
QUALITY HOTELS LIMITED

Small Company Report and Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

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QUALITY HOTELS LIMITED

COMPANY INFORMATION

Directors	Jeffrey William Lobb Mark Steven Pearce
Company secretary	Mitre Secretaries Limited
Registered number	01796064
Registered office	2nd Floor 67-74 Saffron Hill London EC1N 8QX
Independent auditor	Crowe Clark Whitehill LLP St Brides House 10 Salisbury Square London EC4Y 8EH

QUALITY HOTELS LIMITED

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QUALITY HOTELS LIMITED
REGISTERED NUMBER: 01796064

BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	6	59,108	78,437
		<u>59,108</u>	<u>78,437</u>
Current assets			
Debtors	7	344,881	553,998
Cash at bank and in hand	8	1,111,111	952,589
		<u>1,455,992</u>	<u>1,506,587</u>
Creditors: amounts falling due within one year	9	(370,527)	(556,433)
Net current assets		<u>1,085,465</u>	<u>950,154</u>
Total assets less current liabilities		<u>1,144,573</u>	<u>1,028,591</u>
Provisions for liabilities			
Deferred tax	11	(6,387)	(9,175)
		<u>(6,387)</u>	<u>(9,175)</u>
Net assets		<u><u>1,138,186</u></u>	<u><u>1,019,416</u></u>
Capital and reserves			
Called up share capital		100,000	100,000
Profit and loss account		1,038,186	919,416
		<u><u>1,138,186</u></u>	<u><u>1,019,416</u></u>

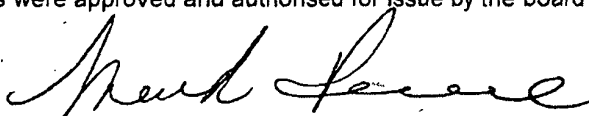
The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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 profit and loss account 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

Mark Steven Pearce
Director



20th March, 2018

The notes on pages 2 to 9 form part of these financial statements.

QUALITY HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 2nd Floor, 67-74 Saffron Hill, London, EC1N 8QX.

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.

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.

Depreciation is provided on the following basis:

Improvements to leasehold property	- Over the term of the lease
Fixtures & fittings	- 12.5% straight line
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.

QUALITY HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

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 instruments 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 non-puttable ordinary shares.

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 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit and loss account 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.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.10 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 the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

QUALITY HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.11 Holiday pay accrual

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

2.12 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

2.13 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 the Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet 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 Balance sheet.

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, 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 balance sheet 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 Balance sheet 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 balance sheet date.

3. Turnover

100% of the company's turnover (2016 - 100%) is attributable to customers based in geographical markets outside the United Kingdom.

QUALITY HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

4. Auditor's information

The auditor's report that was included in the financial statements and reports for the year ended 31 December 2017 and delivered to the directors was unqualified.

The audit report was issued by Crowe Clark Whitehill LLP and was signed by Nigel Bostock (Senior Statutory Auditor) on 23rd March 2018.

5. Employees

The average monthly number of employees, including directors, during the year was 32 (2016 - 41).

6. Tangible fixed assets

	Leasehold Improvements £	Fixtures & fittings £	Office equipment £	Total £
Cost or valuation				
At 1 January 2017	2,850	68,507	110,955	182,312
Additions	-	-	14,899	14,899
At 31 December 2017	2,850	68,507	125,854	197,211
Depreciation				
At 1 January 2017	831	64,939	38,105	103,875
Charge owned for the period	570	3,568	30,090	34,228
At 31 December 2017	1,401	68,507	68,195	138,103
Net book value				
At 31 December 2017	1,449	-	57,659	59,108
At 31 December 2016	2,019	3,568	72,850	78,437

QUALITY HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

6. Tangible fixed assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2017 £	2016 £
Short leasehold	1,449	2,019
	<u>1,449</u>	<u>2,019</u>

QUALITY HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. Debtors

	2017 £	2016 £
Due after more than one year		
Other debtors	49,105	49,105
	<u>49,105</u>	<u>49,105</u>
Due within one year		
Trade debtors	6,580	13,566
Amounts owed by group undertakings	225,462	425,856
Other debtors	21,600	30,590
Prepayments and accrued income	42,134	34,881
	<u>344,881</u>	<u>553,998</u>

8. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	1,111,111	952,589
	<u>1,111,111</u>	<u>952,589</u>

9. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	373	21,799
Amounts owed to group undertakings	5,443	2,874
Corporation tax	35,471	4,637
Other taxation and social security	47,453	43,343
Other creditors	20,282	8,800
Accruals and deferred income	261,505	474,980
	<u>370,527</u>	<u>556,433</u>

QUALITY HOTELS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

10. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets measured at fair value through profit or loss	1,111,111	952,589
	<u>1,111,111</u>	<u>952,589</u>

Financial assets measured at fair value through profit or loss comprise of bank balances £1,111,111 (2016: £952,589)

11. Deferred taxation

	2017 £
At beginning of year	(9,175)
Charged to profit or loss	2,788
At end of year	<u><u>(6,387)</u></u>

The provision for deferred taxation is made up as follows:

	2017 £
Accelerated capital allowances	(7,865)
Short term timing differences	1,478
	<u><u>(6,387)</u></u>

12. 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 £97,690 (2016 - £81,001). Contributions totalling £10,067 (2016 - £8,801) were payable to the fund at the balance sheet date and are included in creditors.

QUALITY HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. 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.

14. 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.