

Company registration number 5893848

FULL MOON HOLDCO 2 LIMITED

Report and financial statements

For the year ended 31 December 2009

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FULL MOON HOLDCO 2 LIMITED
REPORT AND FINANCIAL STATEMENTS 2009

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FULL MOON HOLDCO 2 LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Keith Hamill
Sameer Kamal Ibrahim Al Ansari
Brian Lindley (appointed 16 March 2010)
Paul Harvey
Grant Hearn
Anand Krishnan
Jon Mortimore
Guy Parsons
Eric Kump (appointed 14 October 2009, resigned 16 March 2010)
Sylvain Claude Denis (resigned 4 February 2009)

COMPANY SECRETARIES

Jon Mortimore
AG Secretarial Limited

REGISTERED OFFICE

100 Barbirolli Square
Manchester
M2 3AB

BANKERS

The Royal Bank of Scotland PLC
135 Bishopsgate
LONDON
EC2M 3UR

SOLICITORS

Addleshaw Goddard
Milton Gate
60 Chiswell Street
London
EC1Y 4AG

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
LONDON
WC2N 6RH

FULL MOON HOLDCO 2 LIMITED

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2009

PRINCIPAL ACTIVITIES

The Company is principally engaged in financing the Travelodge Group's assets

BUSINESS REVIEW AND FUTURE PROSPECTS

The Company made an operating profit for the year ended 31 December 2009 of £nil (2008 £nil), and after taking account of interest receivable and interest payable, a profit for the financial year of £8,719,297 (2008 £3,667) During the year ended 31 December 2009 the Company received dividends from its immediate subsidiary, Full Moon HoldCo 3A Limited, totalling £5,000,000 (2008 £nil)

Further, exceptional income of £3,014,973 was recognised which related to the write-back of interest previously charged on certain Eurobond notes following their redemption at below book value Except for these additional items, the Directors expect the general level of activity to remain the same in 2010 The Company is a holding company within the Travelodge Group and as such it is not considered that there are any key performance indicators

DIVIDENDS

The Directors do not recommend the payment of a dividend (2008 £nil)

DIRECTORS

The Directors, who served throughout the year and up to the date of signing the financial statements were as follows

Keith Hamill
Sameer Kamal Ibrahim Al Ansari
Brian Lindley (appointed 16 March 2010)
Paul Harvey
Grant Hearn
Anand Krishnan
Jon Mortimore
Guy Parsons
Eric Kump (appointed 14 October 2009, resigned 16 March 2010)
Sylvain Claude Denis (resigned 4 February 2009)

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties to which the Company is exposed to are as follows

Interest rate risk The Company is subject to an interest charge on its intercompany debt This charge reflects the cost to the company of the external debt held In order to mitigate the risk of changes in interest rates, the Group borrows at fixed and floating rates, and uses interest rate swaps to generate the desired interest profile It is the Company's policy to comply with the terms and conditions stated within its loan facilities The Company also holds Eurobonds of £315,868,637 of which £295,565,827 relates to the 2006 Eurobond and £20,302,810 relates to the 2009 Eurobond The 2006 Eurobond issue price was £183.5m and is listed on the Channel Islands stock exchange The annual interest on the 2006 Eurobond is 17.0% and the bond is redeemable in March 2017 The 2009 Eurobond will be listed on the Channel Islands stock exchange The annualised interest rate on the 2009 Eurobond is 6.8% and the bond is redeemable in March 2017

FULL MOON HOLDCO 2 LIMITED

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF PROVISION OF INFORMATION TO AUDITORS

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

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware,
- each Director 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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

Approved by the Board of Directors and signed by order of the board



Jon Mortimore
Company secretary
28 May 2010

FULL MOON HOLDCO 2 LIMITED

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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 Directors confirm that, as far as they are aware, there is no relevant audit information of which the company's auditors are unaware and that each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information. This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

By order of the board



Jon Mortimore
Company Secretary
28 May 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FULL MOON HOLDCO 2 LIMITED

We have audited the financial statements of Full Moon Holdco 2 Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. 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 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 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.

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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

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.



John Ellis (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 May 2010

FULL MOON HOLDCO 2 LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2009

	<i>Note</i>	Year ended 31 December 2009	Year ended 31 December 2008
		£	£
OPERATING PROFIT	<i>3</i>	-	-
Income from fixed asset investments	<i>4</i>	5,000,000	-
PROFIT BEFORE INTEREST AND TAX		5,000,000	-
Exceptional interest income	<i>5</i>	3,014,973	-
Interest receivable and similar income	<i>6</i>	48,164,658	41,602,139
Interest payable and similar charges	<i>7</i>	(47,460,334)	(41,598,472)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		8,719,297	3,667
Tax on profit on ordinary activities	<i>8</i>	-	-
PROFIT FOR THE FINANCIAL YEAR	<i>14</i>	8,719,297	3,667

There were no recognised gains or losses for the years other than as shown above. There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

All results are derived from continuing operations.

FULL MOON HOLDCO 2 LIMITED

BALANCE SHEET

As at 31 December 2009

	<i>Note</i>	Year ended 31 December 2009 £	Year ended 31 December 2008 £
FIXED ASSETS			
Investments	9	<u>2,000,001</u>	<u>2,000,001</u>
CURRENT ASSETS			
Debtors	10	325,601,539	298,885,476
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(1,005,904)	(37,220,522)
NET CURRENT ASSETS		<u>324,595,635</u>	<u>261,664,954</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>326,595,636</u>	<u>263,664,955</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Eurobonds	12	(315,868,637)	(261,657,253)
NET ASSETS		<u>10,726,999</u>	<u>2,007,702</u>
CAPITAL AND RESERVES			
Called up share capital	13	2,000,000	2,000,000
Profit and loss account	14	<u>8,726,999</u>	<u>7,702</u>
TOTAL SHAREHOLDERS' FUNDS	15	<u>10,726,999</u>	<u>2,007,702</u>

These financial statements on pages 6 to 13 were approved by the board of directors and signed on their behalf by


Jon Mortimore
Director
28 May 2010

Full Moon Holdco 2 Limited

Company registration number

5893848

FULL MOON HOLDCO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Accounting policies have been consistently applied throughout the current and preceding years and a summary of the principal accounting policies is set out below.

Accounting convention

These financial statements were prepared under the historical cost convention.

Group accounts

As permitted by section 400 of the Companies Act 2006, Group financial statements have not been prepared as the results and balances of this Company are included in the consolidated financial statements of Travelodge Limited. These financial statements present financial information about the Company as an individual undertaking and not about the Group it heads. The company is a wholly owned subsidiary of Travelodge Limited.

Cash flow statement

Under Financial Reporting Standard 1 "Cash flow statement" (revised 1996), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent company includes the Company's cash flows in its own published consolidated financial statements.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Debt

Debt is initially stated at the amount of the net proceeds after deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period. The debt is made up of a Eurobond, an element of which is listed on the Channel Islands Stock Exchange in order that the debt may be traded in the future. The issue costs are amortised on a straightline basis over the term of the debt.

2 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Information regarding Directors' emoluments is disclosed in the financial statements of Travelodge Limited, the immediate parent company. Directors of the Company received no remuneration for services provided to this Company in the current or preceding years. There were no employees in the current or preceding years.

3 OPERATING PROFIT

The audit fee of £3,000 (2008: £3,000) is borne by a fellow group company.

4 INCOME FROM FIXED ASSET INVESTMENTS

During the year ended 31 December 2009 the Company received dividends from its immediate subsidiary, Full Moon HoldCo 3A Limited, totalling £5,000,000 (2008: £nil). This dividend represents a non-cash exceptional item and the tax effect of this receipt is £1.4m at the current year rate of taxation.

FULL MOON HOLDCO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

5 EXCEPTIONAL ITEMS

In the year to 31 December 2009 exceptional income of £3,014,973 was recognised which related to the write-back of interest previously charged on certain Eurobond notes following their redemption at below book value

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Interest receivable from Group undertakings	48,164,658	41,602,139

7 INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Eurobonds	(44,782,007)	(38,561,377)
Amortisation of finance fees	(380,952)	(380,952)
Interest payable to Group undertakings	(2,297,375)	(2,656,143)
Interest payable	(47,460,334)	(41,598,472)

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 December 2009 £	Year ended 31 December 2008
Current tax		
UK corporation tax on profits of the year	-	-
Total current tax	-	-
Tax on profit on ordinary activities	-	-

The differences between the total current tax shown and the amount calculated by applying the standard rate of tax for the year of 28 0% (2008 28 5%) to the profit before tax are as follows

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Profit on ordinary activities before taxation	8,719,297	3,667
Tax on ordinary activities at 28 0% (2008 28 5%)	2,441,403	1,045
Effects of		
Expenses not deductible for tax purposes	-	-
Items not chargeable to tax	(1,400,000)	-
Tax surrendered by group companies for nil consideration	(1,041,403)	(1,045)
Current tax charge for the year	-	-

FULL MOON HOLDCO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

8 TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

No provision for UK corporation tax has been made for the year to 31 December 2009 (2008 £nil) since the profit for the year will be sheltered by group relief expected to be made available to the Company by other companies in the Travelodge Limited group. No charge will be made by these companies for the surrender of group relief. It is anticipated that the availability of tax losses will reduce future tax charges. There is no unprovided deferred tax (2008 £nil).

9 INVESTMENTS

Ordinary Shares
in subsidiaries
£

Cost and net book value

At 1 January 2009 and 31 December 2009	2,000,001
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Investments held as fixed assets constitute shares in subsidiary undertakings acquired on 5 September and 25 September 2006 which are listed below.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

Subsidiary undertaking	Business description	Country of incorporation	% of equity held
Full Moon Holdco 3 Limited*	Holding company	Great Britain	100
Full Moon Holdco 3A Limited*	Holding company	Great Britain	100
Full Moon Holdco 4 Limited	Holding company	Great Britain	100
Full Moon Holdco 5 Limited	Holding company	Great Britain	100
Full Moon Holdco 6 Limited	Holding company	Great Britain	100
Travelodge Hotels Limited	Trading	Great Britain	100
TLLC Group Holdings Limited	Holding company	Great Britain	100
TLLC Limited	Holding company	Great Britain	100
Travelodge Hoteles Espana SL (Spain)	Trading	Spain	100
TLLC LevPropCo1 Limited	Property Lessor	Great Britain	100
TLLC LevPropCo5 Limited	Property Lessor	Great Britain	100
TLLC LevPropCo7 Limited	Property Lessor	Great Britain	100
TLLC PropHoldCo 1 Limited	Holding company	Great Britain	100
TLLC PropHoldCo 2 Limited	Holding company	Great Britain	100
TLLC Trustees Limited	Holding company	Great Britain	100
TLLC Holdings 2 Limited	Holding company	Great Britain	100
TLLC Holdings 3 Limited	Holding company	Great Britain	100
TLLC Holdings 4 Limited	Holding company	Great Britain	100
TLLC Holdings 5 Limited	Holding company	Great Britain	100

*Denotes direct investment

FULL MOON HOLDCO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

10 DEBTORS

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Amounts owed by Group undertakings	325,601,539	298,885,476

Amounts owed by Group undertakings are repayable on demand. As part of the funding of the Travelodge Group, Full Moon HoldCo 2 Limited makes loans to other Group companies which are used by these companies to settle other bank interest obligations. Amounts owed by group undertakings predominately relates to these outstanding balances and associated interest charges owing from those companies.

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Amounts owed to Group undertakings	1,005,904	37,220,522

Amounts owed to Group undertakings are repayable on demand. As part of the funding of the Travelodge Group, Full Moon HoldCo 2 Limited has received loans from other Group companies resulting from the drawdown on certain bank facilities. Amounts payable to group undertakings predominately relates to these outstanding balances and associated interest charges owing to those companies.

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Due after five years		
- 2006 Eurobond	295,565,827	261,657,253
- 2009 Eurobond	20,302,810	-
Total loans due after more than one year	315,868,637	261,657,253

The Eurobonds were variably secured on properties of certain subsidiary undertakings and charges over shares in subsidiary undertakings.

The 2006 Eurobond issue price was £183.5m and is listed on the Channel Islands stock exchange. The annual interest on the instrument is 17.0% and the bond is redeemable in March 2017. The 2009 Eurobond will be listed on the Channel Islands stock exchange. The annualised interest rate on the instrument is 6.8% and the bond is redeemable in March 2017.

Included within the above balance is £2,735,030 (2008: £3,115,982) of unamortised debt issue costs. The Eurobonds are a debt and are redeemable in full in 2017.

FULL MOON HOLDCO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

13 CALLED UP SHARE CAPITAL

	2009 and 2008	2009 and 2008
	Number of shares	£
Authorised:		
Ordinary shares of £1 each	2,000,000	2,000,000
Allotted and fully paid:		
Ordinary shares of £1 each	2,000,000	2,000,000

14 RESERVES

	Year ended 31 December 2009 Profit and loss account £	Year ended 31 December 2008 Profit and loss account £
At 1 January 2009	7,702	4,035
Profit for the financial year	8,719,297	3,667
At 31 December 2009	8,726,999	7,702

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year ended 31 December 2009 £	Year ended 31 December 2008 £
Opening shareholders' funds	2,007,702	2,004,035
Profit for the financial year	8,719,297	3,667
Closing shareholders' funds	10,726,999	2,007,702

FULL MOON HOLDCO 2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

16 RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY

As a wholly owned subsidiary of Travelodge Limited, the Company has taken advantage of the exemption in FRS 8 'Related party disclosures' not to disclose transactions with other members of the Group

Of the 2006 issued Eurobond loan notes, 100.0% (2008 96.3%) are quoted on the Channel Island stock exchange and are 89.6% held by Dubai International Capital China (Cayman) Investments Limited (DICCI Ltd) with the balance held by four Directors of the Company. Further, of the remaining unlisted 2006 Eurobond loan notes, previously held by four of the Directors of the Company, 38.2% of those 2006 issued loan notes were written back to the income statement, predominately in relation to interest previously accrued to the income statement in prior periods and subsequently forgiven, with the remainder redeemed. Of the 2009 issued Eurobond loan notes, 100.0% will be listed on the Channel Island stock exchange and are 100.0% owned by Dubai International Capital China (Cayman) Investments Limited (DICCI Ltd).

The immediate parent company is Travelodge Limited.

The Directors regard Dubai International Capital LLC ("DIC"), a Company incorporated in the United Arab Emirates, as the ultimate controlling party and the ultimate parent company of the largest group of which the Company is a member and for which Group financial statements are drawn up. DIC invested in Travelodge Limited on 5 September 2006. Travelodge Limited is the parent company of the smallest group of which the Company is a member and for which the Group financial statements are drawn up. Copies of the DIC Group financial statements are available from its registered office: The Gate, East Wing, 13th Floor DIFC, Sheikh Zayed Road, P O Box 72888, Dubai, United Arab Emirates. Copies of the Travelodge Limited Group financial statements are available from its registered office: Sleepy Hollow, Aylesbury Road, Thame, Oxon, OX9 3AT.