

# **De Vere Village Hotels Limited**

## **Report and Financial Statements**

31 December 2011

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COMPANIES HOUSE

## Operating review

	Year ended 31 December 2011	Year ended 31 December 2010
Occupancy for the period	76.6%	76.0%
Average room rate for the period	£57.49	£56.92
Revenue per available room (revpar)	£44.01	£43.23
Number of operating hotels at period end	26	26
Number of bedrooms at period end	3,293	3,302

At 31 December 2011 De Vere Village Urban Resorts were in operation at the following locations

Ashton Moss	Elstree	Nottingham
Blackpool	Farnborough	St Davids, nr Chester
Bournemouth	Hull	Solihull
Bury	Hyde	Swansea
Cardiff	Leeds	Swindon
Cheadle	Leeds South	Walsall
Coventry	Liverpool	Warrington
Daresbury Park*	Maidstone	Wirral
Dudley	Newcastle	

\* Sold in May 2012

Registered No 02695921

## Operating review

2011 proved to be a positive year for De Vere Village Urban Resorts with some notable highlights. Total divisional revenue was £164 million for the year, representing an increase of 4% over the prior year. Occupancy increased by 0.6pts to 76.6% with ARR remaining relatively flat at £57.49, RevPAR grew to £44.01, a 0.2% increase over prior year. Overall, we benefited from strong growth from the three conversions which opened during early 2011 and whose revenue grew by 15.5% in the year.

Continued development of our various in-house food & beverage offerings also yielded a good result. In spite of the difficult economic environment, like for like food and beverage revenues finished a healthy 6.2% ahead of the prior year.

Health and Fitness, an increasingly competitive marketplace with the opening of many lower scale leisure clubs, delivered a solid result with like for like revenues moving forward by 1.5%.

I was appointed CEO in January 2012 and have brought with me several highly experienced Executives to compliment the core team already in place. This enlarged team brings a wealth of experience and expertise to De Vere Village Urban Resorts and will be focused both on driving the profitability of the business and on expanding the brand across the UK. The year to date has seen satisfactory trading despite the continuing uncertainty over the future of the economy.

At the end of May, the new "Village" was relaunched with a new brand – the De Vere Village Urban Resorts which we believe will create a more aspirational product, creating the model of the new brand properties to be rolled out over the coming years.

In May 2012, as part of a planned disposal programme, De Vere Village sold its Daresbury Park Hotel near Warrington. This hotel was non core, and the proceeds will be used towards the Village expansion programme.

Robert Cook  
CEO, De Vere Village Urban Resorts

September 2012

Registered No 02695921

## Report of the Directors

The directors present their report with the financial statements of the Company for the year ended 31 December 2011

### PRINCIPAL ACTIVITY AND PREPARATION OF CONSOLIDATED GROUP FINANCIAL STATEMENTS

The principal activity of the Company is that of a holding company

The Company and all of its subsidiaries are wholly owned by De Vere Group Limited which prepares group financial statements for the entire De Vere group. The Company has chosen not to take advantage of the exemption from preparing financial statements contained in Section 400 of the Companies Act 2006 because along with its subsidiaries it represents the entire trade and assets of De Vere Village Urban Resorts, a major trading division of De Vere Group Limited. These financial statements therefore present the consolidated results and financial position of De Vere Village Hotels Limited and its subsidiaries ("the Group")

The Group was formed on 30 November 2010 following a restructuring of the De Vere Group Limited group of companies. The Group owned and operated 25 Village hotels throughout the United Kingdom during the year ended 31 December 2011. It also operates an additional Village hotel under lease from a third party landlord.

The 2010 comparative figures incorporated into these financial statements reflect the restructuring and recapitalisation transactions undertaken in addition to one month of trading figures for the portfolio.

### BUSINESS REVIEW

A comprehensive review of the strategic affairs of the group into which the Company and its subsidiaries is consolidated, including key performance indicators and key risks and uncertainties, is contained in the report and financial statements of De Vere Group Limited, the parent undertaking at the year end.

The Group made a loss after taxation of £57,920,000 (2010 loss of £5,189,000), which included a £87,179,000 charge in respect of fixed asset revaluations (2010 £nil).

At 31 December 2011 DTZ Chartered Surveyors valued the Group's hotel property portfolio at £523,150,000 (2010 £602,190,000), a year on year decline of 13%.

The Group generated a cash inflow from operations of £15,971,000 (2010 outflow of £7,395,000).

### DIVIDENDS

The directors do not recommend the payment of a dividend (2010 £nil).

### DIRECTORS

The directors who served during the period were as follows

A M Coppel CBE	(appointed 16 September 2011)
D G Caldecott	(appointed 16 September 2011)
R G Balfour-Lynn	(resigned 16 September 2011)
J Singh	(resigned 16 September 2011)

Registered No 02695921

## Report of the Directors

### SIGNIFICANT EVENTS

On 18 November 2011, De Vere Village Hotels and Leisure Limited, a subsidiary of the Group, waived a debt due to the Group of £21,590,000 from De Vere Venues Group Limited, a fellow subsidiary of the De Vere Group Limited group of companies. This has been recognised as a capital contribution directly through the profit and loss reserve during the year.

In September 2012, the De Vere Group and Bank of Scotland plc extended the term of the Group's senior borrowing facilities to June 2015. The directors are satisfied that the Group will be able to meet the requirements of the revised loan agreement, thereby assuring the Company's ability to continue as a going concern.

Further details of the De Vere Group's borrowings are available in the financial statements of De Vere Group Limited, the ultimate parent undertaking at the year end.

### POST BALANCE SHEET EVENTS

On 4 May 2012, Village Daresbury Park was sold for a consideration of £10 million. Further details can be found in note 23 to the financial statements.

In September 2012, as a result of Group restructuring, there has been a significant change to the share structure of the Group and has also resulted in the Minority Interest has been removed. Further details can be found in notes 15, 17 and 23 to these financial statements.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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,
- 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.

Registered No 02695921

## Report of the Directors

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

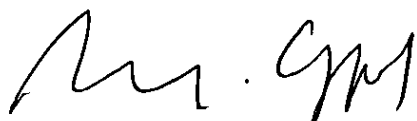
In accordance with Section 418(2) of the Companies Act 2006 each of the above directors (excluding those who have resigned during the financial year)

- is not aware of any relevant audit information of which the Company's auditors are unaware, and
- 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 the Company's auditors are aware of that information

### AUDITORS

Ernst & Young LLP have expressed their willingness to continue as auditors in accordance with Section 487(2) of the Companies Act 2006

### ON BEHALF OF THE BOARD:



A M Coppel CBE - Director

Date **28** September 2012

Registered No 02695921

### **Independent auditors' report to the members of De Vere Village Hotels Limited**

We have audited the financial statements of De Vere Village Hotels Limited for the year ended 31 December 2011 which comprise of the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 23. 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 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 group's and parent 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 report and the financial statements to identify material inconsistencies 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 group's and the parent company's affairs as at 31 December 2011 and of the loss of the group 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.



Barry Flynn (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor  
Manchester

28/9/2012

## Consolidated profit and loss account

for the year ended 31 December 2011

		<i>Year ended 31 December 2011 £000</i>	<i>Year ended 31 December 2010 £000</i>
	<i>Note</i>		
Turnover		164,652	15,014
Cost of sales		(84,505)	(9,977)
<b>Gross profit</b>		<b>80,147</b>	<b>5,037</b>
Administrative expenses		(49,102)	(2,778)
Exceptional administrative expenses - fixed asset revaluations	2	(87,179)	-
Goodwill realised on acquisition of subsidiary undertakings	8	-	1,176
<b>Group operating (loss)/profit</b>	2	<b>(56,134)</b>	<b>3,435</b>
Profit on disposal of fixed assets		6	-
Interest receivable and similar income	4	3	-
Interest payable and similar charges	5	-	(14)
<b>(Loss)/Profit on ordinary activities before taxation</b>		<b>(56,125)</b>	<b>3,421</b>
Taxation on (loss)/profit on ordinary activities	6	(8,660)	(9,963)
<b>(Loss) for the financial year after taxation</b>		<b>(64,785)</b>	<b>(6,542)</b>
Equity Minority Interests	17	6,865	1,353
<b>(Loss) for the financial year</b>		<b>(57,920)</b>	<b>(5,189)</b>

All the Group's activities were acquired in the previous year

There was no material difference between the result disclosed in the profit and loss account and the result on an unmodified historical cost basis

The comparative figures include one month's worth of trading activity



**Consolidated statement of total recognised gains and losses**  
for the year ended 31 December 2011

		<i>Year ended</i> <i>31 December</i> <i>2011</i> <i>£000</i>	<i>Year ended</i> <i>31 December</i> <i>2010</i> <i>£000</i>
	<i>Note</i>		
Loss for the financial period		(64,785)	(6,542)
Actuarial loss on pension scheme	14	(127)	(103)
Deferred tax charge related to pension scheme		3	29
<b><i>Total net recognised gains and losses for the period</i></b>		<b><u>(64,909)</u></b>	<b><u>(6,616)</u></b>
Total net recognised gains and losses attributable to ordinary shareholders		(58,020)	(5,249)
Total net recognised gains and losses attributable to minority interests		(6,889)	(1,367)
<b><i>Total net recognised gains and losses for the period</i></b>		<b><u>(64,909)</u></b>	<b><u>(6,616)</u></b>

# De Vere Village Hotels Limited

Registered No 02695921

## Balance sheets

as at 31 December 2011

		<i>Group</i> 31 December 2011 £000	<i>Group</i> 31 December 2010 £000	<i>Company</i> 31 December 2011 £000	<i>Company</i> 31 December 2010 £000
	<i>Note</i>				
<b>Fixed assets</b>					
Tangible assets	7	529,084	609,502	-	-
Intangible Assets	8	(11,548)	(17,338)	-	-
Investments in subsidiary undertakings	9	-	-	-	-
		<u>517,536</u>	<u>592,164</u>	<u>-</u>	<u>-</u>
<b>Current assets</b>					
Stocks	10	3,096	2,606	-	-
Debtors falling due within one year	11	434,720	595,137	1,000	1,000
Cash at bank and in hand	20	2,600	4,414	-	-
		<u>440,416</u>	<u>602,157</u>	<u>1,000</u>	<u>1,000</u>
<b>Creditors</b> amounts falling due within one year	12	(455,157)	(608,867)	(24)	(24)
<b>Net current (liabilities)/assets</b>		<u>(14,741)</u>	<u>(6,710)</u>	<u>976</u>	<u>976</u>
<b>Total assets less current liabilities</b>		<u>502,795</u>	<u>585,454</u>	<u>976</u>	<u>976</u>
<b>Provisions for liabilities</b>					
Pension surplus	14	30	30	-	-
Provision for liabilities and charges	13	(87)	(188)	-	-
<b>Net assets</b>		<u>502,738</u>	<u>585,296</u>	<u>976</u>	<u>976</u>
<b>Capital and reserves</b>					
Called up share capital	15	-	-	-	-
Revaluation reserve	16	3,941	-	-	-
Profit and loss account	16	421,973	501,607	976	976
<b>Shareholder's funds</b>		<u>425,914</u>	<u>501,607</u>	<u>976</u>	<u>976</u>
Minority Interest	17	76,824	83,689	-	-
<b>Total capital employed</b>		<u>502,738</u>	<u>585,296</u>	<u>976</u>	<u>976</u>

The financial statements were approved by the Board of Directors on 28 September 2012 and were signed on its behalf by



A M Coppel CBE - Director

## Consolidated cash flow statement

for the year ended 31 December 2011

		<i>Year ended 31 December 2011 £000</i>	<i>Year ended 31 December 2010 £000</i>
	<i>Note</i>		
<b>Net cash flow from operating activities</b>	19	15,971	(7,395)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(17,088)	(1,893)
Sale of tangible fixed assets		6	-
<b>Net cash flow from capital expenditure and financial investment</b>		(17,082)	(1,893)
<b>Acquisitions &amp; disposals</b>			
Cash acquired on acquisition of subsidiaries		-	13,264
Cash disposed with subsidiaries		-	(265)
<b>Net cash inflow from acquisitions and disposals</b>		-	12,999
<b>(Decrease)/ increase in cash</b>		(1,111)	3,711

## Notes to the financial statements

at 31 December 2011

### 1 Accounting policies

#### *(a) Basis of preparation*

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable United Kingdom financial reporting standards under the historical cost convention, as modified by the revaluation of certain tangible fixed assets

After making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company's financial statements have therefore been prepared on a going concern basis.

The Company's ultimate parent, De Vere Group Limited, has agreed to provide continuing support to enable the Company to meet its liabilities as they fall due.

As described in note 21, the Company was party to and provided guarantees in respect of De Vere Limited and De Vere Midco Limited borrowing facilities. The extent of these guarantees is limited to the assets of the Company.

#### *(b) Basis of consolidation*

The consolidated profit and loss account, cash flow statement, statement of total recognised gains and losses and balance sheet combine the financial statements of the Company its subsidiary undertakings for the year ended 31 December 2011 and represent the results of Village Group operations for that year. In accordance with section 408 of the Companies Act 2006, no separate profit and loss account is presented for the Company. The Company made no profit or loss for the year ended 31 December 2011 (2010: loss after taxation of £24,000). The impact of any transactions between Village Group companies is eliminated for the purposes of the consolidated financial statements.

Results of any subsidiary undertakings and businesses acquired or sold during the period are included from or up to their respective dates of acquisition or disposal. Acquisitions are included in the group financial statements using the acquisition method of accounting. The purchase consideration is allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

#### *(c) Tangible Fixed Assets*

##### *Freehold land and buildings*

Freehold land and buildings are carried at valuation less accumulated depreciation. The basis of current valuation is an annual valuation at each balance sheet date on an existing use basis by a suitably qualified external valuer.

Depreciation on freehold buildings is provided to write off the valuation less any estimated residual values over their estimated useful lives of 50 years. Leasehold properties are depreciated over the shorter of 50 years and the remaining lease term.

##### *Other tangible fixed assets*

Tangible fixed assets other than land and buildings are carried at cost of acquisition less accumulated depreciation less any impairment provisions.

Other tangible fixed assets includes fixtures & fittings, plant & machinery and other equipment including computers.

Depreciation is provided to write down the cost of all other tangible fixed assets over their useful lives to their estimated residual values, and is calculated using the straight-line method at the following rates:

	<i>Per annum</i>
Fixtures and fittings	5% - 20%
Computer equipment	20% - 33%

## Notes to the financial statements

at 31 December 2011 (continued)

### **(c) Tangible Fixed Assets (continued)**

Assets under construction are not depreciated until they are ready for use. When an asset is fully depreciated and no longer in use both the gross amount and the aggregate depreciation are eliminated from the financial statements.

### **(d) Goodwill**

Goodwill represents the difference between purchase consideration and the fair value of the assets and liabilities acquired. After initial recognition, goodwill is stated at cost less amortisation less any impairment losses, with the original carrying value being reviewed for impairments annually and whenever events or circumstances indicate that the carrying value may be impaired.

Goodwill is amortised on a straight line basis over 20 years, the period over which the directors estimate that the benefit will be derived.

Negative goodwill, being the excess of the fair value of the net assets acquired of a business over the amount paid for a business, is credited over the period that the non-monetary assets are recovered, be it through depreciation or disposal. Negative goodwill is being amortised on a straight line basis over a period of 20 years.

### **(e) Impairment of tangible assets**

The carrying values of fixed assets are reviewed for impairment if events or changes in circumstances indicate that those values may not be recoverable. For the purposes of an impairment review, and in accordance with FRS 11 'Impairment of Fixed Assets and Goodwill', fixed assets are first grouped into income generating units (IGU's). Each individual hotel is considered to be a separate income generating unit.

The carrying value of each income generating unit is then compared to its recoverable amount, which is defined as the higher of value in use or net realisable value.

Value in use is calculated for each income generating unit by preparing a discounted cash flow valuation using the projections prepared by management for business planning purposes. The discount rate used is based on the Group's weighted average cost of capital.

Net realisable value is based on the directors' estimates of the current market value of the income generating unit.

If the carrying value of the income generating unit exceeds the recoverable value so calculated, the excess is immediately charged to the profit and loss account, or to the revaluation reserve to the extent that previous revaluation surpluses for the IGU's have been recorded there.

### **(f) Investments**

Investments in subsidiaries are carried at cost less any impairments. Investment carrying values will be assessed for impairment if the directors are of the view that indicators of impairment are present. If the carrying value of the investment exceeds the recoverable value (defined as the higher of value in use and estimated net realisable value) the excess is immediately charged to the profit and loss account.

### **(g) Stocks**

Stock is valued at the lower of cost and net realisable value. Cost comprises expenditure directly incurred in purchasing stock.

Certain operating supplies are treated as consumable stores and renewals and replacements of such stock are written off to the profit and loss account as incurred.

## Notes to the financial statements

at 31 December 2011 (continued)

### **(h) Deferred taxation**

Deferred tax 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 a 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, and 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,
- 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

### **(i) Turnover**

Turnover is the value of goods and services sold to third parties after deducting discounts and sales based taxes

The Village Group operates restaurants and bars at its hotels. Sales of goods are recognised when a hotel restaurant or bar sells a product to customer

The Village Group supplies conference and event facilities as well as hotel rooms to businesses and private customers. Sales of rooms and conference and event facilities are recognised on the dates those facilities are used. Deposits received in advance are not recognised as revenue until the day of the stay or event

### **(j) Foreign currencies**

Foreign currency denominated purchases or sales of goods and services are initially translated at the exchange rate ruling at the transaction date. Any exchange differences arising on subsequent settlement of those transactions or upon the retranslation of foreign currency assets and liabilities at the balance sheet date are taken immediately taken to the profit and loss account

### **(k) Pensions**

Prior to 1 December 2010 certain employees of the Village Group were eligible to be members of defined benefit schemes operated by the Group. The cost of providing benefits under the defined benefit plans was determined separately for each plan using the projected unit method, which attributed entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and was based on actuarial advice. Past service costs were recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits had vested. When a settlement or a curtailment took place the change in the present value of the scheme liabilities and the fair value of the plan assets reflected the gain or loss which was recognised in the profit and loss account. Losses were measured at the date that the employer became demonstrably committed to the transaction and gains when all parties whose consent was required were irrevocably committed to the transaction

**Notes to the financial statements**

at 31 December 2011 (continued)

**(k) Pensions (continued)**

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and was determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets was based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost was recognised in the profit and loss account as other finance income or expense. Actuarial gains and losses were recognised in full in the statement of recognised gains and losses in the period in which they occurred.

The defined benefit pension asset or liability in the balance sheet comprised the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations were to be settled directly. Fair value was based on market price information and in the case of quoted securities was the published bid price. The value of a net pension benefit asset was limited to the amount that could have been recovered either through reduced contributions or agreed refunds from the scheme.

Additionally the Village Group contributes to the money purchase defined contribution personal pension plans of certain employees. Payments to money purchase pension schemes are charged to the profit and loss account as incurred.

**(l) Related party transactions**

As a wholly owned subsidiary of De Vere Group Limited as at 31 December 2011 the Company has taken advantage of the exemption available under FRS 8 not to disclose details of transactions with other De Vere Group Limited group companies. This applies to both the Company and consolidated results presented in these financial statements.

**2 Operating profit**

Operating profit is stated after charging

		<i>Group Year ended 31 December 2011 £000</i>	<i>Group Year ended 31 December 2010 £000</i>
	<i>Note</i>		
Hire of plant and machinery		694	141
Other operating leases		1,847	68
Amortisation of goodwill	8	(870)	(73)
Depreciation – owned assets	7	12,108	1,212
Auditors' fee		44	46
Tangible fixed asset revaluation - exceptional item	7	92,099	-
Intangible fixed asset impairment - exceptional item	8	(4,920)	-

The auditors' fee includes £3,000 in respect of the Company (2010 £3,000)

## Notes to the financial statements

at 31 December 2011 (continued)

### 3. Employee costs

	<i>Year ended 31 December 2011 £000</i>	<i>Year ended 31 December 2010 £000</i>
Wages and salaries	39,521	3,490
Social security costs	2,884	262
Pension costs	226	897
	<u>42,631</u>	<u>4,649</u>

The average number of employees employed by the Village Group was 3,330 (2010 4,288)

The Company had no staff costs for the year ended 31 December 2011 nor for the year ended 31 December 2010

#### *Directors' remuneration*

The emoluments of A M Coppel and D G Caldecott are paid by De Vere Limited, a fellow subsidiary undertaking that made a recharge of £237,000 for their services in the year to companies in the De Vere Village Hotels Group of companies. There was no recharge to the Company during the year. The total emoluments of A M Coppel and D G Caldecott are included in the aggregate of directors' emoluments disclosed in the financial statements of De Vere Group Limited, the ultimate parent company.

During the years ended 31 December 2011 and 31 December 2010 R G Balfour-Lynn and J Singh were also partners of AHGM LLP (a related undertaking) and were remunerated by that undertaking in their capacity as partners rather than by the Company or any of its fellow subsidiaries. Further details can be found in the financial statements of De Vere Group Limited.

### 4 Interest and similar income

	<i>Year ended 31 December 2011 £000</i>	<i>Year ended 31 December 2010 £000</i>
Other interest	<u>3</u>	<u>-</u>



## Notes to the financial statements

at 31 December 2011 (continued)

### 5 Interest payable and similar charges

	<i>Year ended 31 December 2011 £000</i>	<i>Year ended 31 December 2010 £000</i>
Bank interest	-	1
Other finance charges	-	13
	<u>-</u>	<u>14</u>

### 6 Taxation

#### Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	<i>Year ended 31 December 2011 £000</i>	<i>Year ended 31 December 2010 £000</i>
Current tax		
Corporation tax	8,757	9,745
Deferred tax – origination and reversal of timing differences	(97)	218
Tax charge in the profit and loss account	<u>8,660</u>	<u>9,963</u>

UK corporation tax has been charged at 26.5% (2010 28%)

**Notes to the financial statements**

at 31 December 2011 (continued)

**6 Taxation (continued)****Factors affecting the tax charge**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (2010 higher)  
The difference is explained below

	<i>Year ended 31 December 2011 £000</i>	<i>Year ended 31 December 2010 £000</i>
Profit on ordinary activities before tax	(56,125)	3,421
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK 26.5% (2010 28%)	(14,869)	958
Effects of		
Capital allowances in excess of depreciation	26,060	(88)
Non-taxable profits - amortisation of goodwill	6,909	(20)
Non-taxable profits - disposals	(2)	(74)
Non-taxable gains - acquisitions	-	(329)
Taxable capital gains	-	7,979
Other non-taxable items	(6,693)	1,944
Current year movement on provisions and accruals	(182)	-
Utilisation of tax losses brought forward	(1,372)	(115)
Increase in tax losses	2,731	-
Transfer pricing adjustment not reflected in the financial statements	(3,723)	(510)
Adjustment in respect of prior period	(102)	-
	<u>8,757</u>	<u>9,745</u>

A deferred tax asset of £31,113,000 (2010 £21,097,000) being the excess of tax losses over accelerated capital allowances, is unrecognised because the likelihood of realisation fails to meet the more likely than not criterion

In his Budget of 21 March 2012 the Chancellor of the Exchequer announced certain changes which have an effect on the group's future tax position. The proposals included phased reductions in the corporation tax rate to 22% from 1 April 2014. The corporation tax rate has been reduced to 24% from 1 April 2012 and the 2012 Finance Bill contains proposals to reduce the corporation tax rate to 23% from 1 April 2013 with a further reduction to 22% expected to be reflected in future Finance Acts.

As at the balance sheet date, only the reduction in the rate to 25% had been substantively enacted and therefore deferred tax has been provided for at this rate.

The effect on the Company of these proposed changes to the UK tax system will be reflected in the Company's financial statements in future years, as appropriate, once the proposals have been substantively enacted.

**Notes to the financial statements**

at 31 December 2011 (continued)

**7 Tangible fixed assets**

<i>Group</i>	<i>Land and buildings £000</i>	<i>Fixtures and fittings £000</i>	<i>Total £000</i>
Cost or valuation			
At 1 January 2011 (restated)	580,826	29,888	610,714
Additions	11,984	7,864	19,848
Revaluations	(88,158)	-	(88,158)
Fully depreciated assets written off	-	(6,441)	(6,441)
At 31 December 2011	<u>504,652</u>	<u>31,311</u>	<u>535,963</u>
Accumulated depreciation			
At 1 January 2011 (restated)	500	712	1,212
Charge for the period	4,032	8,076	12,108
Fully depreciated assets written off	-	(6,441)	(6,441)
At 31 December 2011	<u>4,532</u>	<u>2,347</u>	<u>6,879</u>
Net book value			
At 31 December 2011	<u>500,120</u>	<u>28,964</u>	<u>529,084</u>
At 1 January 2011	<u>580,326</u>	<u>29,176</u>	<u>609,502</u>

The net book value of tangible fixed assets is represented by

	<i>2011 £000</i>	<i>2010 £000</i>
Freehold land and buildings	262,783	321,244
Leasehold land and buildings	<u>237,337</u>	<u>259,082</u>
Total land and buildings	500,120	580,326
Fixtures and fittings	<u>28,964</u>	<u>29,176</u>
	<u>529,084</u>	<u>609,502</u>

Cost or valuation at 31 December 2011 is represented by

	<i>Land and buildings £000</i>	<i>Plant and equipment £000</i>	<i>Total £000</i>
Cost	592,810	31,311	624,121
Cumulative revaluation	(88,158)	-	(88,158)
	<u>504,652</u>	<u>31,311</u>	<u>535,963</u>

Within the 2010 financial statements, land and buildings cost and depreciation were split between freehold land and buildings and short leasehold properties. During preparation of the 2011 financial statements it was decided to amalgamate these to better reflect the group's treatment of these assets and the comparatives have been restated accordingly. As part of this review, it was also noted that £9,574,000 of cost was misallocated to land and buildings rather than plant and equipment. This has been restated in the opening balances. There has been no impact on the overall cost or net book value of these assets.

**Notes to the financial statements**

at 31 December 2011 (continued)

**7. Tangible fixed assets (continued)**

The Group's tangible fixed assets were valued at 31 December 2011 on an existing use basis by independent qualified valuers, DTZ Chartered Surveyors. The valuations were made in accordance with guidance laid down in RICS Valuation Standards – Global and UK, 7th Edition (the 'Red Book')

In arriving at their valuation the valuers used ten year cash flow forecasts and capitalised the net operating income in Year 11 at an appropriate yield. This was then discounted using a market rate.

As a result of the valuation, impairment charges of £92,099,000 (2010: £nil) have been recorded in the profit and loss account for the year and revaluation surpluses of £3,941,000 (2010: £nil) have been recognised in the revaluation reserve (note 16).

The net book value of land and buildings that would have been reported under the historic cost convention at 31 December 2011 is £500,120,000 (2010: £580,326,000). There is no difference between the accumulated depreciation charge that would have been reported under the historical cost convention and what is actually recorded as at 31 December 2011.

The Company had no tangible fixed assets as at 31 December 2011 or 31 December 2010.

**8 Intangible fixed assets**

<i>Group</i>	<i>Positive goodwill £000</i>	<i>Negative goodwill £000</i>	<i>Total £000</i>
<b>Cost</b>			
At 1 January 2011 and 31 December 2011	1,895	(19,306)	(17,411)
<b>Accumulated amortisation</b>			
At 1 January 2011	8	(81)	(73)
Amortisation	95	(965)	(870)
Impairment	1,792	(6,712)	(4,920)
At 31 December 2011	1,895	(7,758)	(5,863)
<b>Net book value</b>			
At 31 December 2011	-	(11,548)	(11,548)
At 1 January 2011	1,887	(19,225)	(17,338)

Positive and negative goodwill is the difference between the amounts of consideration paid and the fair value of the Group's acquisitions of entities, trades and assets. Positive goodwill is amortised on a straight line basis over its life of 20 years, being the period in which the benefit is being derived. Negative goodwill is released during the period in which the non-monetary assets are expected to be recovered. Intangible asset carrying values are assessed for impairment on an annual basis and if the directors are of the view that indicators of an impairment are present.

As a result of the impairment reviews performed in conjunction with the valuation of related tangible fixed assets utilising ten year cash flow forecasts discounted using a market rate, an impairment charge of £1,792,000 (2010: £nil) has been recorded in the profit and loss account in respect of goodwill and a credit of £6,712,000 (2010: £nil) has been recorded in the profit and loss account in respect of the release of the negative goodwill.

The Company did not hold goodwill at 31 December 2011 or 31 December 2010.

**Notes to the financial statements**

at 31 December 2011 (continued)

**9. Investments in subsidiaries**

The carrying value of the Company's investments in subsidiaries at 31 December 2011 was £nil (2010 £nil)

*Principal investments held through direct subsidiary companies*

A list of the Company's principal subsidiaries held through its shareholdings in direct subsidiaries is given below

Subsidiary company	Main activity
De Vere Village Properties Limited	Property investment company
De Vere Village Trading No 1 Limited	Hoteliers and leisure club operators
De Vere Village Hotels and Leisure Limited	Property investment company
De Vere Village Trading No 2 Limited	Hoteliers and leisure club operators
De Vere St Davids Hotel Limited	Hoteliers and leisure club operators
De Vere Village Hotel Holdings	Holding Company
De Vere Village Holdings No 2 Limited	Holding Company
De Vere Village Holdings No 3 Limited	Holding Company

**10 Stocks**

	31 December 2011 £000	31 December 2010 £000
<i>Group</i>		
Shop	148	162
Consumables	1,923	1,547
Food and wet stock	1,025	897
	<u>3,096</u>	<u>2,606</u>

The difference between purchase price of stocks and their replacement cost is not material

The Company did not hold stocks at 31 December 2011 (2010 £nil)

**11 Debtors amounts falling due within one year**

	Group 31 December 2011 £000	Group 31 December 2010 £000	Company 31 December 2011 £000	Company 31 December 2010 £000
Trade debtors	4,108	3,558	-	-
Amounts owed by group undertakings	425,672	587,545	1,000	1,000
Other Debtors	1,709	1,063	-	-
Prepayments and accrued income	3,231	2,971	-	-
	<u>434,720</u>	<u>595,137</u>	<u>1,000</u>	<u>1,000</u>

Amounts owed by group undertakings are unsecured and receivable on demand

**Notes to the financial statements**

at 31 December 2011 (continued)

**12 Creditors amounts falling due within one year**

	<i>Group</i>	<i>Group</i>	<i>Company</i>	<i>Company</i>
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank loans and overdrafts	-	703	-	-
Trade creditors	4,297	2,390	-	-
Amounts owed to group undertakings	434,743	589,022	24	24
Social security and PAYE	873	830	-	-
Value added tax	1,558	830	-	-
Other creditors	653	1,146	-	-
Accruals and deferred income	13,033	13,946	-	-
	<u>455,157</u>	<u>608,867</u>	<u>24</u>	<u>24</u>

Amounts owed to group undertakings are unsecured and payable on demand

**13 Provisions**

	<i>Deferred Tax</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>
<i>Group</i>		
At 1 January 2011	188	188
Decrease in provision	(101)	(101)
At 31 December 2011	<u>87</u>	<u>87</u>
		<i>2011</i>
		<i>£000</i>
<i>Group</i>		
Capital allowances in excess of depreciation		3,742
Tax losses carried forward		(3,655)
At 31 December 2011		<u>87</u>

The Company had no provisions at 31 December 2011 (2010 £nil)

**Notes to the financial statements**

at 31 December 2011 (continued)

**14 Pension**

The Village Group company De Vere St Davids Hotel Limited operates The Bridgemere Pension Scheme which is a funded self-administered, defined benefit scheme which is contracted out of the state scheme. The pension costs are determined based on the advice of an independent qualified actuary on the basis of triennial valuations using the projected unit method. The latest formal valuation was undertaken as at 31 December 2009. At that date the scheme had a deficit of £696,000, representing a funding level of 77%. From 1 June 2009 until 31 May 2012 the Company paid an additional £120,000 per annum into the scheme in order to fund the scheme's deficit. This payment was due to increase to £210,000 per annum from 1 June 2011 and the company has paid the arrears owed under this agreement during the year ending 31 December 2012.

The assets and liabilities of the scheme have been reviewed by a qualified actuary as at 31 December 2011 and recalculated in accordance with the requirements of FRS 17.

The assumptions which have had the most significant effect on the funding of the Scheme, are set out in the following table

	2011 %	2010 %
Price inflation	3.25	3.65
Pension increases (non-guaranteed minimum pension)	3.15	3.55
Return on investments (net of investment costs and expenses)	2.95	5.98

The amounts recognised in the balance sheet are as follows

	Value at 31 December 2011 £000	Long term rate of return at 31 December 2011 %	Value at 31 December 2010 £000	Long term rate of return at 31 December 2010 %
Equities	-	-	2,620	6.0
Fixed interest gilts	-	-	-	-
Index linked gilts	3,470	3.0	-	-
Long-dated corporate bonds	-	-	-	-
Cash	35	0.5	25	-
Total market value of assets	3,505		2,645	
Present value of scheme liabilities	(2,039)		(2,039)	
Surplus in the Scheme	1,466		606	
Irrecoverable surplus	(1,425)		(564)	
Related deferred tax (liability)	(11)		(12)	
Net pension asset	30		30	

## Notes to the financial statements

at 31 December 2011 (continued)

### 14 Pension (continued)

	<i>Year ended 31 December 2011 £000</i>	<i>Year ended 31 December 2010 £000</i>
Current service cost	<u>3</u>	<u>4</u>

#### Analysis of the amount charged to other finance costs

	<i>Year ended 31 December 2011 £000</i>	<i>Year ended 31 December 2010 £000</i>
Expected return on pension Scheme assets	(116)	(102)
Interest on pension Scheme liabilities	<u>113</u>	<u>117</u>
Net credit to finance costs (note 4)	<u>(3)</u>	<u>15</u>

#### Analysis of the amount recognised in statement of total recognised gains and losses (STRGL)

	<i>Year ended 31 December 2011 £000</i>	<i>Year ended 31 December 2010 £000</i>
Difference between the expected and actual return on assets	622	162
Experience gains arising on the Scheme liabilities	187	-
Changes in assumptions underlying the present value of the Scheme liabilities	<u>(75)</u>	<u>-</u>
Actuarial loss	734	162
Loss not recognised due to asset ceiling	<u>(861)</u>	<u>(265)</u>
Actuarial loss recognised in STRGL before deferred tax	<u>(127)</u>	<u>(103)</u>



**Notes to the financial statements**

at 31 December 2011 (continued)

**14. Pension (continued)**

## Reconciliation of present value of scheme liabilities

	<i>31 December 2011 £000</i>	<i>31 December 2010 £000</i>
Actuarial valuation of liabilities at 1 January/on acquisition	2,039	2,046
Current service cost	3	4
Interest cost	113	117
Employee contributions	2	-
Actuarial loss	(112)	(122)
Actuarial benefits paid	(6)	(6)
Actuarial present value of scheme liabilities	<u>2,039</u>	<u>2,039</u>

## Reconciliation of fair value of scheme assets

	<i>31 December 2011 £000</i>	<i>31 December 2010 £000</i>
Fair value of assets at 1 Jan/on acquisition	2,645	2,383
Expected return on Scheme assets	116	102
Actuarial gain on assets	622	40
Employee contributions	2	-
Employer contributions	126	126
Actual benefits paid	(6)	(6)
Fair value of scheme assets	<u>3,505</u>	<u>2,645</u>

## Principal actuarial assumptions used to determine the value of the Scheme's liabilities at 31 December

	<i>2011 %</i>	<i>2010 %</i>
Discount rate	4.8	5.55
Inflation rate	3.25	3.65
Increase to deferred benefits during deferment	3.15	3.55
Salary increases	3.25	3.65
Expected return on assets	2.95	5.98

Mortality assumption for 2011: 104% of SIPMA for males and 104% of SIPFA for females with 2011 CMI projections for improvements from 2002 with a long term rate of 1% based on each individual's year of birth (2010-1992 series with medium cohort improvements and +3 age rating applicable to year of birth)

The valuation used for the current year adoption of FRS 17 has been based on data being used for the 5 April 2009 valuation and updated by Towers Watson LLP to take account of the requirements of FRS 17 in order to assess the liabilities of the Scheme at 31 December 2011. Scheme assets are stated at their market value (at bid price where applicable) at 31 December 2011.

## Notes to the financial statements

at 31 December 2011 (continued)

### 14. Pension (continued)

Historic information about the Group's and Company's pension assets and liabilities since the date of acquisition of the Scheme is as follows

	2011 £000	2010 £000
Fair value of liabilities at year end	(2,039)	(2,039)
Fair value of assets at year end	3,505	2,645
Surplus at year end	1,466	606
Irrecoverable surplus	<u>(1,425)</u>	<u>(564)</u>

The total cumulative actuarial loss recognised in the statement of total recognised gains and losses at 31 December 2011 was £230,000 (2010 £103,000)

### 15 Share capital

Allotted, issued and fully paid

			31 December 2011	31 December 2010
Number	Class	Nominal Value	£	£
2	Ordinary Shares	£1	<u>2</u>	<u>2</u>

In September 2012, the Company made the following changes to its share capital

- the Articles of Association were amended to create three classes of ordinary shares – ordinary A shares, ordinary B shares and ordinary C shares,
- the A ordinary shares were issued to De Vere Finance No 3 Limited,
- the B ordinary shares and C ordinary shares were issued at nominal value to certain members of the De Vere Group management under a Management Incentive Scheme

The A ordinary shares and the B ordinary shares hold the voting rights in the Company The C ordinary shares are non-voting shares

**Notes to the financial statements**

at 31 December 2011 (continued)

**16 Reconciliation of movement in reserves and shareholder's funds**

	<i>Note</i>	<i>Share capital £000</i>	<i>Profit and loss reserve £000</i>	<i>Revaluation reserve £000</i>	<i>Total shareholder's funds £000</i>
<i>Group</i>					
At 1 January 2010		-	-	-	-
Loss for the financial period		-	(6,542)	-	(6,542)
FRS 17 actuarial movement		-	(103)	-	(103)
FRS 17 deferred tax		-	29	-	29
Capital contributions - unrealised gains		-	72,991	-	72,991
Capital contributions - realised gains		-	518,921	-	518,921
Attributable to minority interest		-	(83,689)	-	(83,689)
At 31 December 2010		-	501,607	-	501,607
Loss for the financial year		-	(64,785)	-	(64,785)
Property revaluations	7	-	-	3,941	3,941
Other recognised gains and losses		-	(124)	-	(124)
Intercompany loan waiver		-	(21,590)	-	(21,590)
Attributable to minority interest		-	6,865	-	6,865
At 31 December 2011		-	421,973	3,941	425,914

The profit and loss reserve contains unrealised gains of £72,991,000 created by intercompany receivables and treated as a capital contribution. These amounts are not-distributable.

On 18 November 2011, De Vere Village Hotels and Leisure Limited, a subsidiary of the Group, waived a debt due to the Group of £21,590,000 from De Vere Venues Group Limited, a fellow subsidiary of the De Vere Group Limited group of companies. This has been recognised as a capital contribution directly through the profit and loss reserve during the year.

	<i>Share capital £000</i>	<i>Profit and loss reserve £000</i>	<i>Revaluation reserve £000</i>	<i>Total shareholder's funds £000</i>
<i>Company</i>				
At 1 January 2010	-	-	-	-
Loss for the financial year	-	(24)	-	(24)
Capital contributions - unrealised	-	1,000	-	1,000
At 31 December 2010	-	976	-	976
Loss for the financial year	-	-	-	-
At 31 December 2011	-	976	-	976

The profit and loss reserve contains unrealised gains of £1,000,000 created by intercompany receivables and treated as a capital contribution. These amounts are not-distributable.

## Notes to the financial statements

at 31 December 2011 (continued)

### 17 Minority interest

	<i>Group</i> <i>£000</i>
At 1 January 2011	83,689
Movement for the period	(6,865)
At 31 December 2011	<u>76,824</u>

De Vere Village Hotels CLG Limited, a fellow subsidiary of De Vere Village Hotels Limited and a 100% owned subsidiary of the Group's ultimate parent company, De Vere Group Limited, holds the full minority interest in the Village Group through its 100% holding of A Ordinary shares in De Vere Village Holdings No 2 Limited. Details of this class of share can be found in the financial statements of De Vere Village Holdings No 2 Limited.

The minority interest is capped at a maximum of 10% of the proceeds of any distribution arising from the winding up of De Vere Village Holdings No 2 Limited.

In September 2012, De Vere Village Hotel Holdings Limited acquired the 26% issued share capital in De Vere Village Holdings No 2 Limited that was previously held by De Vere Village Hotels CLG Limited. As a result of this, the Minority Interest in the Group is removed.

### 18. Capital commitments

	<i>Group</i>		<i>Company</i>	
	2011	2010	2011	2010
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Contracted but not provided for in the financial statements	<u>136</u>	<u>903</u>	<u>-</u>	<u>-</u>

### 19 Reconciliation of operating profit to net cash inflow from operating activities

	<i>Year ended</i> <i>31 December</i> <i>2011</i> <i>£000</i>	<i>Year ended</i> <i>31 December</i> <i>2010</i> <i>£000</i>
Group operating profit/(loss)	(56,134)	3,435
Depreciation and impairments of fixed assets	99,288	1,212
Realisation of negative goodwill	-	(1,176)
Amortisation of negative goodwill	(870)	(73)
Decrease in provisions	(8,882)	-
(Increase)/Decrease in stocks	(490)	364
Increase in debtors	(15,717)	(8,230)
Decrease in creditors	(1,224)	(2,927)
Net cash inflow from operating activities	<u>15,971</u>	<u>(7,395)</u>

**Notes to the financial statements**

at 31 December 2011 (continued)

**20 Analysis of changes in net funds during the period**

	<i>1 January 2011 £000</i>	<i>Cash flow £000</i>	<i>31 December 2011 £000</i>
Cash at bank and in hand	4,414	(1,814)	2,600
Bank loans and overdrafts	(703)	703	-
	<u>3,711</u>	<u>(1,111)</u>	<u>2,600</u>

**21 Contingent liabilities**

Pursuant to a loan facility agreement between Bank of Scotland plc, De Vere Limited (DVL) and De Vere Midco Limited (DVM), both DVL and DVM being fellow subsidiaries of the De Vere Group Limited group of companies, there is a charge over the assets of the Company and its subsidiaries. The total borrowings under the loan facility agreement at 31 December 2011 amounted to £1,110,593,000 (2010 £1,083,869,000)

De Vere Village Trading No 1 Limited has provided a repayment guarantee in favour of Royal Bank of Scotland plc (RBS) in respect of a loan made by RVS to Bolton Whites Hotel Limited (BWHL), a company in which a fellow De Vere Group Limited subsidiary has a joint venture interest and to which it also supplies services under a management agreement

The loan, which is for £2,000,000 matured but was not called by RBS in August 2012 and is subject to ongoing negotiations over an extension. If the term of the loan is not extended the Group will be liable under the guarantee to repay the outstanding loan principal together with any accrued interest and costs

**22. Ultimate parent company**

The immediate parent company of De Vere Village Hotels Limited is De Vere Finance No 3 Limited, a company registered in England and Wales

The ultimate parent and controlling party of the Company is De Vere Group Limited, a company registered in England and Wales. The financial statements of the Company form part of the consolidated financial statements of De Vere Group Limited which can be obtained from Companies House

**23 Post balance sheet events**

On 4 May 2012, Village Daresbury Park was sold for a consideration of £10 million. The net sales proceeds equalled the carrying value of the hotels at the date of the sale and consequently the Group made neither a profit nor a loss on the sale

In September 2012, the Company made the following changes to its share capital

- the Articles of Association were amended to create three classes of ordinary shares – ordinary A shares, ordinary B shares and ordinary C shares,
- the A ordinary shares were issued to De Vere Finance No 3 Limited,
- the B ordinary shares and C ordinary shares were issued at nominal value to certain members of the De Vere Group management under a Management Incentive Scheme

The A ordinary shares and the B ordinary shares hold the voting rights in the Company. The C ordinary shares are non-voting shares

In September 2012, De Vere Village Hotel Holdings Limited acquired the 26% issued share capital in De Vere Village Holdings No 2 Limited that was previously held by De Vere Village Hotels CLG Limited. As a result of this, the Minority Interest in the Group is removed