

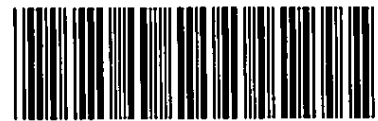
Company Registration No. 06952256

InnBrighton Properties Limited

Annual Report and Financial Statements

30 June 2013

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InnBrighton Properties Limited

Annual report and financial statements 2013

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InnBrighton Properties Limited

Annual report and financial statements 2013

Officers and professional advisers

Directors

P Bennett
G George
G Pettet
M Swindon

Registered Office

Global House
High Street
Crawley
West Sussex
RH10 1DL

Bankers

Royal Bank of Scotland plc
Kirkstone House
139 St Vincent Street
Glasgow
G2 5JF

Solicitors

SJ Berwin LLP
10 Queen Street Place
London
EC4R 1BE

Independent auditor

Deloitte LLP
Chartered Accountants
Crawley

InnBrighton Properties Limited

Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report for the year ended 30 June 2013

Principal activity

The principal activity of the company is to acquire freehold premises and lease these to InnBrighton Limited and/or its other subsidiaries

Business review and dividends

The trading results of the company are shown on page 6 The position of the company at the balance sheet date is shown on page 8 The directors do not recommend the payment of a dividend (2012 - £nil)

Going concern

At present the company is wholly reliant on intercompany borrowing The directors are in advanced discussions regarding the sale of the company to an unrelated third party acquirer The directors have no visibility over the future funding structure anticipated for the company following the sale Whilst the directors have no reason to believe that the company cannot continue as a going concern based upon their current understanding of the proposed structure of the sale and expected future rental incomes, there remains uncertainty as to the future funding structure of the company as the directors cannot be party to the intentions of the proposed acquirer Given the above, there is a material uncertainty which may cast significant doubt as to the company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business The directors believe that the shareholders will continue to support the company and on this basis, the directors consider it appropriate to prepare the financial statements of the company on the going concern basis

Risk management objectives and policies

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance via its immediate parent company

Directors

The directors of the company throughout the year were

P Bennett
G George
G Pettet
M Swindon

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor of the company and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Approved by the Board and signed on its behalf by



M Swindon
Director

17 March 2014

InnBrighton Properties Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- 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

Independent auditor's report to the members of InnBrighton Properties Limited

We have audited the financial statements of InnBrighton Properties Limited for the year ended 30 June 2013 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, the balance sheet and the related notes 1 to 11. 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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' responsibilities statement, 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 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 annual report to identify material inconsistencies with the audited financial statements. 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 30 June 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.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. As part of the post year end refinancing and restructuring of its immediate parent, InnBrighton Limited, the company is expected to be sold. Whilst we are advised by the directors that they have no reason to believe that the company could not continue as a going concern based upon their current assessment of the proposed structure of the sale and expected future rental income, there remains uncertainty as to the future funding structure of the company as the directors cannot be party to the intentions of the proposed acquirer.

These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

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.

Independent auditor's report to the members of InnBrighton Properties Limited (continued)

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



Ian Smith ACA, Senior Statutory Auditor
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom

17 March 2014

InnBrighton Properties Limited

Profit and loss account For the year ended 30 June 2013

		Year ended 30 June 2013 £	Year ended 30 June 2012 £
Turnover and gross profit	Note 1, 2	230,869	85,660
Other administrative expenses		(107,067)	(81,581)
Impairment losses		(112,809)	-
Total administrative expenses		(219,876)	(81,581)
Profit on ordinary activities before taxation	4	10,993	4,079
Tax charge on profit on ordinary activities	5	-	(21,282)
Profit/(loss) for the financial year	9	10,993	(17,203)

Results for the year and preceding year are derived from the continuing operations of the company

The notes on pages 9 to 13 form part of the financial statements

InnBrighton Properties Limited

Statement of total recognised gains and losses For the year ended 30 June 2013

	2013	2012
Note	£	£
Profit/(loss) for the financial year	10,993	(17,203)
Unrealised surplus on revaluations of properties	9 (341,476)	-
Total recognised gains and losses relating to the financial year	<u>(330,483)</u>	<u>(17,203)</u>

Note of historical cost profits and losses For the year ended 30 June 2013

	2013	2012
Note	£	£
Reported profit on ordinary activities before taxation	10,993	4,079
Difference between an historical cost depreciation charge and the actual depreciation charge for the year	9 22,577	22,577
Historical cost profit on ordinary activities before taxation	<u>33,570</u>	<u>26,656</u>
Historical cost profit for the year after taxation	<u>33,570</u>	<u>5,374</u>

InnBrighton Properties Limited

Balance sheet At 30 June 2013

	Note	At 30 June	
		2013	2012
		£	£
Fixed assets			
Tangible fixed assets	6	3,400,000	3,961,352
Current assets			
Debtors amounts owed by group undertakings		513,306	282,437
Creditors: amounts falling due within one year	7	<u>(3,351,261)</u>	<u>(3,351,261)</u>
Net current liabilities		<u>(2,837,955)</u>	<u>(3,068,824)</u>
Total assets less current liabilities		<u>562,045</u>	<u>892,528</u>
Capital and reserves			
Called up share capital	8,9	1	1
Revaluation reserve	9	546,256	910,309
Profit and loss account	9	15,788	(17,782)
Total shareholders' funds	9	<u>562,045</u>	<u>892,528</u>

The financial statements of InnBrighton Properties Limited, registered number 06952256, were approved by the board of directors and authorised for issue on 17 March 2014

Signed on its behalf by



M Swindon
Director

InnBrighton Properties Limited

Notes to the financial statements For the year ended 30 June 2013

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding financial year.

Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

Going concern

The company is reliant on the support of its parent company, InnBrighton Limited.

In preparing these financial statements the directors have considered the appropriateness of the going concern basis. In forming their view, the directors have conducted a detailed review of the trading prospects of the company for the 12 months from the date of the signing of these financial statements. The company has net current liabilities of £2,837,955 (2012 - £3,068,824) due to intercompany balances with its parent company which was the funding of the acquisition of fixed assets.

At present the company is wholly reliant on intercompany borrowing. The directors are in advanced discussions regarding the sale of the company to an unrelated third party acquirer. The directors have no visibility over the future funding structure which is anticipated for the company following the sale.

Whilst the directors have no reason to believe that the company cannot continue as a going concern based upon their current understanding of the proposed structure of the sale and expected future rental incomes, there remains uncertainty as to the future funding structure of the company as the directors cannot be party to the intentions of the proposed acquirer. Given the above, there is a material uncertainty which may cast significant doubt as to the company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have no reason to believe that the proposed acquirer will not continue to support the company and on this basis, the directors consider it appropriate to prepare the financial statements of the company on the going concern basis.

Exemption from preparing a cash flow statement

The company is a wholly owned subsidiary of InnBrighton Limited which prepares consolidated accounts that are publicly available, the company is, on this basis, exempt from the requirement of FRS1 to present a cash flow statement.

Turnover

Turnover represents the amounts receivable for goods and services net of VAT and trade discounts. In respect of the financial year ended 30 June 2013, turnover represents an inter-group management charge based on a mark up against costs incurred.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided on cost or valuation in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold land	- no depreciation
Freehold buildings	- straight line over 50 years

InnBrighton Properties Limited

Notes to the financial statements For the year ended 30 June 2013

1. Accounting policies (continued)

Revaluation of properties

Individual freehold properties are revalued in accordance with FRS 15 with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

Taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Deferred tax assets and liabilities are not discounted.

2. Turnover

The total turnover of the company, all of which arises in the United Kingdom, is attributable to its principal activity and is stated net of value added tax.

3. Information regarding directors and employees

Other than the directors, the company has no employees.

All directors' remuneration is borne by InnBrighton Limited, the company's immediate parent company.

4. Operating profit

	Year ended 30 June 2013 £	Year ended 30 June 2012 £
Profit on ordinary activities is stated after charging/(crediting):		
Management fees charged to group undertakings	(230,869)	(85,660)
Depreciation of tangible assets	107,067	81,581
Revaluation adjustments	112,809	-
	<u>112,809</u>	<u>-</u>

The audit fee of £4,000 (2012 - £4,000) has been borne by the company's immediate parent company.

InnBrighton Properties Limited

Notes to the financial statements For the year ended 30 June 2013

5. Tax charge on profit on ordinary activities

(a) Tax charge on profit on ordinary activities

	Year ended 30 June 2013 £	Year ended 30 June 2012 £
Current tax		
United Kingdom corporation tax at 23.75% (2012 – 25.5%) based on the profit for the year	-	21,843
Adjustments in respect of prior periods	-	(561)
	<hr/>	<hr/>
Total tax charge	-	21,282
	<hr/> <hr/>	<hr/> <hr/>

(b) Factors affecting current tax charge for the year

	Year ended 30 June 2013 £	Year ended 30 June 2012 £
Profit on ordinary activities before taxation	10,993	4,079
	<hr/>	<hr/>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.75% (2012 – 25.5%)	2,611	1,040
Effects of		
Expenses not deductible for tax purposes	52,222	20,803
Adjustments in respect of prior years	-	(561)
Group relief	(54,833)	-
	<hr/>	<hr/>
Total actual amount of current tax	-	21,282
	<hr/> <hr/>	<hr/> <hr/>

(c) Factors that may affect future tax charge

Deferred tax of £189,139 (2012 £218,474) has not been provided for on the revaluation of assets, this tax will only become payable if the revalued assets are sold and roll over relief is not obtained

The Finance Act 2012, which provides for a reduction in the main rate of corporation tax from 24% to 23% effective from 1 April 2013, was substantively enacted on 3 July 2012. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

The Government intends to enact future reduction in the main tax rate down to 21% effective from 1 April 2015. As these tax rates were not substantively enacted at the balance sheet date, the rate reduction is not yet reflected in these financial statements in accordance with FRS 21, as it is a non-adjusting event occurring after the reporting period.

InnBrighton Properties Limited

Notes to the financial statements For the year ended 30 June 2013

6. Tangible fixed assets

	Freehold land and buildings £
At valuation	
At 30 June 2012	4,150,000
Revaluation adjustments	(750,000)
	<hr/>
At 30 June 2013	3,400,000
Accumulated depreciation	
At 1 July 2012	188,648
Charge for the year	107,067
Impairment losses	112,809
Revaluation adjustments	(408,524)
	<hr/>
At 30 June 2013	-
	<hr/>
Net book value	
At 30 June 2013	3,400,000
	<hr/>
At 30 June 2012	3,961,352
	<hr/>

The company's freehold land and buildings were revalued as at 30 June 2013, by independent professional valuers AW Gore and Co, on an existing use basis in accordance with the RICS Appraisal and Valuation manual. The properties have been valued as fully-equipped operational entities having regard to their trading potential. The directors have considered the valuation at 30 June 2013 and have additionally devalued the properties to reflect the sale price of the business in March 2014. The historical cost of freehold property is £3,274,896 (2012 - £3,274,896) and the net book value on a historical basis is £2,853,744 (2012 - £3,051,043). The company's properties act as security for banking facilities provided to the company's immediate parent by the Royal Bank of Scotland plc.

7. Creditors: amounts falling due within one year

	2013 £	2012 £
Amounts owed to group undertakings	3,351,261	3,329,418
Corporation tax	-	21,843
	<hr/>	<hr/>
	3,351,261	3,351,261
	<hr/>	<hr/>

InnBrighton Properties Limited

Notes to the financial statements For the year ended 30 June 2013

8. Called up share capital

	2013 £	2012 £
Called up, allotted and fully paid		
1 Ordinary share of £1	1	1

9. Combined reconciliation of movements in shareholders' funds and statement of movements on reserves

	Issued share capital £	Revaluation reserve £	Profit and loss account £	2013 Total £	2012 Total £
At the beginning of the year	1	910,309	(17,782)	892,528	909,731
Realised surplus from depreciation	-	(22,577)	22,577	-	-
Unrealised surplus on revaluations of properties	-	(341,476)	-	(341,476)	-
Profit/(loss) for the financial year	-	-	10,993	10,993	(17,203)
At the end of the year	1	546,256	15,788	562,045	892,528

10. Related party transactions

By virtue of the company being a wholly owned subsidiary undertaking, 100% of whose voting rights are controlled within the group headed by InnBrighton Limited, the company has taken advantage of the exemption contained in FRS 8 'related Party Disclosures' not to disclose transactions and balances with companies in the group headed by InnBrighton Limited

11. Immediate and ultimate parent companies and controlling entity

The immediate and ultimate parent undertaking is InnBrighton Limited, a company registered in England and Wales. The directors consider Graphite Capital to be the ultimate controlling party of the company.

Copies of the accounts of InnBrighton Limited, which consolidate the results of InnBrighton Properties Limited, can be obtained from Companies House, Crown Way, Mandy, Cardiff, CF14 3UZ.