

Burford Bridge Hotel Limited

Directors' report and financial statements

for the year ended 31 December 2012

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Burford Bridge Hotel Limited

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Burford Bridge Hotel Limited

Company information

Directors	Marc Gilbard Graham Stanley Graham Sidwell
Registered number	06013237
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 54873 London SW1Y 5WX

Burford Bridge Hotel Limited

Directors' report for the year ended 31 December 2012

The directors present their report and the audited financial statements of Burford Bridge Hotel Limited (the "Company") for the year ended 31 December 2012

Principal activity

The Company's principal activity during the year was that of property investment

Results

The Company's profit for the financial year is £432,000 (2011 - £385,000)

Directors

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

Marc Gilbard
Graham Stanley
Graham Sidwell

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons

- The Company's future working capital requirements are dependent on the ongoing support of its parent company
- The Group's current senior debt arrangements expire in August 2014. The Group has been in discussions with its lender for some time with a view to extending the loan facilities. An extension of the loan facilities would also result in a significant reduction in debt service costs as existing swap contracts are extended alongside the senior debt extension.
- Discussions with the lenders have been encouraging and we have been able to obtain their credit committee approval for an extension of the loan facilities. The Directors are confident that subject to the requisite legal documentation the refinancing will be completed in the near future.
- Alongside the refinancing discussion the Directors have also considered the trading position and market for the Group and the cash flow forecasts for the twelve months following the date of approval of these financial statements.

Taking into account all information available at the time of approving these financial statements, the Directors have a reasonable expectation that the Company is a going concern and therefore believe that it is appropriate to prepare the financial statements on a going concern basis.

Burford Bridge Hotel Limited

Directors' report for the year ended 31 December 2012

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.

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 information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

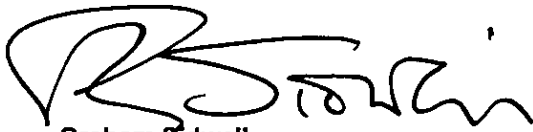
Small companies' exemption

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

This report was approved by the board on

250913

and signed on its behalf


Graham Bidwell
Director

Burford Bridge Hotel Limited

Independent auditors' report to the members of Burford Bridge Hotel Limited

We have audited the financial statements of Burford Bridge Hotel Limited for the year ended 31 December 2012 which comprise the Profit and loss account, the Balance sheet 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 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). 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 Directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its profit 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 Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

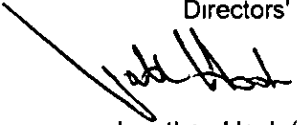
Burford Bridge Hotel Limited

Independent auditors' report to the members of Burford Bridge Hotel Limited

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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' report



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

Date 25/9/12

Burford Bridge Hotel Limited

Profit and loss account for the year ended 31 December 2012

	Note	2012 £000	2011 £000
Turnover	1,2	834	798
Administrative expenses		(21)	(25)
Operating profit		813	773
Interest receivable and similar income	6	34	26
Interest payable and similar charges	7	(415)	(414)
Profit on ordinary activities before taxation		432	385
Tax on profit on ordinary activities	8	-	-
Profit for the financial year	15	432	385

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 recognised gains and losses has been presented

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above, and their historical cost equivalents

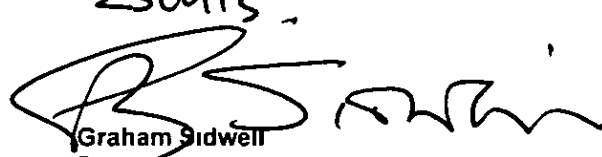
The notes on pages 8 to 14 form part of these financial statements

Burford Bridge Hotel Limited
Registered number 06013237

Balance sheet
as at 31 December 2012

	Note	2012 £000	2012 £000	2011 £000	2011 £000
Fixed assets					
Tangible assets	9		8,803		8,803
Current assets					
Debtors	10	5		-	
Creditors , amounts falling due within one year	11	(6,048)		(6,496)	
Net current liabilities			(6,043)		(6,496)
Total assets less current liabilities			2,760		2,307
Creditors , amounts falling due after more than one year	12		(7,017)		(6,996)
Net liabilities			(4,257)		(4,689)
Capital and reserves					
Called up share capital	14		-		-
Revaluation reserve	15		(4,189)		(4,189)
Profit and loss account	15		(68)		(500)
Total shareholders' deficit	16		(4,257)		(4,689)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

250913

 Graham Sidwell
 Director

The notes on pages 8 to 14 form part of these financial statements

**Notes to the financial statements
for the year ended 31 December 2012**

1. Accounting policies

1.1 Basis of preparation of financial statements

These financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of certain tangible fixed assets 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 financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons:

- The Company's future working capital requirements are dependent on the ongoing support of its parent company.
- The Group's current senior debt arrangements expire in August 2014. The Group has been in discussions with its lender for some time with a view to extending the loan facilities. An extension of the loan facilities would also result in a significant reduction in debt service costs as existing swap contracts are extended alongside the senior debt extension.
- Discussions with the lenders have been encouraging and we have been able to obtain their credit committee approval for an extension of the loan facilities. The Directors are confident that subject to the requisite legal documentation the refinancing will be completed in the near future.
- Alongside the refinancing discussion the Directors have also considered the trading position and market for the Group and the cash flow forecasts for the twelve months following the date of approval of these financial statements.

Taking into account all information available at the time of approving these financial statements, the Directors have a reasonable expectation that the Company is a going concern and therefore believe that it is appropriate to prepare the financial statements on a going concern basis.

1.3 Cash flow statement

The Company has taken advantage of the exemption from preparing a cash flow statement contained in FRS 1 "Cash flow statements" on the grounds that it is a small company.

1.4 Turnover

Turnover comprises rental income from investment properties net of value added tax. Rentals receivable under operating leases are credited to the profit and loss account on an accruals basis over the term of the lease. Any initial advance receipt in relation to operating leases is treated as part of the rentals receivable and accordingly these receipts are credited to the profit and loss account on a straight line basis over the period of the lease and are classified within deferred income.

Burford Bridge Hotel Limited

Notes to the financial statements for the year ended 31 December 2012

1 Accounting policies (continued)

1.5 Tangible fixed assets

No depreciation is provided on freehold property. The directors consider that the life of this asset is so long, and residual value is so high, that its depreciation is not material.

Freehold property is subject to annual valuations. The surplus of such value over cost is transferred to the revaluation reserve. Where there is impairment of the value of a building which is deemed to be permanent a charge is made to the profit and loss account. Where valuations are below cost and the difference is deemed by the directors to be temporary, the deficit is transferred to the revaluation reserve.

Whilst the initial costs incurred on extensive repair and refurbishment programmes are capitalised, those in respect of items subsequently replaced are written off to the profit and loss account as incurred. In accordance with FRS 15 "Tangible Fixed Assets", the directors perform an annual impairment review. Any deficits noted are charged to the profit and loss account.

There are no other fixed assets in the company other than freehold property, therefore there is no depreciation recognised in the financial statements.

1.6 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.

1.7 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.

The group maintains debt at a fixed rate through interest rate swap and offset against the interest on the related debt instrument.

Burford Bridge Hotel Limited

Notes to the financial statements for the year ended 31 December 2012

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.

2. Turnover

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

3. Operating profit

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

4. Staff costs

The Company had no employees in either year.

5. Directors' remuneration

There was no remuneration paid to the directors by the Company during the year (2011 - £nil). There were no retirement benefits accruing to the directors (2011 - £nil).

6. Interest receivable and similar income

	2012 £000	2011 £000
Interest receivable from group companies	34	26

7. Interest payable and similar charges

	2012 £000	2011 £000
Interest payable on bank loans	394	393
Finance costs	21	21
	415	414

Burford Bridge Hotel Limited

Notes to the financial statements for the year ended 31 December 2012

8. Tax on profit on ordinary activities

	2012 £000	2011 £000
UK corporation tax charge on profit/(loss) for the year	-	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%). The differences are explained below

	2012 £000	2011 £000
Profit on ordinary activities before taxation	432	385
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	106	102
Effects of:		
Utilisation of losses	(106)	(102)
Total current tax	-	-

Factors that may affect future tax charges

In addition to the changes in rates of Corporation tax disclosed within the note above further changes to the UK corporation tax system have been announced. In the autumn statement 2012 a reduction to the main rate was announced to reduce the rate to 21% from 1 April 2014. In the Budget 2013 a further reduction to the main rate was announced to reduce the rate to 20% from 1 April 2015. These changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements. The impact of the proposed changes is not expected to be material to the balance sheet.

9. Tangible fixed assets

	Freehold property £000
Valuation	
At 1 January 2012 and 31 December 2012	8,803
Net book amount	
At 31 December 2012	8,803
At 31 December 2011	8,803

Freehold property, including plant and equipment, were valued at £8,803,000 at 31 December 2012 (2011 - £8,803,000) on the basis of a Directors' valuation of all the properties.

If freehold property had not been revalued it would have been included at a cost of £12,992,000 (2011 - £12,992,000).

Burford Bridge Hotel Limited

Notes to the financial statements for the year ended 31 December 2012

10 Debtors

	2012	2011
	£000	£000
Other debtors	5	-

11. Creditors Amounts falling due within one year

	2012	2011
	£000	£000
Trade creditors	12	12
Amounts owed to group undertakings	6,027	6,472
Other creditors	9	9
Accruals and deferred income	-	3
	6,048	6,496

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

12. Creditors Amounts falling due after more than one year

	2012	2011
	£000	£000
Bank loans (note 13)	7,049	7,049
Bank loans - unamortised finance fees (note 13)	(32)	(53)
	7,017	6,996

Bank loan borrowings are secured by fixed charges on group properties and floating charges on certain other group assets. Bank loans comprise variable rate debt at a margin of 150 basis points over LIBOR. The loan is repayable in full in July 2014.

MREF Tradeco Limited, a fellow group company, has entered into an interest rate swap agreement in order to hedge exposure to interest rates on bank loans until 4 August 2014. This arrangement enables the Group to manage its interest rate exposure, by swapping floating rates on borrowings into fixed rate amounts. Utilising this arrangement the Company effectively obtains borrowings at a different rate to those available from borrowing directly at prevailing floating rates.

The related loans are held in fellow group companies. The cost/gain of the interest rate swap is reallocated out to these companies in proportion to the value of the loan held within each Company. The amount allocated to Burford Bridge Hotel Limited for the year ended 31 December 2012 is £225,000 cost (2011 - £228,000 cost).

Burford Bridge Hotel Limited

Notes to the financial statements for the year ended 31 December 2012

13 Loans and other borrowings

	2012	2011
	£000	£000
Bank loans	7,017	6,996

Maturity of financial liabilities:

In one year or less, or on demand	-	-
In more than one year, but not more than two years	7,017	-
In more than two years, but not more than five years	-	6,996
In more than five years	-	-
	7,017	6,996

14. Called up share capital

	2012	2011
	£000	£000
Allotted and fully paid		
1 ordinary share of £1	-	-

15 Reserves

	Revaluation reserve £000	Profit and loss account £000
At 1 January 2012	(4,189)	(500)
Profit for the financial year	-	432
At 31 December 2012	(4,189)	(68)

16. Reconciliation of movements in shareholders' deficit

	2012	2011
	£000	£000
Opening shareholders' deficit	(4,689)	(5,074)
Profit for the financial year	432	385
Closing shareholders' deficit	(4,257)	(4,689)

17. Related party transactions

The Company has taken advantage of the exemptions contained in FRS 8 "Related Party Transactions" not to disclose transactions with related parties as all of the voting rights of the Company are controlled within the group

Burford Bridge Hotel Limited

Notes to the financial statements for the year ended 31 December 2012

18. Immediate and ultimate parent undertaking and ultimate controlling parties

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

The Company's ultimate parent entity is MREF Hotels Limited, a company incorporated in Jersey

The smallest and largest group of undertakings for which group accounts are drawn up and of which the Company is a member is MREF Hotels Limited, a company incorporated in Jersey

The Company's ultimate controlling parties are Moorfield Real Estate Fund "A" Limited Partnership and Moorfield Real Estate Fund "B" Limited Partnership