

BDL Milton Keynes Limited

Unaudited Report and Financial Statements

31 October 2016

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COMPANIES HOUSE

Company Information

Directors

S Campbell
R N Morrow
S J McCaffer
D L Woodcock

Secretary

P M Ross

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 2016.

Results and dividends

The profit for the year after taxation amounted to £4,326,490 (2015 – Profit of £482,802). The directors do not recommend the payment of a dividend, leaving a charge to transfer to reserves of £4,326,490 (2015 – transfer of £482,802). The trade and assets of the Company were sold on 12th April 2016.

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 April 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 break up basis.

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

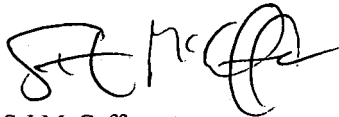
The Company gives full consideration to applications from disabled persons where the candidates' particular aptitudes are consistent with the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, 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.

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

2 December 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.

Income statement

for the year ended 31 October 2016

	Notes	2016 £	2015 £
Turnover	2	1,258,111	3,358,999
Cost of sales		<u>(1,046,696)</u>	<u>(1,833,556)</u>
Gross profit		211,415	1,525,443
Administrative expenses		<u>(308,233)</u>	<u>(495,016)</u>
Operating (loss)/profit	3	(96,818)	1,030,427
Exceptional items – profit on sale of operations		4,756,582	–
Interest payable and similar charges	6	<u>(333,274)</u>	<u>(314,984)</u>
Profit on ordinary activities before taxation		4,326,490	715,443
Tax	7	<u>–</u>	<u>(232,641)</u>
Profit for the financial year		<u>4,326,490</u>	<u>482,802</u>

All amounts relate to discontinuing operations.

Statement of total recognised gains and losses

for the year ended 31 October 2016

	Notes	2016 £	2015 £
Profit for the financial year		<u>4,326,490</u>	<u>482,802</u>
Total recognised gains and losses for the year		<u>4,326,490</u>	<u>482,802</u>

Statement of changes in equity

For the year ended 31 October 2016

	Share capital	Retained Earnings	Total attributable to equity shareholders
	£	£	£
Balance at 1 November 2014	2,180	(1,914,016)	(1,911,836)
Profit for the year	—	482,802	482,802
Total comprehensive income for the period	—	482,802	482,802
Balance at 1 November 2015	2,180	(1,431,214)	(1,429,034)
Total profit for the year	—	4,326,490	4,326,490
Total comprehensive income for the year	—	4,326,490	4,326,490
Balance at 31 October 2016	2,180	2,895,276	2,897,456

Statement of financial position

At 31 October 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	8	–	9,838,191
Current assets			
Debtors	9	12,636	205,977
Stock		–	4,139
Cash at bank and in hand		2,885,412	523,406
		2,898,048	733,522
Creditors: amounts falling due within one year	10	(592)	(572,158)
Net current assets		2,897,456	161,364
Total assets less current liabilities		2,897,456	9,999,555
Creditors: amounts falling due after more than one year	11	–	(11,328,590)
Deferred income	12	–	(99,999)
Net assets/(liabilities)		2,897,456	(1,429,034)
Capital and reserves			
Called up share capital	13	2,180	2,180
Profit and loss account		2,895,276	(1,431,214)
Shareholder's funds/(deficits)		2,897,456	(1,429,034)

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 relating to small companies for the period ended 31 October 2015.

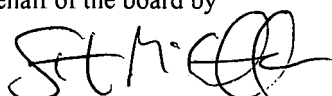
The members have not required the company to obtain an audit of its financial statements for the period ended 31 October 2014 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

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
2 December 2016

Notes to the financial statements

At 31 October 2016

1. Accounting policies

Statement of compliance

BDL Milton Keynes Limited is a limited liability company incorporated in England. The registered office is 10TH Floor The Mille, 1000 Great West Road, Brentford, Middlesex, TW8 9DW.

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements for the year ended 31 October 2016.

The Company transitioned from previously extant UK GAAP to FRS 102 as at 1 November 2015. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 19.

The Company has taken advantage of the following disclosure exemptions under FRS 102:

- (a) the requirement to present a statement cash flows and the related notes
- (b) financial instrument disclosures, including
 - categories of financial instruments,
 - items of income, expenses, gains or losses relating to financial instruments, and
 - exposure to and management of financial risks

Basis of preparation

The financial statements of BDL Milton Keynes Limited were authorised for issue by the Board of Directors on 2 December 2016. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company.

The financial statements have been prepared on a break up basis. The sale of the trade and assets of the Ramada Encore Milton Keynes was agreed on 6th November 2015 and completed on 12th April 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 realised 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.

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.

Notes to the financial statements (continued)

At 31 October 2016

1. Accounting policies (continued)

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.

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 and so has been released in full in the current year.

2. Turnover

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

Notes to the financial statements (continued)

At 31 October 2016

3. Operating profit

This is stated after charging:

	2016	2015
Depreciation of owned tangible fixed assets	94,773	212,700
Operating leases – plant and equipment	<u>1,709</u>	<u>1,291</u>

4. Directors' remuneration

None of the directors have been remunerated for their services as directors of the company (2015– £nil).

5. Staff costs

	2016 £	2015 £
Wages and salaries	179,104	419,947
Social security costs	12,057	29,122
Pension costs	<u>2,016</u>	<u>2,589</u>
	<u>193,177</u>	<u>451,658</u>

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

	No.	No.
Operational	<u>27</u>	<u>43</u>

6. Interest payable and similar charges

	2016 £	2015 £
Bank loan interest	<u>333,274</u>	<u>314,984</u>

Notes to the financial statements (continued)

At 31 October 2016

7. Tax

(c) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2016	2015
	£	£
Current tax:		
UK corporation tax on the profit for the year	–	–
Deferred tax:		
Origination and reversal of timing differences	–	237,454
Effect of changes in tax rates	–	(4,813)
Tax on profits on ordinary activities	–	232,641

(d) 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 % (2015 – 20.41%). The differences are explained below:

	2016	2015
	£	£
Profit on ordinary activities before tax	4,326,490	715,443
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015 – 20.41%)	865,298	146,048
Effects of:		
Expenses not deductible for tax purposes	78,285	26,933
Movement in unrecognised deferred tax	(61,835)	–
Tax rate changes	–	(4,813)
Gain on sale of fixed assets	(881,748)	–
Deferred tax not provided	–	64,499
Current tax for the year	–	232,667

Notes to the financial statements (continued)

At 31 October 2016

7. Tax (continued)

(e) Deferred tax

The deferred tax asset recognised is as follows:

	2016	2015
		£
Depreciation in excess of capital allowances	–	239,042
Other timing differences	–	(1,878)
Tax losses carried forward	–	(294,013)
Deferred tax not provided	–	56,849
	<u>–</u>	<u>–</u>
		£
At 1 November 2015		–
Deferred tax charge in profit and loss account		<u>–</u>
At 31 October 2016		<u><u>–</u></u>

Notes to the financial statements (continued)

At 31 October 2016

8. Tangible assets

	<i>Long leasehold land and buildings</i> £	<i>Plant and machinery</i> £	<i>Fixtures and fittings</i> £	<i>Total</i> £
Cost or valuation:				
At 1 November 2015	9,699,065	57,838	81,288	9,838,191
Disposals	(9,699,065)	(57,838)	(81,288)	(9,838,191)
At 31 October 2016	–	–	–	–
Depreciation:				
At 1 November 2015	960,176	84,617	716,097	1,760,890
Charge for year	60,142	3,957	30,674	94,773
Elimination on disposal	(1,020,318)	(88,574)	(746,771)	(1,855,663)
At 31 October 2016	–	–	–	–
Net book value:				
At 31 October 2016	–	–	–	–
At 31 October 2015	9,699,065	57,838	81,288	9,838,191

Included within land and buildings is £nil (2015 – £544,472) of capitalised interest.

9. Debtors

	<i>2016</i> £	<i>2015</i> £
Trade debtors	–	121,171
Other debtors	–	–
Prepayments and accrued income	–	84,806
VAT receivable	12,636	–
	<u>12,636</u>	<u>205,977</u>

10. Creditors: amounts falling due within one year

	<i>2016</i> £	<i>2015</i> £
Trade creditors	–	77,016
Other taxes and social security costs	–	–
Other creditors	–	79
Accruals	592	359,653
VAT payable	–	135,410
	<u>592</u>	<u>572,158</u>

Notes to the financial statements (continued)

At 31 October 2016

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

Bank loans fall due as follows:

	2016	2015
	£	£
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	–	–
In more than five years	–	–
	<u>–</u>	<u>11,328,590</u>

The £11.3m loan facility was due to be repaid in full on 30 July 2017, this loan was satisfied on 12th April 2016 following the sale of the hotel. The fixed and floating charges and a standard security over the company's assets have now been released.

12. Deferred income

	£
Development advances	–
	<u>–</u>
At 31 October 2016	99,999
Released to profit and loss account	(99,999)
	<u>–</u>
Balance at 31 October 2016	–

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 and so has been released in full in the current year.

13. Issued share capital

	No.	2016 £	No.	2015 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	200	200	200	200
Ordinary shares of £0.10 each	19,800	1,980	19,800	1,980
		<u>2,180</u>		<u>2,180</u>

Notes to the financial statements (continued)

At 31 October 2016

14. 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 £2,016 (2015 – £2,589) and there were contributions outstanding at the year end of £nil (2015 – £604).

15. Other financial commitments

At 31 October 2016 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Plant and equipment</i>	
	<i>2016</i>	<i>2015</i>
	£	£
Operating leases which expire:		
Within one year	–	1,291
In two to five years	–	–
Over five years	–	–
	<u>–</u>	<u>1,291</u>

16. Related party transactions

The company paid fees of £207,171 (2015 – £129,000) to Redefine BDL Management Limited, a company with certain common directors, for management services.

The company paid consultancy fees of £35,000 (2015 -£nil) to MBB Consultancy Limited, a company with certain common directors and shareholders.

The company paid fees of £110,000 (2015 - £nil) to directors for consultancy services.

17. Ultimate parent undertaking and controlling party

At 31 October 2016, 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.

18. Post balance sheet events

The sale of the trade and assets of the Ramada Encore Milton Keynes was agreed on 6th November 2015 and completed on 12th April 2016. The trade of the hotel was the only source of revenue for the Company so the directors have started the process to wind the Company down.

Notes to the financial statements (continued)

At 31 October 2016

19. Transition to FRS 102

For all periods up to and including the year ended 31 October 2015, the company prepared its financial statements in accordance with previously extant United Kingdom Generally Accepted Accounting Practice (UK GAAP). These financial statements for the year ended 31 October 2016 are the first the company has prepared in accordance with FRS 102.

Accordingly, the company has prepared financial statements which comply with FRS 102 applicable for periods beginning on or after 1 November 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing these financial statements, the Company has started from an opening balance sheet as at 1 November 2014, the Company's date of transition to FRS 102, and made those changes in accounting policies and other restatements required for the first time adoption of FRS 102. As such, this note explains the principle adjustments made by the Company in restating its balance sheet as at 1 November 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the year ended 31 October 2015.

On transition to FRS 102, the company has applied the requirements of paragraphs 6-33 of IFRS 1 *First time adoption of International Financial Reporting Standards*. The Company has taken the exemption, permitted by qualifying entities adopting FRS 102 for the first time, not to present an opening balance sheet.

Reconciliation of equity as at 1 November 2014

	UK GAAP £	FRS 102 reclassifications/ re-measurements £	FRS 102 £
Non-current assets			
Tangible assets	10,050,887	–	10,050,887
Current assets			
Debtors	393,627	–	393,627
Inventories	6,244	–	6,244
Cash at bank and in hand	403,867	–	403,867
	803,738	–	803,738
Creditors: Amounts falling due within one year	(657,893)	–	(657,893)
Net current assets	145,845	–	145,845
Total assets less current liabilities	10,196,732	–	10,196,732
Creditors: Amounts falling due after more than one year	(11,991,902)	–	(11,991,902)
Deferred income	(116,666)	–	(116,666)
Net liabilities	(1,911,836)	–	(1,911,836)
Capital and reserves			
Share capital	2,180	–	2,180
Retained earnings	(1,914,016)	–	(1,914,016)
Total equity	(1,911,836)	–	(1,911,836)

Notes to the financial statements (continued)

At 31 October 2016

19. Transition to FRS 102 (continued)

Reconciliation of equity as at 31 October 2015

	UK GAAP £	FRS 102 reclassifications/ re-measurements £	FRS 102 £
Non-current assets			
Tangible assets	9,838,191	—	9,838,191
Current assets			
Debtors	205,977	—	205,977
Inventories	4,139	—	4,139
Cash at bank and in hand	523,406	—	523,406
	733,522	—	733,522
Creditors: Amounts falling due within one year	(572,158)	—	(572,158)
Net current assets	161,364	—	161,364
Total assets less current liabilities	(9,999,555)	—	(9,999,555)
Creditors: Amounts falling due after more than one year	(11,328,590)	—	(11,328,590)
Deferred income	(99,999)	—	(99,999)
Net liabilities	(1,429,034)	—	(1,429,034)
Capital and reserves			
Share capital	2,180	—	2,180
Retained earnings	(1,431,214)	—	(1,431,214)
Total equity	(1,429,034)	—	(1,429,034)

Reconciliation of total comprehensive income

The effect of re-measurement differences on the reported total comprehensive income of the Company for the year ended 31 October 2016 is as follows

	£
Total comprehensive income for the year ended 31 October 2016 under UK GAAP	482,802
Re-measurements	—
Total comprehensive income for the year ended 31 October 2016 under FRS102	482,802

No material differences upon re-measurement were identified.