

**Company registration number 02242500**

# **The Ritz-Carlton Hotel Limited**

## **Directors' report and financial statements**

**31 December 2011**

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# **The Ritz-Carlton Hotel Limited**

## **Directors' report and financial statements 31 December 2011**

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# **The Ritz-Carlton Hotel Limited**

## **Directors' report and financial statements 31 December 2011**

### **Officers and professional advisers**

#### **Directors**

BR Price  
D Murray

#### **Company secretary**

Citco Management (UK) Limited  
7 Albemarle Street  
London  
W1S 4HQ

#### **Registered office**

7 Albemarle Street  
London  
W1S 4HQ

#### **Bankers**

Citibank NA  
Citigroup Centre  
Canada Square  
Canary Wharf  
London  
E14 5LB

#### **Solicitors**

Hammond Suddards & Edge  
7 Devonshire Square  
Cutlers Gardens  
London  
EC2M 4YH

#### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
10 Bricket Road  
St Albans  
Herts  
AL1 3JX

# **The Ritz-Carlton Hotel Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2011

This report has been prepared taking advantage of the small companies exemption in accordance with s415A of the Companies Act 2006

## **Principal activities**

The principal activity of the company comprises promoting the Ritz-Carlton brand worldwide on behalf of its parent company, The Ritz-Carlton Hotel Company Sales and Marketing B V. The directors do not anticipate any significant changes to the company's business in the near future.

## **Results and dividends**

The company's profit for the financial year was £82,975 (2010 profit of £68,530) which has been transferred to reserves. No dividends were declared or paid in 2011 (2010 £ nil).

## **Directors**

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

PA Simmons	(resigned 31 December 2011)
BR Price	
D Murray	(appointed 02 September 2011)

## **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently,
- make 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.

# **The Ritz-Carlton Hotel Limited**

## **Directors' report (continued)**

### **Disclosure of information to auditors**

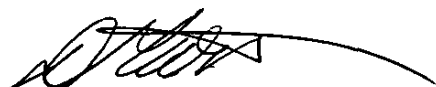
Each of the person who is a director at the date of approval of this report confirms that

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Approved by the board of directors and signed on behalf of the board

D Murray  
Director  
28 June 2012



# **The Ritz-Carlton Hotel Limited**

## **Independent auditors' report to the members of The Ritz-Carlton Hotel Limited**

We have audited the financial statements of The Ritz-Carlton Hotel Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 2) the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the 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 31 December 2011 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 Companies Act 2006

### **Opinion on other matter prescribed by the Companies Act 2006**

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

# **The Ritz-Carlton Hotel Limited**

## **Independent auditors' report to the members of The Ritz-Carlton Hotel 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
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report

Alison Cashmore (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans  
28 June 2012

# The Ritz-Carlton Hotel Limited

## Profit and loss account for the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	2	1,009,264	840,100
Administrative expenses		(976,851)	(748,537)
<b>Operating profit</b>		<b>32,413</b>	<b>91,563</b>
Interest receivable and similar income	3	3,837	-
Interest payable and similar charges	4	(571)	-
<b>Profit on ordinary activities before taxation</b>	7	<b>35,679</b>	<b>91,563</b>
Tax on profit on ordinary activities	8	47,296	(23,033)
<b>Profit for the financial year</b>	13	<b>82,975</b>	<b>68,530</b>

The company's results all relate to continuing operations

There are no recognised gains or losses other than the profit for the year therefore no separate statement of total recognised gains and losses has been presented

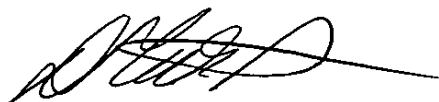


# The Ritz-Carlton Hotel Limited

## Balance sheet as at 31 December 2011

	Note	2011 £	2010 £
<b>Fixed assets</b>			
Tangible assets	9	10,056	15,372
<b>Current assets</b>			
Debtors	10	1,487,278	1,399,901
Cash at bank and in hand		186,498	158,795
		<u>1,673,776</u>	<u>1,558,696</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(1,434,880)</u>	<u>(1,408,091)</u>
Net current assets		<u>238,896</u>	<u>150,605</u>
Total assets less current liabilities		<u>248,952</u>	<u>165,977</u>
<b>Net assets</b>		<u><u>248,952</u></u>	<u><u>165,977</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	3	3
Profit and loss account	13	248,949	165,974
<b>Total shareholders' funds</b>	14	<u><u>248,952</u></u>	<u><u>165,977</u></u>

These financial statements on pages 6 to 13 were approved by the board of directors on 28 June 2012 and were signed on its behalf by



D Murray  
**Director**  
**The Ritz-Carlton Hotel Limited**  
**Company Registration Number: 02242500**  
**28 June 2012**

# The Ritz-Carlton Hotel Limited

## Notes to the financial statements for the year ended 31 December 2011

### 1 Accounting policies

#### Basis of accounting

The financial statements are prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The principal accounting policies which have been applied consistently throughout the year are set out below

#### Cash flow statement

The company is exempt from the requirements of FRS 1 'Cash flow statements (revised 1996)' to include a cash flow statement as part of its financial statements because it is a wholly owned subsidiary of Marriott International Inc whose consolidated financial statements are publicly available and in whose financial statements the company is consolidated

#### Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost, net of accumulated depreciation and any provision for impairment. The cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Construction in Progress is not depreciated

Depreciation is provided at rates calculated to write off the cost less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows

Leasehold improvements	- Remaining period of the lease
Fixtures and fittings	- 12.5% - 33% per annum

#### Taxation

UK corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred taxation is provided in full on timing differences that 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

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profit from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are not discounted

#### Turnover

Turnover is derived from the promotion of The Ritz-Carlton Hotel brand worldwide on behalf of the parent company net of trade discounts, value added tax and other sales related taxes. All turnover is derived from the parent company, The Ritz-Carlton Hotel Company Sales and Marketing B V and is recognised once the performance of the service has been concluded

# The Ritz-Carlton Hotel Limited

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 1. Accounting policies (continued)

#### Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. All exchange differences are included in the profit and loss account.

#### Pension costs

The company participates in a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### Leases

Rentals receivable and payable under operating leases are credited/charged to the profit and loss account on a straight-line basis over the lease term, even if the receipts/payments are not received/made on such a basis.

### 2. Turnover

Turnover includes fees charged to Marriott International Inc. and affiliated companies in respect of the company operating Ritz Carlton's London sales office. The company's sales were all made within the European Union.

### 3. Interest receivable and similar income

	2011	2010
	£	£
Other interest receivable	984	-
Bank interest received	2,853	-
	<u>3,837</u>	<u>-</u>

### 4. Interest payable and other similar charges

	2011	2010
	£	£
Bank interest charge	571	-
	<u>571</u>	<u>-</u>

# The Ritz-Carlton Hotel Limited

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 5. Staff costs

The average monthly number of employees (including executive directors), was

By activity	2011 Number	2010 Number
Management and administration	<u>8</u>	<u>8</u>

The aggregate remuneration comprised	2011 £	2010 £
Wages and salaries	405,896	388,682
Social security costs	45,254	39,336
Other pension costs	<u>5,140</u>	<u>9,772</u>
	<u>456,290</u>	<u>437,790</u>

The pension charge for the year represents contributions payable by the Company to the schemes and amounted to £5,140 (2010 £9,772). There were no outstanding or prepaid contributions at the beginning or end of the financial year.

### 6. Directors' remuneration

The emoluments of the directors are paid by the parent company. The directors' services to this company and to a number of fellow subsidiaries are of a non-executive nature and are deemed to be attributable to services to the parent company. Accordingly, the directors received no remuneration for services to the company in the year (2010 - £nil).

7. Profit on ordinary activities before taxation	2011 £	2010 £
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Profit on ordinary activities before taxation is stated after charging/(crediting)

Operating leases		
- other	140,410	123,388
Depreciation of tangible fixed assets owned (note 9)	6,173	6,303
Foreign exchange gain	(199)	(6,352)
Auditors' remuneration		
- Audit fees	4,711	6,534
- Other services related to taxation	<u>5,800</u>	<u>6,632</u>

### 8. Tax on profit on ordinary activities

The tax (credit)/charge for the year comprises

	2011 £	2010 £
Adjustment in respect of prior years	<u>(45,941)</u>	<u>23,141</u>
<b>Total current tax</b>	<b>(45,941)</b>	<b>23,141</b>

# The Ritz-Carlton Hotel Limited

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 8. Tax on profit on ordinary activities (continued)

#### Deferred tax.

Origination and reversal of timing differences	(1,613)	(174)
Changes in tax rates or laws	258	66
Total deferred tax	(1,355)	(108)
Tax on profit on ordinary activities	(47,296)	23,033

During the year, as a result of the changes in the UK main corporate tax rate from 27% to 26% and from 26% to 25% that were substantively enacted on 29 March 2011 and 5 July 2011 respectively, and that will be effective from 1 April 2012, the relevant deferred tax balances have been re-measured

In addition to the changes in rates of Corporation tax disclosed above a number of further changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 is expected to be included in the Finance Act 2012. Further reductions to the main rate are proposed to reduce the rate to 22% from 1 April 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The difference between the total current tax shown and the amount calculated by applying the standard rate of UK corporation tax 26.5% (2010: 28%) to the profit before tax is as follows:

Profit on ordinary activities before taxation	35,679	91,563
Profit on ordinary activities multiplied by the standard rate of tax in the UK at 26.5% (2010: 28%)	9,455	25,638
Effects of:		
Depreciation in excess of capital allowances	91	181
Expenses not deductible for tax purposes	24,811	(1,742)
Group relief claimed not paid	(34,357)	(24,077)
Adjustments in respect of prior years	(45,941)	23,141
Total current tax	(45,941)	23,141

Deferred tax asset is recognised as follows	2011	2010
	£	£
Depreciation in excess of capital allowances	3,314	1,959
Deferred tax asset	3,314	1,959

	2011
	£
1 January 2011	1,959
Charged to the profit and loss account	1,355
31 December 2011	3,314

There are no unprovided deferred tax assets or liabilities as at 31 December 2011 (2010: £nil).

# The Ritz-Carlton Hotel Limited

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 9. Tangible fixed assets

	CIP	Leasehold Improvements	Fixtures and fittings	Total
		£	£	£
<b>Cost</b>				
At 1 January 2011	-	155,802	68,942	<b>224,744</b>
Additions	1,714	-	(857)	<b>857</b>
Disposals	-	-	(23,373)	<b>(23,373)</b>
<b>At 31 December 2011</b>	<b>1,714</b>	<b>155,802</b>	<b>44,712</b>	<b>202,228</b>
<b>Depreciation</b>				
At 1 January 2011	-	(155,802)	(53,570)	<b>(209,372)</b>
Charge for the year	-	-	(6,173)	<b>(6,173)</b>
Disposals	-	-	23,373	<b>23,373</b>
<b>At 31 December 2011</b>	<b>-</b>	<b>(155,802)</b>	<b>(36,370)</b>	<b>(192,172)</b>
<b>Net Book Value</b>				
<b>At 31 December 2010</b>	<b>-</b>	<b>-</b>	<b>15,372</b>	<b>15,372</b>
<b>At 31 December 2011</b>	<b>1,714</b>	<b>-</b>	<b>8,342</b>	<b>10,056</b>

### 10. Debtors

	2011	2010
	£	£
Amounts owed by group undertakings	1,355,873	1,261,352
Prepayments and accrued income	5,631	7,719
Other debtors	122,460	128,871
Deferred tax asset (note 8)	3,314	1,959
	<u>1,487,278</u>	<u>1,399,901</u>

The amounts owed by group undertakings are unsecured, repayable on demand and interest free

### 11. Creditors: amounts falling due within one year

	2011	2010
	£	£
Amounts owed to group undertakings	1,315,633	1,241,400
Accruals	96,657	102,175
Corporation tax	-	12,376
Other creditors	22,590	52,140
	<u>1,434,880</u>	<u>1,408,091</u>

The amounts due to group undertakings are unsecured, repayable on demand and interest free

# The Ritz-Carlton Hotel Limited

## Notes to the financial statements for the year ended 31 December 2011 (continued)

### 12 Called up share capital

	2011 £	2010 £
Authorised 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid 3 ordinary shares of £1 each	<u>3</u>	<u>3</u>

### 13. Profit and loss account

	£
At 1 January 2011	165,974
Profit for the financial year	<u>82,975</u>
At 31 December 2011	<u>248,949</u>

### 14 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
At 1 January	165,977	97,447
Profit for the financial year	<u>82,975</u>	<u>68,530</u>
At 31 December	<u>248,952</u>	<u>165,977</u>

### 15. Ultimate parent company and ultimate controlling party

The company's immediate parent is The Ritz-Carlton Hotel Company Sales and Marketing B V , a company incorporated in the Netherlands. The company's ultimate parent company and controlling party is Marriott International Inc , incorporated in the State of Delaware, USA.

The largest and smallest group in which the company's results are consolidated is that headed by Marriott International Inc.

The consolidated financial statements of Marriott International Inc are available to the public and may be obtained from Marriott International Inc , 1 Marriott Drive, Washington DC 20058, USA.

### 16. Related party transactions

As a wholly owned subsidiary of Marriott International Inc , the company has taken advantage of the exemption in FRS8 'Related party disclosures' not to disclose transactions with other members of the group headed by Marriott International Inc.