

Company registration number 05441702

Marriott V & A Hotel Operating Company Limited

Report and financial statements

31 December 2014

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Marriott V & A Hotel Operating Company Limited

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Marriott V & A Hotel Operating Company Limited

Officers and professional advisers

Directors

BR Price
D Murray

Company secretary

Citco Management (UK) Limited
7 Albemarle Street
London
W1S 4HQ

Registered office

7 Albemarle Street
London
W1S 4HQ

Bankers

Citibank NA
Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
10 Bricket Road
St Albans
Herts
AL1 3JX

Marriott V & A Hotel Operating Company Limited

Directors' report for the year ended 31 December 2014

The directors present their report and the audited financial statements for the year ended 31 December 2014.

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

Principal activity

The principal activity of the company is that of hoteliers and caterers.

Results and dividends

The company's lease agreement for the Marriott V&A hotel was terminated as at 31 May 2013 and the hotel then converted to a franchised property with Global Hospitality Licensing S.A.R.L., a company registered in Luxembourg and a subsidiary of Marriott International Inc. From 1 June 2013 the company therefore did not have any trading activity.

The directors do not anticipate any trading activity in the company and therefore intend to wind up the company within twelve months of signing the financial statements.

The loss for the financial year was £41,631 (2013: £15,671). The directors do not recommend the payment of a dividend (2013: £ nil).

Directors

The directors all of whom have served throughout the year and up to the date of signing the financial statements of this report, unless otherwise stated, are shown below:

BR Price
D Murray

Going concern

The company ceased trading in May 2013, and the directors have the intention to wind-up the company within twelve months from the date of signing the financial statements. Accordingly, the going concern basis of accounting is no longer appropriate and the financial statements have been prepared on a basis other than going concern.

The intent to wind-up the company is due to the termination of the hotel's lease agreement on 31 May 2013. From 1 June 2013, the hotel has operated under a franchise agreement.

Principal risks and uncertainties

The board is responsible for the company's system of internal control and risk management and for reviewing its effectiveness. In order to discharge that responsibility, the board has established procedures to identify and manage these risks.

Additionally, the principal activities and risks of the ultimate parent, Marriott International Inc. are disclosed in the ultimate parents' annual accounts, which does not form part of this report.

The company is exempt from some of the requirements regarding risks and key performance indicators required by section 417 of the Companies Act 2006 by virtue of its size.

Marriott V & A Hotel Operating Company Limited

Directors' report for the year ended 31 December 2014 (continued)

Statement of directors' responsibilities

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;
- 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.

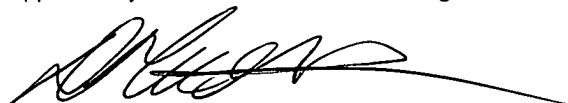
Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he/she has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the board of directors and signed on behalf of the board.



D Murray
Director
18 August 2015

Marriott V & A Hotel Operating Company Limited

Independent auditors' report to the members of Marriott V&A Hotel Operating Company Limited

Report on the financial statements

Our opinion

In our opinion, Marriott V&A Hotel Operating Company 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.
-

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the basis of accounting. The company ceased trading in May 2013, and the directors have the intention to wind-up the company within twelve months from the date of signing the financial statements. Given these circumstances the directors have not prepared the financial statements on a going concern basis. Accordingly, the going concern basis of accounting is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1 to the financial statements. Adjustments have been made in the 2012 financial statements 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 necessary in the prior year or current year.

What we have audited

Marriott V&A Hotel Operating Company 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 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

Marriott V & A Hotel Operating Company Limited

Independent auditors' report to the members of Marriott V&A Hotel Operating Company Limited (continued)

- 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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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 3, 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.

Marriott V & A Hotel Operating Company Limited

***Independent auditors' report to the members of
Marriott V&A Hotel Operating Company Limited
(continued)***

In addition, we read all the financial and non-financial information in the 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.

Tim Broadway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
18 August 2015

Marriott V & A Hotel Operating Company Limited

Profit and loss account for the year ended 31 December 2014

	Note	2014 £	2013 £
Turnover	2	-	2,167,197
Cost of sales		-	(322,368)
Gross profit		-	1,844,829
Administrative expenses		38,784	(1,661,258)
Operating profit		38,784	183,571
Interest receivable and similar income	3	1,717	-
Interest payable and similar charges	4	(72,132)	(75,674)
(Loss)/profit on ordinary activities before taxation	7	(31,631)	107,897
Tax on (loss)/profit on ordinary activities	8	(10,000)	(123,568)
Loss for the financial year	13	(41,631)	(15,671)

All of the activities of the company are classed as discontinuing as the directors have the intent to wind up the company within twelve months from the signing of the financial statements.

There are no recognised gains or losses other than the loss for the year therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the loss/profit on ordinary activities before taxation and the loss for the financial year stated above and their historical costs equivalents.

Marriott V & A Hotel Operating Company Limited

Balance sheet as at 31 December 2014

	Note	2014 £	2013 £
Current assets			
Debtors	9	18,214	99,422
Cash at bank and in hand	10	2,211,418	2,204,928
		<u>2,229,632</u>	<u>2,304,350</u>
Creditors: amounts falling due within one year	11	<u>(3,724,187)</u>	<u>(3,757,274)</u>
Net current liabilities		<u>(1,494,555)</u>	<u>(1,452,924)</u>
Net liabilities		<u>(1,494,555)</u>	<u>(1,452,924)</u>
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account	13	<u>(1,494,556)</u>	<u>(1,452,925)</u>
Total shareholders' deficit	13	<u>(1,494,555)</u>	<u>(1,452,924)</u>

These financial statements on pages 7 to 15 were approved by the board of directors on 18 August 2015 and signed on its behalf by:



D Murray
Director

Marriott V & A Hotel Operating Company Limited
Company Registration Number: 05441702
18 August 2015

Marriott V & A Hotel Operating Company Limited

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

1. Accounting policies

Basis of preparation

These financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The company ceased trading in May 2013, and the directors have the intention to wind-up the company within twelve months from the date of signing the financial statements. Accordingly, the going concern basis of accounting is no longer appropriate and the financial statements have been prepared on a basis other than going concern. Adjustments have been made in the 2012 financial statements 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 necessary in the prior year or current year.

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

Cash flow statement

The company is exempt from the requirement of FRS 1 'Cash flow statements (revised 1996)' to include a cash flow statement as part of its financial statements because it is a wholly owned subsidiary of Marriott International Inc. in whose financial statements the company is consolidated. The consolidated financial statements of Marriott International Inc. are publicly available.

Taxation

UK corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

A net deferred tax asset is regarded 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 assets and liabilities are not discounted.

Pension costs

The company participates in a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Marriott V & A Hotel Operating Company Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

1. Accounting policies (continued)

Turnover

Turnover, which excludes value added tax represents the invoiced value of income earned from the letting of rooms, sales of food, beverages and service charges, and for technical, management and marketing services supplied. Turnover is recognised once the performance of the service has been concluded or goods have been delivered.

Deferred Income

Deferred income relate to deposits for future events which is recognised when the event occurs up until the termination of the lease of 31 May 2013.

Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shortest period is used.

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet. Transactions in foreign currency are converted to sterling at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account.

Marriott V & A Hotel Operating Company Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

2. Turnover

	2014	2013
	£	£
Turnover comprises of:		
Food and beverage	-	534,354
Accommodation	-	1,432,498
Other	-	200,345
	<u>-</u>	<u>2,167,197</u>

All turnover relates to operations performed in the UK.

3. Interest receivable and similar income

	2014	2013
	£	£
Bank interest	<u>1,717</u>	<u>-</u>
	<u>1,717</u>	<u>-</u>

4. Interest payable and similar charges

	2014	2013
	£	£
Interest payable on loans to group undertakings	<u>72,132</u>	<u>75,674</u>

5. Directors' remuneration

The directors received no remuneration in respect of their services to the company in the current year (2013: £nil) as their services to the company were merely incidental to their employment in the other companies. The charges for the directors' remuneration have been borne by another group undertaking, Marriott Hotels International Limited.

6. Staff costs

All employees are employed by Marriott Hotels Limited and the payroll costs are recharged to the company.

The average monthly number of persons (including executive directors) employed by the company were:

By activity	2014	2013
	Number	Number
Management	-	9
Administration	-	88
	<u>-</u>	<u>97</u>
Their aggregate remuneration comprised:		
	£	£
Wages and salaries	1,716	613,676
Social security costs	1,808	40,320
Other pension costs	(203)	10,490
	<u>3,321</u>	<u>664,486</u>

Marriott V & A Hotel Operating Company Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

7.	(Loss)/profit on ordinary activities before taxation	2014	2013
		£	£

(Loss)/profit on ordinary activities before taxation is stated after charging:

Depreciation of tangible fixed assets owned	-	76,801
Operating lease - property	-	271,843
Services provided by the company's auditors:		
- fees payable for the audit	5,150	16,000
- fees payable for other services tax compliance	4,000	6,365
- other services related to rent certificate	-	5,000

8. Tax on (loss)/profit on ordinary activities

Tax charge for the year comprises:

	2014	2013
	£	£
UK corporation tax	-	-
Total current tax	-	-

Deferred tax:

Origination and reversal of timing differences	10,747	153,255
Adjustment in respect to prior periods	-	(27,316)
Changes in tax rates or laws	(747)	(2,371)
Tax on (loss)/profit on ordinary activities	10,000	123,568

The difference between the total current tax shown and the amount calculated by applying the standard rate of UK corporation tax 21.49% (2013: 23.25%) to the loss/profit is as follows:

	2014	2013
	£	£
(Loss)/profit on ordinary activities before taxation	(31,631)	107,897
(Loss)/profit on ordinary activities multiplied by the standard rate in the United Kingdom 21.49% (2013: 23.25%)	(6,798)	25,086
Effects of:		
Expenses not deductible for tax purposes	6,749	21,718
Accelerated capital allowances	-	(163,676)
Other timing differences	(10,168)	10,421
Group relief surrendered not paid	10,217	106,451
Current tax	-	-

Marriott V & A Hotel Operating Company Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

8. Tax on (loss)/profit on ordinary activities (continued)

	2014 Provided £	2013 Provided £
Short term timing differences	-	10,000
Deferred tax asset	-	10,000

A deferred tax asset of £46,011 (2013: £115,153) is unprovided on the basis that management believe that there is currently insufficient evidence to support its recoverability.

The main rate of corporation tax was reduced to 21% from 1 April 2014. The rate will further reduce to 20% from 1 April 2015, which was substantively enacted on 2 July 2013, as a result of which the relevant deferred tax balances have been re-measured.

The directors are of the opinion that the financial effect of these future rate reductions on the company's deferred tax asset will not be significant.

9. Debtors

	2014 £	2013 £
Trade debtors	-	90
Amounts owed by group undertakings	16,614	198
Other debtors	-	63,167
Deferred tax asset	-	10,000
Other Taxes	1,600	25,967
	18,214	99,422

The amounts owed by parent and other group undertakings are unsecured interest free and repayable on demand.

10. Cash at bank and in hand

Cash at bank and in hand includes an amount of £1,691,237 (2013: £1,691,237) which can only be utilised for capital expenditure at the hotel under the terms of the lease agreement. The £1,691,237 will be returned to the parent company.

Marriott V & A Hotel Operating Company Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

11. Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	-	15,692
Amounts owed to group undertakings	3,709,429	3,634,405
Other creditors	-	6,031
Accruals and deferred income	14,758	101,146
	<u>3,724,187</u>	<u>3,757,274</u>

Amounts owed to fellow group undertakings are unsecured, interest free and repayable on demand except for the loan of £3,342,848 with International Hotel Licensing Company S.a.r.l, a fellow group undertaking. The loan interest is charged at a rate of LIBOR + 1.25 per annum.

12 Called up share capital

	2014	2013
	£	£
Allotted and fully paid:		
1 (2013: 1) ordinary share of £1	<u>1</u>	<u>1</u>

13. Reconciliation of movements in shareholders' deficit and movements in reserves

	Called up share capital	Profit and loss account	Total shareholders' deficit
	£	£	£
At 1 January 2014	1	(1,452,925)	(1,452,924)
Loss for the financial year	-	(41,631)	(41,631)
At 31 December 2014	<u>1</u>	<u>(1,494,556)</u>	<u>(1,494,555)</u>

14. Leasing commitments

The company took over an existing 50 year operating lease agreement for the hotel property, which originally commenced on 7 April 2004, but both landlord and tenant can terminate the lease at 30 and 40 years. The rent is based on a percentage of operating profit but is subject to a minimum guarantee of a 6.25% return on investment to the landlord referred to as base rent. If there is insufficient operating profit for the Landlord to achieve its guaranteed 6.25% return, then the tenant is required to pay additional rent ("Top up rent") to make up that shortfall, subject to limitations. The base rent in 2014 was £nil (2013: £271,843).

The lease agreement was terminated as at 31 May 2013.

Marriott V & A Hotel Operating Company Limited

Notes to the financial statements for the year ended 31 December 2014 (continued)

15. Related party transactions

As a wholly owned subsidiary of Marriott International Inc., the company has taken advantage of the exemption in FRS8 'Related party disclosures' not to disclose transactions with other owned members of the group headed by Marriott International Inc.

16. Ultimate parent company and ultimate controlling party

The company's immediate parent is Marriott UK Group Company Limited, incorporated in the United Kingdom. The company's ultimate parent company and controlling party is Marriott International Inc., incorporated in the State of Delaware, USA.

The largest and smallest group in which the results of the company are consolidated is that headed by Marriott International Inc.

The consolidated financial statements of Marriott International Inc. are available to the public and may be obtained from Marriott International Inc., 10400 Fernwood Road, Bethesda MD 20817, USA.