BDL Milton Keynes Limited

Report and Financial Statements

31 October 2015

Company Information

Directors
S Campbell
R N Morrow
S J McCaffer (Appointed 25th September 2015)
D L Woodcock (Appointed 26th January 2015)

Secretary
P M Ross

Auditors
Ernst & Young LLP
G1
5 George Square
Glasgow G2 1DY

Bankers
Bank of Scotland
8 Lochside Avenue
Edinburgh Park
South Gyle
Edinburgh EH12 9DJ

Solicitors
Pinsent Masons LLP
141 Bothwell Street
Glasgow G2 7EQ

Registered Office
10TH Floor The Mille
1000 Great West Road
Brentford
Middlesex TW8 9DW

Registered No. 05295870

Directors' report

The directors present their report and financial statements for the year ended 31 October 2015.

Results and dividends

The profit for the year after taxation amounted to £482,802 (2014 – £617,931). The directors do not recommend the payment of a dividend, leaving a transfer to reserves of £482,802 (2014 –£617,931). The trade and assets of the Company were sold on 12 February 2016 (refer to note 17).

Principal activity

The principal activity of the company is the trade of a hotel.

Directors

The directors who served the company during the year were as follows:

S Campbell
R N Morrow
S J McCaffer
D L Woodcock

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Going concern

The sale of the trade and assets of the Ramada Encore Milton Keynes was agreed on 6th November 2015 and completed on 12th February 2016. The trade of the hotel is the only source of revenue for the Company and the directors intend to wind the Company down following the sale. In these circumstances the Directors have concluded that the financial statements are prepared on a basis other than going concern.

Employee Involvement

Management regularly communicates and consults with its employees on general matters and takes proactive steps to ensure staff are informed of the factors affecting the performance of their hotel.

Disabled employees

The Company gives full consideration to applications from disabled persons where the candidates' particular aptitudes are consistent with the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Company's policy to provide continuing employment in the same or in an alternative position and to provide appropriate training to achieve this aim.

Auditors

In accordance with Section 487(2) of the Companies Act 2006, and in the absence of a notice proposing that the appointment be terminated, the auditors, Ernst & Young LLP, will be deemed to be re-appointed for the next financial year.

Directors' report (continued)

Small company exemptions

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

On behalf of the Board

S J McCaffer
Director
18 July 2016

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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. The directors consider the going concern basis to be inappropriate and have prepared the financial statements on a basis other than going concern.

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 auditors' report

to the members of BDL Milton Keynes Limited

We have audited the financial statements of BDL Milton Keynes Limited for the year ended 31 October 2015 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities). The financial statements have not been prepared on a going concern basis. The basis of preparation has been described in note 1 of the financial statements.

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 set out on page 4, 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 audited Report and Financial Statements 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 the 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 October 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report (Continued)

to the members of BDL Milton Keynes Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report and take advantage of the small companies' exemption in preparing the directors' report.

Ernst & Young LLP

Mark Harvey (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow

21 July 2016

Profit and loss account

for the year ended 31 October 2015

	Notes	*2015* *£*	*2014* *£*
Turnover	2	3,358,999	3,310,078
Cost of sales		(1,833,556)	(1,972,953)
Gross profit		1,525,443	1,337,125
Administrative expenses		(495,016)	(470,546)
Operating profit	3	1,030,427	866,579
Interest payable and similar charges	6	(314,984)	(362,789)
Profit on ordinary activities before taxation		715,443	503,790
Tax	7	(232,641)	114,141
Profit for the financial year	14	482,802	617,931

All amounts relate to continuing operations.

Statement of total recognised gains and losses

for the year ended 31 October 2015

	Notes	2015 £	2014 £
Profit for the financial year		482,802	617,931
Total recognised gains and losses for the year	14	482,802	617,931

Balance sheet

At 31 October 2015

	Notes	2015 £	2014 £
Fixed assets			
Tangible assets	8	9,838,191	10,050,887
Current assets			
Debtors	9	205,977	393,627
Stock		4,139	6,244
Cash at bank and in hand		523,406	403,867
		733,522	803,738
Creditors: amounts falling due within one year	10	(572,158)	(657,893)
Net current (liabilities)/assets		161,364	145,845
Total assets less current liabilities		9,999,555	10,196,732
Creditors: amounts falling due after more than one year	11	(11,328,590)	(11,991,902)
Deferred income	12	(99,999)	(116,666)
Net liabilities		(1,429,034)	(1,911,836)
Capital and reserves			
Called up share capital	13	2,180	2,180
Profit and loss account	14	(1,431,214)	(1,914,016)
Shareholder's deficits	14	(1,429,034)	(1,911,836)

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements of BDL Milton Keynes Limited (registered number 05295870) were approved on behalf of the board by

S J McCaffer
Director
18 July 2016

Notes to the Financial Statements

For the Year 31 October 2015

1. Accounting policies

Basis of preparation

The financial statements have been prepared on a basis other than going concern. The sale of the trade and assets of the Ramada Encore Milton Keynes was agreed on 6th November 2015 and completed on 12th February 2016. The trade of the hotel is the only source of revenue for the Company and the directors intend to wind the Company down following the sale.

In these circumstances it is not appropriate to prepare the financial statements on a going concern basis. As the company continued to trade until completion and subsequent to this will realise its assets in an orderly fashion, the directors have determined that the accounting policies applied to individual items should be consistent with those adopted in the prior year. There have been no adjustments required as a result of preparing the financial statements on a basis other than going concern.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods and services

Revenue from the sale of goods and services is recognised at the point of consumption by the buyer.

Tangible fixed assets

All fixed assets are initially recorded at cost. Costs include associated legal and professional fees and capitalised interest charges.

Depreciation has been provided on all tangible fixed assets, other than land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Buildings	–	40 years to 40% residual value
Plant and machinery	–	4-15 years to nil residual value
Fixtures and fittings	–	4-10 years to nil residual value

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset operate as intended.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Notes to the Financial Statements

For the Year 31 October 2015

1. Accounting policies (continued)

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Interest bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance costs in respect of the reporting periods and reduced by payments made in respect of the debts of the period. Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

Pensions

The company operates defined contribution pension schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

Development advances

The development advance in respect of the licence agreement for the Ramada Encore brand has been credited to a deferred income account and is released to profit over the life of the licence agreement (15 years) by equal annual instalments. The balance remaining on this account at the year-end will not be repayable following the sale of the hotel.

2. Turnover

Turnover, which is stated net of value added tax, represents the invoiced amount of goods sold and services provided during the period.

Turnover and pre-tax profit is attributable to one continuing activity; the trade of the Ramada Encore Milton Keynes. The turnover is wholly generated within the United Kingdom.

3. Operating profit/loss

This is stated after charging:

	2015	*2014*
	£	*£*
Auditors' remuneration – audit services	4,550	4,500
– tax services	3,450	3,400
Depreciation of owned tangible fixed assets	212,700	212,238
Operating leases – plant and equipment	1,291	1,139

4. Directors' remuneration

None of the directors have been remunerated for their services as directors of the company (2014– £nil).

Notes to the Financial Statements

For the Year 31 October 2015

5. Staff costs

	2015	2014
	£	£
Wages and salaries	419,947	432,517
Social security costs	29,122	31,152
Pension costs	2,589	3,209
	451,658	466,878

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

	No.	No.
Operational	43	40

6. Interest payable and similar charges

	2015	2014
	£	£
Bank loan interest	314,984	362,789

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2015	2014
	£	£
Current tax:		
UK corporation tax on the profit for the year	–	–
Deferred tax:		
Origination and reversal of timing differences	237,454	(135,403)
Effect of changes in tax rates	(4,813)	21,270
Tax on profits on ordinary activities	232,641	(114,133)

Notes to the Financial Statements

For the Year 31 October 2015

7. Tax (Continued)

(b) Factors affecting the current tax credit for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20.41% (2014–21.83%). The differences are explained below:

	2015	*2014*
	£	£
Profit on ordinary activities before tax	715,443	503,790
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.41% (2014 – 21.83%)	146,048	109,964
Effects of:		
Expenses not deductible for tax purposes	26,933	27,301
Capital allowances less than depreciation	(89,657)	18,908
Other timing differences	1,469	(25)
Utilisation of brought forward tax losses	(84,793)	(156,173)
Current tax for the year	–	–

(c) Deferred tax

The deferred tax asset recognised is as follows:

	2015	*2014*
		£
Depreciation in excess of capital allowances	239,042	(48,334)
Other timing differences	(1,878)	755
Tax losses carried forward	(294,013)	280,220
Chargeable gains	–	–
Deferred tax not provided	56,849	–
	–	232,641

	£
At 1 November 2014	232,641
Deferred tax charge in profit and loss account	(232,641)
At 31 October 2015	–

(d) Factors that may affect future tax charges

The main UK corporation tax rate reduced from 21% to 20% on 1 April 2015. The Finance Act (No.2) 2015 includes legislation which will reduce the tax rate further to 19%, from 1 April 2017, and to 18%, from 1 April 2020. The Finance Act (No.2) 2015 was substantively enacted on 26 October 2015. Following the Budget announcement on 16 March 2016, the corporation tax rate will now be reduced to 17% from 1 April 2020. As the reductions in tax rates were not substantively enacted at the balance sheet date, the deferred tax balances have continued to be recognised at 20%.

Notes to the Financial Statements

For the Year 31 October 2015

8. Tangible assets

	Long leasehold land and buildings £	*Plant and machinery* £	*Fixtures and fittings* £	*Total* £
Cost or valuation:				
At 1 November 2014	10,659,241	142,455	797,385	11,599,081
At 31 October 2015	10,659,241	142,455	797,385	11,599,081
Depreciation:				
At 1 November 2014	827,466	75,847	644,881	1,548,194
Charge for year	132,710	8,770	71,216	212,696
At 31 October 2015	960,176	84,617	716,097	1,760,890
Net book value:				
At 31 October 2015	9,699,065	57,838	81,288	9,838,191
At 31 October 2014	9,831,775	66,608	152,504	10,050,887

Included within land and buildings is £544,472 (2014 – £544,472) of capitalised interest.

9. Debtors

	2015 £	*2014* £
Trade debtors	121,171	60,791
Other debtors	-	17,203
Prepayments and accrued income	84,806	82,992
Deferred tax asset	-	232,641
	205,977	393,627

10. Creditors: amounts falling due within one year

	2015 £	*2014* £
Trade creditors	77,016	129,750
Other taxes and social security costs	-	8,796
Other creditors	79	-
Accruals	359,653	410,719
VAT payable	135,410	108,628
	572,158	657,893

Notes to the Financial Statements

For the Year 31 October 2015

11. Creditors: amounts falling due in more than one year

Bank loans fall due as follows:

	2015	*2014*
	£	*£*
In one year or less or on demand	-	-
In more than one year but not more than two years	11,328,590	-
In more than two years but not more than five years	-	11,991,902
In more than five years	-	-
	11,328,590	11,991,902

The £11.3m loan facility is repayable in full on 30 July 2017 and is supported by fixed and floating charges and a standard security over the company's assets.

12. Deferred income

	£
Development advances	99,999
At 31 October 2014	116,666
Released to profit and loss account	(16,667)
Balance at 31 October 2015	99,999

The company has received a development advance from Wyndham Hotel Group International Inc in connection with the licence agreement covering the use of the Ramada Encore brand name. The advance will only become repayable if there is a breach of the licence agreement. The advance is released to the profit and loss account in line with the terms of the Licence Agreement. Following the sale of the hotel, the development advance is not repayable.

13. Issued share capital

		2015		*2014*
Allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	200	200	200	200
Ordinary shares of £0.10 each	19,800	1,980	19,800	1,980
		2,180		2,180

Notes to the Financial Statements

For the Year 31 October 2015

14. Reconciliation of shareholders' deficits and movements on reserves

	Ordinary shares	*Profit and loss account*	*Total share-holders' deficit*
	£	*£*	*£*
At 3 November 2013	2,180	(2,531,947)	(2,529,767)
Profit for the financial year	-	617,931	617,931
At 31 October 2014	2,180	(1,914,016)	(1,911,836)
Profit for the financial year	-	482,802	482,802
At 31 October 2015	2,180	(1,431,214)	(1,429,034)

15. Pensions

The company operates defined contribution (money purchase) pension schemes for its directors and senior employees. The assets of the schemes are held separately from those of the company in independently administered funds. The charge for the year was £2,589 (2014 – £3,209) and there were contributions outstanding at the year end of £604 (2014 – £389).

16. Other financial commitments

At 31 October 2015 the company had annual commitments under non-cancellable operating leases as set out below:

	Plant and equipment 2015	*2014*
	£	*£*
Operating leases which expire:		
Within one year	1,291	1,139
In two to five years	–	–
Over five years	–	–
	1,291	1,139

17. Post balance sheet event

The sale of the trade and assets of the Ramada Encore Milton Keynes was agreed on 6th November 2015 and completed on 12th February 2016 for net consideration of £14.5m.

18. Related party transactions

The company paid fees of £129,000 (2014 – £60,000) to Redefine BDL Management Limited, a company with certain common directors, for management services.

19. Ultimate parent undertaking and controlling party

At 31 October 2015, no shareholder held more than 50% of the voting share capital of the company. Accordingly, the company is not under the control of any one party.