

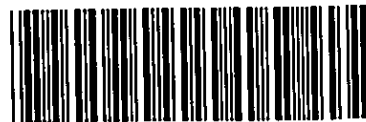
**Company Registration No. 1295183**

**LRG Holdings No. 2 Limited**

**Annual report and financial statements**

**for the year ended 31 December 2012**

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# **LRG Holdings No. 2 Limited**

## **Annual report and financial statements 2012**

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# **LRG Holdings No. 2 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

## **LRG Holdings No. 2 Limited**

### **Directors' report**

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

#### **Principal activities and business review**

There has been no trading during the current or prior year and therefore no profit and loss account has been prepared

#### **Future developments**

The directors plan to maintain the company's dormant status for the foreseeable future

#### **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

## **LRG Holdings No. 2 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 LRG Holdings No. 2 Limited**

We have audited the financial statements of LRG Holdings No. 2 Limited for the year ended 31 December 2012 which comprise the balance sheet and the related notes 1 to 7. 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 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, 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,
- 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 LRG Holdings No. 2 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

## LRG Holdings No. 2 Limited

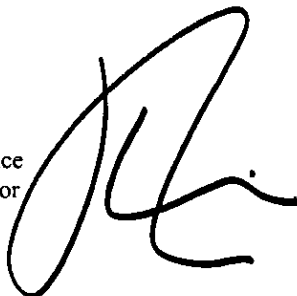
### Balance sheet 31 December 2012

	Notes	2012 £'000	2011 £'000
Debtors amounts falling due within one year	3	2,282	2,282
<b>Net assets</b>		<u>2,282</u>	<u>2,282</u>
<b>Capital and reserves</b>			
Called-up share capital	4	-	-
Profit and loss account	5	2,282	2,282
<b>Shareholders' funds</b>	5	<u>2,282</u>	<u>2,282</u>

The financial statements of LRG Holdings No 2 Limited, (registered number 1295183) 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





# **LRG Holdings No. 2 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.

#### **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.

### **2. Costs and overheads**

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.

## LRG Holdings No. 2 Limited

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

#### 3. Debtors' amounts falling due within one year

	2012 £'000	2011 £'000
Amounts owed by fellow group undertakings	2,282	2,282

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

#### 4. Called-up share capital

	2012 £	2011 £
<b>Allotted, called-up and fully paid</b>		
50 'A' ordinary shares of £1 each	50	50
<b>Allotted, called-up and fully paid</b>		
50 'B' ordinary shares of £1 each	50	50

#### 5. Reconciliation of shareholders' funds and movement on reserves

	Called-up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 2012	-	2,282	2,282
Result for the year	-	-	-
At 31 December 2012	-	2,282	2,282

#### 6. 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.

#### 7. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is LRG Holdings Limited. The immediate parent undertaking is LRG Hotels Group (UK) 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.