

BDL Milton Keynes Limited

Report and Financial Statements

31 October 2014

TUESDAY



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COMPANIES HOUSE

Company Information

Directors

S Campbell
R N Morrow

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 2014.

Results and dividends

The profit for the year after taxation amounted to £617,931 (2013 –£467,435). The directors do not recommend the payment of a dividend, leaving a transfer to reserves of £617,931 (2013 –£467,435).

Principal activity

The principal activity of the company is the development, construction and trading of hotels.

Directors

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

S Campbell

R N Morrow

D G Thompson (resigned 20 February 2014)

D L Woodcock (appointed 27 January 2015)

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.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

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 Campbell

Director

29 April 2015

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 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 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 17. 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).

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 3, 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 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 2014 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.

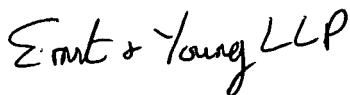
Independent auditors' report (Continued)

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 in preparing the Directors Report.

Handwritten signature of Mark Harvey in black ink, reading "Ernst & Young LLP".

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

29 April 2015

Profit and loss account**for the year ended 31 October 2014**

	<i>Notes</i>	<i>2014</i> £	<i>2013</i> £
Turnover	2	3,310,078	3,027,422
Cost of sales		<u>(1,972,953)</u>	<u>(1,805,766)</u>
Gross profit		1,337,125	1,221,656
Administrative expenses		<u>(470,546)</u>	<u>(445,924)</u>
Operating profit	3	866,579	775,732
Interest payable and similar charges	6	<u>(362,789)</u>	<u>(336,797)</u>
Profit on ordinary activities before taxation		503,790	438,935
Tax	7	<u>114,141</u>	<u>28,500</u>
Profit for the financial year	14	<u>617,931</u>	<u>467,435</u>

All amounts relate to continuing operations.

Statement of total recognised gains and losses**for the year ended 31 October 2014**

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £617,931 the year ended 31 October 2014 (2013 –£467,435).

Balance sheet

At 31 October 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible assets	8	10,050,887	10,263,126
Current assets			
Debtors	9	393,627	344,861
Stock		6,244	5,591
Cash at bank and in hand		403,867	284,002
		803,738	634,454
Creditors: amounts falling due within one year	10	(657,893)	(533,009)
Net current assets		145,845	101,445
Total assets less current liabilities		10,196,732	10,364,571
Creditors: amounts falling due after more than one year	11	(11,991,902)	(12,761,005)
Deferred income	12	(116,666)	(133,333)
Net liabilities		(1,911,836)	(2,529,767)
Capital and reserves			
Called up share capital	13	2,180	2,180
Profit and loss account	14	(1,914,016)	(2,531,947)
Shareholder's deficits	14	(1,911,836)	(2,529,767)

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 Campbell

Director

29 April 2015

Notes to the Financial Statements

For the Year 31 October 2014

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Going concern

The financial statements are prepared on a going concern basis. The directors have assessed this to be appropriate on the basis that the Company's forecasts and projections show that the Company should have sufficient cash and headroom within its lending facilities to meet their liabilities as they fall due.

Tangible fixed assets

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

Land and buildings were revalued at 30 January 2009 with the revaluation deficit taken against the revaluation reserve and the profit and loss account.

Depreciation is not charged on assets under construction until the point of completion. 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

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

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.
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- 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.

Notes to the Financial Statements

For the Year 31 October 2014

1. Accounting policies (continued)

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.

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 development, construction and trading of hotels. The turnover is wholly generated within the United Kingdom.

3. Operating profit

This is stated after charging:

	2014	2013
	£	£
Auditors' remuneration	4,500	3,800
Depreciation of owned tangible fixed assets	212,238	228,522
Operating leases – plant and equipment	1,139	1,287

4. Directors' remuneration

None of the directors have been remunerated for their services as directors of the company (2013– £nil).

5. Staff costs

	2014	2013
	£	£
Wages and salaries	432,517	411,762
Social security costs	31,152	28,772
Pension costs	3,209	3,704
	<u>466,878</u>	<u>444,238</u>

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

	No.	No.
Operational	<u>40</u>	<u>38</u>

Notes to the Financial Statements

For the Year 31 October 2014

6. Interest payable and similar charges

	2014	2013
	£	£
Bank loan interest	362,789	330,267
Shareholder loan interest	-	6,530
	<u>362,789</u>	<u>336,797</u>

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2014	2013
	£	£
Current tax:		
UK corporation tax on the profit for the year	-	-
Adjustments in respect of prior periods	-	-
Deferred tax:		
Origination and reversal of timing differences	(114,141)	(28,500)
Tax on profits on ordinary activities (note 7(b))	<u>(114,141)</u>	<u>(28,500)</u>

(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 21.83% (2013–23.42%). The differences are explained below:

	2014	2013
	£	£
Profit on ordinary activities before tax	<u>503,790</u>	<u>467,435</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.83% (2013 – 23.42%)	109,964	102,784

Notes to the Financial Statements

For the Year 31 October 2014

Tax (Continued)

Effects of:

Expenses not deductible for tax purposes	27,301	16,004
Capital allowances less than depreciation	18,908	32,870
Other timing differences		4,519
Utilisation of brought forward tax losses	(156,173)	(156,177)
Current tax for the year (note 7(a))	<u>—</u>	<u>—</u>

(c) Deferred tax

The deferred tax asset recognised is as follows:

	2014	2013
		£
Depreciation in excess of capital allowances	(48,334)	176,915
Other timing differences	755	(247,682)
Tax losses carried forward	<u>280,220</u>	<u>189,267</u>
	<u>232,641</u>	<u>118,500</u>

(c) Deferred tax (continued)

	£
At 3 November 2013	118,500
Deferred tax charge in profit and loss account (note 7(a))	<u>114,141</u>
At 31 October 2014	<u>232,641</u>

(d) Factors that may affect future tax charges

The rate of corporation tax reduced from 24% to 23%, effective from 1 April 2013, and to 21%, effective from 1 April 2014. A reduction to 20%, effective from 1 April 2015, was included in the Finance Act 2013 which was enacted on 17 July 2013. The deferred tax balances as at 31 October 2014 have been recognised at a rate of 20% as this is the rate at which deferred tax is expected to reverse.

Notes to the Financial Statements

For the Year 31 October 2014

8. Tangible fixed assets

	<i>Long leasehold land and buildings</i> £	<i>Plant and machinery</i> £	<i>Fixtures and fittings</i> £	<i>Total</i> £
At 3 November 2013 and at 31 October 2014	10,659,241	142,455	797,385	11,599,081
Depreciation:				
At 3 November 2013	699,145	66,350	570,461	1,335,956
Charge for year	128,321	9,497	74,420	212,238
At 31 October 2014	827,466	75,847	644,881	1,548,194
Net book value:				
At 31 October 2014	9,831,775	66,608	152,504	10,050,887
At 3 November 2013	9,960,096	76,105	226,924	10,263,125

Included within land and buildings is £544,472 (2013 – £544,472) of capitalised interest.

Land and buildings were valued at £11,400,000 by Atisreal as at 30 January 2009 on the basis of value in use in accordance with the Appraisal and Valuation Manual of The Royal Institute of Chartered Surveyors.

The current value is lower than the historical cost value. The Directors consider that had the property been accounted for at historical cost, a provision for impairment would have been required to bring the value down to the level of the valuation. There is therefore no difference between valuation and historic cost.

9. Debtors

	2014 £	2013 £
Trade debtors	60,791	133,782
Other debtors	17,203	24,391
Prepayments and accrued income	82,992	68,188
Deferred tax asset	232,641	118,500
	<u>393,627</u>	<u>344,861</u>

10. Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	129,750	73,087
Other taxes and social security costs	8,796	6,428
Accruals	410,719	331,695
VAT payable	108,628	121,799
	<u>657,893</u>	<u>533,009</u>

Notes to the Financial Statements

For the Year 31 October 2014

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

Bank loans fall due as follows:

	2014	2013
	£	£
In one year or less or on demand	-	-
In more than one year but not more than two years	-	-
In more than two years but not more than five years	11,991,902	12,761,005
In more than five years	-	-
	<u>11,991,902</u>	<u>12,761,005</u>

The £11.9m 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	116,666
At 3 November 2013	133,333
Released to profit and loss account	(16,667)
Balance at 31 October 2014	<u>116,666</u>

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.

13. Issued share capital

	No.	2014 £	No.	2013 £
<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

For the Year 31 October 2014

14. Reconciliation of shareholders' deficits and movements on reserves

	Ordinary shares £	Profit and loss account £	Total share- holders' deficit £
At 28 October 2012	2,180	(2,999,382)	(2,997,202)
Profit for the financial year	-	467,435	467,435
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)

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 £3,209 (2013 – £3,704) and there were contributions outstanding at the year end of £389 (2013 – £880).

16. Other financial commitments

At 31 October 2014 the company had annual commitments under non-cancellable operating leases as set out below:

	Plant and equipment	
	2014	2013
	£	£
Operating leases which expire:		
Within one year	1,139	1,145
In two to five years	-	-
Over five years	-	-
	<u>1,139</u>	<u>1,145</u>

17. Related party transactions

The company paid fees of £60,000 (2013 – £60,000) to Redefine BDL Management Limited, a company with certain common directors, for management services.

In 2011, the company received loan notes of £400,000 from its parent undertaking BDL Nominees 2005 Limited. The loan notes were unsecured and attract interest at 4% above the LIBOR rate. The Loan notes were fully repaid in 2013. During the year the company paid interest of nil to BDL Nominees in relation the loan notes (2013 – £6,530).

Management Information

At 31 October 2014

The following page does not form part of the statutory financial statements which are the subject of the independent auditors' report on pages 4 to 5.

Detailed trading account

for the year ended 31 October 2014

	2014 £	2013 £
Turnover		
Sales	3,310,078	3,027,422
Administrative expenses		
Cost of food and beverage	(123,822)	(111,761)
Salaries	(490,404)	(440,534)
Contracted-out staff	(233,199)	(221,598)
Pension	(3,209)	(3,704)
Healthcare	(1,989)	(208)
Commissions	(349,320)	(327,142)
Printing and stationery	(10,184)	(6,576)
Telephone and fax	(5,151)	(6,255)
Property tax	(134,393)	(131,062)
Bad debts	116.14	(682)
Uniforms	(1,920)	(995)
TV and satellite costs	(67,424)	(71,169)
Hotel consumables	(161,225)	(141,031)
Operating equipment lease	(1,139)	(1,287)
Travel and subsistence	(10,030)	(8,355)
Training and recruitment	(5,361)	(6,341)
HI royalty and marketing fees	(112,864)	(100,835)
Vehicle costs	(1,062)	(2,254)
Professional fees	(23,018)	(10,423)
Office expenses	(5,040)	(5,486)
Bank charges	(55,543)	(47,926)
Sales and marketing costs	(27,802)	(41,593)
Maintenance contracts	(150,281)	(111,478)
Utilities	(133,080)	(138,134)
Insurances	(17,834)	(17,346)
Depreciation	(228,234)	(228,522)
Provision for renewals	(62,747)	(25,662)
Management fees	(60,000)	(60,000)
Release of deferred income	16,667	16,667
	<u>(2,459,492)</u>	<u>(2,251,692)</u>
Operating profit	850,586	775,730