

## **Morethanhotels Limited**

Report and Financial Statements

Year Ended

30 June 2011

Company number 2567988

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# **Morethanhotels Limited**

## **Report and financial statements for the year ended 30 June 2011**

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### **Directors**

S Mitchell  
P Whitby  
D Noble

### **Secretary and registered office**

Finers Stephens Innocent LLP, 179 Great Portland Street, London W1W 5LS

### **Company number**

2567988

### **Auditors**

BDO LLP, Emerald House, East Street, Epsom, Surrey, KT17 1HS

# **Morethanhotels Limited**

## **Report of the directors for the year ended 30 June 2011**

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The directors present their report together with the audited financial statements for the year ended 30 June 2011

### **Results and dividends**

The profit and loss account is set out on page 5 and shows the profit for the year

No dividends were paid or declared during the period

### **Principal activities, review of business and future developments.**

The company leases its properties to a fellow group company Morethanhotels Trading Limited which operates Express by Holiday Inn hotels

A review of the business and future developments of the group is included in the consolidated accounts of the ultimate parent undertaking, Morethan Equity Limited, together with a summary of the group's financial risk management policies

### **Directors**

The directors of the company during the year were

M Darling	resigned 5 July 2010
S Mitchell	
P Whitby	
D Noble	appointed 5 July 2010

### **Directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 2006 and for being satisfied that the financial statements give a true and fair view. The directors are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 show and explain the company's transactions, 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

# Morethanhotels Limited

## Report of the directors for the year ended 30 June 2011 (continued)

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### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487 (2) they will automatically be reappointed as auditors 28 days after these accounts are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their reappointment.

### By order of the board

*S. Mitchell*

S Mitchell  
Director

Date 04/11/2011

# **Morethanhotels Limited**

## **Independent auditor's report for the year ended 30 June 2011**

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### **TO THE SHAREHOLDERS OF MORETHANHOTELS LIMITED**

We have audited the financial statements of Morethanhotels Limited for the year ended 30 June 2011 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the note of historical cost profits and losses and the related notes. 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 auditors**

As explained more fully in the statement of directors' responsibilities, 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### **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 30 June 2011 and of its result 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 matters 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.

## Morethanhotels Limited

### Independent auditor's report for the year ended 30 June 2011 (continued)

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#### 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 by the company, 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

*BDO LLP*

James Fearon (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Epsom  
United Kingdom

Date *7 November 2011*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

## Morethanhotels Limited

### Profit and loss account for the year ended 30 June 2011

	Note	2011 £	2010 £
<b>Turnover</b>	2	<b>3,622,000</b>	3,622,000
Cost of sales		<b>1,237,016</b>	1,204,908
<b>Gross profit</b>		<b>2,384,984</b>	2,417,092
Administrative expenses		<b>5,169,715</b>	975,033
<b>Operating (loss)/profit</b>	3	<b>(2,784,731)</b>	1,442,059
Other interest receivable and similar income	4	<b>632,249</b>	374,925
Interest payable and similar charges	5	<b>(122,561)</b>	(106,113)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(2,275,043)</b>	1,710,871
Taxation on (loss)/profit on ordinary activities	6	<b>586,609</b>	-
<b>(Loss)/profit on ordinary activities after taxation</b>		<b>(1,688,434)</b>	1,710,871
All amounts relate to continuing activities			

The notes on pages 8 to 13 form part of these financial statements

## Morethanhotels Limited

### Statement of total recognised gains and losses and Note of historical cost profits and losses for the year ended 30 June 2011

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#### Statement of total recognised gains and losses

	2011 £	2010 £
(Loss)/profit for the financial year	(1,688,434)	1,710,871
Unrealised surplus on revaluation of hotels in operation	-	1,514,535
	<hr/>	<hr/>
Total recognised gains and losses for the financial year	(1,688,434)	3,225,406
	<hr/>	<hr/>

#### Note of historical cost profits and losses

	2011 £	2010 £
Reported (loss)/profit on ordinary activities before taxation	(2,275,043)	1,710,871
Difference between actual and historical cost depreciation charge	533,278	501,170
	<hr/>	<hr/>
Historical cost (loss)/profit on ordinary activities before taxation	(1,741,765)	2,212,041
	<hr/>	<hr/>
Historical cost (loss)/profit for the year after taxation	(1,155,156)	2,212,041
	<hr/>	<hr/>

The notes on pages 8 to 13 form part of these financial statements



# Morethanhotels Limited

## Balance sheet at 30 June 2011

<i>Company no: 2567988</i>	<b>Note</b>	<b>2011 £</b>	<b>2011 £</b>	<b>2010 £</b>	<b>2010 £</b>
<b>Fixed assets</b>					
Tangible assets	7		46,642,156		47,879,172
<b>Current assets</b>					
Debtors-due within one year	8	149,329		149,329	
Debtors-due after more than one year	8	18,531,305		18,860,163	
<b>Net current assets</b>			18,680,634		19,009,492
<b>Total assets</b>			65,322,790		66,888,664
<b>Creditors: amounts falling due after more than one year</b>	9		(13,428,675)		(13,306,115)
			51,894,115		53,582,549
<b>Capital and reserves</b>					
Called up share capital	10		13,568,154		13,568,154
Revaluation reserve	11		27,973,805		28,507,083
Profit and loss account	11		10,352,156		11,507,312
<b>Shareholders' funds</b>	12		51,894,115		53,582,549

The financial statements were approved by the board of directors and authorised for issue on 04/11/2011

*S. Mitchell*

S Mitchell  
Director

The notes on pages 8 to 13 form part of these financial statements

# Morethanhotels Limited

## Notes forming part of the financial statements for the year ended 30 June 2011

### 1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of hotels in operation and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

#### *Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 100% of the voting rights in the company are controlled within the group headed by Morethan Equity Limited and the company is included in consolidated financial statements

#### *Turnover*

Turnover represents rental charges made to group companies

#### *Land and buildings*

FRS 15 requires fixed assets which are carried at revalued amounts to be shown at their current value at the balance sheet date. To achieve this land and buildings are subject to a full valuation every five years with an interim valuation carried out in the third year of this cycle

The profit or loss on disposal of revalued properties is calculated by reference to net book value and any realised revaluation surplus is transferred to the profit and loss account through reserves

#### *Depreciation*

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets, except for freehold land, evenly over their expected useful lives. It is calculated at the following rates

Hotels in operation - leasehold land	-	Over the period of the lease
Hotels in operation - buildings	-	50 years
Hotels in operation - fixed plant and surfaces	-	20 years

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief

Deferred tax balances are not discounted

## Morethanhotels Limited

### Notes forming part of the financial statements for the year ended 30 June 2011 (continued)

#### 2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom

#### 3 Operating (loss)/profit

	2011 £	2010 £
This is arrived at after charging		
Depreciation of tangible fixed assets	1,237,016	1,204,908
Provision against intercompany debtors	5,169,715	975,033

Auditor's remuneration is borne by a fellow group company

There are no staff other than the directors (2010 – Nil) The directors are remunerated by a fellow group company

#### 4 Other interest receivable and similar income

	2011 £	2010 £
Loans to group companies	632,249	374,925

#### 5 Interest payable and similar charges

	2011 £	2010 £
Interest payable to group companies	122,561	106,113

# Morethanhotels Limited

## Notes forming part of the financial statements for the year ended 30 June 2011 (continued)

### 6 Taxation on profit on ordinary activities

	2011 £	2010 £
<i>Deferred tax</i>		
Origination and reversal of timing differences	586,609	-

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below

	2011 £	2010 £
(Loss)/profit on ordinary activities before tax	(2,275,043)	1,710,871
(Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2010 - 28%)	(637,012)	479,044
Effect of		
Permanent differences	1,723,083	526,912
Depreciation for year in excess of capital allowances	62,834	65,872
Group relief	(982,562)	(1,071,828)
Tax losses utilised	(166,343)	-
Current tax charge for year	-	-

# Morethanhotels Limited

## Notes forming part of the financial statements for the year ended 30 June 2011 (continued)

### 7 Tangible fixed assets

	Hotel Freehold land and buildings £	Hotel Leasehold land and buildings £	Hotel fixed plant and surfaces £	Total £
<i>Cost or valuation</i>				
At 1 July 2010 and 30 June 2011	28,583,413	15,209,402	4,688,812	48,481,627
<i>Depreciation</i>				
At 1 July 2010	246,364	139,858	216,233	602,455
Provided for the year	513,413	291,136	432,466	1,237,015
At 30 June 2011	759,777	430,994	648,699	1,839,470
<i>Net book value</i>				
At 30 June 2011	27,823,636	14,778,409	4,040,112	46,642,157
At 30 June 2010	28,337,049	15,069,544	4,472,579	47,879,172

Included in hotels in operation is freehold land amounting to £7,777,623 (2010 - £7,777,623) which is not depreciated

The group's hotels in operation were subject to an external revaluation on 1 May 2010 by CB Richard Ellis Hotels Limited at existing use value and updated at 31 December 2010 for the purposes of the acquisition. In the directors' opinion there has been no material change that would impact the value at the year end

The historical cost of hotels in operation is

	2011 £	2010 £
Cost	26,921,548	26,921,548
Accumulated depreciation based on historical cost	8,253,197	7,549,459
Historical cost net book value	18,668,351	19,372,089

# Morethanhotels Limited

## Notes forming part of the financial statements for the year ended 30 June 2011 (continued)

### 8 Debtors

	2011 £	2010 £
<i>Amounts receivable within one year</i>		
Other debtors	149,329	149,329
<i>Amounts receivable after more than one year</i>		
Amounts owed by group undertakings	17,060,661	17,976,128
Deferred taxation (see below)	1,470,644	884,035
	18,531,305	18,860,163
Total debtors	18,680,634	19,009,492

#### Deferred taxation

The deferred tax asset related to depreciation charged in excess of capital allowances claimed and the movement during the year was as follows -

	£
At 1 July 2010 and 30 June 2011	884,035
Change in the year	586,609
At 30 June 2011	1,470,644

At the year end there was an un-provided deferred tax asset of £Nil (2010 - £636,902) and £Nil (2010 - £166,343) relating to deferred capital allowances and losses respectively. The amount of the deferred tax asset recognised has been restricted to the extent there is considered to be sufficient evidence as to its recoverability.

### 9 Creditors' amounts falling due after more than one year

	2011 £	2010 £
Amounts owed to group undertakings	13,428,675	13,306,115

### 10 Share capital

	2011 £	2010 £
<i>Allotted, called up and fully paid</i>		
1,356,815,418 Ordinary shares of £0.01 each	13,568,154	13,568,154

# Morethanhotels Limited

## Notes forming part of the financial statements for the year ended 30 June 2011 (continued)

### 11 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 July 2010	28,507,083	11,507,312
Loss for the year	-	(1,688,434)
Transfer	(533,278)	533,278
	<hr/>	<hr/>
At 30 June 2011	27,973,805	10,352,156
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### 12 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
(Loss)/profit for the year	(1,688,434)	1,710,871
Other net recognised gains and losses relating to the year	-	1,514,535
	<hr/>	<hr/>
Net (deductions)/additions to shareholders' funds	(1,688,434)	3,225,406
Opening shareholders' funds	53,582,549	50,357,143
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Closing shareholders' funds	51,894,115	53,582,549
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### 13 Contingent liabilities

The company is a guarantor of the bank borrowings in its intermediate parent undertaking Morethan Bidco Limited. At the year end the bank borrowings amounted to £90,527,221 (2010 - £89,560,205)

### 14 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by Morethan Equity Limited on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements

### 15 Ultimate parent company and parent undertaking of larger group

The intermediate parent company of Morethanhotels Limited is Morethanhotels Properties Limited. The ultimate parent company is Morethan Equity Limited.

The largest and smallest group in which the results of the company are consolidated is that headed by Morethan Equity Limited. No other group accounts include the results of the company. The consolidated accounts of Morethan Equity Limited are available to the public and may be obtained from Finers Stephens Innocent LLP, 179 Portland Street, London W1W 5LS.