

easyHotel UK Limited

Directors' Report and Financial Statements

For the year ended 30 September 2015

Registered Number 05018910

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COMPANIES HOUSE

easyHotel UK Limited

Company Information

Directors

Guy Parsons
Marc Vieilledent

Registered office

80 Old Street
London
EC1V 9AZ

Registered number

05018910

Independent auditor

BDO LLP
55 Baker Street
London
W1U 7EU

easyHotel UK Limited

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easyHotel UK Limited

Directors' Report for the year ended 30 September 2015

The directors present their report together with the audited financial statements for the year ended 30 September 2015.

Results and dividends

The profit and loss account is set out on page 6 and shows a profit for the year of £1,965,208 (2014: £920,416).

A dividend of £2,500,000 was paid by the Company to its parent company during the year ended 30 September 2015 (2014: £Nil). This was a non-cash transaction and the amount paid has been used to reduce the amount due to the Company from its parent.

Directors

The directors who served during the year were:

Simon Champion	(resigned 30 July 2015)
Guy Parsons	(appointed 10 August 2015)
Darren Mee	(appointed 24 June 2014; resigned 29 January 2015)
Marc Vieilledent	(appointed 5 May 2015)

Principal activities

easyHotel is an international owner, developer, operator and franchisor of "easyHotel" branded hotels. easyHotel targets the "super budget" segment of the hotel industry by marketing "clean, comfortable and safe" hotel rooms to its guests. The Company primarily generates revenue from the provision of hotel accommodation and fees charged to franchisees. The Company had an estate of 21 hotels at 30 September 2015, 3 owned (Old Street, Glasgow, and Croydon) and 18 franchised. Its third owned hotel, in Croydon, opened in November 2014 while a further two franchised hotels opened in January 2015 in Frankfurt and June 2015 in Prague.

The Company has continued to make good progress in building both its owned and franchise development pipeline:

- Planning permission was granted for a 77-room owned hotel in Liverpool and for a 116-room owned hotel in Manchester. Both freehold properties are now owned and the hotels are expected to open in 2016/2017 financial year
- Acquisition of land in L'Hospitalet de Llobregat, Barcelona, has been agreed, subject to planning consent, for a new build 200-room easyHotel. The hotel is expected to open in 2018
- A freehold building in Ipswich was conditionally acquired to convert into a 94-room easyHotel, which is expected to open in 2017
- A long leasehold was acquired in Birmingham, which the Company intends to convert into an 84-room easyHotel, which is expected to open in 2017
- A Master Development Partnership has been signed in the UAE and Oman which has an initial target of 600 rooms by the end of 2017, and a further 1,600 rooms by 2020
- The Company's Benelux franchisee secured financing for the development of a 107-room easyHotel in Brussels, which is expected to open by early 2017, as well as purchasing a property in Amsterdam, to be converted into a 131-room easyHotel, its second in that city.

Directors' responsibilities statement

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 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

easyHotel UK Limited

Directors' Report (*continued*) for the year ended 30 September 2015

Directors' responsibilities statement (*continued*)

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 accounting estimates that are reasonable and prudent;
- 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 requirements of 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.

Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that director has taken all steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

BDO LLP have been reappointed as auditors via a resolution at the AGM held on 21 January 2016 in accordance with section 485 of the Companies Act 2006.

The directors' report has been prepared in accordance with the small companies regime (Companies Act 2006). As such, the Company is exempt from preparing a strategic report under Section 414B of the Companies Act 2006 Regulations 2013.

This report was approved by the board and signed on its behalf:



M Vieilledent
Director

15/7/2016

Date

easyHotel UK Limited

Independent auditor's report

TO THE MEMBERS OF EASYHOTEL UK LIMITED

We have audited the financial statements of easyHotel UK Limited for the year ended 30 September 2015 which comprise the profit and loss account, the balance sheet, and the related notes. 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 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.

Respective responsibilities of Directors and Auditors

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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 30 September 2015 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.

Opinion on other matters 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.

easyHotel UK Limited

Independent auditor's report (*continued*)

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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime.



Marc Reinecke (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date 18/7/2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

easyHotel UK Limited

Profit and loss account for the year ended 30 September 2015

	Note	2015 £	2014 £
System sales	1	19,950,888	17,327,350
Turnover	2	5,541,392	3,543,948
Cost of sales		(1,727,996)	(1,158,444)
Gross profit		3,813,396	2,385,504
Administrative expenses		(1,669,917)	(1,044,806)
Operating Profit	3	2,143,479	1,340,698
Analysed as:			
Adjusted EBITDA*		2,293,507	1,837,602
Non-recurring items	4	269,500	(86,133)
Hotel pre-opening and development costs	5	(32,528)	-
Depreciation		(387,000)	(410,771)
		2,143,479	1,340,698
Interest receivable and similar income	7	186,162	16,640
Interest payable and similar charges	8	(330,794)	(127,716)
Profit on ordinary activities before taxation		1,998,847	1,229,622
Tax on profit on ordinary activities	9	(33,639)	(309,206)
Profit for the financial year		1,965,208	920,416

*Adjusted EBITDA represents Earnings before Interest, Taxation and Depreciation adjusted for pre-opening costs related to the development of hotels, organisational restructuring costs, share based payments and other non-recurring items.

All amounts relate to continuing operations. There were no recognised gains or losses other than those included in the profit and loss account.


The notes on pages 8 to 19 form part of these financial statements.

easyHotel UK Limited
Registered number 05018910
Balance sheet as at 30 September 2015

	Note	2015 £	2015 £	2014 £	2014 £
Assets					
Fixed assets					
Intangible assets	10		67,266		-
Tangible assets	11		20,870,446		18,795,738
Current assets					
Debtors	12	367,605		819,133	
Cash at bank and in hand	13	22,401,717		23,071,683	
		<u>22,769,322</u>		<u>23,890,816</u>	
Creditors: amounts falling due within one year	14	(32,562,902)		(30,716,973)	
Net current assets/(liabilities)			<u>(9,793,580)</u>		<u>(6,826,157)</u>
Total assets less current liabilities			<u>11,144,132</u>		<u>11,969,581</u>
Creditors: amounts falling due after one year	15		<u>(7,344,539)</u>		<u>(7,635,196)</u>
Total net assets			<u><u>3,799,593</u></u>		<u><u>4,334,385</u></u>
Capital and reserves					
Called up share capital	17		2		2
Profit and loss account	18		799,592		1,334,384
Share Premium account	18		2,999,999		2,999,999
Shareholders' funds	19		<u><u>3,799,593</u></u>		<u><u>4,334,385</u></u>

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

The financial statements were approved and authorised for issue by the Board of Directors on 15/7/2016 and were signed on its behalf by:



M Vieilledent
Director

The notes on pages 8 to 19 form part of these financial statements.

easyHotel UK Limited

Notes forming part of the financial statements for the year ended 30 September 2015

1 Accounting policies

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

Going concern

In considering the going concern basis for preparing the financial statements, the Directors have considered the Company's objectives and strategy, the risks and uncertainties to achieving these objectives, and have reviewed business performance.

Accordingly, after reviewing the Company's expenditure commitments, current financial projections and expected future cash flows, together with available cash resources and undrawn committed borrowing facilities, the Directors consider that there are no material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. On this basis, the Directors continue to adopt the going concern basis in preparing the financial statements.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

Turnover arises from the provision of services where these activities give rise to economic benefits received and receivable by the Company on its own account and result in increases in equity. Revenue is the full amount that the customer pays for owned and operated hotels, plus fees charged to franchisees (excluding VAT and similar taxes).

Provided the amount, if applicable, can be measured reliably and it is probable that the Company will receive the consideration, revenue for services is recognised as follows:

Owned - primarily derived from hotel operations, including the rental of rooms and ad hoc utility services, this relates to sales from owned hotels operated under the "easy" brand name. Revenue is recognised when rooms are occupied and ad hoc utility services are sold.

Franchise fees - received in connection with the license of the Company's brand name, usually under long-term contracts with the hotel owner. The Company charges franchise royalty fees and processing fees as a percentage of room revenue and in some cases receives an upfront fee on the grant of a franchise. Revenue is earned and recognised when the customer has occupied the room at the franchisee's operated hotel accommodation and, for upfront fees, revenue is recognised evenly over the term of the franchise or exclusivity period.

System Sales – the full amount that the customer pays for occupying a room at the hotel, including at the franchised hotels.

Turnover – the full amount that the customer pays for our owned and operated hotels, plus fees charged to franchisees.

Consideration received in advance for which the revenue recognition criteria above have not been satisfied are deferred until such time as the revenue recognition criteria have been satisfied.

easyHotel UK Limited

Notes forming part of the financial statements for the year ended 30 September 2015 (*continued*)

1 Accounting policies (*continued*)

Intangible fixed assets

Intangible assets are initially recognised at cost and subsequently amortised on a straight line basis over the expected useful lives of the assets as follows:

Website development costs	- over 5 years
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Tangible fixed assets

Tangible fixed assets are initially recognised at cost and subsequently stated at cost less accumulated depreciation and, where appropriate, provision for impairment in value or estimated loss on disposal.

Freehold land is not depreciated. Depreciation is provided on all other tangible fixed assets so as to write off their carrying value, less its residual value, over their expected useful economic lives. It is provided at the following rates:

Freehold land and building core	- over 50 years
Freehold building surface finishes and services	- over 20 years
Plant and machinery	- over 8-15 years (5 years in 2014 financial year)
Furniture and equipment	- over 3 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The profit or loss on the disposal of a tangible fixed asset is accounted for in the profit and loss account in the year in which the disposal occurs, as the difference between the net sale proceeds and the carrying amount.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities, or equity instruments. An equity instrument is any contract that evidences interest of the company after deducting all of its liabilities.

Deferred taxation

Deferred tax assets and liabilities are 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 exception:

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 years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

easyHotel UK Limited

Notes forming part of the financial statements for the year ended 30 September 2015 (continued)

2 Turnover

Turnover is wholly attributable to the principal activity of the company and is analysed by geographical market below:

	2015 £	2014 £
United Kingdom	4,591,324	2,808,832
Europe	541,717	548,754
Rest of the World*	408,351	186,362
	<u>5,541,392</u>	<u>3,543,948</u>

* Includes accelerated fee release (note 4) of £269,500 (2014: £nil)

3 Operating profit

Operating profit is stated after charging/(crediting):

	2015 £	2014 £
Foreign exchange translation differences	-	5,913
Auditors remuneration		
Company audit fees	<u>26,000</u>	<u>25,000</u>

4 Non-recurring items

	2015 £	2014 £
Balance sheet write-offs	-	45,633
Other exceptional costs	-	30,000
Director recruitment expenses	-	10,500
Accelerated initial fee release	<u>269,500</u>	<u>-</u>
	<u>269,500</u>	<u>86,133</u>

Accelerated initial fee release of £269,500 (2014: £nil) relates to a previous exclusivity payment made by a franchisee, initially being recognised over a 20 year period. The exclusivity of this franchisee agreement has since lapsed and unrecognised portions have been recognised in the period ended 30 September 2015.

easyHotel UK Limited

Notes forming part of the financial statements for the year ended 30 September 2015 (continued)

5 Hotel pre-opening and development costs

	2015 £	2014 £
Rental income	21,160	-
Pre-opening operational costs	(53,688)	-
	<u>(32,528)</u>	<u>-</u>

Hotel pre-opening and development costs relate to expenses incurred or income received in running a property prior to commencement of trading as a hotel or otherwise.

6 Staff and key management

The aggregate amounts payable to people employed by the Company (including Directors) during the year was as follows:

	2015 £	2014 £
Wages and salaries	570,025	365,299
Social security costs	83,938	33,819
	<u>653,963</u>	<u>399,118</u>

The average number of employees during the year was 26 (2014: 11).

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, and are considered to be directors of the Company.

	2015 £	2014 £
Aggregate emoluments	-	76,815

The remuneration to the highest paid director amounted to £nil (2014: £76,815).

7 Interest receivable and similar income

Recognised in profit or loss:

	2015 £	2014 £
Bank interest received	54,800	16,640
Interest received on amounts due from Benelux franchisee	131,362	-
	<u>186,162</u>	<u>16,640</u>

easyHotel UK Limited

Notes forming part of the financial statements for the year ended 30 September 2015 (continued)

8 Interest payable and similar charges

Recognised in profit or loss:

	2015 £	2014 £
Loan interest payable	174,240	122,684
Bank interest payable	5,052	5,032
Foreign exchange loss	151,502	-
	<hr/>	<hr/>
Total interest payable and similar charges	330,794	127,716
	<hr/>	<hr/>

Foreign exchange loss for the period includes an unrealised loss of £136,940 on amounts due from a Benelux franchisee. On 2 October 2014, the Group deposited €3.3m with a Belgian notary to secure an easyHotel property in Brussels. Interest on this deposit is payable to easyHotel at a rate of 10% per annum from 2 April 2015. The exchange rate applied at the balance sheet date is £1/€1.3509. This amount has subsequently been repaid.

9 Income tax

	2015 £	2014 £
Current tax expense		
Current tax on income for the year	92,212	251,422
Adjustment in respect of prior period	(73,289)	-
	<hr/>	<hr/>
Total current tax	18,923	251,422
Deferred tax expense		
Deferred tax charge for the year (note 16)	155,492	57,784
Adjustment in respect of prior period	(130,434)	-
Impact of change in tax rate	(10,342)	-
	<hr/>	<hr/>
Total income tax expense	33,639	309,206
	<hr/>	<hr/>

easyHotel UK Limited

Notes forming part of the financial statements for the year ended 30 September 2015 (continued)

9 Income tax (continued)

The reasons for the difference between the current tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2015 £	2014 £
Profit on ordinary activities before tax	1,998,847	1,229,622
Current tax at 20.5% (2014 - 22.00%)	409,764	270,517
Effects of:		
Group Relief	(241,402)	-
Expenses not deductible for tax purposes	83,218	33,092
Depreciation in excess of capital allowances	(159,368)	(50,521)
Tax losses carried forward	-	(1,666)
Prior year current tax adjustment	(73,289)	-
	<u>18,923</u>	<u>251,422</u>

Factors affecting the future tax charge

The Finance Act 2013 reduced the main rate of corporation tax by 2% to 21% from 1 April 2014 and by a further 1% to 20% from 1 April 2015.

10 Intangible fixed assets

	Website Development Costs £
Cost	
At 1 October 2014	—
Additions	75,097
At 30 September 2015	75,097
Accumulated amortisation	
At 1 October 2014	—
Amortisation charge for the year	(7,831)
At 30 September 2015	(7,831)
Net book value	
At 30 September 2014	—
At 30 September 2015	67,266

easyHotel UK Limited

Notes forming part of the financial statements for the year ended 30 September 2015 (continued)

11 Tangible fixed assets

	Freehold land and building core £	Freehold building surface finishes and services £	Plant and machinery £	Furniture and equipment £	Total £
Cost					
At 1 October 2014	16,163,656	2,602,768	399,058	276,460	19,441,942
Additions	2,008,843	280,491	71,190	93,353	2,533,877
At 30 September 2015	18,172,499	2,883,259	470,248	369,813	21,895,819
Accumulated depreciation					
At 1 October 2014	(278,331)	(266,995)	(16,533)	(84,345)	(646,204)
Charge for the year	(145,481)	(133,966)	(36,528)	(63,194)	(379,169)
At 30 September 2015	(423,812)	(400,961)	(53,061)	(147,539)	(1,025,373)
Net book value At 30 September 2015	17,748,687	2,482,298	417,187	222,274	20,870,446
At 30 September 2014	15,885,325	2,335,773	382,525	192,115	18,795,738

12 Debtors

	2015 £	2014 £
Trade debtors	-	661,535
Other debtors	1,157	60,284
Prepayments and accrued income	359,540	97,314
Corporation Tax	6,908	-
	367,605	819,133

easyHotel UK Limited

Notes forming part of the financial statements for the year ended 30 September 2015 (continued)

13 Cash at bank and in hand

	2015 £	2014 £
Cash at bank and in transit	19,958,919	23,071,683
Restricted cash	2,442,798	-
	<u>22,401,717</u>	<u>23,071,683</u>

Restricted cash relates to the escrow referred to in note 8. At the period end the group could have exchanged the amount held in escrow for a bank guarantee.

14 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	492,274	246,225
Amounts owed to group undertakings	28,476,967	27,220,768
Other taxation and social security	528,276	509,276
Other creditors	33,836	19,027
Amounts payable to franchisees in future	590,839	525,422
Bookings in advance	1,733,767	1,651,843
Accruals and deferred income	501,801	234,473
VAT payable	76,670	-
Corporation taxation	-	196,224
Deferred tax liability	128,472	113,715
	<u>32,562,902</u>	<u>30,716,973</u>

The amount owed to group undertakings comprises a loan, granted by the parent company, easyHotel Plc. The loan is unsecured, interest free and no fixed terms for repayment have been set.

15 Creditors: amounts falling due after more than one year

	2015 £	2014 £
Deferred royalty income	144,539	435,196
Bank Loan	7,200,000	7,200,000
	<u>7,344,539</u>	<u>7,635,196</u>

The bank borrowings bear interest at a rate of UK Base rate +1.92%. The total facility amounts to £8.7 million and is repayable by December 2016. The bank facilities are secured by a fixed charge over all of easyHotel UK Limited's tangible fixed assets, as well as a floating charge over all other assets of easyHotel UK Limited.

easyHotel UK Limited

Notes forming part of the financial statements
for the year ended 30 September 2015 (*continued*)

16 Deferred taxation

	2015 £	2014 £
Balance brought forward	113,755	55,971
Adjustment in respect of prior year	(130,434)	-
Charged to profit and loss account	155,492	57,784
Impact of change in tax rate	(10,341)	-
	<hr/>	<hr/>
Balance carried forward	128,472	113,755
	<hr/>	<hr/>

The deferred taxation balance is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	128,472	119,821
Sundry timing differences	-	(4,400)
Tax losses carried forward and other deductions	-	(1,666)
	<hr/>	<hr/>
	128,472	113,755
	<hr/>	<hr/>

17 Called up share capital

	2015 £	2014 £
Allotted		
Ordinary shares of £1 each		
Balance brought forward	2	2
Issue of shares for cash during period	-	-
	<hr/>	<hr/>
Balance carried forward	2	2
	<hr/>	<hr/>

easyHotel UK Limited

Notes forming part of the financial statements for the year ended 30 September 2015 (continued)

18 Reserves

	Share premium account £	Profit and loss account £
Balance as at 1 October 2014	2,999,999	1,334,384
Dividends Paid	-	(2,500,000)
Profit for the financial year	-	1,965,208
	<hr/>	<hr/>
Balance as at 30 September 2015	2,999,999	799,592
	<hr/>	<hr/>

A dividend of £2,500,000 was paid by the Company to its parent company. This was a non-cash transaction and the amount paid has been used to reduce the amount due to the Company from its parent (2014: £nil)

19 Reconciliation of movements in shareholders' funds

	2015 £	2014 £
Opening shareholders' funds	4,334,385	3,413,969
Dividend paid	(2,500,000)	-
Profit for the financial year	1,965,208	920,416
	<hr/>	<hr/>
Closing shareholders' funds	3,799,593	4,334,385
	<hr/>	<hr/>

20 Related party transactions and controlling party

Trading transactions

During the year the Group entered into various transactions with related parties in the normal course of its business. Prices and terms of payment are approved by the Group's management. All significant related party transactions and balances are listed below. Amounts recognised in profit or loss in 2015 were as a result of transactions with easyGroup Limited (formerly easyGroup IP Limited prior to change of name). The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with entities which are part of the same group, being a wholly owned subsidiary of easyHotel Plc.

easyHotel UK Limited

Notes forming part of the financial statements for the year ended 30 September 2015 (continued)

20 Related party transactions and controlling party (continued)

	2015 £	2014 £
Amounts recognised in profit or loss		
Royalties paid	129,955	163,546
Brand protection costs	15,272	-
Rent received	-	(20,030)
Outstanding balance at year end		
Amount owed to related parties	17,339	-

Services between related parties were made at market related prices.

The Group has not made any provision for bad or doubtful debts in respect of related party debtors nor has any guarantee been given or received regarding related party transactions.

On 24 June 2014 easyHotel entered into the Brand Licence Agreement with easyGroup Limited.

In December 2013 easyGroup Limited granted easyHotel a lease of the Croydon property for a term of 999 years. The lease was granted to easyHotel upon payment of a premium of £1,626,000 by easyHotel to easyGroup Limited and provides for a nominal initial rent of £25 per annum.

Further detail on remuneration paid to directors is available in note 6.

21 Contingencies and commitments

A contingent liability exists in relation to a Section 106 planning contribution levy at the Company's Old Street hotel. Retrospective planning consent is being sought for rooms already added to the third and fourth floors of the hotel. Subsequent to the year end easyHotel Plc ("easyHotel") has received notification from Islington Borough Council that its previously announced application for retrospective planning permission relating to 78 rooms of the 162 rooms at 80 Old Street, London has been refused. easyHotel had previously been granted planning permission, on appeal, for the conversion of the building to a hotel in 2011. easyHotel will be appealing this decision, a process which is expected to take at least six months.

A contingent liability exists in relation to a claim from a previous franchisee in South Africa. The total claim is for the amount of £113,194 and the Company is currently uncertain of the validity of this claim. The Company is currently seeking legal advice on this matter

22 Post balance sheet events

On 22 October 2015, the Company received €3.3m relating to full repayment of a restricted cash amount held on escrow with a Belgium notary, used to secure a property in Brussels on behalf of its franchisee in that region.

On 9 November 2015, easyHotel signed a master development partnership with MAN Investments LLC (a UAE owned commercial and investment group), to develop easyHotels in the Middle East. MAN Investments will focus its new developments in the UAE and Oman, and the new easyHotels are expected to comprise purpose-built assets and conversions of existing hotel and/or office buildings. MAN Investments' development programme targets an initial opening of 600 rooms by 2017. Following these openings, MAN Investments is targeting a further 1,000 rooms by the end of 2020. Each new hotel opening as part of this Master Development Plan will be subject to signing a franchise agreement.

On 14 December 2015 and 18 January 2016 planning permission was granted for the Company's properties in Liverpool and Manchester respectively. Both hotels are due to open in the 2017 financial year.

easyHotel UK Limited

Notes forming part of the financial statements for the year ended 30 September 2015 (*continued*)

22 Post balance sheet events (*continued*)

On 13 January 2016, the Company agreed the acquisition of land for a new build easyHotel in L'Hospitalet de Llobregat, Barcelona, subject to planning permission. The planned 200-room easyHotel is expected to open in 2018.

On 14 January 2016, the Company conditionally acquired a property in Ipswich, subject to obtaining planning consent. The 94-room hotel is expected to open in 2017.

On 21 January 2016, the Company conditionally acquired a 125 year leasehold in Birmingham, subject to completion. The Company plans to convert the building into an 84-room easyHotel, which is expected to open in 2017.

23 Ultimate parent undertaking of the company

The immediate and ultimate parent undertaking is easyHotel Plc, a public limited company whose shares are listed on the AIM exchange under the ticker symbol EZH and is incorporated and domiciled in the United Kingdom. The address of the registered office is 80 Old Street, London, EC1V 9AZ.