

IBIS NO. 1 LIMITED
Registered in England Number 5302710
Annual Report and Financial Statements
Year ended 31 January 2013



IBIS NO. 1 LIMITED
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IBIS NO. 1 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

Director's Report

The director presents his report and the audited financial statements of the Company for the year ended 31 January 2013

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 ownership and leasing of hotels (see 'Basis of preparation' below)

Results and dividends

The Company's profit before and after taxation was £402,325 (2012 - £35,724,337). 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 5.

An exceptional credit arose in the year and the prior year for the reduction in the contingent liability amount owed under the cross guarantees provided in connection with the PH2 Group banking facilities. As repayments are made and interest accrues the level of the cross guarantee moves, therefore the liability of the Company also moves. The Company had no other transactions during the current year. In the prior year the Company recorded an exceptional credit representing the write back of Group loan balances for nominal consideration.

Given the straightforward nature of the business, 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 Company's subsidiary entity, Menzies Hotels Intermediary Holdings Limited, entered administration on 28 June 2011. On this date the Company effectively ceased to control its subsidiary undertakings. Therefore in accordance with Financial Reporting Standard 2, the director has not prepared consolidated financial statements for the year.

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
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 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 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

In the case of each of the persons who are directors 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
28 October 2013

IBIS NO 1 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 2013 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 2013 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 on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the going concern basis of accounting. Following a debt restructure, the Company's only subsidiary, Menzies Hotels Intermediary Holdings Limited, entered administration. From this point the Company's principal activity being that of an investment holding company, ceased and no future activities are expected to be undertaken.

Accordingly, the going concern basis of accounting is no longer appropriate. Adjustments were made in the prior year to reduce assets to their realisable values, to provide for liabilities arising from the decision and to reclassify fixed assets and long-term liabilities as current assets and liabilities. No further adjustments were required in the current year.

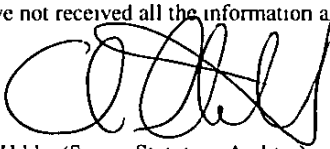
Opinion on other matter prescribed by the Companies Act 2006

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
28 October 2013

IBIS NO. 1 LIMITED**PROFIT AND LOSS ACCOUNT****Year ended 31 January 2013**

| | Notes | 2013 £ | 2012 £ |
|--|-------|----------------|-------------------|
| Exceptional item irrecoverable loan balances | 2 | - | 102,946 |
| Exceptional item movement in provision for cross guarantee liability | 6 | 402,325 | 35,621,391 |
| | | <hr/> | <hr/> |
| OPERATING PROFIT | 2 | 402,325 | 35,724,337 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 402,325 | 35,724,337 |
| | | | |
| TAX ON PROFIT ON ORDINARY ACTIVITIES | 3 | - | - |
| | | <hr/> | <hr/> |
| PROFIT FOR THE FINANCIAL YEAR | 8 | 402,325 | 35,724,337 |
| | | <hr/> | <hr/> |

All of the Company's operations are discontinued

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

There are no differences between the profit on ordinary activities before taxation and the profit 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

BALANCE SHEET
31 January 2013

| | Notes | £ | 2013 £ | £ | 2012 £ |
|---|-------|---|----------------------|---|----------------------|
| CURRENT ASSETS | | | | | |
| Investments | 5 | | - | | - |
| NET CURRENT ASSETS | | | | | |
| | | | - | | - |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | | | |
| | | | - | | - |
| PROVISIONS FOR LIABILITIES AND CHARGES | 6 | | (198,335,146) | | (198,737,471) |
| NET LIABILITIES | | | <u>(198,335,146)</u> | | <u>(198,737,471)</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 7 | | 99,950 | | 99,950 |
| Profit and loss account | 8 | | (198,435,096) | | (198,837,421) |
| TOTAL SHAREHOLDERS' DEFICIT | 9 | | <u>(198,335,146)</u> | | <u>(198,737,471)</u> |

Approved by the board on 28 October 2013 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**CASH FLOW STATEMENT****Year ended 31 January 2013**

| | | 2013 | | 2012 | |
|---|-------|------|---|------|---|
| | Notes | £ | £ | £ | £ |
| NET CASH INFLOW FROM OPERATING ACTIVITIES | 10 | | - | | - |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | | | |
| Interest paid | | - | - | - | - |
| Interest received | | - | - | - | - |
| | | | | | |
| CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING | | | | | |
| | | | - | | - |
| | | | | | |
| Increase in cash in the year | | | - | | - |
| RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT | | | | | |
| Increase in cash in the year | | | - | | - |
| Change in net debt resulting from cash flows | | | - | | - |
| | | | | | |
| Movement in net debt in the year | | | - | | - |
| | | | | | |
| NET FUNDS AT 31 JANUARY 2013 | | | - | | - |

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

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 on a break-up basis 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 Company's subsidiary entity, Menzies Hotels Intermediary Holdings Limited, entered administration on 28 June 2011. On this date the Company effectively ceased to control its subsidiary undertakings. Therefore in accordance with Financial Reporting Standard 2, the director has not prepared consolidated financial statements for the year

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, owed Bank of Scotland £198,355,146 at the year end. The interest charge on these facilities vary 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

IBIS NO. 1 LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
Year ended 31 January 2013

2 OPERATING PROFIT

Auditors' remuneration of £1,500 (2012 - £3,000) incurred by the Company during the year has been paid by RP (SIL) Limited, a member of the PH2 Group

An exceptional credit arose in the year and the prior year for the reduction in the contingent liability amount owed under the cross guarantees provided in connection with the PH2 Group banking facilities. As repayments are made and interest accrues the level of the cross guarantee moves, therefore the liability of the Company also moves. The Company had no other transactions during the current year. In the prior year the Company recorded an exceptional credit representing the write back of Group loan balances for nominal consideration.

3 TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 2013 £ | 2012 £ |
|---|-----------|-------------|
| 3 a) Taxation charge for the year | - | - |
| 3 b) Factors affecting the current tax credit for the year | | |
| The tax assessed for the year is lower (2012 - lower) than the standard rate applying in the UK (24.3%) The differences are explained below | | |
| Profit on ordinary activities before taxation | 402,325 | 35,724,337 |
| Profit on ordinary activities at the UK tax rate of 24.3% (2012 - 26.3%) | 97,765 | 9,395,501 |
| Effect of | | |
| Expenses not deductible for tax purposes | (97,765) | (9,395,501) |
| Current tax charge for the year | - | - |
| 3 c) Tax losses | | |

The Company has no recognised deferred tax (2012 - £nil). No deferred tax asset has been recognised relating to tax losses of £4,586 (2012 - £4,586) given the uncertainty regarding their recoverability.

IBIS NO. 1 LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
Year ended 31 January 2013

4 DIRECTORS AND EMPLOYEES

The monthly average number of directors employed during the year was 1 (2012 - 1) No amounts were paid by the Company to the director (2012 - £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

5 INVESTMENTS

| | 2013 £ | 2012 £ |
|-------------------------------|-----------|-----------|
| Cost | 80,377 | 80,377 |
| Impairment | (80,377) | (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 holding) | 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 |

The property assets of RP(AVA) Limited, RP(LEF) Limited, RP(WAT) Limited and RP(BLA) Limited, were sold after the end of the year and these companies will be dissolved in due course RP(BEL) Limited was sold along with its property asset on 16 May 2013

6 PROVISIONS FOR LIABILITIES AND CHARGES

| | 2013 £ |
|---|----------------------|
| Cross Guarantee | |
| Brought forward at 1 February 2012 | (198,737,471) |
| Credit for the financial year | 402,325 |
| Carried forward at 31 January 2013 | (198,335,146) |

The provision of £198,335,146 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 of 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 repayments is also uncertain as it relies upon the sale of properties owned by the other guarantors 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 the net of repayments made by guarantors and the interest accrued on the bank debt

IBIS NO. 1 LIMITED
NOTES TO FINANCIAL STATEMENTS (continued)
Year ended 31 January 2013

| 7 CALLED UP SHARE CAPITAL | 2013 | 2012 |
|--|---------------|---------------|
| | £ | £ |
| 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 |
| | 99,950 | 99,950 |

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.

8 RESERVES

**Profit and loss
account
£**

| | |
|--|----------------------|
| Brought forward loss at 1 February 2012 | (198,837,421) |
| Profit for the financial year | 402,325 |
| Carried forward loss at 31 January 2013 | (198,435,096) |

9 RECONCILIATION OF MOVEMENTS IN TOTAL SHAREHOLDERS' DEFICIT

| | 2013 | 2012 |
|--|----------------------|----------------------|
| | £ | £ |
| Profit for the financial year | 402,325 | 35,724,337 |
| Net reduction to shareholders' deficit | 402,325 | 35,724,337 |
| Opening shareholders' deficit | (198,737,471) | (234,461,808) |
| Closing shareholders' deficit | (198,335,146) | (198,737,471) |

10 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | 2013 | 2012 |
|------------------------|-------------|--------------|
| | £ | £ |
| OPERATING PROFIT | 402,325 | 35,724,337 |
| Decrease in debtors | - | 167 |
| Decrease in provisions | (402,325) | (35,724,504) |
| | - | - |

10 RELATED PARTY TRANSACTIONS

Auditors' remuneration of £1,500 (2012 - £3,000) incurred by the Company during the year has been paid by RP (SIL) Limited, a member of the PH2 Group

11 PARENT UNDERTAKINGS

No group holding company prepares consolidated accounts

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