

**Motel One (UK) Limited**

**Report and Financial Statements**  
31 December 2016



Company number: 07960423

**Directors**

F J Wiessler  
D N Müller  
S F Lenze

**Secretary**

S F Lenze

**Auditors**

Ernst & Young LLP  
G1, 5 George Square  
Glasgow  
G2 1DY

**Registered Office**

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London  
EC3N 1BQ

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## Strategic report

The directors present their strategic report for the year ended 31 December 2016.

### Principal activities and review of the business

The principal activity of the company is to operate hotels.

The significant increase in turnover and EBITDA has been a result of opening Motel One UK hotel in Newcastle and the Manchester hotel operating a whole year (2015 only 7.5 months). The decrease in occupancy rate and yield per room is mainly driven by the lower numbers of the hotel in Newcastle.

The company's key financial and other performance indicators during the year were as follows:

	2016	2015	Change
Turnover	£16,846,314	£11,406,281	48%
Occupancy Rate	60,8 %	67,8%	-10%
Yield per room	£73.5	£79.5	-8%
EBITDA	£1,451,308	£158,743	>100%

### Principal risks and uncertainties

As the company is active in hotel operations it is exposed to a number of inherent risks. These risks are taken into account by way of extensive controlling.

In order to identify risks and unfavourable development at an early stage the company has a comprehensive controlling and reporting system in place, which provides up-to-date financial information with earnings development of the hotels in addition to information concerning the quality from guest surveys, online ratings and benchmark analyses.

Even without taking the higher potential occupancy of Motel One into account, if the benchmark is reached for a location this already spells attractive earnings potential and at the same time a buffer against fluctuations in the economy and/or against any increased competition in the future.

The principal risks and uncertainties associated with the company's financial assets and liabilities are set out below:

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. The company aims to mitigate the liquidity risk by means of short-term and medium-term financial planning, maintaining cash and cash equivalents in the Motel One Group.

#### Default risk

There is a low risk to the company relating to default risk. Due to the nature of the business, the company is only exposed to default risks relating to trade receivables to a minor extent.

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## Strategic report *(continued)*

### Principal Risks and uncertainties *(continued)*

#### Industry risk

The company faces risks customary for the industry. Risks that could have a negative impact on travel activities remain with the potential threat of terrorist attacks.

The impact of Brexit on growth must be closely observed. Apart from the aforementioned economic influences, political constraints and measures, which may have an impact on the economy in the future, there are currently no apparent significant risks that could affect the Company's development or ability to continue as a going concern.

On behalf of the Board



D N Müller

28 September 2017



S F Lenze

28 September 2017

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## Directors' report

The directors present their report and financial statements for the year ended 31 December 2016.

### Directors

The directors who served the company during the year were as follows:

D N Müller

F J Wiessler

S F Lenze

S Patsch (from 01/06/2016 until 21/11/2016)

### Results and dividends

The profit for the year, after taxation amounted to £91,024 (2015: loss of £346,675). The directors do not recommend the payment of a dividend (2015: £nil), leaving a credit to reserves of £91,024 (2015: charge of £346,675).

### Going Concern

The company has net current liabilities of £4,292,255 at 31 December 2016 therefore the company continues to depend on the financial support from its parent undertaking. The directors have received written confirmation from the parent undertaking that it will provide or procure such funding as may be required by the company to settle all external liabilities as they fall due for a period of at least twelve months from the approval of these financial statements.

On the basis of their assessment of the company's financial position, the expected cash flows and ongoing group support, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

### Future developments

The directors are confident that the business will continue to adhere to their projected long-term plans.

The Company estimates an increase in revenue by 4-5% in FY 2017 due to an increasing occupancy rate.. EBITDA is expected to increase slightly.

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



D N Müller

28 September 2017



S F Lenze

28 September 2017

## **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, 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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 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 judgments 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; and
- 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.

# **Independent auditor's report**

**to the members of Motel One (UK) Limited**

We have audited the financial statements of Motel One (UK) Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 15. 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) including FRS 102 "The financial Reporting Standard applicable in the UK and Republic of Ireland".

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 6, 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 (APB'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 Strategic Report and the Directors' Report 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.

## **Opinion on the 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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.
- The Directors' Report have been prepared in accordance with applicable legal requirements.



## **Independent auditor's report (*continued*)**

**to the members of Motel One (UK) Limited**

### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Directors' Report.

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*

Janie McMinn (Senior Statutory Auditor)  
For and on behalf of  
Ernst & Young LLP,  
Glasgow

29/9/17

# Statement of Comprehensive Income

For the year ended 31 December 2016

	Notes	2016 £	2015 £
<b>Turnover</b>	2	16,846,315	11,406,281
<b>Cost of sales</b>		<u>(5,847,746)</u>	<u>(3,941,063)</u>
<b>Gross profit</b>		10,998,569	7,465,218
<b>Administration expenses</b>		<u>(10,682,304)</u>	<u>(7,892,083)</u>
<b>Operating profit/loss</b>	3	316,265	(426,865)
<b>Net interest payable</b>	4	(97,900)	(77,628)
<b>Profit/Loss on ordinary activities before taxation</b>		218,365	(504,493)
<b>Taxation</b>	6	<u>(127,341)</u>	<u>(157,818)</u>
<b>Profit/Loss for the financial year</b>		<u>91,024</u>	<u>(346,675)</u>
<b>Other comprehensive loss for the year</b>		-	-
<b>Other comprehensive loss</b>		-	-
<b>Total comprehensive profit/loss for the year</b>		<u>91,024</u>	<u>(346,675)</u>

All amounts relate to continuing operations.

Total comprehensive loss is wholly attributable to the owners of the parent company.

The notes on pages 12 to 18 form part of these financial statements.

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## Statement of Financial Position

As at 31 December 2016

	Notes	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	7	5,313,851	5,871,434
<b>Current assets</b>			
Stocks		73,574	52,960
Debtors	8	2,132,432	1,765,766
Cash at bank and in hand		1,188,022	1,012,151
		3,394,028	2,830,877
<b>Creditors: amounts falling due within one year</b>	9	(7,686,283)	(7,739,814)
<b>Net current liabilities</b>		(4,292,255)	(4,908,937)
<b>Total assets less current liabilities</b>		1,021,596	962,497
<b>Creditors: amounts falling due within one year</b>	10	(1,269,244)	(1,301,169)
<b>Net liabilities</b>		(247,648)	(338,672)
<b>Capital and reserves</b>			
Called up share capital	11	1	1
Capital reserve		2,400,000	2,400,000
Profit and loss account		(2,647,649)	(2,738,673)
<b>Shareholders' deficit</b>		(247,648)	(338,672)

The financial statements of Motel One (UK) Limited were approved and authorised for issue by the board and were signed on its behalf on:



D N Müller  
28 September 2017



S F Lenze  
28 September 2017

The notes on pages 12 to 18 form part of these financial statement.

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## Statement of Changes in Equity

As at 31 December 2016

	<i>Called-up share capital</i>	<i>Capital Reserves</i>	<i>Profit and Loss Account</i>	<i>Total Equity</i>
	£	£	£	£
At 1 January 2016	1	2,400,000	(2,738,673)	(338,672)
Profit for the year	-	-	91,024	91,024
<b>Total comprehensive loss for the year</b>	-	-	91,024	91,024
<b>At 31 December 2016</b>	<b>1</b>	<b>2,400,000</b>	<b>(2,647,649)</b>	<b>(247,648)</b>

As at 31 December 2015

	<i>Called-up share capital</i>	<i>Capital Reserves</i>	<i>Profit and Loss Account</i>	<i>Total Equity</i>
	£	£	£	£
At 1 January 2015	1	2,400,000	(2,391,998)	8,003
Loss for the year	-	-	(346,675)	(346,675)
<b>Total comprehensive loss</b>	-	-	(346,675)	(346,675)
<b>At 31 December 2015</b>	<b>1</b>	<b>2,400,000</b>	<b>(2,738,673)</b>	<b>(338,672)</b>

The notes on pages 12 to 18 form part of these financial statement.

## Notes to the financial statements

For the year ended 31 December 2016

### 1. Accounting policies

#### 1.1 Basis of preparation of the financial statements

Motel One (UK) Limited (the "Company") is a company limited by shares and incorporated and domiciled in England. The registered office is 24 – 26 Minories, London, EC3N 1BQ

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The financial statements of Motel One (UK) Limited were authorised for issue by the Board of Directors on 28 September 2017. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements have been prepared in sterling which is the functional currency of the company.

#### 1.2 Financial reporting standard 102 – reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- The requirements of Section 4 Statement of Financial Position paragraph 4.12(1)(iv);
- The requirements of Section 7 Statement of Cash Flows;
- The requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- The requirements of Section 11 Financial Instruments paragraphs 11.41 to 11.48A;
- The requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- The requirements of Section 33 Related Party Disclosures paragraph 33.7.

#### 1.3 Going concern

The company has net current liabilities of £4,292,255 at 31 December 2016 therefore the company continues to depend on the financial support from its parent undertaking. The directors have received written confirmation from the parent undertaking that it will provide or procure such funding as may be required by the company to settle all external liabilities as they fall due for a period of at least twelve months from the approval of these financial statements.

On the basis of their assessment of the company's financial position, the expected cash flows and ongoing group support, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### 1.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue includes the rental of rooms and food and beverage sales. Revenue is recognised when rooms are occupied and food and beverages at the point of sale.

#### 1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

## **1. Accounting policies (continued)**

### **1.6 Depreciation**

Depreciation is provided on all tangible assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition or revaluation of each asset over its expected useful life as follows:

Leasehold improvements – over the term of the lease

Fixtures and Fittings – over 5- 10 years straight line

Assets under course of construction are not depreciated until they are available for use.

### **1.7 Stocks**

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and low moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

### **1.8 Financial Assets**

The Company's financial assets include trade and other debtors and cash and short term deposits.

#### ***Trade and other receivables***

Trade debtors, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

#### ***Cash and cash equivalents***

Cash and cash equivalents comprises cash on hand and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

### **1.9 Financial liabilities**

The Company's financial liabilities include trade and other payables.

#### ***Trade and other payables***

Trade and other payables are initially measured at fair value. Trade and other payables are non-interest bearing.

### **1.10 Deferred taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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, or a right to pay less, tax in the future have occurred at the balance sheet date, excluding the effect of any trading losses carried forward where there is insufficient evidence that suitable taxable profits will be generated in future.

Deferred tax is measured on a non-discounted 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.

### **1.11 Foreign currencies**

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rate at the balance sheet date. All exchange differences are included in the profit and loss account.

### **1.12 Leasing commitments**

Rentals payable under operating leases are charged to profit and loss account on a straight line basis over the lease term.

Lease incentives receivable in respect of capital expenditure are credited to a deferred income account and are released to profit over the lease term on a straight line basis.

## 1. Accounting policies (continued)

### 1.13 Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements have had the most significant effect on amounts recognised in the financial statements:

#### *Operating lease commitments*

The Company has entered into commercial property leases as a lessee. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

The following are the Company's key sources of estimation uncertainty:

#### *Tangible fixed assets*

If there are indicators that the residual value or useful life of a tangible fixed asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

#### *Impairment of financial assets*

The Company assesses at each reporting date whether an asset may be impaired. If any such indication exists the Company estimates recoverable amount of the asset.

## 2. Turnover

Turnover, which is stated net of value added tax, represents the invoiced amount of goods sold and the services provided during the year.

Turnover and pre-tax profit is attributable to one continuing activity, the development and trading of hotels. The turnover is wholly generated within the UK.

	2016 £	2015 £
Rendering of services	15,206,806	10,352,282
Sale of goods	1,639,509	1,053,999
	<u>16,846,315</u>	<u>11,406,281</u>

## 3. Operating Profit/(Loss)

This is stated after charging:

	2016 £	2015 £
Depreciation of fixed assets	1,135,043	585,608
Operating lease rentals – land and buildings	5,010,939	3,599,934
Cost of inventories recognised as an expense	534,675	354,838
Auditors remuneration – Audit of financial statements	12,530	12,594
Auditors remuneration – Other services	1,200	5,950

#### 4. Net interest payable

	2016	2015
	£	£
Interest receivable	1,254	86
Interest payable on loans from group companies	(99,154)	(77,714)
Net interest	<u>(97,900)</u>	<u>(77,628)</u>

#### 5. Staff costs

The aggregate payroll costs were as follows:

	2016	2015
	£	£
Wages and salaries	2,603,942	1,664,650
Social security costs	218,634	131,907
	<u>2,822,576</u>	<u>1,796,557</u>

The monthly average number of employees during the year was as follows:

	2016	2015
	No.	No.
Operations	<u>104</u>	<u>68</u>

All directors are remunerated by other group companies. No director received, or was due to receive, any remuneration during the period in respect of services to this company (2015: £nil).

#### 6. Taxation

	2016	2015
	£	£
<b>Corporation tax</b>		
Current tax on profits for the year	251	-
<b>Total current tax</b>	<u>251</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	148,822	(176,421)
Adjustments in respect of previous periods	(8,657)	(1,081)
Effect of changes in tax rate	(13,075)	19,684
<b>Total deferred tax</b>	<u>127,090</u>	<u>(157,818)</u>
<b>Taxation on profit on ordinary activities</b>	<u>127,341</u>	<u>(157,818)</u>



## 6. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 – higher than) the standard rate of corporation tax in the UK of 20% (2015 – 20.25%). The differences are explained below:

	2016 £	2015 £
Loss on ordinary activities before tax	218,365	(504,492)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	43,673	(102,160)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	105,400	167,146
Recognition of deferred tax asset	-	(240,312)
Adjustments in respect of previous periods	(8,657)	(1,081)
Tax rate changes	(13,075)	19,684
FRS 102 adjustments	-	(1,095)
<b>Total tax credit for the year</b>	<b>127,341</b>	<b>(157,818)</b>

### Factors that may affect future tax charges

The standard rate of UK corporation tax reduced from 21% to 20% on 1 April 2015. The Finance Act (No.2) 2015 includes legislation which will reduce the rate further to 19% from 1 April 2017 and this was given Royal Assent on 18 November 2015. The Finance Bill 2016 was substantively enacted on 6 September 2016, further reducing the corporation tax rate to 17% as of 1 April 2020. The company will only recognise the impact of the rate change which is substantively enacted at the balance sheet date in its financial statements.

### Deferred tax

2016

The movement in the deferred tax balance in the year was as follows

	£
At 1 January 2016	157,818
Charged to the Profit and Loss	(127,090)
At 31 December 2016	30,728

The deferred tax asset consists of:

	2016 £	2015 £
Fixed asset timing differences	(48,136)	(187,316)
Tax losses carried forward	78,864	345,134
<b>Total deferred tax asset (Note 8)</b>	<b>30,728</b>	<b>157,818</b>

## 7. Tangible fixed assets

	<i>Leasehold Land &amp; Buildings</i>	<i>Fixtures and Fittings</i>	<i>Assets Under Construction</i>	<i>Total</i>
	£	£	£	£
Cost at 1 January 2016	316,543	6,168,800	-	6,485,343
Transfers between categories	722,255	(722,255)	-	-
Additions	507,032	280,556	1,356	788,944
Disposals	-	(211,484)	-	(211,484)
At 31 December 2016	1,545,830	5,515,617	1,356	7,062,803
Depreciation at 1 January 2016	13,523	600,386	-	613,909
Charge for the year	59,549	1,075,494	-	1,135,043
Disposals	-	-	-	-
At 31 December 2016	73,072	1,675,880	-	1,748,952
At 31 December 2016	1,472,758	5,567,414	-	5,313,851
At 31 December 2015	303,020	5,567,414	-	5,871,434

## 8. Debtors

	2016 £	2015 £
Trade debtors	312,895	218,780
Other debtors	1,788,809	1,389,168
Deferred taxation (Note 6)	30,728	157,818
	<u>2,132,432</u>	<u>1,765,766</u>

## 9. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	577,446	1,389,561
Deferred income	33,223	50,373
Amounts owed to group undertakings	4,741,501	4,651,653
Other creditors and accruals	802,732	560,734
Lease creditors	1,157,583	949,786
Corporation tax (Note 6)	251	-
Other taxes and social security	373,547	137,707
	<u>7,686,283</u>	<u>7,739,814</u>

Amounts owed to group companies relates to a loan from Motel One GmbH of £4,648,309 which attracts interest at Euribor + 2% and is repayable on demand.

# 10. Creditors: amounts falling due after more than one year

	2015 £	2015 £
Lease incentive contribution	1,269,244	1,301,169

# 11. Share capital

	No.	2016 £	No.	2015 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	1	1	1	1

# 12. Reserves

## Retained earnings

The retained earnings account includes all current and prior retained profit and losses.

## Capital reserves

This reserve records capital contributions received from the holder of the ordinary shares.

# 13. Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2016 £	2015 £
Not later than one year	5,188,560	5,053,362
Later than one year and not later than five years	20,754,240	20,213,448
Later than five years	89,146,250	92,617,180
	<u>115,089,050</u>	<u>117,883,990</u>

# 14. Related party transactions

The company has taken advantage of the FRS 102 exemption from disclosing related party transactions with entities that are within the same group.

# 15. Ultimate parent undertaking and controlling party

The company is controlled by Motel One GmbH, a company incorporated in Germany, by virtue of its 100% shareholding in the company. The ultimate controlling party is One Hotels & Resorts AG, a company incorporated in Germany.

The parent undertaking of the smallest group of undertaking of which the company is member and which prepare group financial statements is Motel One GmbH, a company incorporated in Germany.

The parent undertaking of the largest group of undertakings of which the company is a member and which prepares group account is One Hotels & Resorts AG. Group financial statements are available from the common register portal of the German federal states ([www.handelsregister.de](http://www.handelsregister.de)).