

Motel One (UK) Limited

Report and Financial Statements

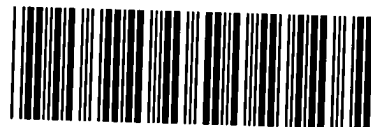
31 December 2017

**COMPANIES HOUSE
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COMPANIES HOUSE

Company number: 07960423

Motel One (UK) Limited

Directors

F J Wiessler
D N Müller
S F Lenze
A Rödel

Secretary

S F Lenze

Auditors

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

Registered Office

Motel One London Tower Hill
24 – 26 Minories
London
EC3N 1BQ

Contents	Page
Strategic Report	3 – 4
Directors' Report	5
Directors' Responsibilities Statement	6
Independent Auditor's Report	7 – 9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Notes to the financial statements	13 - 19

Registered No. 07960423

Strategic report

The directors present their strategic report for the year ended 31 December 2017.

Principal activities and review of the business

The principal activity of the company is to lease and operate hotels. During the year the company operated three hotels under the Motel One brand in London, Manchester and Newcastle.

The increase in turnover and EBITDA has been a result of the increase in occupancy rate by 9.4% and higher yield per room of 1.9%.

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

	2017	2016	Change
Turnover	£19,242,505	£16,846,314	14%
Occupancy Rate	70.2 %	60.8 %	9.4%
Yield per room	£74.9	£73.5	1.9%
EBITDA	£3,849,855	£1,451,308	165%

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.

Registered No. 07960423

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



A Rödel

26 September 2018



S F Lenze

26 September 2018

Registered No. 07960423

Directors' report

The directors present their report and financial statements for the year ended 31 December 2017.

Directors

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

D N Müller

F J Wiessler

S F Lenze

A Rödel (appointed 0/10/2017)

Results and dividends

The profit for the year, after taxation amounted to £2,371,420 (2016: loss of £91,024). The directors do not recommend the payment of a dividend (2016: £nil), leaving a credit to reserves of £2,371,420 (2016: £91,024).

Going Concern

In line with the FRS guidance on Going Concern issued in April 2016, the directors have undertaken an exercise to review the appropriateness of the continued use of the going concern basis.

The company has net current liabilities of £1,010,327 at 31 December 2017 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 growth plans.

The Company estimates an increase in revenue by 6-7 % in FY 2018 due to an increasing occupancy rate. EBITDA is expected to increase accordingly.

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



A Rödel

26 September 2018



S F Lenze

26 September 2018

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

Opinion

We have audited the financial statements of Motel One (UK) Limited for the year ended 31 December 2017 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, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ▶ give a true and fair view of the company's affairs as at 31 December 2017 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 requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ▶ the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ▶ the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report (*continued*)

to the members of Motel One (UK) Limited

Opinions on other matters 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; and
- ▶ the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent auditor's report (continued)

to the members of Motel One (UK) Limited

Use of our report

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

Ernst & Young LLP

Janie McMinn (Senior Statutory Auditor)

for and on behalf of

Ernst & Young LLP

Glasgow

28/9/18

Statement of Comprehensive Income

For the year ended 31 December 2017

	Notes	2017 £	2016 £
Turnover	2	19,242,505	16,846,315
Cost of sales		(5,736,199)	(5,847,746)
Gross profit		<u>13,506,306</u>	<u>10,998,569</u>
Administration expenses		(10,801,921)	(10,682,304)
Operating profit	3	2,704,385	316,265
Net interest payable	4	(74,047)	(97,900)
Profit on ordinary activities before taxation		<u>2,630,338</u>	<u>218,365</u>
Taxation	6	(258,918)	(127,341)
Profit for the financial year		<u>2,371,420</u>	<u>91,024</u>
Other comprehensive loss for the year			
Other comprehensive loss		-	-
Total comprehensive profit/loss for the year		<u>2,371,420</u>	<u>91,024</u>

All amounts relate to continuing operations.

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

The notes on pages 13 to 19 form part of these financial statements.

Registered No. 07960423

Statement of Financial Position

As at 31 December 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	7	4,341,908	5,313,851
Current assets			
Stocks		61,978	73,574
Debtors	8	2,319,092	2,132,432
Cash at bank and in hand		1,514,806	1,188,022
		3,895,876	3,394,028
Creditors: amounts falling due within one year	9	(4,906,203)	(7,686,283)
Net current liabilities		(1,010,327)	(4,292,255)
Total assets less current liabilities		3,331,581	1,021,596
Creditors: amounts falling due in more than one year	10	(1,207,809)	(1,269,244)
Net assets/ liabilities		2,123,772	(247,648)
Capital and reserves			
Called up share capital	11	1	1
Capital reserve		2,400,000	2,400,000
Profit and loss account		(276,229)	(2,647,649)
Shareholders' deficit		2,123,772	(247,648)

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



A Rödel

26 September 2018



S F Lenze

26 September 2018

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

Registered No. 07960423

Statement of Changes in Equity

As at 31 December 2017

	<i>Called-up share capital</i>	<i>Capital Reserves</i>	<i>Profit and Loss Account</i>	<i>Total Equity</i>
	£	£	£	£
At 1 January 2017	1	2,400,000	(2,647,649)	(247,648)
Profit for the year	-	-	2,371,420	2,371,420
Total comprehensive loss for the year	-	-	2,371,420	2,371,420
At 31 December 2017	1	2,400,000	(276,229)	2,123,772

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)
Loss for the year	-	-	91,024	91,024
Total comprehensive loss	-	-	91,024	91,024
At 31 December 2016	1	2,400,000	(2,647,649)	(247,648)

The notes on pages 13 to 19 form part of these financial statement.

Notes to the financial statements

For the year ended 31 December 2017

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 26 September 2018. 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 £1,010,327 at 31 December 2017 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.

	2017 £	2016 £
Rendering of services	17,371,260	15,206,806
Sale of goods	1,871,245	1,639,509
	<u>19,242,505</u>	<u>16,846,315</u>

3. Operating Profit/(Loss)

This is stated after charging:

	2017 £	2016 £
Depreciation of fixed assets	1,145,470	1,135,043
Operating lease rentals – land and buildings	5,095,786	5,010,939
Cost of inventories recognised as an expense	739,335	534,675
Auditors remuneration – Audit of financial statements	13,000	12,530
Auditors remuneration – Other services	<u>1,300</u>	<u>1,200</u>

4. Net interest payable

	2017	2016
	£	£
Interest receivable on loans to group companies	12,916	1,254
Interest payable on loans from group companies	(86,963)	(99,154)
Net interest	(74,047)	(97,900)

5. Staff costs

The aggregate payroll costs were as follows:	2017	2016
	£	£
Wages and salaries	2,409,727	2,603,942
Social security costs	207,126	218,634
	2,616,853	2,822,576

The monthly average number of employees during the year was as follows:	2017	2016
	No.	No.
Operations	91	104

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 (2016: £nil).

6. Taxation

	2017	2016
	£	£
Corporation tax		
Current tax on profits for the year	244,979	251
Total current tax	244,979	251
Deferred tax		
Origination and reversal of timing differences	15,017	148,822
Adjustments in respect of previous periods	677	(8,657)
Effect of changes in tax rate	(1,755)	(13,075)
Total deferred tax	13,939	127,090
Taxation on profit on ordinary activities	258,918	127,341

6. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 – higher than) the standard rate of corporation tax in the UK of 19.25% (2016 – 20%). The differences are explained below:

	2017 £	2016 £
Profit / Loss on ordinary activities before tax	2,630,338	218,365
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20.25%)	506,340	43,673
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	28,639	105,400
Adjustments in respect of previous periods	677	(8,657)
Tax rate changes	(1,799)	(13,075)
Group relief	(274,939)	-
Total tax credit for the year	258,918	127,341

Factors that may affect future tax charges

The standard rate of UK corporation tax reduced from 20% to 19% on 1 April 2017. 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 taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Deferred tax

2017

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

	£
At 1 January 2017	30,728
Charged to the Profit and Loss	(13,939)
At 31 December 2017	16,789

The deferred tax asset consists of:

	2017 £	2016 £
Fixed asset timing differences	16,789	(48,136)
Tax losses carried forward	-	78,864
Total deferred tax asset (Note 8)	16,789	30,728

7. Tangible fixed assets

	<i>Leasehold Land & Buildings</i>	<i>Fixtures and Fittings</i>	<i>Assets Under Construction</i>	<i>Total</i>
	£	£	£	£
Cost at 1 January 2017	1,545,830	5,515,617	1,356	7,062,803
Additions	160,417	7,715	5,395	173,527
At 31 December 2017	1,706,247	5,523,332	6,751	7,236,330
Depreciation at 1 January 2017	73,072	1,675,880	-	1,748,952
Charge for the year	68,737	1,076,733	-	1,145,470
At 31 December 2017	141,809	2,752,613	-	2,894,422
At 31 December 2017	1,564,438	2,770,719	-	4,341,908
At 31 December 2016	1,472,758	5,567,414	-	5,313,851

8. Debtors

	2017 £	2016 £
Trade debtors	284,673	312,895
Other debtors	2,017,630	1,788,809
Deferred taxation (<i>Note 6</i>)	16,789	30,728
	<u>2,319,092</u>	<u>2,132,432</u>

9. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	331,800	577,446
Deferred income	40,128	33,223
Amounts owed to group undertakings	2,180,272	4,741,501
Other creditors and accruals	640,485	802,732
Lease creditors	1,115,160	1,157,583
Corporation tax (<i>Note 6</i>)	244,979	251
Other taxes and social security	353,379	373,547
	<u>4,906,203</u>	<u>7,686,283</u>

Amounts owed to group companies relates to a loan from Motel One GmbH of £2,180,272 which attracts interest at Euribor + 2% and is repayable on demand.

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

	2017	2016
	£	£
Lease incentive contribution	<u>1,207,809</u>	<u>1,269,244</u>

11. Share capital

	No.	2017	No.	2016
		£		£
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	1	<u>1</u>	1	<u>1</u>

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:

	2017	2016
	£	£
Not later than one year	5,053,362	5,188,560
Later than one year and not later than five years	20,213,448	20,754,240
Later than five years	<u>82,205,749</u>	<u>89,146,250</u>
	<u>107,472,559</u>	<u>115,089,050</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).