reduction in net assets of £548,975;
 - A reversal of the impairment charge of £534,341, reduction in depreciation of £14,634 and a revaluation gain of £87,813 for the year ended 31 July 2015. This increased the carrying value of freehold property to £5,500,000 as at 31 July 2015 resulting in a cumulative increase in net assets of £87,813..

Armagh City Hotel Limited

**Notes to the Financial Statements
For the Year Ended 31 July 2016**

20. First time adoption of FRS 102 (continued)

- 2 On transition to FRS 102 it was identified that £423,725 (1 August 2014: £383,727) of amounts owed to group undertakings were incorrectly shown as falling due for payment after more than one year. These balances have been reclassified to amounts falling due within one year. This has not resulted in any change to net assets at either 1 August 2014 or 31 July 2015 nor on reported results for the year ended 31 July 2015.
- 3 Under old UK GAAP capital grants were credited to deferred income and amortised to the profit and loss account over the related fixed assets useful economic life. Under FRS 102 the company has elected to adopt the performance method and recognises the income from grants once performance conditions are met. This has resulted in a reduction in deferred income of £1,702,814 and increase in net assets as at 1 August 2014 and a reduction in deferred income of £1,657,616 as at 31 July 2015 with an increase in net assets of the same amount and a decrease in reported profit of £45,198 resulting from the reversal of grant amortisation..