

REGISTERED NUMBER: SC075521 (Scotland)

**Group Strategic Report,
Report of the Directors and
Consolidated Financial Statements
for the Year Ended 30 April 2014
for
Chardon Trading Limited**



**Contents of the Consolidated Financial Statements
for the Year Ended 30 April 2014**

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Chardon Trading Limited

**Company Information
for the Year Ended 30 April 2014**

DIRECTORS: Maurice Vincent Taylor
Mrs Frances Una Taylor
Ms Nicola Joan Taylor

SECRETARY: Adam Inglis Armstrong

REGISTERED OFFICE: 29 Winton Lane
Glasgow
G12 0QD

REGISTERED NUMBER: SC075521 (Scotland)

AUDITORS: Stevenson & Kyles
Statutory Auditor
Chartered Accountants
25 Sandyford Place
Glasgow
G3 7NG

Chardon Trading Limited (Registered number: SC075521)

**Group Strategic Report
for the Year Ended 30 April 2014**

The directors present their strategic report of the company and the group for the year ended 30 April 2014.

REVIEW OF BUSINESS

The financial results for the year ended 30 April 2014 are contained in the consolidated profit and loss account on page six of the report and accounts.

The report and accounts reflect the business of the group, which operates in the hotel and leisure sector. Details for the year include :-

- * An increase in total revenue of 2.2% year on year.
- * Rev par at £50.48 is an increase of 4.73% on the previous year.

Results

Total revenues of £10.054 million (2013 - £9.838million) increased by 2.2% from the previous year. Operating profit, before interest, depreciation, taxation and exceptional items was £2.330 million (2013 - £2.198million). After exceptional items totalling £2.805 million the loss for the year was £1.218 million. The principal costs included in the exceptional items relate to the refurbishment and rebranding of the hotel at Edinburgh airport, which has now been converted to a Holiday Inn Express

Notwithstanding the relatively difficult trading climate, we continue to deliver financial performance indicators in respect of added value, return on capital employed and the generation of cash flows which we believe are, in relative terms, higher than those employed by much larger hotel groups.

Hotels operation

We continue to reinvest in the maintenance and upgrading of facilities. We are also becoming more aware of the importance of conserving resources and are making a conscious effort to aid this objective. This reflects the group strategy of developing its core assets to improve quality and standards throughout the group.

~~The hotel and leisure sector remains challenging and very competitive. Notwithstanding the impact of outside agencies, for example disproportionate increases in energy costs and the level of commissions paid to third parties, we remain confident of the profitability of these hotels even in the current economic climate.~~

PRINCIPAL RISKS AND UNCERTAINTIES

The financial results of the companies within the group could be materially adversely affected by a number of different risks and uncertainties. The main risks and uncertainties are as detailed below, together with the steps which the companies are taking to mitigate these risks.

Competition and consumer trends

The hotel sector of the UK economy is highly competitive, and the group's future financial performance would be at risk if it failed to anticipate consumer trends and lost market share to its competitors. The group obtains feedback from its customers, and uses that feedback to ensure that it continues to offer the type and quality of services that its customers expect. It believes that by listening to its customers it is significantly reducing the risks associated with changing consumer trends.

Health and safety

A major incident resulting from a health and safety failure would be a significant reputational risk to the group. To mitigate the risk the group utilises the services of external health and safety consultants to assist in maintaining health and safety matters to the highest possible standards.

Financial risks

Financial risks remain associated with uncertain consumer spending levels, increasing supplier inflationary prices, wage inflation and unstable utility costs. The hotels operate in a variety of markets including corporate, leisure and functions which mitigates the impact of any drop in consumer spending levels. The Group continues to focus on cost control to maximise efficiencies within the business.

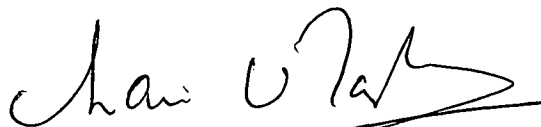
Chardon Trading Limited (Registered number: SC075521)

**Group Strategic Report
for the Year Ended 30 April 2014**

FUTURE DEVELOPMENTS

The business of the group continues to expand. In May 2014, two additional hotels were added to the group portfolio.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'Maurice Vincent Taylor', written over a dotted line.

Maurice Vincent Taylor - Director

Date: 5/12/14

Chardon Trading Limited (Registered number: SC075521)

**Report of the Directors
for the Year Ended 30 April 2014**

The directors present their report with the financial statements of the company and the group for the year ended 30 April 2014.

DIVIDENDS

No dividends will be distributed for the year ended 30 April 2014.

FUTURE DEVELOPMENTS

Future developments in the business of the company are discussed in the strategic report.

DIRECTORS

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

Maurice Vincent Taylor
Mrs Frances Una Taylor
Ms Nicola Joan Taylor

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;
- 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.

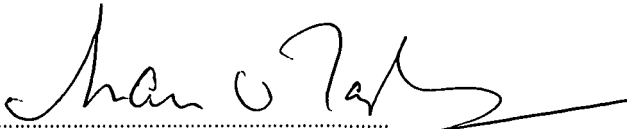
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Stevenson & Kyles, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


Maurice Vincent Taylor - Director

Date:

5/12/14

Report of the Independent Auditors to the Members of Chardon Trading Limited

We have audited the financial statements of Chardon Trading Limited for the year ended 30 April 2014 on pages six to twenty four. 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 30 April 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.

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.


James Weir (Senior Statutory Auditor)
for, and on behalf of Stevenson & Kyles
Statutory Auditor
Chartered Accountants
25 Sandyford Place
Glasgow
G3 7NG

Date:

9th December 2014

Chardon Trading Limited (Registered number: SC075521)

**Consolidated Profit and Loss Account
for the Year Ended 30 April 2014**

	Notes	30.4.14 £	30.4.13 £
TURNOVER		10,054,215	9,837,573
Cost of sales		<u>769,064</u>	<u>807,000</u>
GROSS PROFIT		9,285,151	9,030,573
Administrative expenses		<u>7,278,087</u>	<u>7,309,900</u>
		2,007,064	1,720,673
Other operating income		<u>113,314</u>	<u>285,796</u>
OPERATING PROFIT	3	2,120,378	2,006,469
Exceptional items	4	<u>2,804,631</u>	<u>729,426</u>
		(684,253)	1,277,043
Interest receivable and similar income		<u>4,863</u>	<u>30</u>
		(679,390)	1,277,073
Interest payable and similar charges	5	<u>538,882</u>	<u>571,745</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,218,272)	705,328
Tax on (loss)/profit on ordinary activities	6	<u>(128,623)</u>	<u>290,997</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP		<u>(1,089,649)</u>	<u>414,331</u>

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

The notes form part of these financial statements

Chardon Trading Limited (Registered number: SC075521)

**Note of Historical Cost Profits and Losses
for the Year Ended 30 April 2014**

	30.4.14 £	30.4.13 £
REPORTED (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(1,218,272)	705,328
Revaluation depreciation adjustment	<u>189,376</u>	<u>189,376</u>
HISTORICAL COST (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>(1,028,896)</u>	<u>894,704</u>
HISTORICAL COST (LOSS)/PROFIT FOR THE YEAR RETAINED AFTER TAXATION	<u>(900,273)</u>	<u>603,707</u>

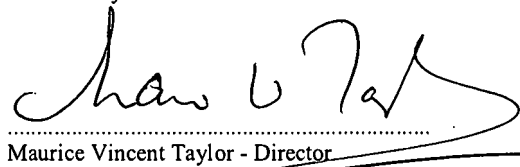
The notes form part of these financial statements

Chardon Trading Limited (Registered number: SC075521)

Consolidated Balance Sheet
30 April 2014

	Notes	30.4.14 £	30.4.13 £
FIXED ASSETS			
Intangible assets	8	(1,488,188)	(1,781,664)
Tangible assets	9	33,943,119	34,323,462
Investments	10	-	-
		<u>32,454,931</u>	<u>32,541,798</u>
CURRENT ASSETS			
Stocks	11	34,998	38,523
Debtors	12	818,469	1,076,391
Cash at bank and in hand		<u>2,145,942</u>	<u>626,328</u>
		2,999,409	1,741,242
CREDITORS			
Amounts falling due within one year	13	<u>4,951,863</u>	<u>3,178,457</u>
NET CURRENT LIABILITIES		<u>(1,952,454)</u>	<u>(1,437,215)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		30,502,477	31,104,583
CREDITORS			
Amounts falling due after more than one year	14	(13,344,770)	(13,022,313)
PROVISIONS FOR LIABILITIES	18	(325,040)	(405,787)
ACCRUALS AND DEFERRED INCOME	19	<u>(245,833)</u>	<u>-</u>
NET ASSETS		<u>16,586,834</u>	<u>17,676,483</u>
CAPITAL AND RESERVES			
Called up share capital	20	866,000	866,000
Share premium	21	5,075,840	5,075,840
Revaluation reserve	21	7,975,846	8,165,222
Profit and loss account	21	<u>2,669,148</u>	<u>3,569,421</u>
SHAREHOLDERS' FUNDS	25	<u>16,586,834</u>	<u>17,676,483</u>

The financial statements were approved by the Board of Directors on its behalf by:


Maurice Vincent Taylor - Director

30 April 2014 and were signed on

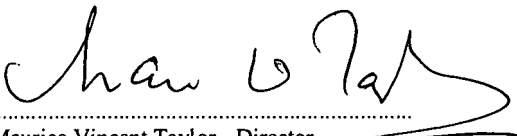
The notes form part of these financial statements

Chardon Trading Limited (Registered number: SC075521)

Company Balance Sheet
30 April 2014

	Notes	30.4.14 £	30.4.13 £
FIXED ASSETS			
Intangible assets	8	-	-
Tangible assets	9	4,624	6,165
Investments	10	<u>13,949,547</u>	<u>12,199,446</u>
		13,954,171	12,205,611
CURRENT ASSETS			
Debtors	12	6,877,859	8,168,797
Cash at bank and in hand		<u>610,855</u>	<u>89,157</u>
		7,488,714	8,257,954
CREDITORS			
Amounts falling due within one year	13	<u>1,731,343</u>	<u>751,221</u>
NET CURRENT ASSETS		<u>5,757,371</u>	<u>7,506,733</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		19,711,542	19,712,344
CREDITORS			
Amounts falling due after more than one year	14	<u>13,344,770</u>	<u>13,022,313</u>
NET ASSETS		<u>6,366,772</u>	<u>6,690,031</u>
CAPITAL AND RESERVES			
Called up share capital	20	866,000	866,000
Share premium	21	5,075,840	5,075,840
Profit and loss account	21	<u>424,932</u>	<u>748,191</u>
SHAREHOLDERS' FUNDS	25	<u>6,366,772</u>	<u>6,690,031</u>

The financial statements were approved by the Board of Directors on its behalf by:


Maurice Vincent Taylor - Director

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..... and were signed on

The notes form part of these financial statements

Chardon Trading Limited (Registered number: SC075521)

**Consolidated Cash Flow Statement
for the Year Ended 30 April 2014**

	Notes	30.4.14	30.4.13
		£	£
Net cash inflow from operating activities	1	626,876	2,016,049
Returns on investments and servicing of finance	2	(547,846)	(575,505)
Taxation		(262,523)	(252,721)
Capital expenditure and financial investment	2	<u>(227,069)</u>	<u>(163,377)</u>
		(410,562)	1,024,446
Financing	2	<u>1,179,061</u>	<u>(1,440,269)</u>
Increase/(decrease) in cash in the period		<u>768,499</u>	<u>(415,823)</u>
Reconciliation of net cash flow to movement in net debt	3		
Increase/(decrease) in cash in the period		768,499	(415,823)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		<u>(1,215,354)</u>	<u>1,101,946</u>
Change in net debt resulting from cash flows		<u>(446,855)</u>	<u>686,123</u>
Movement in net debt in the period		<u>(446,855)</u>	<u>686,123</u>
Net debt at 1 May		<u>(12,461,756)</u>	<u>(13,147,879)</u>
Net debt at 30 April		<u>(12,908,611)</u>	<u>(12,461,756)</u>

The notes form part of these financial statements

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 30 April 2014**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	30.4.14	30.4.13
	£	£
Operating profit	2,120,378	2,006,469
Depreciation charges	204,231	191,992
Loss on disposal of fixed assets	859	-
Accrued income	(4,167)	-
Exceptional items	(1,729,733)	-
Decrease in stocks	3,525	7,449
(Increase)/decrease in debtors	(193,204)	106,658
Increase/(decrease) in creditors	<u>224,987</u>	<u>(296,519)</u>
Net cash inflow from operating activities	<u><u>626,876</u></u>	<u><u>2,016,049</u></u>

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

	30.4.14	30.4.13
	£	£
Returns on investments and servicing of finance		
Interest received	4,863	30
Interest paid	(552,259)	(574,894)
Interest element of hire purchase payments	<u>(450)</u>	<u>(641)</u>
Net cash outflow for returns on investments and servicing of finance	<u><u>(547,846)</u></u>	<u><u>(575,505)</u></u>
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(33,622)	-
Purchase of tangible fixed assets	(585,197)	(163,377)
Sale of tangible fixed assets	266,750	-
Capital contribution for franchise	<u>125,000</u>	<u>-</u>
Net cash outflow for capital expenditure and financial investment	<u><u>(227,069)</u></u>	<u><u>(163,377)</u></u>
Financing		
New loans in year	5,000,000	-
Loan repayments in year	(3,455,000)	(852,500)
Capital repayments in year	(3,396)	(5,696)
Amount withdrawn by directors	<u>(362,543)</u>	<u>(582,073)</u>
Net cash inflow/(outflow) from financing	<u><u>1,179,061</u></u>	<u><u>(1,440,269)</u></u>

The notes form part of these financial statements

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 30 April 2014**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.5.13 £	Cash flow £	At 30.4.14 £
Net cash:			
Cash at bank and in hand	626,328	1,519,614	2,145,942
Bank overdrafts	<u>(946,705)</u>	<u>(751,115)</u>	<u>(1,697,820)</u>
	<u>(320,377)</u>	<u>768,499</u>	<u>448,122</u>
Debt:			
Hire purchase	(3,396)	3,396	-
Debts falling due within one year	-	(860,000)	(860,000)
Debts falling due after one year	<u>(12,137,983)</u>	<u>(358,750)</u>	<u>(12,496,733)</u>
	<u>(12,141,379)</u>	<u>(1,215,354)</u>	<u>(13,356,733)</u>
Total	<u><u>(12,461,756)</u></u>	<u><u>(446,855)</u></u>	<u><u>(12,908,611)</u></u>

The notes form part of these financial statements

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements
for the Year Ended 30 April 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, and in accordance with applicable accounting standards.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Goodwill

On the purchase of the subsidiaries in 2006 the assets exceeded the acquisition costs, thereby creating negative goodwill. This is being amortised over a period of fifteen years.

Intellectual property

During the year one of the hotels owned by the group converted to a Holiday Inn Express. The costs of setting up the franchise agreement have been capitalised as intellectual property and are being amortised over its twenty year term.

'Key money' of £250,000 was received relating to the franchise. This has been treated as deferred income in the financial statements and is also being released to the profit and loss account over the term of the franchise agreement.

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.

Freehold property	- not provided as investment property and over estimated useful life of 125 years
Long leasehold	- over the lease term
Fixtures and fittings	- 20% on reducing balance and 10% on cost
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on cost

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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.

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2014**

2. STAFF COSTS

	30.4.14	30.4.13
	£	£
Wages and salaries	2,823,498	2,923,444
Social security costs	192,736	209,216
Other pension costs	<u>22,771</u>	<u>46,508</u>
	<u><u>3,039,005</u></u>	<u><u>3,179,168</u></u>

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

	30.4.14	30.4.13
General staff	192	182
Administrative staff	<u>15</u>	<u>15</u>
	<u><u>207</u></u>	<u><u>197</u></u>

3. OPERATING PROFIT

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

	30.4.14	30.4.13
	£	£
Other operating leases	228,460	243,410
Depreciation - owned assets	464,085	449,745
Depreciation - assets on hire purchase contracts	-	2,660
Loss on disposal of fixed assets	859	-
Goodwill amortisation	(260,414)	(260,413)
Patents and licences amortisation	560	-
Auditors' remuneration	<u>34,061</u>	<u>31,400</u>
Directors' remuneration	201,296	237,405
Directors' pension contributions to money purchase schemes	<u>10,783</u>	<u>38,508</u>

Information regarding the highest paid director is as follows:

	30.4.14	30.4.13
	£	£
Emoluments etc	79,735	95,486
Pension contributions to money purchase schemes	<u>2,400</u>	<u>2,400</u>

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2014**

4. EXCEPTIONAL ITEMS

	30.04.14 £	30.04.13 £
Provision for associated company	624,002	600,000
Write off of hotel costs	-	129,426
Compensation for loss of office	60,000	
Exceptional rebranding and refurbishment costs	<u>2,120,629</u>	<u>-</u>
	<u>2,804,631</u>	<u>729,426</u>

The directors considered the recoverability of the balance due from Chardon Hotels Ltd, an associated company, and took the view that recoverability of the debt was unlikely. A further provision of £624,002 (2013 - £600,000) has therefore been incorporated in the financial statements.

Compensation for loss of office of £60,000 was paid to the directors of Bettagrade Ltd at the time of their resignation.

During the year the group completed an extensive refurbishment contract and rebranding exercise on its Edinburgh airport hotel. The related costs of £2,120,629, which consisted of consumables and repairs totalling £2,089,824 and redundancy costs of £30,805 have been treated as an exceptional item. The costs include repairs totalling £233,846 which have been reclassified from leasehold property.

The group had also incurred costs relating to a new hotel venture. During the year ended 30 April 2013 it was decided that the project would no longer proceed and the decision was taken to write off the costs.

5. INTEREST PAYABLE AND SIMILAR CHARGES

	30.4.14 £	30.4.13 £
Bank interest	5,023	10,471
Bank loan interest	533,409	560,552
Other interest	-	81
Hire purchase	<u>450</u>	<u>641</u>
	<u>538,882</u>	<u>571,745</u>

6. TAXATION

Analysis of the tax (credit)/charge

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

	30.4.14 £	30.4.13 £
Current tax:		
UK corporation tax	-	262,523
Prior year adjustment	<u>(47,876)</u>	<u>(13,644)</u>
Total current tax	<u>(47,876)</u>	<u>248,879</u>
Deferred tax	<u>(80,747)</u>	<u>42,118</u>
Tax on (loss)/profit on ordinary activities	<u>(128,623)</u>	<u>290,997</u>

UK corporation tax has been charged at 22.84% (2013 - 23.92%).

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2014**

6. TAXATION - continued

Factors affecting the tax (credit)/charge

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

	30.4.14 £	30.4.13 £
(Loss)/profit on ordinary activities before tax	<u>(1,218,272)</u>	<u>705,328</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 22.840% (2013 - 23.920%)	(278,253)	168,714
Effects of:		
Expenses not deductible for tax purposes	146,790	142,346
Depreciation in excess of capital allowances	23,268	88,126
Adjustments to tax charge in respect of previous periods	(47,876)	(13,644)
Group goodwill adjustment	(59,479)	(62,291)
Small company rate relief	(1,791)	(2,728)
Computational adjustments	53,410	(71,644)
Creation of tax losses	115,043	-
Other tax adjustments	<u>1,012</u>	<u>-</u>
Current tax (credit)/charge	<u>(47,876)</u>	<u>248,879</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 £(323,259) (2013 - £186,457 profit).

8. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Patents and licences £	Totals £
COST			
At 1 May 2013	(3,906,200)	-	(3,906,200)
Additions	<u>-</u>	<u>33,622</u>	<u>33,622</u>
At 30 April 2014	<u>(3,906,200)</u>	<u>33,622</u>	<u>(3,872,578)</u>
AMORTISATION			
At 1 May 2013	(2,124,536)	-	(2,124,536)
Amortisation for year	<u>(260,414)</u>	<u>560</u>	<u>(259,854)</u>
At 30 April 2014	<u>(2,384,950)</u>	<u>560</u>	<u>(2,384,390)</u>
NET BOOK VALUE			
At 30 April 2014	<u>(1,521,250)</u>	<u>33,062</u>	<u>(1,488,188)</u>
At 30 April 2013	<u>(1,781,664)</u>	<u>-</u>	<u>(1,781,664)</u>

Chardon Trading Limited (Registered number: SC075521)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2014

9. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Long leasehold £	Fixtures and fittings £
COST OR VALUATION			
At 1 May 2013	8,283,794	25,817,868	3,319,145
Additions	-	18,036	304,211
Disposals	-	-	(61,844)
Reclassification/transfer	-	(233,846)	-
At 30 April 2014	<u>8,283,794</u>	<u>25,602,058</u>	<u>3,561,512</u>
DEPRECIATION			
At 1 May 2013	36,842	282,801	2,796,605
Charge for year	36,842	283,569	140,038
Eliminated on disposal	-	-	(61,844)
At 30 April 2014	<u>73,684</u>	<u>566,370</u>	<u>2,874,799</u>
NET BOOK VALUE			
At 30 April 2014	<u>8,210,110</u>	<u>25,035,688</u>	<u>686,713</u>
At 30 April 2013	<u>8,246,952</u>	<u>25,535,067</u>	<u>522,540</u>

	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION			
At 1 May 2013	49,500	113,176	37,583,483
Additions	-	-	322,247
Disposals	(19,630)	(113,176)	(194,650)
Reclassification/transfer	-	-	(233,846)
At 30 April 2014	<u>29,870</u>	<u>-</u>	<u>37,477,234</u>
DEPRECIATION			
At 1 May 2013	30,698	113,075	3,260,021
Charge for year	3,535	101	464,085
Eliminated on disposal	(14,971)	(113,176)	(189,991)
At 30 April 2014	<u>19,262</u>	<u>-</u>	<u>3,534,115</u>
NET BOOK VALUE			
At 30 April 2014	<u>10,608</u>	<u>-</u>	<u>33,943,119</u>
At 30 April 2013	<u>18,802</u>	<u>101</u>	<u>34,323,462</u>

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2014**

9. TANGIBLE FIXED ASSETS - continued

Group

On 26 March 2012, the hotel properties (including hotel fittings) were revalued by DTZ, Chartered Surveyors, at a value of £30,545,000. The valuation reports have been made in accordance with the RICS appraisal and valuation manual. These values have been incorporated in the financial statements. The hotel properties were valued as fully equipped operational entities having regard to trading potential. On a historical cost basis the net book value of the properties would be £12,199,150 (2013 - £12,547,905).

The land owned by one of the subsidiaries was revalued on the same date at a value of £3,525,000, which has also been incorporated in the financial statements. On a historical cost basis the net book value of the land owned by the group is would be £530,954 (2013 - £530,954).

After the completion of an extensive refurbishment program on the Edinburgh airport hotel the directors engaged external consultants to review the allocation of the contract expenditure within the financial statements. On receipt of their report to the decision was taken to reallocate £233,846 from property to exceptional repairs

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

	Motor vehicles £
COST	
At 1 May 2013	18,910
Transfer to ownership	<u>(18,910)</u>
At 30 April 2014	-
DEPRECIATION	
At 1 May 2013	10,932
Transfer to ownership	<u>(10,932)</u>
At 30 April 2014	-
NET BOOK VALUE	
At 30 April 2014	<u>-</u>
At 30 April 2013	<u>7,978</u>
Company	
	Motor vehicles £
COST	
At 1 May 2013 and 30 April 2014	<u>10,960</u>
DEPRECIATION	
At 1 May 2013	4,795
Charge for year	<u>1,541</u>
At 30 April 2014	<u>6,336</u>
NET BOOK VALUE	
At 30 April 2014	<u>4,624</u>
At 30 April 2013	<u>6,165</u>

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2014**

10. FIXED ASSET INVESTMENTS

Details of the investments in which the Group holds 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Holding	Proportion of voting rights	Nature of business
<u>Subsidiary Undertaking</u>			
Chardon Leisure Ltd	Ordinary shares	100%	Hotels
Ingliston Hotels Ltd	Ordinary shares	100%	Hotels
Chardon Properties Ltd	Ordinary shares	100%	Investment
Bettgrade Ltd	Ordinary shares	100%	Hotels
Chardon Edinburgh (RM) Ltd	Ordinary shares	100%	Hotels
Chardon Edinburgh Airport Ltd	Ordinary shares	100%	Dormant

Company

	Subsidiary Undertakings £
Cost at 1 May 2013	12,199,446
Additions in year	<u>1,750,101</u>
Cost at 30 April 2014	<u><u>13,949,547</u></u>

11. STOCKS

	Group	
	30.4.14	30.4.13
	£	£
Stocks	<u>34,998</u>	<u>38,523</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30.4.14	30.4.13	30.4.14	30.4.13
	£	£	£	£
Trade debtors	339,461	330,144	11,253	2,262
Amounts owed by group undertakings	-	-	6,853,806	7,521,622
Sundry debtors	129,215	624,002	-	624,002
Tax	47,876	-	-	-
VAT	179,012	-	-	-
Prepayments	<u>122,905</u>	<u>122,245</u>	<u>12,800</u>	<u>20,911</u>
	<u><u>818,469</u></u>	<u><u>1,076,391</u></u>	<u><u>6,877,859</u></u>	<u><u>8,168,797</u></u>

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2014**

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	30.4.14	30.4.13	30.4.14	30.4.13
	£	£	£	£
Bank loans and overdrafts (see note 15)	2,557,820	946,705	1,485,068	619,212
Hire purchase contracts (see note 16)	-	3,396	-	-
Trade creditors	500,696	458,560	-	-
Amounts owed to group undertakings	-	-	179,100	-
Taxation	-	262,523	-	28,766
Social security and other taxes	236,537	261,343	15,835	26,106
Accrued expenses	<u>1,656,810</u>	<u>1,245,930</u>	<u>51,340</u>	<u>77,137</u>
	<u><u>4,951,863</u></u>	<u><u>3,178,457</u></u>	<u><u>1,731,343</u></u>	<u><u>751,221</u></u>

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

	Group		Company	
	30.4.14	30.4.13	30.4.14	30.4.13
	£	£	£	£
Bank loans (see note 15)	11,465,000	10,780,000	11,465,000	10,780,000
Directors' loans (see note 15)	1,031,733	1,357,983	1,031,733	1,357,983
Other creditors	788,828	843,841	788,828	843,841
Advances from directors	<u>59,209</u>	<u>40,489</u>	<u>59,209</u>	<u>40,489</u>
	<u><u>13,344,770</u></u>	<u><u>13,022,313</u></u>	<u><u>13,344,770</u></u>	<u><u>13,022,313</u></u>

15. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	30.4.14	30.4.13	30.4.14	30.4.13
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	1,697,820	946,705	625,068	619,212
Bank loans	<u>860,000</u>	<u>-</u>	<u>860,000</u>	<u>-</u>
	<u><u>2,557,820</u></u>	<u><u>946,705</u></u>	<u><u>1,485,068</u></u>	<u><u>619,212</u></u>
Amounts falling due between one and two years:				
Bank loans	860,000	860,000	860,000	860,000
Directors' loans	<u>1,031,733</u>	<u>1,320,483</u>	<u>1,031,733</u>	<u>1,320,483</u>
	<u><u>1,891,733</u></u>	<u><u>2,180,483</u></u>	<u><u>1,891,733</u></u>	<u><u>2,180,483</u></u>
Amounts falling due between two and five years:				
Bank loans	10,605,000	9,920,000	10,605,000	9,920,000
Directors' loans	<u>-</u>	<u>37,500</u>	<u>-</u>	<u>37,500</u>
	<u><u>10,605,000</u></u>	<u><u>9,957,500</u></u>	<u><u>10,605,000</u></u>	<u><u>9,957,500</u></u>

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2014**

16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

Group

	Hire purchase contracts	
	30.4.14	30.4.13
	£	£
Net obligations repayable:		
Within one year	<u>-</u>	<u>3,396</u>

The following operating lease payments are committed to be paid within one year:

Group

	Land and buildings		Other operating leases	
	30.4.14	30.4.13	30.4.14	30.4.13
	£	£	£	£
Expiring:				
Within one year	-	-	9,702	-
Between one and five years	-	-	29,652	62,011
In more than five years	<u>110,000</u>	<u>110,000</u>	<u>-</u>	<u>-</u>
	<u>110,000</u>	<u>110,000</u>	<u>39,354</u>	<u>62,011</u>

17. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	30.4.14	30.4.13	30.4.14	30.4.13
	£	£	£	£
Bank overdraft	1,697,820	946,705	625,068	619,212
Bank loans	12,325,000	10,780,000	12,325,000	10,780,000
Hire purchase contracts	<u>-</u>	<u>3,396</u>	<u>-</u>	<u>-</u>
	<u>14,022,820</u>	<u>11,730,101</u>	<u>12,950,068</u>	<u>11,399,212</u>

Cross guarantees exist between the companies within the group supported by standard securities over the properties owned by the group and a bond and floating charge over group assets.

18. PROVISIONS FOR LIABILITIES

	Group	
	30.4.14	30.4.13
	£	£
Deferred tax	<u>325,040</u>	<u>405,787</u>

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2014**

18. PROVISIONS FOR LIABILITIES - continued

Group

	Deferred tax £
Balance at 1 May 2013	405,787
Capital allowances in advance of depreciation	(11,010)
Loss relief	<u>(69,737)</u>
Balance at 30 April 2014	<u>325,040</u>

Deferred Tax Provision

	30.4.14	30.4.13
	£	£
Capital Allowances in advance of depreciation	394,777	405,787
Loss relief	69,737)	-
	(_____)	_____
	<u>325,040</u>	<u>405,787</u>

19. ACCRUALS AND DEFERRED INCOME

	Group	
	30.4.14	30.4.13
	£	£
Accruals and deferred income	<u>245,833</u>	<u>-</u>

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	30.4.14	30.4.13
			£	£
866,000	Ordinary	£1	<u>866,000</u>	<u>866,000</u>

21. RESERVES

Group

	Profit and loss account £	Share premium £	Revaluation reserve £	Totals £
At 1 May 2013	3,569,421	5,075,840	8,165,222	16,810,483
Deficit for the year	(1,089,649)			(1,089,649)
Depreciation on revalued amount	<u>189,376</u>	<u>-</u>	<u>(189,376)</u>	<u>-</u>
At 30 April 2014	<u>2,669,148</u>	<u>5,075,840</u>	<u>7,975,846</u>	<u>15,720,834</u>

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2014**

21. RESERVES - continued

Company

	Profit and loss account £	Share premium £	Totals £
At 1 May 2013	748,191	5,075,840	5,824,031
Deficit for the year	<u>(323,259)</u>		<u>(323,259)</u>
At 30 April 2014	<u>424,932</u>	<u>5,075,840</u>	<u>5,500,772</u>

22. CAPITAL COMMITMENTS

	30.4.14 £	30.4.13 £
Contracted but not provided for in the financial statements	<u>-</u>	<u>561,764</u>

23. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

Maurice Taylor has provided a postponed loan to the company which is interest free and is repayable over a remaining period of two years. The amount outstanding at the balance sheet date is £1,031,733 (2013 £1,357,983).

The Taylor family, who are directors, have also made advances to the company which are interest free and have no fixed repayment date. The amounts due to the family at 30 April 2014 totalled £59,209 (2013 - £40,489).

Chardon Trading Limited (Registered number: SC075521)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 30 April 2014**

24. RELATED PARTY DISCLOSURES

The company was under the control of Maurice Taylor, a director, throughout the period. He is personally interested in 100% of the company's issued share capital.

Included in group debtors is an amount of £nil (2013 - £624,002) which is due by Chardon Hotels Ltd, a company of which Maurice Taylor is a director and shareholder. During the year the directors considered the recoverability of the balance due from Chardon Hotels Ltd, and took the view that full provision should be made for the sums owed by that company.

Included in other creditors is an amount of £563,828 (2013 - £618,841) due to Thistle Perth LLP. Nicola Taylor and Adam Armstrong are the sole partners of that organisation. A letter of postponement has been granted by Thistle Perth LLP in favour of the Royal Bank of Scotland plc.

Included in other creditors is an amount of £225,000 (2013 - £225,000) due to Thistle Investments SA, an organisation registered in Luxembourg. Nicola Taylor is a director and holds a controlling interest in that organisation.

Thistle Car Parking Ltd, a company in which both Adam Armstrong and Nicola Taylor are directors and shareholders, sold services totalling £34,065 on normal commercial terms to the group and received services of £4,215. Included in creditors was a balance of £40,878 due to that company at 30 April 2014 and the sum of £4,215, which was due by that company, is included in debtors.

Nicola Taylor was previously a director of Chardon Management Ltd and held a controlling interest in its share capital. During the period of her ownership, the group made sales of £46,147 (2013 - £222,796) on normal commercial terms to that company, and paid management fees of £230,294 (2013 - £285,670) to that company.

Armstrongs, Chartered Accountants, received fees of £34,000 (2013 - £34,000) during the year. Adam Armstrong is the proprietor of that organisation.

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	30.4.14	30.4.13
	£	£
(Loss)/profit for the financial year	(1,089,649)	414,331
Net (reduction)/addition to shareholders' funds	(1,089,649)	414,331
Opening shareholders' funds	<u>17,676,483</u>	<u>17,262,152</u>
Closing shareholders' funds	<u>16,586,834</u>	<u>17,676,483</u>

Company

	30.4.14	30.4.13
	£	£
(Loss)/profit for the financial year	(323,259)	186,457
Net (reduction)/addition to shareholders' funds	(323,259)	186,457
Opening shareholders' funds	<u>6,690,031</u>	<u>6,503,574</u>
Closing shareholders' funds	<u>6,366,772</u>	<u>6,690,031</u>