

Report of the Directors and
Financial Statements for the Year Ended 31 December 2011
for
Village Leisure Hotels Limited

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for the Year Ended 31 December 2011

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Village Leisure Hotels Limited

Company Information
for the Year Ended 31 December 2011

DIRECTORS:

A M Coppel CBE
D G Caldecott

SECRETARY

S Kaushal

REGISTERED OFFICE

17 Portland Place
London
W1B 1PU

REGISTERED NUMBER.

01382864 (England and Wales)

AUDITORS

Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

Report of the Directors
for the Year Ended 31 December 2011

The directors present their report with the financial statements of the Company for the year ended 31 December 2011

PRINCIPAL ACTIVITY

The Company did not trade during the current year or previous year

REVIEW OF BUSINESS

A comprehensive review of the strategic affairs of the group into which the Company is consolidated, including key performance indicators and key risks and uncertainties, is contained in the report and financial statements of De Vere Group Limited, the ultimate parent company at the year end

The Company made neither a profit nor a loss in the current year (2010 £nil)

DIVIDENDS

The directors do not recommend the payment of a dividend (2010 dividend in specie £60,000)

DIRECTORS

The directors who served during the period were as follows

A M Coppel CBE	(appointed 16 September 2011)
D G Caldecott	(appointed 16 September 2011)
R G Balfour-Lynn	(resigned 16 September 2011)
J Singh	(resigned 16 September 2011)

SIGNIFICANT EVENTS

In September 2012, the De Vere Group and Bank of Scotland plc extended the term of the Group's senior borrowing facilities to June 2015. The directors are satisfied that the Group will be able to meet the requirements of the revised loan agreement, thereby assuring the Company's ability to continue as a going concern

Further details of the De Vere Group's borrowings are available in the financial statements of De Vere Group Limited, the ultimate parent undertaking at the year end

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 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

Report of the Directors (continued)
for the Year Ended 31 December 2011

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

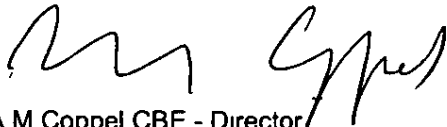
In accordance with Section 418(2) of the Companies Act 2006 each of the above directors (excluding those who have resigned during the financial year)

- 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 handwritten signature in black ink, appearing to read 'A M Coppel', written over the printed name.

A M Coppel CBE - Director

Date **28** September 2012

Report of the Independent Auditors to the Members of
Village Leisure Hotels Limited

We have audited the financial statements of Village Leisure Hotels Limited for the year ended 31 December 2011 which comprise the Balance Sheet and the related notes 1 to 11. 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 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 Statement of Directors' Responsibilities set out on page two, 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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011,
- 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors 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.



Barry Flynn (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

Manchester

Date 28/9/2012

Balance Sheet
31 December 2011

	Notes	2011 £'000	2010 £'000
CURRENT ASSETS			
Debtors	6	<u>1</u>	<u>1</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>1</u></u>	<u><u>1</u></u>
CAPITAL AND RESERVES			
Called up share capital	7	<u>1</u>	<u>1</u>
SHAREHOLDERS' FUNDS	11	<u><u>1</u></u>	<u><u>1</u></u>

The financial statements were approved by the Board of Directors on **28** September 2012 and were signed on its behalf by


A M Coppel CBE - Director



Notes to the Financial Statements
for the Year Ended 31 December 2011

1 ACCOUNTING POLICIES

Basis of preparation

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

Profit and loss account

The Company did not trade during the year and made neither a profit nor a loss. Accordingly, no profit or loss account has been prepared

Cash flow statement

As a wholly owned subsidiary of De Vere Group Limited as at 31 December 2011, 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

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

Going concern

After making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company's financial statements have therefore been prepared on a going concern basis

As described in note 10, 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

Related party transactions

As a wholly owned subsidiary of De Vere Group Limited as at 31 December 2011, the Company has taken advantage of the exemption available under FRS 8 not to disclose details of transactions with other group companies

2 STAFF COSTS

There were no staff costs for the year ended 31 December 2011 nor for the year ended 31 December 2010

Notes to the Financial Statements - continued
for the Year Ended 31 December 2011

3 DIRECTORS' EMOLUMENTS

The emoluments of A M Coppel CBE 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 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.

During the years ended 31 December 2011 and 31 December 2010 R G Balfour-Lynn and J Singh were also partners of AHGM LLP (a related undertaking) and were remunerated by that undertaking in their capacity as partners rather than by the Company or any of its fellow subsidiaries. Further details can be found in the financial statements of De Vere Group Limited.

4 OPERATING PROFIT

The auditors' fee for the year of £900 (2010 £850) was settled by a related company, De Vere Central Services Limited (2010 fees were settled by De Vere Village Trading No 1 Limited).

5 TAXATION

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2011 (2010 £nil).

6 DEBTORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Amounts owed by group undertakings	<u>1</u>	<u>1</u>

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

7 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

Number	Class	Nominal value	2011 £'000	2010 £'000
1,000	Ordinary shares	£1	<u>1</u>	<u>1</u>
			<u>1</u>	<u>1</u>
			2011 £'000	2010 £'000
At 1 January			1	61
Share capital reduction			<u>-</u>	<u>(60)</u>
At 31 December			<u>1</u>	<u>1</u>

On 14 December 2010 the Company reduced its issued ordinary share capital by cancelling 60,218 ordinary shares of £1 each.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2011

8 RESERVES

Profit
and loss
account
£'000

At 31 December 2010 and 2011

-

9 ULTIMATE PARENT COMPANY

The immediate parent company of Village Leisure Hotels Limited is De Vere Hotels and Restaurants Limited, a company registered in England and Wales

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 financial statements of the Company form part of the consolidated financial statements of De Vere Group Limited which can be obtained from Companies House

10 CONTINGENT LIABILITIES

Pursuant to a loan facility agreement between Bank of Scotland plc, De Vere Limited ("DVL") and De Vere Midco Limited ("DVM"), both DVL and DVM being fellow subsidiaries of the De Vere Group Limited group of companies, there is a charge over all the Company's assets. The total borrowings under the loan facility agreement at 31 December 2011 amounted to £1,110,593,000 (2010 £1,083,869,000)

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £'000	2010 £'000
Result for the financial year	-	-
Dividend in specie	<u>-</u>	<u>(60)</u>
Net addition/(reduction) to shareholders' funds	-	(60)
Opening shareholders' funds	<u>1</u>	<u>61</u>
Closing shareholders' funds	<u><u>1</u></u>	<u><u>1</u></u>