

Registered number: 04607925

Holland House Hotels (Cardiff) Limited

Directors' report and financial statements

for the year ended 31 December 2014

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Holland House Hotels (Cardiff) Limited

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Holland House Hotels (Cardiff) Limited

Company Information

Directors	Marc Gilbard Nicholas Edwards Charles Ferguson-Davie Heiko Figge Steven Hall
Registered number	04607925
Registered office	Nightingale House 65 Curzon Street London W1J 8PE
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
Bankers	Lloyds Banking Group London Chief Office PO Box 54872 London SW1Y 5WX

Holland House Hotels (Cardiff) Limited

Strategic report for the year ended 31 December 2014

The directors present their strategic report on the Company for the year ended 31 December 2014.

Principal activity

The Company's principal activity during the year was that of a hotelier.

Business review

During the year the Company operated two mid-market hotels in central Cardiff which were branded as Mercure and operated under a management contract by Accor. The hotels were 3 and 4 star rated and offered a range of facilities catering to both the corporate and leisure markets. The Company pays rent to fellow subsidiary companies (which own the freehold interests in respect of each of the two hotels).

Total turnover remained at £7.3 million. Like for like operating profits (excluding rents paid to fellow subsidiary companies) decreased to £0.9 million (2013: decrease to £0.5 million) largely as a result of decreased expenditure on property improvement works.

In Q4 2014 The Lodge Hotel, Cardiff was disposed of by way of asset sale reducing hotels under operation from two to one.

In February 2015 the ultimate beneficial owners, Moorfield Real Estate Fund A LP and Moorfield Real Estate Fund B LP, through a portfolio transaction, disposed of their entire interest in the Company to Lone Star Real Estate Fund III (U.S.), L.P. and Lone Star Real Estate Fund III (Bermuda), L.P. As part of the transaction the senior debt facility and related party loans were repaid in full and LSREF3 Laser (Mercure) Limited has provided two new facilities to the Company i) a 4 year floating rate interest bearing facility; and ii) a fixed rate mezzanine facility. The Company acts as a guarantor for the LSREF III Laser Investments Limited's £595.5 million 3 year sterling term loan.

Principal risks and uncertainties

Like all of its competitors, the Company is exposed to economic conditions, both in the local economy and also across the European and World markets which can reduce both leisure and business spending. The Company's hotel comprises a mix of business, leisure, conference and other events, which help spread this risk. Also, the partnership with Accor, who manage the hotel operations on behalf of the Company, means that the Company benefits from the strength of their international marketing and branding power.

There are a number of operational risks which could affect the Company, including the reservation and other information systems which are critical for the smooth running of the business. Again, the internal control structure that Accor have in place, including disaster recovery plans, debtor and credit control management, along with the investment made in staff training help to mitigate such operational risks.

The Company has responsibilities under its rental leases which necessitate investment by way of preventative maintenance. This focus on the quality of the hotel portfolio, allied to an ongoing focus on the cost base of the Company, also helps to reduce the impact of rival products in the markets where the hotels operate.

Key performance indicators

Key financial performance indicators include:

- Monitoring of industry standard measures such as occupancy and average room rates against prior year and budget and against competitors;
- Monitoring of departmental revenues and profitability; and
- Working capital management.

Holland House Hotels (Cardiff) Limited

**Strategic report (continued)
for the year ended 31 December 2014**

Key performance indicators (continued)

Key non-financial performance indicators include:

- Monitoring of quality: the Company monitors a number of quality indicators using data from a number of sources including guest questionnaires, mystery guest programs and feedback on third-party travel review websites; and
- Success of advertising and marketing campaigns, measured by indicators such as the number of guests making direct bookings through the Mercure website.

Results

The Company's loss for the financial year is £1,663,000 (2013 - £2,187,000)

This report was approved by the board on 29 April 2015 and signed on its behalf.


Heiko Figge
Director

Holland House Hotels (Cardiff) Limited

Directors' report for the year ended 31 December 2014

The directors present their report and the audited financial statements of Holland House Hotels (Cardiff) Limited (the "Company") for the year ended 31 December 2014.

Financial Risk Management

The Company's operations expose it to a variety of financial risks that include the effects of changes in liquidity risk and interest rate risk.

Liquidity risk

The Company's short and long-term debt structure is designed to ensure that the Company has sufficient available funds for operations and planned expansion.

Interest rate risk

The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, which earn interest at floating rates. During the year interest bearing liabilities related to bank loans and amounts due to group undertakings. The Company used interest rate derivatives to manage its exposure to interest rate fluctuations on bank loans.

Post year end on 6 February 2015 all bank loans were repaid in full and the interest rate derivatives were terminated.

Results and dividends

The Company's loss for the financial year is £1,663,000 (2013 - £2,187,000). The directors do not recommend the payment of a dividend (2013 - £nil).

Directors

The directors who served during the year and up to the date of signing the financial statements were:

Marc Gilbard
Nicholas Edwards
Charles Ferguson-Davie
Heiko Figge
Steven Hall

Going concern

The Directors are of the opinion that preparing the financial statements on a going concern basis is appropriate based on the forecast future trading performance of the company and that they have received confirmation from LSREF3 Laser Finance Limited Partnership and LSREF3 Laser Holdings (Jersey) Ltd that the financing facilities provided (see note 20) will not require repayment for a period of at least 12 months from the date of signing of the financial statements.

Holland House Hotels (Cardiff) Limited

Directors' report for the year ended 31 December 2014

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the board on 29 April 2015 and signed on its behalf.

Heiko Figge
Director

Holland House Hotels (Cardiff) Limited

Independent auditors' report to the members of Holland House Hotels (Cardiff) Limited

Report on the financial statements

Our opinion

In our opinion, Holland House Hotels (Cardiff) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss 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.

What we have audited

Holland House Hotels (Cardiff) Limited's financial statements comprise:

- the Balance sheet as at 31 December 2014;
- the Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Holland House Hotels (Cardiff) Limited

Independent auditors' report to the members of Holland House Hotels (Cardiff) Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 5, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Ian Benham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Date: 29 April 2015

Holland House Hotels (Cardiff) Limited

**Profit and loss account
for the year ended 31 December 2014**

	Note	2014 £000	2013 £000
Turnover	2	7,277	7,293
Cost of sales		(4,867)	(7,187)
Gross profit		2,410	106
Administrative expenses		(3,521)	(1,776)
Operating loss	3	(1,111)	(1,670)
Interest receivable and similar income	6	2	2
Interest payable and similar charges	7	(554)	(519)
Loss on ordinary activities before taxation		(1,663)	(2,187)
Tax on loss on ordinary activities	8	-	-
Loss for the financial year	16	(1,663)	(2,187)

All amounts above relate to continuing operations.

The Company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

The notes on pages 10 to 18 form part of these financial statements.

Holland House Hotels (Cardiff) Limited
Registered number: 04607925

Balance sheet
as at 31 December 2014

	Note	2014 £000	2014 £000	2013 £000	2013 £000
Fixed assets					
Tangible assets	9		1,108		951
Current assets					
Stocks	10	43		40	
Debtors	11	17,975		17,126	
Cash at bank and in hand		205		149	
		<u>18,223</u>		<u>17,315</u>	
Creditors: amounts falling due within one year	12	<u>(25,070)</u>		<u>(22,306)</u>	
Net current liabilities			<u>(6,847)</u>		<u>(4,991)</u>
Total assets less current liabilities			<u>(5,739)</u>		<u>(4,040)</u>
Creditors: amounts falling due after more than one year	13		<u>(1,277)</u>		<u>(1,313)</u>
Net liabilities			<u><u>(7,016)</u></u>		<u><u>(5,353)</u></u>
Capital and reserves					
Called up share capital	15		2,719		2,719
Profit and loss account	16		<u>(9,735)</u>		<u>(8,072)</u>
Total shareholders' deficit	17		<u><u>(7,016)</u></u>		<u><u>(5,353)</u></u>

The financial statements on pages 8 to 18 were approved by the board of directors on and signed on its behalf by

29 April 2015

Heiko Figge
Director

The notes on pages 10 to 18 form part of these financial statements.

Holland House Hotels (Cardiff) Limited

Notes to the financial statements for the year ended 31 December 2014

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year are set out below.

1.2 Going concern

The Directors are of the opinion that preparing the financial statements on a going concern basis is appropriate based on the forecast future trading performance of the company and that they have received confirmation from LSREF3 Laser Finance Limited Partnership and LSREF3 Laser Holdings (Jersey) Ltd that the financing facilities provided (see note 20) will not require repayment for a period of at least 12 months from the date of signing of the financial statements.

1.3 Cash flow statement

The Company is a wholly - owned subsidiary of MREF Hotels Limited, the Company's ultimate parent undertaking. The Company is included in the consolidated financial statements of MREF Hotels Limited, which are publicly available. Consequently the Company has taken advantage of the exemption from preparing a cash flow statement contained in FRS 1 "Cash flow statements".

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation.

The cost of tangible fixed assets is their hire purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used are as follows:

Plant and equipment	- 10%
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1.5 Stocks

Stocks are stated at the lower of cost or net realisable value. Cost is determined using the first in first out method. Cost comprises of the purchase cost of goods. Provision is made for slow moving and obsolete stock.

1.6 Leased assets

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful economic life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Rentals under operating leases are charged to the profit and loss account as incurred.

1.7 Debtors

Debtors are stated after all known bad debts have been written off and specific provision has been made against all debts considered doubtful of collection.

**Notes to the financial statements
for the year ended 31 December 2014**

1. Accounting policies (continued)

1.8 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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as 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 at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

1.9 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

1.10 Pensions

The Company operates a defined contribution scheme for specific employees. The cost of funding the defined contribution scheme is charged to the profit and loss account as incurred.

1.11 Turnover

Turnover represents the invoiced value of sales excluding value added tax. Revenue is recognised when, and to the extent that, the company obtains the right to consideration in exchange for its performance.

2. Turnover

Turnover relates to the Company's main activity which is carried out in the United Kingdom.

Holland House Hotels (Cardiff) Limited

Notes to the financial statements for the year ended 31 December 2014

3. Operating loss

The operating loss is stated after charging:

	2014 £000	2013 £000
Depreciation of tangible fixed assets:		
- owned by the company	300	270
- held under finance leases	29	33
Operating lease rentals:		
- plant and machinery	2	7
- land and buildings	2,027	2,133
	<u>2,027</u>	<u>2,133</u>

Audit fees were borne by a related entity in both years.

4. Staff costs

Staff costs were as follows:

	2014 £000	2013 £000
Wages and salaries	1,618	1,824
Social security costs	117	128
Other pension costs	21	6
	<u>1,756</u>	<u>1,958</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2014 Number	2013 Number
Hotel operations	<u>131</u>	<u>139</u>

5. Directors' remuneration

There was no remuneration paid to the directors by the Company during the year (2013 - £nil). There were no retirement benefits accruing to the directors (2013 - £nil).

6. Interest receivable and similar income

	2014 £000	2013 £000
Bank interest receivable	<u>2</u>	<u>2</u>

Holland House Hotels (Cardiff) Limited

Notes to the financial statements for the year ended 31 December 2014

7. Interest payable and similar charges

	2014 £000	2013 £000
Interest payable on bank loans	52	73
Interest payable on finance lease agreements	12	18
Interest payable to group undertakings	490	428
	<u>554</u>	<u>519</u>

8. Tax on loss on ordinary activities

	2014 £000	2013 £000
UK corporation tax charge on loss for the year	-	-

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - higher than) the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%). The differences are explained below:

	2014 £000	2013 £000
Loss on ordinary activities before taxation	<u>(1,663)</u>	<u>(2,187)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	(358)	(508)
Effects of:		
Expenses not deductible for tax purposes	-	1
Accelerated capital allowances and other timing differences	(121)	(62)
Utilisation of losses	-	569
Group relief surrendered	479	-
Total current tax	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

Further reductions to the UK corporation tax rate were announced in the Autumn 2014 Budget statement. These changes were to reduce tax rates by a further 1% to 20% from 1 April 2015.

Holland House Hotels (Cardiff) Limited

Notes to the financial statements for the year ended 31 December 2014

9. Tangible assets

	Plant and equipment £000
Cost	
At 1 January 2014	4,290
Additions	490
Disposals	(4)
At 31 December 2014	<u>4,776</u>
Accumulated depreciation	
At 1 January 2014	3,339
Charge for the year	329
At 31 December 2014	<u>3,668</u>
Net book value	
At 31 December 2014	<u>1,108</u>
At 31 December 2013	<u>951</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2014 £000	2013 £000
Plant and equipment	<u>68</u>	<u>98</u>

10. Stocks

	2014 £000	2013 £000
Food and beverage stocks	<u>43</u>	<u>40</u>

11. Debtors

	2014 £000	2013 £000
Trade debtors	248	268
Amounts owed by group undertakings	17,691	16,745
Other debtors	36	113
	<u>17,975</u>	<u>17,126</u>

Amounts owed by group undertakings are subject to interest at 2.5% above Bank of England base rate, are unsecured and repayable on demand.

Holland House Hotels (Cardiff) Limited

Notes to the financial statements for the year ended 31 December 2014

12. Creditors: Amounts falling due within one year

	2014 £000	2013 £000
Obligations under finance lease agreements (note 14)	35	40
Trade creditors	188	85
Amounts owed to group undertakings	24,245	21,569
Other creditors	257	119
Accruals and deferred income	345	493
	<u>25,070</u>	<u>22,306</u>

Amounts owed to group undertakings are subject to interest at 2.5% above Bank of England base rate, are unsecured and repayable on demand.

13. Creditors: Amounts falling due after more than one year

	2014 £000	2013 £000
Bank loans and overdrafts (note 14)	1,262	1,262
Bank loans - unamortised finance fees (note 14)	(2)	(1)
Obligations under finance lease agreements (note 14)	17	52
	<u>1,277</u>	<u>1,313</u>

During the year bank loan borrowings were secured by fixed charges on group properties and floating charges on certain other group assets. The bank loans comprised variable rate debt at a margin of 200 basis points over LIBOR and the loan is repayable in full in August 2017.

MREF Tradeco Limited, a fellow group company, had entered into interest rate swap agreements in order to hedge a part of the MREF Hotels group's exposure to interest rates on bank loans. This arrangement enabled the Group to manage its interest rate exposure by swapping floating rates on borrowings into fixed rates amounts. Utilising this arrangement the group effectively obtained borrowings at a different rate to those available from borrowing directly at prevailing floating rates. The loans which were hedged were held in fellow group companies. The cost / gain of the interest rate swap was recharged to these companies in proportion to the value of the loan held within each company. The cost allocated to Holland House Hotels (Cardiff) Limited for the year ended 31 December 2014 was £19,000 (2013 - £45,000).

On 6 February 2015 the bank loan was repaid in full and the interest rate derivatives held with the same bank were terminated at a cost to the group of £8,710,000.

Holland House Hotels (Cardiff) Limited

Notes to the financial statements for the year ended 31 December 2014

14. Loans and other borrowings

	2014 £000	2013 £000
Bank loans	1,262	1,262
Bank loans - unamortised finance fees	(2)	(1)
Obligations under finance lease agreements	52	92
	<u>1,312</u>	<u>1,353</u>

Maturity of financial liabilities:

	2014 £000	2013 £000
In one year or less, or on demand	35	40
In more than one year, but not more than two years	17	-
In more than two years, but not more than five years	1,260	1,313
In more than five years	-	-
	<u>1,312</u>	<u>1,353</u>

Future minimum payments under finance lease agreements:

	2014 £000	2013 £000
Within one year	35	40
In more than one year, but not more than five years	17	52
After five years	-	-
	<u>52</u>	<u>92</u>

15. Called up share capital

	2014 £000	2013 £000
Allotted and fully paid		
156,181 (2013 - 156,181) "A" ordinary shares of £1 each	156	156
162,556 (2013 - 162,556) "B" ordinary shares of £1 each	163	163
2,400,000 (2013 - 2,400,000) "C" shares of £1 each	2,400	2,400
	<u>2,719</u>	<u>2,719</u>

The shares in classes 'A', 'B' and 'C' rank pari passu in all respects.

Holland House Hotels (Cardiff) Limited

Notes to the financial statements for the year ended 31 December 2014

16. Reserves

	Profit and loss account £000
At 1 January 2014	(8,072)
Loss for the financial year	(1,663)
At 31 December 2014	<u>(9,735)</u>

17. Reconciliation of movements in shareholders' deficit

	2014 £000	2013 £000
Opening shareholders' deficit	(5,353)	(3,166)
Loss for the financial year	(1,663)	(2,187)
Closing shareholders' deficit	<u>(7,016)</u>	<u>(5,353)</u>

18. Financial commitments

At 31 December the Company had annual commitments under non cancellable operating leases expiring as follows:

	Plant and machinery 2014 £000	Plant and machinery 2013 £000
Within one year	1	2
Within two to five years	2	3
After five years	-	-
Total	<u>3</u>	<u>5</u>

19. Related party transactions

The Company has identified the following transactions, which fall to be disclosed under the terms of FRS 8 "Related Party Disclosures".

During the year an asset management agreement existed between the Company and Moorfield Investment Management Limited. Moorfield Investment Management Limited is a subsidiary of Moorfield Group Limited and is a related party as it had the same ultimate parent as the general partner of Moorfield Real Estate Fund A Limited Partnership and Moorfield Real Estate Fund B Limited Partnership, who between them held 100 percent of the share capital of MREF Hotels Limited up to 6 February 2015. For the year ended 31 December 2014 the Company recognised a management fee expense of £50,000 (2013 - £66,000). At 31 December 2014 the balance owed to Moorfield Investment Management Limited was £nil (2013 - £69,000).

On 6 February 2015 this asset management agreement was terminated on the sale of the hotels by the ultimate parent.

Holland House Hotels (Cardiff) Limited

Notes to the financial statements for the year ended 31 December 2014

20. Immediate and ultimate parent undertaking and ultimate controlling party

The Company's immediate parent undertaking is MREF Hotels Holdings Limited, a company incorporated in Jersey.

The Company's ultimate parent undertaking is MREF Hotels Limited, a company incorporated in Jersey of which the smallest and largest group of undertakings for which group financial statements are drawn up and of which the Company is a member of.

In February 2015 the ultimate beneficial owners, Moorfield Real Estate Fund A LP and Moorfield Real Estate Fund B LP, through a portfolio transaction, disposed of their entire interest in the Company to Lone Star Real Estate Fund III (U.S.), L.P. and Lone Star Real Estate Fund III (Bermuda), L.P. As part of the transaction the senior debt facility and related party loans were repaid in full and LSREF3 Laser (Mercure) Limited has provided two new facilities to the Company i) a 4 year floating rate interest bearing facility; and ii) a fixed rate mezzanine facility. The Company acts as a guarantor for the LSREF III Laser Investments Limited's £595.5 million 3 year sterling term loan.