

**Macdonald Hotels and Resorts Limited**

Directors' report and financial statements

Registered number SC125204

1 October 2009

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## **Contents**

Company information	1
Directors' report	2
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	4
Independent auditors' report to the members of Macdonald Hotels and Resorts Limited	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

## Company information

Directors	DJ Macdonald D Guile RG Fraser
Auditors	KPMG LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EG
Bankers	Bank of Scotland The Mound Edinburgh EH1 1YZ
Registered office	Whiteside House Bathgate West Lothian EH48 2RX

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 1 October 2009.

### **Principal activities**

The company is a holding company for companies operating hotels.

### **Business review**

The financial results for the year ended 1 October 2009 are contained in the profit and loss account.

The principal risks and uncertainties affecting the business include the following:

- The impact of current economic conditions on consumer spending levels: the company operates in an industry which is impacted by consumer spending levels. The Company operates in a variety of markets including corporate, leisure, conference and functions, providing it with adequate sheltering from the impact of any drop in consumer spending levels.
- Debtors: the company maintains strong relationships with each of its key customers and has established credit control parameters. Appropriate credit terms are agreed with key customers and these are closely monitored.
- Competitive risk: the company operates in competitive markets. Product development by competitors could adversely affect the company. The Company's focus on quality and standards together with the continual investment in its product reduces the possible effect of action by any single competitor.

Key areas of strategic development and performance of the business include:

- Sales and marketing: significant investment is being made to develop our brand and ensure new business is being won continually; new markets have been developed; key customer relationships are monitored on a regular basis.
- Competitive advantage: the Company focuses on areas where it has a competitive advantage including quality and value and the development of its people which places it well in terms of superior long term income/cash flow growth potential.

Key financial performance indicators include the monitoring of the management of profitability and working capital.

Key non-financial performance indicators include the monitoring of quality, environmental impact and energy consumption. The directors are satisfied with the progress the Company has made during the year and will continue to focus on quality together with limiting the Company's environmental impact and energy consumption.

### **Dividend**

The directors do not recommend the payment of a dividend.

### **Directors**

The directors who held office during the year are shown on page 1.

### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## Directors' report *(continued)*

### Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



**RG Fraser**  
*Director*

Whiteside House  
Bathgate  
West Lothian  
EH48 2RX

12 July 2010

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2EG  
United Kingdom

## **Independent auditors' report to the members of Macdonald Hotels and Resorts Limited**

We have audited the financial statements of Macdonald Hotels and Resorts Limited for the year ended 1 October 2009 set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors' 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 auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **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 1 October 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; 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 the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **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.

**L Bennett (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

12 July 2010

**Profit and loss account**  
*for the year ended 1 October 2009*

	<i>Note</i>	<b>2009 £000</b>	<b>2008 £000</b>
Administrative expenses		(2)	(178)
<b>Operating loss</b>		<b>(2)</b>	<b>(178)</b>
Interest receivable	4	14,994	18,601
<b>Profit on ordinary activities before taxation</b>	2	<b>14,992</b>	<b>18,423</b>
Tax on profit on ordinary activities	5	(4,409)	(5,365)
<b>Profit for the financial year</b>	10	<b>10,583</b>	<b>13,058</b>

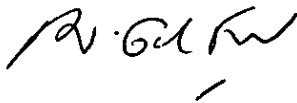
The company has no recognised gains or losses other than as reported above.



**Balance sheet**  
 at 1 October 2009

	Note	2009 £000	2008 £000
<b>Fixed assets</b>			
Investments	6	7,573	7,573
<b>Current assets</b>			
Debtors	7	286,575	266,979
<b>Creditors: amounts falling due within one year</b>	8	(17,305)	(8,292)
<b>Net current assets</b>		269,270	258,687
<b>Net assets</b>		276,843	266,260
<b>Capital and reserves</b>			
Called up share capital	9	3,169	3,169
Share premium account		32,606	32,606
Profit and loss account	10	241,068	230,485
<b>Shareholders' funds</b>	11	276,843	266,260

These financial statements were approved by the board of directors 12 July 2010 and were signed on its behalf by:



**RG Fraser**  
 Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost accounting rules.

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary of Macdonald Hotels Limited, and its cash flows are included within the consolidated cash flow statement of that company.

As the company is a wholly owned subsidiary of the group headed by Macdonald Hotels Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

#### *Investments*

Investments in subsidiary undertakings, associates and joint ventures are stated at cost, less amounts written off.

#### *Taxation*

The charge for taxation is based on the profit or loss for the period 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, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

### 2 Profit on ordinary activities before taxation

The audit fee for the year of £3,500 (2008: £3,500) has been borne by the company's parent company.

### 3 Staff costs and directors' emoluments

The company has no employees other than its directors.

The directors received no remuneration from the company in the current or preceding year.

### 4 Interest receivable

	2009 £000	2008 £000
Receivable from group undertakings	14,978	18,572
Receivable from related parties	16	29
	<hr/>	<hr/>
	14,994	18,601
	<hr/>	<hr/>

## Notes (continued)

### 5 Taxation

The taxation charge comprises:

	2009 £000	2008 £000
<i>Current tax</i>		
Group relief payable	4,198	5,343
Group relief – adjustment in respect of previous years	211	22
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Total tax charge	4,409	5,365
	<hr/>	<hr/>

#### *Factors affecting the tax charge for the current period*

The current tax charge for the period is higher than (2008: higher than) the standard rate of corporation tax in the UK of 28% (2008: 29%). The differences are explained below.

	2009 £000	2008 £000
Profit on ordinary activities before tax	14,992	18,423
	<hr/>	<hr/>
Current tax at 28% (2008: 29%)	4,198	5,343
<i>Effects of:</i>		
Adjustment in respect of prior periods	211	22
	<hr/>	<hr/>
Current tax charge for year	4,409	5,365
	<hr/>	<hr/>

## Notes (continued)

### 6 Fixed asset investments

	Subsidiaries		Associates	Other	Total
	Shares £000	Loans £000	Shares £000	loans £000	£000
<b>Cost</b>					
At beginning of year	14,943	2,331	33	350	17,657
Transfer	33	-	(33)	-	-
Written off in the year	(9,868)	-	-	-	(9,868)
<b>At end of year</b>	<b>5,108</b>	<b>2,331</b>	<b>-</b>	<b>350</b>	<b>7,789</b>
<b>Provision</b>					
At beginning of year	10,084	-	-	-	10,084
Written off in the year	(9,868)	-	-	-	(9,868)
<b>At end of year</b>	<b>216</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>216</b>
<b>Net book value</b>					
At end of year	<b>4,892</b>	<b>2,331</b>	<b>-</b>	<b>350</b>	<b>7,573</b>
At beginning of year	4,859	2,331	33	350	7,573

At 1 October 2009 the following companies were the principal subsidiaries undertakings. All operate in the UK. All of the entities are included in the consolidation of the parent company, Macdonald Hotels Limited, and are 100% owned unless noted below.

#### Subsidiaries

Intra Inns Limited	(i)
Macdonald Hotels (Management) Limited	(iii)
Aviemore Leisure Management Limited	(iii)
Pittodrie Group Limited (50%)	(i)
Hill Valley Hotel, Golf and Country Club (75%)	(i)
Cardrona Hotel, Golf & Country Club (69%)	(i)

The nature of the business is as noted:

- (i) Hotels
- (ii) Hotels and Leisure
- (iii) Management Services

## Notes (continued)

### 7 Debtors

	2009 £000	2008 £000
Other debtors and prepayments	2	3
Amounts due from group undertakings	286,434	266,853
Interest due from related party	139	123
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	286,575	266,979
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Although amounts due from group undertakings are repayable on demand, the company has no plans to demand settlement in the short term.

### 8 Creditors: amounts falling due within one year

	2009 £000	2008 £000
Bank overdraft (secured)	7,477	2,806
Accruals and deferred income	22	94
Group relief payable	9,752	5,343
Other creditors	54	49
	<hr/>	<hr/>
	17,305	8,292
	<hr/>	<hr/>

### 9 Called up share capital

	2009 £000	2008 £000
<i>Authorised</i>		
78,000,000 ordinary shares of 5p each	3,900	3,900
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
63,370,864 ordinary shares of 5p each	3,169	3,169
	<hr/>	<hr/>

### 10 Reserves

	2009 £000	2008 £000
<i>Profit and loss account</i>		
At beginning of year	230,485	217,427
Profit for the financial year	10,583	13,058
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At end of year	241,068	230,485
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## Notes (continued)

### 11 Reconciliation of movements in shareholders' funds

	2009 £000	2008 £000
Profit for the financial year	10,583	13,058
Opening shareholders' funds	266,260	253,202
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Closing shareholders' funds	276,843	266,260
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### 12 Contingent liabilities

The company is party to joint and several guarantees with other group members, including Macdonald Hotels Limited, in respect of bank borrowings. The company's liability in respect of these guarantees at 1 October 2009 amounted to £321 million (2008: £309 million).

The company also has an obligation under the group VAT registration amounting at 1 October 2009 to £2.9 million (2008: £3.1 million).

### 13 Related parties

£16,000 (2008: £29,000) was receivable for the year from Egerton House Hotel (Bolton) Limited, in respect of the company's investment in loan stock. The amount outstanding in respect of accrued interest at the year end was £139,000 (2008: £123,000).

### 14 Ultimate parent company

The company's ultimate parent company is Macdonald Hotels Limited which is incorporated in Great Britain.

The consolidated financial statements of Macdonald Hotels Limited can be obtained from Whiteside House, Bathgate, West Lothian, EH48 2RX. The largest and smallest group in which the company's accounts are consolidated is headed by Macdonald Hotels Limited.