

Registered number: 01796064

QUALITY HOTELS LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020



QUALITY HOTELS LIMITED

COMPANY INFORMATION

Directors

J W Lobb
R Ramirez Sanchez (appointed 31 July 2020)
C J L Oldsberg (resigned 31 July 2020)

Company secretary

Mitre Secretaries Limited

Registered number

01796064

Registered office

77 Farringdon Road
London
EC1M 3JU

Independent auditor

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

QUALITY HOTELS LIMITED

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QUALITY HOTELS LIMITED
REGISTERED NUMBER: 01796064

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

| | Note | 2020 £ | 2019 £ |
|--|------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 5 | 31,829 | 61,499 |
| | | <u>31,829</u> | <u>61,499</u> |
| Current assets | | | |
| Debtors | 6 | 377,210 | 642,151 |
| Cash at bank and in hand | 7 | 1,461,112 | 1,188,752 |
| | | <u>1,838,322</u> | <u>1,830,903</u> |
| Creditors: amounts falling due within one year | 8 | (354,588) | (496,946) |
| Net current assets | | <u>1,483,734</u> | <u>1,333,957</u> |
| Total assets less current liabilities | | <u>1,515,563</u> | <u>1,395,456</u> |
| Provisions for liabilities | | | |
| Deferred tax | 10 | (1,439) | (8,149) |
| | | <u>(1,439)</u> | <u>(8,149)</u> |
| Net assets | | <u>1,514,124</u> | <u>1,387,307</u> |
| Capital and reserves | | | |
| Called up share capital | | 100,000 | 100,000 |
| Profit and loss account | | 1,414,124 | 1,287,307 |
| | | <u>1,514,124</u> | <u>1,387,307</u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

DocuSigned by:
 Raul Ramirez March 29, 2021

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 R Ramirez Sanchez

Director **R RAMIREZ SANCHEZ**

The notes on pages 2 to 8 form part of these financial statements.

QUALITY HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. General information

The company is a private company, limited by shares, incorporated in England and Wales with registration number 01796064. The principal activity during the year continued to be that of providing marketing, advance reservation and franchise services to hotels.

The address of the registered office is 77 Farringdon Road, London, EC1M 3JU.

The average monthly number of employees, including directors, during the year was 31 (2019 - 33).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis. In assessing this, the directors have prepared forecasts for the company and given due consideration to the long term financing, their working capital requirements and the profits and cash generation anticipated by the company.

In their assessment of going concern the directors have considered the current and developing impact on the business as the COVID19 virus continues to affect all aspects of life around the world. This has had an impact on the company's operations during 2020. Given the hotel sector within which the group and company operates has been adversely affected by events relating to COVID 19 and related lockdown actions. However, the Directors have taken all necessary mitigating actions during the crisis and are satisfied that the Company has sufficient reserves and ongoing activity to continue to trade and operate through this crisis.

Having regard to the above, the directors believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The financial statements do not include any adjustments that may result from any significant changes in the assumptions noted above in preparing the financial statements on a going concern basis

2.3 Turnover

Turnover comprises revenue recognised by the company in respect of services supplied during the year, exclusive of Value Added Tax and trade discounts.

Revenue is recognised when the service is provided.

2.4 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.

QUALITY HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.4 Tangible fixed assets (continued)

Depreciation is provided on the following basis:

| | |
|-------------------------------|-------------------------------|
| Fixtures & fittings | - Over the term of the lease. |
| Office and computer equipment | - 20-33% straight line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

QUALITY HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.8 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.10 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.11 Pensions**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

2.13 Interest income

Interest income is recognised in profit or loss using the effective interest method.

QUALITY HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.14 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3. Turnover

100% of the company's turnover (2019 - 100%) is attributable to customers based in geographical markets outside the United Kingdom.

4. Auditor's information

The auditor's report that was included in the financial statements and reports for the year ended 31 December 2020 and delivered to the directors was unqualified.

The audit report was issued by Crowe U.K. LLP and was signed by Nigel Bostock (Senior Statutory Auditor) on 29 March 2021.

QUALITY HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. Tangible fixed assets

| | Fixtures & fittings £ | Office equipment £ | Total £ |
|-------------------------------------|-----------------------------|--------------------------|---------------|
| Cost or valuation | | | |
| At 1 January 2020 | 10,720 | 76,310 | 87,030 |
| At 31 December 2020 | <u>10,720</u> | <u>76,310</u> | <u>87,030</u> |
| Depreciation | | | |
| At 1 January 2020 | 3,573 | 21,958 | 25,531 |
| Charge for the year on owned assets | 5,360 | 24,310 | 29,670 |
| At 31 December 2020 | <u>8,933</u> | <u>46,268</u> | <u>55,201</u> |
| Net book value | | | |
| At 31 December 2020 | <u>1,787</u> | <u>30,042</u> | <u>31,829</u> |
| At 31 December 2019 | <u>7,147</u> | <u>54,352</u> | <u>61,499</u> |

6. Debtors

| | 2020 £ | 2019 £ |
|------------------------------------|----------------|----------------|
| Trade debtors | 14,721 | 4,661 |
| Amounts owed by group undertakings | 225,928 | 478,923 |
| Other debtors | 73,885 | 80,243 |
| Prepayments and accrued income | 62,676 | 78,324 |
| | <u>377,210</u> | <u>642,151</u> |

7. Cash and cash equivalents

| | 2020 £ | 2019 £ |
|--------------------------|------------------|------------------|
| Cash at bank and in hand | <u>1,461,112</u> | <u>1,188,752</u> |

QUALITY HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Creditors: Amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 31,931 | 60,188 |
| Corporation tax | 37,477 | 35,615 |
| Other taxation and social security | 111,240 | 58,564 |
| Other creditors | 71,849 | 30,420 |
| Accruals and deferred income | 102,091 | 312,159 |
| | <u>354,588</u> | <u>496,946</u> |

9. Financial instruments

| | 2020 £ | 2019 £ |
|--|------------------|------------------|
| Financial assets | | |
| Financial assets measured at fair value through profit or loss | <u>1,744,276</u> | <u>1,722,804</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | <u>199,442</u> | <u>402,767</u> |

Financial assets measured at fair value through profit or loss comprise of bank balances, trade debtors, amounts owed from group undertakings and other debtors not including VAT.

Financial liability measured at amortised cost comprise of: trade creditors, other creditors and accruals.

10. Deferred taxation

| | 2020 £ | 2019 £ |
|---------------------------|----------------|----------------|
| At beginning of year | (8,149) | (4,349) |
| Charged to profit or loss | 6,710 | (3,800) |
| At end of year | <u>(1,439)</u> | <u>(8,149)</u> |

QUALITY HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

| | 2020 | 2019 |
|--------------------------------|-----------------------|-----------------------|
| | £ | £ |
| Accelerated capital allowances | (4,701) | (8,149) |
| Short term timing differences | 3,262 | - |
| | <u>(1,439)</u> | <u>(8,149)</u> |

11. Pension commitments

The company contributes into a qualifying workplace pension scheme for the benefit of all employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension cost charge represents contributions payable by the company to the fund and amounted to £117,870 (2019 - £109,452). Contributions totalling £19,915 (2019 - £13,067) were payable to the fund at the balance sheet date and are included in creditors.

12. Controlling party

The company is a wholly owned subsidiary of Choice Hotels Licensing B.V., a company incorporated in the Netherlands, which is a wholly owned subsidiary of the ultimate parent company, Choice Hotels International Inc., a company incorporated in the USA.

The consolidated financial statements of Choice Hotels International Inc. are available to the public and may be obtained from 1 Choice Hotels Circle, Suite 400, Rockville, Maryland 20850, USA.

13. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 102 Section 33.1.A "Related Party Disclosure" not to disclose transactions with other members of the group on the grounds that 100% of the voting right are controlled within the group.