

Newstay Manchester Trading Limited

Report and Financial Statements

Year Ended

31 December 2016

Company Number 08391521



Newstay Manchester Trading Limited

Company Information

Director	A Fish
Company secretary	K Adair
Registered number	08391521
Registered office	Hill House 1 Little New Street London EC4A 3TR
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

Newstay Manchester Trading Limited

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Newstay Manchester Trading Limited

Directors' Report for the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

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 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;
- 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.

Principal activity

The principal activity of the Company is the operation of the Marriot Manchester Victoria and Albert Hotel ("The Hotel") in Manchester.

Results

The loss for the year, after taxation, amounted to £113k (2015 - £131k).

Directors

The directors who served during the year were:

A Fish
N Kirk (resigned 4 May 2017)

Newstay Manchester Trading Limited

Directors' Report (continued) for the Year Ended 31 December 2016

Disclosure 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 the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the 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

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



.....
A Fish
Director

Date: 25-5-17

Newstay Manchester Trading Limited

Independent Auditor's Report to the Members of Newstay Manchester Trading Limited

We have audited the financial statements of Newstay Manchester Trading Limited for the year ended 31 December 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity 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

As explained more fully in the statement of directors' responsibilities, 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 31 December 2016 and of its loss 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, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Newstay Manchester Trading Limited

Independent Auditor's Report to the Members of Newstay Manchester Trading Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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 directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.

BDO LLP

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

Date: 25 May 2017

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

Newstay Manchester Trading Limited

Statement of Comprehensive Income for the Year Ended 31 December 2016

	Note	2016 £000	2015 £000
Turnover		6,129	6,281
Cost of sales		(2,390)	(2,414)
Gross profit		3,739	3,867
Administrative expenses		(3,950)	(4,078)
Other operating income		78	78
Operating loss	5	(133)	(133)
Taxation on loss on ordinary activities	7	20	2
Loss for the financial year		(113)	(131)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(113)	(131)

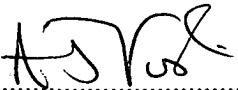
The notes on pages 8 to 19 form part of these financial statements.

Newstay Manchester Trading Limited
Registered number: 08391521

**Statement of Financial Position
as at 31 December 2016**

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	8	1,255	1,676
Current assets			
Stocks	9	31	28
Debtors: Amounts falling due within one year	10	529	1,794
Cash and cash equivalents	11	788	1,625
		<u>1,348</u>	<u>3,447</u>
Creditors: Amounts falling due within one year	12	<u>(1,549)</u>	<u>(3,874)</u>
Net current liabilities		<u>(201)</u>	<u>(427)</u>
Total assets less current liabilities		<u>1,054</u>	<u>1,249</u>
Creditors: Amounts falling due after more than one year	13	(1,209)	(1,286)
Provisions for liabilities			
Deferred tax		-	(5)
Net liabilities		<u>(155)</u>	<u>(42)</u>
Capital and reserves			
Called up share capital	15	-	-
Profit and loss account		<u>(155)</u>	<u>(42)</u>
		<u>(155)</u>	<u>(42)</u>

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



.....
A Fish
Director

Date: 25-5-17

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

Newstay Manchester Trading Limited

Statement of Changes in Equity for the Year Ended 31 December 2016

	Profit and loss account	Total equity
	£000	£000
At 1 January 2016	(42)	(42)
Loss and total comprehensive loss for the year	(113)	(113)
At 31 December 2016	(155)	(155)

Statement of Changes in Equity for the Year Ended 31 December 2015

	Profit and loss account	Total equity
	£000	£000
At 1 January 2015	89	89
Loss and total comprehensive loss for the year	(131)	(131)
At 31 December 2015	(42)	(42)

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

Newstay Manchester Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1. General information

Newstay Manchester Trading Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the Company's operations and principal activity are set out in the directors' report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Newstay Manchester Limited as at 31 December 2016 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CU14 3UZ.

2.3 Going concern

Based on future projections the directors are satisfied that for a period of at least 12 months from the date of approval of these accounts, the Company can meet all its current liabilities as and when they fall due. The financial statements have therefore been drawn up on a going concern basis.

Newstay Manchester Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

2. Accounting policies (continued)

2.4 Turnover

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

Sale of goods:

The Company operates restaurants and bars at its hotel. Sales of goods are recognised when the hotel restaurant or bars sell a product to a customer.

Sale of services:

The Company supplies conference and event facilities as well as hotel rooms to businesses and private customers. Sales of rooms and conference and event facilities are recognised on the dates those facilities are used. Deposits received in advance are not recognised as turnover until the day of the stay or event.

All turnover arose within the United Kingdom.

2.5 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to income statement during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	10-33% straight line
Fixtures and fittings	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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.6 Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Newstay Manchester Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

2. Accounting policies (continued)

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in income statement.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.9 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.

2.10 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 accounts receivable and payable and loans to and from related parties.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Creditors

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

Newstay Manchester Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

2. Accounting policies (continued)

2.12 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 statement of comprehensive income 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.

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, 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.

Newstay Manchester Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the Company as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 8)*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Deferred tax (see note 14)

Management estimation is required to determine the amount of deferred tax asset that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

4. Other operating income

	2016 £000	2015 £000
Release of franchise inducement fee (see note 13)	78	78

5. Operating loss

The operating profit is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets	485	465
Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts	11	11
Operating lease rentals	1,382	1,513

During the year, no director received any emoluments (2015 - £Nil). Directors are considered key management of the Company.

Newstay Manchester Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

6. Employees

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	1,576	1,572
Social security costs	119	127
Other pension costs	16	14
	<u>1,711</u>	<u>1,713</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
Hotel operations	108	111
Directors	2	2
	<u>110</u>	<u>113</u>

Newstay Manchester Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

7. Taxation

	2016 £000	2015 £000
Deferred tax		
Origination and reversal of timing differences	(20)	(1)
Effect of tax rate change on opening balance	-	(1)
Taxation on loss on ordinary activities	(20)	(2)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £000	2015 £000
Loss on ordinary activities before tax	(133)	(133)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	(27)	(27)
Effects of:		
Expenses not deductible for tax purposes	3	3
Changes to tax rates	4	-
Group relief	-	23
Effect of tax rate change on opening balance	-	(1)
Total tax charge for the year	(20)	(2)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Newstay Manchester Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

8. Tangible fixed assets

	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost			
At 1 January 2016	316	2,134	2,450
Additions	37	27	64
At 31 December 2016	353	2,161	2,514
Depreciation			
At 1 January 2016	73	701	774
Charge for the year	50	435	485
At 31 December 2016	123	1,136	1,259
Net book value			
At 31 December 2016	230	1,025	1,255
At 31 December 2015	243	1,433	1,676

Newstay Manchester Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

9. Stocks

	2016 £000	2015 £000
Finished goods and goods for resale	31	28

Stock recognised in cost of sales during the year as an expense was £392k (2015 - £424k).

No impairment loss was recognised in cost of sales against stock during the year (2015 - £Nil)

10. Debtors

	2016 £000	2015 £000
Due within one year		
Trade debtors	364	210
Amounts owed by group undertakings	-	1,485
Other debtors	104	53
Prepayments and accrued income	46	46
Deferred taxation	15	-
	529	1,794

The impairment loss recognised in the statement of comprehensive income was £3k (2015 - £1k).

11. Cash and cash equivalents

	2016 £000	2015 £000
Cash at bank and in hand	788	1,625

Newstay Manchester Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

12. Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	183	190
Amounts owed to group undertakings	626	2,945
Taxation and social security	196	220
Other creditors	10	6
Accruals and deferred income	534	513
	<u>1,549</u>	<u>3,874</u>

Amounts owed to group undertakings are unsecured, interest free and payable on demand.

13. Creditors: Amounts falling due after more than one year

	2016 £000	2015 £000
Accruals and deferred income	<u>1,209</u>	<u>1,286</u>

Included in accruals and deferred income is an amount of £1,286k (2015 - £1,364k), of which £78k (2015 - £78k) is falling due within one year, which relates to "key money" paid by Marriott as an inducement to the Company to enter into the franchise agreement. This will be released to the profit and loss account over the life of the franchise agreement.

14. Deferred taxation

	2016 £000
At beginning of year	(5)
Charged to the income statement	<u>20</u>
At end of year	<u>15</u>

The deferred taxation balance is made up as follows:

	2016 £000	2015 £000
Accelerated capital allowances	8	(16)
Tax losses carried forward	<u>7</u>	<u>11</u>
	<u>15</u>	<u>(5)</u>

Newstay Manchester Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

15. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

16. Reserves

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

17. Contingent liabilities

During March 2013, the Company's immediate parent entered into a bank loan with Royal Bank of Scotland. A pledge over the shares of the Company and its assets is now held by Royal Bank of Scotland.

On 31 January 2017, the immediate parent repaid the debt and Royal Bank of Scotland releases its pledge over the shares and assets of the company. The company's new immediate parent company entered into a bank loan with Royal Bank of Scotland and from 31 January 2017 the bank has a pledge over the shares and assets of the company. The new loan expires in January 2022.

18. Pension commitments

The Company operates a defined contribution pension scheme. 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 £16k (2015 - £14k). Contributions totalling £2k (2015 - £2k) were payable to the fund at the reporting date and are included in creditors.

19. Commitments under operating leases

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £000	2015 £000
Not later than 1 year	1,537	1,538
Later than 1 year and not later than 5 years	6,146	6,154
Later than 5 years	18,704	20,270
Total	26,387	27,962

Newstay Manchester Trading Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

20. Related party transactions

The Company has taken advantage of the exemption available under paragraph 33.1A of the Financial Reporting Standard 102 not to disclose transactions with other wholly owned members of the group.

21. Post balance sheet events

On 31 January 2017 Newstay S.à.r.l sold all of its shares in Newstay Manchester Limited to WNE Victoria Limited.

22. Controlling party

The immediate parent company of Newstay Manchester Trading Limited is Newstay Manchester Limited a company registered in England and Wales.

Consolidated accounts for Newstay Manchester Limited can be obtained from Companies House, Crown Way, Cardiff, CU14 3UZ.

The ultimate parent and controlling party of the Company at 31 December 2016 is Newstay S.à.r.l, a company registered in Luxembourg. Consolidated accounts are not publicly available.

On 31 January 2017 Newstay S.à.r.l sold all of its shares in Newstay Manchester Limited to WNE Victoria Limited, with WNE Victoria Limited becoming the immediate parent. The new ultimate controlling party is WNE Investor S.à.r.l, a company registered in Luxembourg.