De Vere Grand Brighton No 2 Limited

Report of the directors and financial statements

Registered number 06448724 (England and Wales)

For the year ended 31 December 2013

Contents

Company information

Directors:	A M Coppel CBE C Elliot
Secretary:	H McCallum
Registered office:	33 Cavendish Square London W1G 0PW
Registered number:	06448724 (England and Wales)
Auditors:	Ernst & Young LLP 100 Barbirolli Square Manchester M2 3EY

Directors' report

The directors present their report with the financial statements of the Company for the year ended 31 December 2013.

Principal activity

The Company is the leaseholder for the car park at the Grand Brighton Hotel, Brighton.

Result & Dividends

The Company made a loss after taxation of £5,000 in the current year (2012: £nil).

The directors do not recommend payment of a dividend (2012: £nil).

Directors

The directors who served during the period were as follows:

A M Coppel CBE	
C Elliot	(appointed 1 June 2013)
D G Caldecott	(resigned 28 June 2013)

Principal risks and uncertainties

The Company's key business risks are disclosed within the Strategic report.

Directors' report *(continued)*

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report, Strategic Report and 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 elected to prepare 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 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 as to disclosure of information to auditors

In accordance with Section 418(2) of the Companies Act 2006 each of the above directors:

- is not aware of any relevant audit information of which the Company's auditors are unaware; and
- 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 the Company's auditors are aware of that information.

Auditors

Ernst & Young LLP have expressed their willingness to continue as auditors in accordance with Section 487(2) of the Companies Act 2006.

On behalf of the board:

A M Coppel CBE
Director

Date: 30 SEP 2014

Strategic report

Principal activities

The Company is a wholly owned subsidiary of the De Vere Group, one of the UK's leading hospitality and leisure businesses. The Company is the leaseholder for the car park at the Grand Brighton Hotel, Brighton.

Review of business

Net assets at 31 December 2013 were £494,000 (2012: £499,000). Other than amounts due from other group Companies the Company holds no other assets.

The Company made a loss after taxation of £5,000 in the current year (2012: £nil).

Principal risks and uncertainties

Going concern

As described in note 11, the Company is party to and provided guarantees in respect of the De Vere Group borrowing facilities. The Company secures its funding requirements from De Vere Group Limited. As described in Note 1 to the financial statements, after making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Post balance sheet event

On 25 April 2014 the Company's immediate parent undertaking, De Vere Grand Brighton Limited, sold the Grand Brighton Hotel to an unrelated third party. On the same date the Company sold it's rights to lease the Grand Brighton Hotel car park. Further details in respect of the sale are contained within the financial statements of De Vere Grand Brighton Limited.

On behalf of the board

M. Coppel.

A M Coppel CBE
Director

Date: 30 SEP 2014

Independent Auditors Report to the Member of De Vere Grand Brighton No 2 Limited

We have audited the financial statements of De Vere Grand Brighton No 2 Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page three, 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.

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 report of the directors 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 preforming the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Emphasis of matter - going concern

In forming our opinion, which is not modified, we have also considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The conditions described in note 1 indicate the existence of material uncertainties which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

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 2013 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.

Opinion on other matters prescribed by the Companies Act 2006

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

Independent Auditors Report to the Member of De Vere Grand Brighton No 2 Limited
(continued)

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.

Ernst & Young LLP

Gary Harding (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester
Date: 30 SEP 2014

Profit and loss account

for the year ended 31 December 2013

	Notes	2013 £'000	2012 £'000
Turnover		-	-
Operating profit and profit on ordinary activities before taxation	4	-	-
Tax on profit on ordinary activities	5	(5)	-
Loss for the financial year		(5)	-

Continuing operations

None of the Company's activities were acquired or discontinued during the current or prior year.

Total recognised gains and losses

The company has no recognised gains or losses other than the loss for the current year.

The notes form part of these financial statements.

Balance sheet
at 31 December 2013

	Notes	2013 £'000	2012 £'000
Current assets			
Debtors	6	**59,237**	59,237
Creditors: amounts falling due within one year	7	**(58,743)**	(58,738)
Net current assets		**494**	499
Total assets less current liabilities		**494**	499
Capital and reserves			
Called up share capital	8	**-**	-
Profit and loss account	9	**494**	499
Shareholders' funds	12	**494**	499

The financial statements were approved by the board of directors on 30 SEP 2014 and were signed on its behalf by:

A M Coppel CBE
Director

The notes form part of these financial statements.

Notes to financial Statements

for the year ended 31 December 2013

1. Accounting policies

Basis of preparation and change in accounting policy

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

Going concern

As described in note 11, the Company was party to and provided guarantees in respect of De Vere Limited and De Vere Midco Limited borrowing facilities. The extent of these guarantees is limited to the assets of the Company.

The Company secures its funding requirements from De Vere Group Limited. De Vere Group Limited has historically been financed principally by its bankers in the form of the secured borrowings including intra-group cross guarantees and security in favour of the bank over De Vere Group Limited and its subsidiary companies' assets.
Before confirming the appropriateness of the Going Concern basis of preparation the directors reviewed and considered the funding requirements of the De Vere Group Limited and its subsidiaries. This review encompassed the adequacy and availability of existing facilities, financial policies, cash flow forecasts and extent of banking covenant headroom.

The cash flow forecasts prepared by the management of De Vere Group Limited indicate that the De Vere Group will, with appropriate support from the bank, be able to service its bank facilities whilst it continues with its strategy of enhancing the value of the business and making managed disposals of its portfolio to maximise debt repayment to the bank.

The directors of De Vere Group Limited have concluded that the De Vere Group is reliant on Bank of Scotland to provide the following forms of support:

- revising dates of loan repayments if neither of the planned disposals of De Vere Hotels and Resort Ownership or De Vere Village Urban Resorts is completed by 31 December 2014;
- agreeing revised or new facilities if the Group completes the planned disposals before 30 June 2015 to support the Group's ongoing activities including realisation of assets and discharging of liabilities; and
- agreeing revised, extended or new facilities if the planned disposals are not completed by 30 June 2015.

In the event that Bank of Scotland does not support the De Vere Group by providing these forms of support, the going concern basis might not be valid. As a result, funding may no longer be available to the Company and guarantees in respect of Group borrowings may be triggered. Therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. In such circumstances adjustments may need to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities which may arise. The financial statements do not include the adjustments that would result if the group and company were unable to continue as a going concern.

The directors have concluded that these circumstances represent material uncertainties that cast significant doubt upon Company's ability to continue as a going concern. Nevertheless, after considering the evidence available to them regarding material uncertainties, including cash flow forecasts, discussion with the bank and support already received in the form of interest margin reductions, the directors have a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future. On this basis they believe that it is appropriate to prepare these financial statements on a going concern basis.

Cash flow statement

As a wholly owned subsidiary of De Vere Group Limited as at 31 December 2013 the Company is exempt from the requirement to present a cash flow statement under Financial Reporting Standard ("FRS") 1, as a consolidated cash flow statement is included in that company's financial statements, which are publicly available.

Related party transactions

As a wholly owned subsidiary of De Vere Group Limited as at 31 December 2013, the Company has taken advantage of the exemption available under FRS 8 not to disclose details of transactions with other group companies.

Notes to financial Statements *(continued)*
for the year ended 31 December 2013

1. Accounting policies *(continued)*

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold; and
- deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Staff costs

There were no staff costs for the year ended 31 December 2013 nor for the year ended 31 December 2012.

3. Directors' emoluments

The emoluments of A M Coppel CBE, C Elliot and D G Caldecott are paid by De Vere Limited, a fellow subsidiary undertaking that made no recharge to the Company for their services. The total emoluments of A M Coppel CBE, C Elliot and D G Caldecott are included in the aggregate of directors' emoluments disclosed in the financial statements of De Vere Group Limited, the ultimate parent company. It was not practical to identify the share of these emoluments that related to their services as directors of the Company.

4. Operating profit

The auditors' fee for the year of £1,000 (2012: £1,000) for the year was settled by a related company, De Vere Central Services Limited.

Notes to financial Statements *(continued)*
for the year ended 31 December 2013

5. Taxation

Analysis of the tax charge
The tax charge on the profit on ordinary activities for the year was as follows:

	2013 £'000	2012 £'000
Current tax		
UK corporation tax	5	-
Tax on profit on ordinary activities	5	-

UK corporation tax has been charged at 23.20% (2012: 24.50%).

Factors affecting the tax charge
The tax assessed for the year is the same as the standard rate of corporation tax in the UK.

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	-	-
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.20% (2012: 24.50%)	-	-
Effects of:		
Transfer pricing adjustments not reflected in the accounts	5	-
Current tax charge	5	-

6. Debtors: amounts falling due within one year

	2013 £'000	2012 £'000
Amounts owed by group undertakings	59,237	59,237

Amounts owed by group undertakings are unsecured and receivable on demand.

7. Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Amounts owed to group undertakings	58,743	58,738

Amounts owed to group undertakings are unsecured and payable on demand.

8. Called up share capital

Allotted, issued and fully paid:

Number	Class	Nominal value	2013 £	2012 £
1	Ordinary shares	£1	1	1

Notes to financial Statements *(continued)*
for the year ended 31 December 2013

9. Reserves

	Profit and loss account £'000
At 1 January 2013	499
Loss for the year	(5)
At 31 December 2013	494

The profit and loss reserve contains unrealised gains of £737,000 in respect of inter company loan waivers provided by De Vere Finance No 2 Limited, an intermediate parent company of the Company. Under Companies Act s846 these amounts only become distributable when the non-cash asset to which the loan related are distributed or realised.

10. Ultimate parent company

The immediate parent company of De Vere Grand Brighton No 2 Limited is De Vere Grand Brighton Limited, a company registered in England and Wales.

In the opinion of the directors the ultimate parent and controlling party of the Company is De Vere Group Limited, a company registered in England and Wales (company registered number: 6798902). The largest group of companies of which the Company is a member, and for which group accounts are prepared, is De Vere Group Limited. The consolidated financial statements of De Vere Group Limited can be obtained from Companies House.

11. Contingent liabilities

Under the terms of a loan facility agreement between Bank of Scotland plc and two of the Company's fellow subsidiary undertakings, De Vere Limited and De Vere Midco Limited, a charge exists over all of the Company's assets. Total borrowings under the loan facility agreement at 31 December 2013 amounted to £1,083,895,000 (2012: £1,079,649,000).

12. Reconciliation of movements in shareholders' funds

	2013 **£'000**	2012 £'000
Loss for the financial year	**(5)**	-
Net reduction of shareholders' funds	**(5)**	-
Opening shareholders' funds	**499**	499
Closing shareholders' funds	**494**	499