

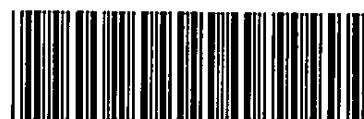
Company Registration No. 368815

SC Hotels & Holidays Limited

Annual report and financial statements

for the year ended 31 December 2012

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SC Hotels & Holidays Limited

Annual report and financial statements 2012

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SC Hotels & Holidays Limited

Annual report and financial statements 2012

Officers and professional advisers

The Board of Directors

R Prince

P Ekas

Company secretary

Paul Hastings Administrative Services Limited

Registered office

10 Bishops Square

8th Floor

London

E1 6EG

Auditor

Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

SC Hotels & Holidays Limited

Directors' report

The directors present their annual report and the financial statements for the year ended 31 December 2012

Principal activity and business review

The company continues to act as a parent undertaking to a group of subsidiaries operating hotels in the United Kingdom

Results and dividends

The profit after taxation for the year ended 31 December 2012 was £472,000 (2011 £457,000)

The directors do not propose a dividend for this year (2011 £nil)

Directors

The directors who served the company throughout the year were as follows

R Prince
P Ekas

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Auditor

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 auditor is unaware, and
- the directors' have 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 auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board

R Prince
Director

19/6/2013



SC Hotels & Holidays Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual 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,
- state whether applicable UK Accounting Standards have been followed, and
- 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 to 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 auditor's report to the members of SC Hotels & Holidays Limited

We have audited the financial statements of SC Hotels & Holidays Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes 1 to 10. 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).

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 auditors' 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, 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 annual report to identify material inconsistency with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 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.

Independent auditor's report to the members of SC Hotels & Holidays Limited (continued)

Matters on which we are required to report by exception

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

- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report, or
- 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



Timothy Steel (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
20 June 2013

SC Hotels & Holidays Limited

Profit and loss account Year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Amount written back to investments	2	472	457
Profit on ordinary activities before taxation		472	457
Tax charge on profit on ordinary activities	3	-	-
Profit on ordinary activities after taxation		472	457

The company did not trade in either the current or prior period

The company has no recognised gains or losses other than the results for the year as set out above

Accordingly no statement of total recognised gains and losses is presented

SC Hotels & Holidays Limited

Balance sheet 31 December 2012

	Notes	2012 £'000	2011 £'000
Fixed assets			
Investments	4	26,206	25,734
		<u>26,206</u>	<u>25,734</u>
Current assets			
Debtors amounts falling due within one year	5	22,337	22,337
Creditors, amounts falling due within one year	6	(4,826)	(4,826)
Net current assets		<u>17,511</u>	<u>17,511</u>
Net assets		<u>43,717</u>	<u>43,245</u>
Capital and reserves			
Called-up share capital	7	24,329	24,329
Revaluation reserve	8	19,239	19,239
Profit and loss account	8	149	(323)
Equity shareholders' funds	8	<u>43,717</u>	<u>43,245</u>

The financial statements of SC Hotels & Holidays Limited, (registered number 368815) were approved by the Board of Directors and authorised for issue on 19/6/ 2013

Signed on behalf of the Board of Directors

R Prince
Director



P Ekas
Director



SC Hotels & Holidays Limited

Notes to the financial statements Year ended 31 December 2012

1 Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention. They have been drawn up to comply with applicable United Kingdom accounting standards, which have been applied consistently throughout the current and prior period.

Going concern

The company is part of the LRG Holdings Limited group (‘the Group’) and the Group’s business activities, together with the factors likely to affect its future development, performance and position are set out in the financial statements of LRG Holdings Limited.

The Group meets its day to day working capital requirements from normal trading activities through its 61 hotels.

In May 2013, agreement was reached with a consortium of lenders whereby new senior debt of £585m and additional junior debt of £35m were secured and the existing senior debt was redeemed. The new senior debt term is for five years maturing in August 2018 and the new junior debt ranks equally with the existing junior debt maturing in September 2018.

At the same time as the agreement was reached with the consortium of lenders, new interest rate swap and cap agreements were put in place to limit the risk of higher interest rates being payable on the Group’s loans. As a result 100% of the Group’s debt subsequent to the refinancing is at a rate which is either fixed, swapped into a fixed rate or capped.

The Group’s financial forecasts, taking account of the revised loan terms and current trading performance, show that the Group will be able to operate within the level of its current and future facilities and remain in compliance with the terms of its loan agreements.

The company is dependent on continuing finance being made available by its parent undertaking to enable it to continue operating and to meet its liabilities as they fall due. The company is in receipt of a letter from its parent company confirming that it will provide continuing support and the directors have made enquiries to form a reasonable expectation that the parent company has adequate resources to continue in operational existence and provide support for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. These accounts give information about the company as an individual undertaking and not about its group.

SC Hotels & Holidays Limited

Notes to the financial statements (continued) **Year ended 31 December 2012**

1. Accounting policies (continued)

Investments

Fixed asset investments are stated at valuation less any provision for impairment

Impairments

At each balance sheet date, the company reviews carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The impairment review is completed on an income-generating unit basis.

Recoverable amount is the higher of fair value less the costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects a market assessment of the time value of money.

If the recoverable amount of an asset (or income-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or income-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or income-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or income-generating unit) in prior years. A reversal of impairment loss is recognised as income immediately.

Statement of cash flows

The directors have taken advantage of the exemption in FRS 1 "Cash Flow Statements" (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly-owned and its ultimate parent publishes consolidated financial statements.

Financial instruments

In preparing the financial statements for the past and current period, the company has adopted the presentation paragraph of FRS 25, 'Financial Instruments'. Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

SC Hotels & Holidays Limited

Notes to the financial statements (continued) Year ended 31 December 2012

2 Costs and overheads, less other income

The operating result is stated after charging

	2012 £'000	2011 £'000
Amounts written back to investments	472	457

Directors' emoluments for the current and prior period were £nil

There were no staff employed by the company in either the current or prior period

Auditor's remuneration of £1,600 (2011 £1,600) has been borne by a fellow group undertaking in both the current and prior period

3 Tax charge on profit on ordinary activities

(a) Analysis of tax charge in the year

	2012 £'000	2011 £'000
Current tax		
UK corporation tax based on the results for the year	-	-
Tax charge on profit on ordinary activities	-	-

(b) Factors affecting current tax charge

	2012 £'000	2011 £'000
Profit on ordinary activities before taxation	472	457
Tax on profit at standard UK rate of 24.5 % (2011 26.5%)	116	121
Effects of		
Income not taxable for tax purposes	(116)	(121)
Current tax on ordinary activities	-	-

SC Hotels & Holidays Limited

Notes to the financial statements (continued) Year ended 31 December 2012

4 Investments

	Shares in group undertakings £'000
Valuation	
At 1 January 2012 and 31 December 2012	26,206
Accumulated provisions for impairment	
At 1 January 2012	472
Amount written back in the year	(472)
At 31 December 2012	-
Net book value	
At 31 December 2012	26,206
At 31 December 2011	25,734

Investments were reviewed for impairment in accordance with the company's accounting policy. As a result impairment provisions created in prior years were partially reversed creating a write back to the profit and loss Account in the year of £472,000 (2011: £457,000).

In the opinion of the directors, the value of the subsidiaries is at least equal to the amount shown above, and the principal subsidiaries included therein are:

Company	Country of incorporation	Main activity	Proportion of ordinary shares held
LRG Hotels Group (UK) Limited	Great Britain	Hotel operator	100%
HI GC Limited	Great Britain	Non trading	99%
Pendigo Hotels Limited	Great Britain	Hotel operator	100%

Comparable amounts under the historical cost convention would be:

At 31 December 2012 and 31 December 2011	£6,750,100
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5. Debtors – amounts falling due after more than one year

	2012 £'000	2011 £'000
Amounts owed by fellow group undertakings	22,337	22,337

There are no specific repayment terms and no interest charged on the balance.

SC Hotels & Holidays Limited

Notes to the financial statements (continued) Year ended 31 December 2012

6 Creditors amounts falling due within one year

	2012 £'000	2011 £'000
Amounts owed to fellow subsidiary undertakings	4,826	4,826

There are no specific repayment terms on amounts owed to fellow group undertakings and interest is charged at LIBOR + 1% (2011 LIBOR + 1%)

7 Called-up share capital

	2012 £'000	2011 £'000
Allotted, called-up and fully paid:		
121,644,721 5% non-cumulative preference shares of 10p each	12,164	12,164
121,644,721 ordinary shares of 10p each	12,165	12,165
	<u>24,329</u>	<u>24,329</u>

Preference shares rights

The holders of preference shares rights are entitled to a fixed non-cumulative preferential dividend at the rate shown and, on winding-up of the company, to priority over the ordinary shareholders as regards payment of capital

The holders of preference shares are not entitled to receive notice of, or to attend or vote at, any general meeting

8 Reconciliation of shareholders' funds and movement on reserves

	Called-up share capital £'000	Revaluation reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 2012	24,329	19,239	(323)	43,245
Profit for the year	-	-	472	472
At 31 December 2012	<u>24,329</u>	<u>19,239</u>	<u>149</u>	<u>43,717</u>

9 Related party transactions

The company has taken advantage of the exemptions available under FRS 8 "Related Party Transactions", and has not disclosed transactions with group companies on the basis that the company is a wholly owned subsidiary. In addition, the group accounts in which the company is included are publicly available.

SC Hotels & Holidays Limited

Notes to the financial statements (continued)

Year ended 31 December 2012

10 Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is LRG Holdings Limited. The immediate parent undertaking is LRG Acquisition Limited.

The smallest and largest group of companies for which consolidated financial statements are prepared is LRG Holdings Limited. Copies of the consolidated financial statements of LRG Holdings Limited may be obtained from the registered office located at 10 Bishops Square, 8th Floor, London, E1 6EG.