

IBIS NO. 1 LIMITED
(FORMERLY MENZIES HOTELS HOLDINGS LIMITED)
Registered in England Number 5302710
Annual Report and Financial Statements
Year ended 31 January 2012

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IBIS NO. 1 LIMITED (FORMERLY MENZIES HOTELS HOLDINGS LIMITED)

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IBIS NO. 1 LIMITED (FORMERLY MENZIES HOTELS HOLDINGS LIMITED)

Company information

Bankers

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

Solicitors

SGH Martineau LLP
No 1 Colmore Square
Birmingham
B4 6AA

Independent Auditors

PricewaterhouseCoopers LLP
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ

Registered Office

Bakum House
Etwall Road
Mickleover
Derby
DE3 0DL

Registered in England Number 5302710

IBIS NO. 1 LIMITED (FORMERLY MENZIES HOTELS HOLDINGS LIMITED)

Director's Report

The director presents his report and the audited financial statements of the Company for the year ended 31 January 2012. The name of the company was changed from Menzies Hotels Holdings Limited to Ibis No 1 Limited on 7th September 2011.

Principal activity

The principal activity of the Company was that of a holding company, providing management services to its subsidiary undertakings. The principal activities of its subsidiaries were the operation, ownership and leasing of hotels (see 'Basis of preparation' below).

Results and dividends

The Company's profit before and after taxation was £35,724,337 (2011 - loss £234,371,268). No dividends were paid in respect of the year or the prior year.

Review of the business and future developments

The Company acted as a holding company within the Menzies Hotels Group until 28 June 2011 when the Company was party to a debt restructuring as reported below. Following this date, the Company acts as a holding company for the companies listed in note 6.

The Company has recorded an exceptional credit representing the write back of Group loan balances for nominal consideration. An exceptional credit has also been recognised in relation to the movement of the amounts owed in connection with the PH2 Group banking facilities. A provision for the outstanding debt was made at 31 January 2011 in relation to the cross guarantee provided by the company over the PH2 Group banking facilities.

Given the straightforward trading nature of the business and private ownership, the company director is of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the Company.

Basis of preparation

As at 31 January 2011, Piccadilly Hotels 2 Limited and its subsidiaries at that date (which included the Company) ("the PH2 Group") met its day to day working capital requirements through bank loans and an overdraft facility.

The Company was a guarantor under the PH2 Group banking facilities. The Company was issued with a default notice on 11 February 2009 stating that the borrowers under the facility had breached various financial covenants.

On 28 June 2011 the PH2 Group went through a debt restructuring process. Repayment of bank guarantees was requested which led to a series of events that resulted in the group parent companies Piccadilly Hotels 2 Limited ("PH2"), Piccadilly Hotels 3 Limited, Piccadilly Hotels 4 Limited, Piccadilly Hotels 5 Limited and Piccadilly Hotels 6 Limited being placed into receivership. In addition the Company's subsidiary, Menzies Hotels Intermediary Holdings Limited was placed into administration.

Following the debt restructuring, the Company remains a guarantor under the PH2 bank facilities. Therefore the director no longer considers the Company to be a going concern and has prepared the financial statements on a break-up basis.

The director has not prepared consolidated accounts on the basis that its subsidiary entity, Menzies Hotels Intermediary Holdings Limited, entered administration on 28 June 2011. On this date the company effectively ceased to have a control over its subsidiary undertakings. Therefore in accordance with Financial Reporting Standard 2 the company has not prepared consolidated accounts.

Directors

The director of the Company during the year and up to the date of this report was

Timothy J Penter

IBIS NO. 1 LIMITED (FORMERLY MENZIES HOTELS HOLDINGS LIMITED)
Director's Report (continued)

Director's indemnity insurance

The Company is party to a qualifying third party indemnity provision for the benefit of its director which remains in force at the date of this report

Risk management

The company is exposed to financial and business risk and the policies used in the management of these risks are detailed in note 1 to the financial statements

Directors' responsibilities statement

The director is responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is 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,

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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

In the case of the person who is a director at the time when the report is approved, the following applies

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he 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 that the company's auditors are aware of that information.

By order of the Board



Timothy J Penter
Director
18th October 2012

IBIS NO. 1 LIMITED (FORMERLY MENZIES HOTELS HOLDINGS LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IBIS NO 1 LIMITED

We have audited the financial statements of Ibis No 1 Limited for the year ended 31 January 2012 which comprise the Profit and Loss Account the Balance Sheet, the Cash Flow Statement 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)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement 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). 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material 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 company's affairs as at 31 January 2012 and of its profit and cash flows 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

Emphasis of matter - going concern

In forming our opinion we have considered the adequacy of the disclosures made in note 1 to the financial statements which indicate that the director does not regard the company as a going concern and has therefore prepared the financial statements on a break up basis.

The disclosures within note 1 also indicate that the company has not prepared consolidated accounts on the basis that its subsidiary entity, Menzies Hotels Intermediary Holdings Limited, entered administration on 28 June 2011. On this date the company effectively ceased to have a control over its subsidiary undertakings. Therefore in accordance with Financial Reporting Standard 2 the company has not prepared consolidated accounts.

In view of the significance of these matters, we consider that they should be brought to your attention. Our opinion is not qualified in respect of these matters.

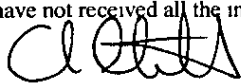
Opinion on other matter prescribed by the Companies Act 2006

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, 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.



Christopher Hibbs (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

22 October 2012

IBIS NO 1 LIMITED (FORMERLY MENZIES HOTELS HOLDINGS LIMITED)

PROFIT AND LOSS ACCOUNT

Year ended 31 January 2012

	Notes	2012 £	2011 £
Exceptional item irrecoverable loan balances	2	102,946	-11,043
Exceptional item Movement in provisions for cross guarantee liability	2	35,621,391	-234,358,862
OPERATING PROFIT / (LOSS)	2	35,724,337	-234,369,905
Net interest payable and similar charges	3	-	-1,363
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		35,724,337	-234,371,268
TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES	4	-	-
PROFIT / (LOSS) FOR THE FINANCIAL YEAR	11	35,724,337	-234,371,268

All of the Company's operations are continuing

There are no recognised gains and losses other than the profit for the financial year and the loss for the prior financial year

There are no differences between the profit / (loss) on ordinary activities before taxation and the profit / (loss) for either of the financial years stated above and their historical cost equivalents

The notes on pages 10 to 14 form part of these financial statements

IBIS NO 1 LIMITED (FORMERLY MENZIES HOTELS HOLDINGS LIMITED)
Company number 5302710

BALANCE SHEET
31 January 2012

	Notes	£	2012 £	£	2011 £
Investments	6		-		-
CURRENT ASSETS					
Debtors	7	-		167	
CREDITORS - amounts falling due within one year	8	-		<u>-234,461,975</u>	
NET CURRENT LIABILITIES			-		-234,461,808
TOTAL ASSETS LESS CURRENT LIABILITIES			-		-234,461,808
PROVISIONS FOR LIABILITIES AND CHARGES	9	-198,737,471			-
NET LIABILITIES			<u>-198,737,471</u>		<u>-234,461,808</u>
CAPITAL AND RESERVES					
Called up share capital	10		99,950		99,950
Profit and loss account	11		-198,837,421		-234,561,758
TOTAL SHAREHOLDERS' DEFICIT	12		<u>-198,737,471</u>		<u>-234,461,808</u>

Approved by the board on 18th October 2012 and signed on its behalf by



Timothy J Penter
Director

The notes on pages 10 to 14 form part of these financial statements

IBIS NO 1 LIMITED (FORMERLY MENZIES HOTELS HOLDINGS LIMITED)

CASH FLOW STATEMENT

Year ended 31 January 2012

	Notes	£	2012 £	£	2011 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	13		-		1,363
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest paid		-		-1,529	
Interest received		-		166	
			-		-1,363
Increase in cash in the year					
			-		-
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT					
Increase in cash in the year			-		-
NET FUNDS AT 31 JANUARY 2012			-		-

The notes on pages 10 to 14 form part of these financial statements

IBIS NO 1 LIMITED (FORMERLY MENZIES HOTELS HOLDINGS LIMITED)
NOTES TO FINANCIAL STATEMENTS
Year ended 31 January 2012

1 ACCOUNTING POLICIES

The principal accounting policies, which have been applied consistently throughout the year, are set out below

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and the Companies Act 2006

Basis of preparation

As at 31 January 2011, Piccadilly Hotels 2 Limited and its subsidiaries at that date (which included the Company) ("the PH2 Group") met its day to day working capital requirements through bank loans and an overdraft facility

The Company was a guarantor under the PH2 Group banking facilities. The Company was issued with a default notice on 11 February 2009 stating that the borrowers under the facility had breached various financial covenants

On 28 June 2011 the PH2 Group went through a debt restructuring process. Repayment of bank guarantees was requested which led to a series of events that resulted in the group parent companies Piccadilly Hotels 2 Limited ("PH2"), Piccadilly Hotels 3 Limited, Piccadilly Hotels 4 Limited, Piccadilly Hotels 5 Limited and Piccadilly Hotels 6 Limited being placed into receivership. In addition the Company's subsidiary, Menzies Hotels Intermediary Holdings Limited was placed into administration

Following the debt restructuring, the Company remains a guarantor under the PH2 bank facilities. Therefore the director no longer considers the Company to be a going concern and has prepared the financial statements on a break-up basis

The director has not prepared consolidated accounts on the basis that its subsidiary entity, Menzies Hotels Intermediary Holdings Limited, entered administration on 28 June 2011. On this date the company effectively ceased to have a control over its subsidiary undertakings. Therefore in accordance with Financial Reporting Standard 2 the company has not prepared consolidated accounts

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value

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 the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are not discounted

Financial Risk management

The Company, together with all the other guarantors under the PH2 bank facilities, owes the bank of Scotland £198,737,471 as at the year end. The interest charge on this facility varies according to the rate of LIBOR. Whilst no timescale has been agreed it is probable that the Company or its assets will be sold to repay part of this debt and it was agreed with the bank, the main creditor of the Company, that no hedging instrument be entered into post the restructuring

2 OPERATING PROFIT / (LOSS)

Auditors' remuneration of £3,000 (2011 - £3,000) incurred by the Company during the year has been paid by RP (WAT) Limited, a member of the PH2 Group

The Company has recorded an exceptional credit representing the write back of Group loan balances for nominal consideration. An exceptional credit has also been recognised in relation to the movement of the amounts owed in connection with the PH2 Group banking facilities. A provision for the outstanding debt was made at 31 January 2011 in relation to the cross guarantee provided by the company over the PH2 Group banking facilities

IBIS NO. 1 LIMITED (FORMERLY MENZIES HOTELS HOLDINGS LIMITED)
NOTES TO FINANCIAL STATEMENTS (continued)
Year ended 31 January 2012

3 NET INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
INTEREST PAYABLE AND SIMILAR CHARGES		
Interest payable to group undertakings	-	1,529
INTEREST RECEIVABLE AND SIMILAR INCOME		
Interest receivable from group undertakings	-	-166
Net interest payable	-	1,363

4 TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

	2012 £	2011 £
4 a) Taxation charge for the year	-	-
4 b) Factors affecting the current tax credit for the year		
The tax assessed for the year is lower (2011 higher) than the standard rate applying in the UK (26.3%) The differences are explained below		
Profit / (Loss) on ordinary activities before taxation	35,724,337	-234,371,268
Profit / (Loss) on ordinary activities at the UK tax rate of 26.3% (2011 - 28%)	9,395,501	-65,623,955
Effect of		
Expenses not deductible for tax purposes	-9,395,501	65,623,573
Other timing differences		382
Current tax charge for the year	-	-

4 c) Tax losses

The Company has no recognised deferred tax (2011 - £nil) No deferred tax asset has been recognised relating to tax losses of £4,586 (2011 - £4,586) given the uncertainty regarding their recoverability

In addition to the changes in rates of corporation tax disclosed above, a number of further changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement. A resolution passed by Parliament on 26 March 2012 reduced the main rate of corporation tax to 24% from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 is expected to be included in the Finance Act 2012. A further reduction to the main rate is also proposed to reduce the rate to 22% from 1 April 2014. None of these rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

As the net deferred tax assets have not been recognised these changes are not expected to have any impact on the resultant balance sheet of the Company.

IBIS NO. 1 LIMITED (FORMERLY MENZIES HOTELS HOLDINGS LIMITED)
NOTES TO FINANCIAL STATEMENTS (continued)
Year ended 31 January 2012

5 DIRECTORS AND EMPLOYEES

The monthly average number of directors employed during the year was 1 (2011 - 1) No amounts were paid by the Company to the director (2011 - £nil) The emoluments of the director are paid by Menzies Hotels Operating Limited, a subsidiary within the Cordial Hotels Limited group, which makes no recharge to the Company for the value of these services The director is also a director of a number of fellow subsidiaries and it is not possible to make an accurate apportionment of his emoluments in respect of each of the subsidiaries

6 INVESTMENTS	2012	2011
	£	£
Cost	-	80,377
Impairment	-	-80,377
Closing net book value	-	-

Subsidiary undertakings

Name	Proportion of voting rights and ordinary share capital	Nature of business
Menzies Hotels Intermediary Holdings Limited In administration (direct	100%	Holding company
RP (AVA) Limited (formerly Menzies Hotels Property No 1 Limited) (indirect holding)	100%	Owning and leasing of hotel
RP (BEL) Limited (formerly Menzies Hotels Property No 3 Limited) (indirect holding)	100%	Owning and leasing of hotel
RP (LEF) Limited (formerly Menzies Hotels Property No 9 Limited) (indirect holding)	100%	Owning and leasing of hotel
RP (SIL) Limited (formerly Menzies Hotels Property No 13 Limited) (indirect holding)	100%	Owning and leasing of hotel
RP (WAT) Limited (formerly Menzies Hotels Property No 15 Limited) (indirect holding)	100%	Owning and leasing of hotel
RP (BLA) Limited (formerly Menzies Hotels Property No 19 Limited) (indirect holding)	100%	Owning and leasing of hotel

7 DEBTORS	2012	2011
	£	£
Amounts due from Group undertakings	-	167
Amounts falling due within one year	-	167

8 CREDITORS - amounts falling due within one year	2012	2011
	£	£
Amounts owed to Group undertakings	-	-102,938
Other creditors	-	-234,359,037
	-	-234,461,975

In the prior year other creditors related to the amounts owed in relation to the cross guarantees provided in connection with the PH2 Group banking facilities These have been reclassified to provisions during the year due to the uncertainty over the timing and amount of payment to be made by the Company

IBIS NO. 1 LIMITED (FORMERLY MENZIES HOTELS HOLDINGS LIMITED)
NOTES TO FINANCIAL STATEMENTS (continued)
Year ended 31 January 2012

9 PROVISIONS FOR LIABILITIES AND CHARGES

	2012 £	2011 £
Cross Guarantee	-198,737,471	-
	<u>-198,737,471</u>	<u>-</u>

The provision of £198,737,471 relates to the full liability in relation to the cross guarantee provided by the Company in connection with the PH2 Group banking facilities. The final liability on the Company may be reduced if repayments are made by the other guarantors. The ability of the other cross guarantors to make repayments is uncertain and therefore the liability has been recognised in full. The timing of the payment is also uncertain as it relies upon the sale of the properties owned by the other guarantors. The amounts have therefore been reclassified to provisions from other creditors during the year. The movement in the year, recognised as an exceptional credit to the profit and loss account relates to the movement in the liability resulting from repayments made by other guarantors.

10 CALLED UP SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid		
8,037,653 A Ordinary shares of 1p each	80,377	80,377
1,462,347 B Ordinary shares of 1p each	14,623	14,623
495,000 C Ordinary shares of 1p each	4,950	4,950
	<u>99,950</u>	<u>99,950</u>

The rights attaching to each class of equity share are as follows

Dividends

Any dividends are distributed in any financial year amongst the holders of the A shares and the B shares, *pari passu* as if the shares are one and the same class of share, *pro rata* to the number of A shares and B shares respectively held by the holders. The C shares do not carry a right to receive any distribution of profit.

Voting rights

The holders of A and B shares are entitled to attend and vote at any general meeting of the Company. The C shares do not carry a right to vote at general meetings.

Return of capital

On a return of assets on liquidation or otherwise, the assets of the Company remaining after the payment of its debts and liabilities and available to holders of equity shares shall be distributed between the holders of equity shares *pari passu*, as if the shares are one and the same class of share, *pro rata* to the number of equity shares respectively held by the holders.

11 RESERVES

	Profit and loss account £
Brought forward loss at 1 February 2011	-234,561,758
Profit for the financial year	35,724,337
	<u>-198,837,421</u>
Carried forward loss at 31 January 2012	<u>-198,837,421</u>

IBIS NO 1 LIMITED (FORMERLY MENZIES HOTELS HOLDINGS LIMITED)
NOTES TO FINANCIAL STATEMENTS (continued)
Year ended 31 January 2012

12 RECONCILIATION OF MOVEMENTS IN TOTAL SHAREHOLDERS' DEFICIT

	2012 £	2011 £
Profit / (Loss) for the financial year	35,724,337	-234,371,268
Net reduction / (increase) to shareholders' deficit	<u>35,724,337</u>	<u>-234,371,268</u>
Opening shareholders' deficit	-234,461,808	-90,540
Closing shareholders' deficit	<u>-198,737,471</u>	<u>-234,461,808</u>

13 RECONCILIATION OF OPERATING PROFIT / (LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
OPERATING PROFIT / (LOSS)	35,724,337	-234,369,905
Decrease in debtors	167	10,877
(Decrease) / Increase in creditors and provisions	<u>-35,724,504</u>	<u>234,360,391</u>
	<u>-</u>	<u>1,363</u>

14 RELATED PARTY TRANSACTIONS

Auditors' remuneration of £3,000 (2011 - £3,000) incurred by the Company during the year has been paid by RP (WAT) Limited, a member of the PH2 Group

15 PARENT UNDERTAKINGS

No group holding company prepares group accounts

The immediate parent company is Piccadilly Hotels 6 Limited, a company registered in the Cayman Islands. The director is of the view that there is no ultimate controlling party.