BDL (Heathrow) Limited

Report and Financial Statements

28 October 2012

SC158262



Directors
S J McCaffer
D G Thompson
L P Woodcock (deceased 9 September 2012)
S Campbell (appointed 8 May 2013)

Secretary
S J McCaffer

Auditors
Ernst & Young LLP
G1 Building
5 George Square
Glasgow G2 1DY

Bankers
The Royal Bank of Scotland plc
10 Gordon Street
Glasgow G1 3BA

Solicitors
Pinsent Masons LLP
141 Bothwell Street
Glasgow G2 7EQ

Registered Office
40 Brand Street
Glasgow G51 1DG

Directors' report

The directors present their report and financial statements for the year ended 28 October 2012.

Results and dividends

The loss for the year, after taxation, amounted to £376,033 (2011 – profit of £34,849). The directors do not recommend the payment of a dividend (2011 – £nil), leaving a charge to reserves of £376,033 (2011 – transfer of £34,849).

Principal activity and review of the business

The company's principal activity during the year continued to be the trading of hotels.

The company's key financial and other performance indicators during the year were as follows:

	2012	*2011*
	£	*£*
Turnover	6,668,400	6,651,633
Operating (loss) / profit	(376,987)	34,569
Yield per room	58	57

The company's hotel, the Holiday Inn London - Heathrow, performed well in its market during what was a difficult period for London airport hotels. The number of rooms sold at the hotel decreased by 311 (0.4%) however this was offset by an increase in average room rate of £1.12 which resulted in an overall increase in room revenue of £61,387.

Principal risks and uncertainties

The company's board meets regularly and in addition to reviewing the trading performance, will discuss the main risks to the company. The principal risks facing the company can be grouped as competitive, legislative and financial instrument.

Competitive risks surround the maintenance of the brand standards of the hotel and its place in the local hotel market.

Legislative risks concern any potential change to the fabric, fittings or operation of the hotel which could have a significant impact on its performance or on the cost of compliance.

Financial instrument risks are low as the company has no exposure to any financial instruments. The hotel is leased on a turnover basis and is not under significant cash flow pressure or liquidity risk. Similarly the company does not take significant credit risk as the trade debtors position as a percentage of turnover is small.

Directors

The directors who served the company during the year are listed on page 1.

Louis Woodcock was a Director of the company from September 1995 until September 2012, when he sadly passed away.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' report (continued)

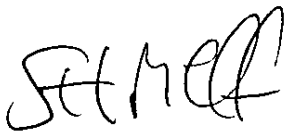
Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Small company exemptions

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption under the Companies Act 2006 s415A.

On behalf of the Board



S McCaffer
Director

28 June 2013

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 proper 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.

Independent auditors' report

to the members of BDL (Heathrow) Limited

We have audited the financial statements of BDL (Heathrow) Limited for the year ended 28 October 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 16. 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 Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 October 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report

to the members of BDL (Heathrow) Limited (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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exception in preparing the directors' report.

Ernst & Young LLP

Mark Harvey (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
Glasgow

28 June 2013

Profit and loss account

for the year ended 28 October 2012

	Notes	2012 £	2011 £
Turnover	2	6,668,400	6,651,633
Cost of sales		(4,006,331)	(3,862,765)
Gross profit		2,662,069	2,788,868
Administrative expenses		(3,039,056)	(2,754,299)
Operating (loss) / profit	3	(376,987)	34,569
Interest receivable	4	954	280
(Loss) / profit on ordinary activities before taxation		(376,033)	34,849
Tax	7	-	-
(Loss) / profit for the financial year	12	(376,033)	34,849

The results for the year ended 28 October 2012 relate to continuing operations.

Statement of total recognised gains and losses

for the year ended 28 October 2012

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £376,033 in the year ended 28 October 2012 (2011 – profit of £34,849).

Balance sheet

at 28 October 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	8	185,093	100,402
Current assets			
Stock		14,989	15,763
Debtors	9	1,343,184	790,441
Cash at bank and in hand		331,847	824,387
		1,690,020	1,630,591
Creditors: amounts falling due within one year	10	(2,328,635)	(1,808,482)
Net current liabilities		(638,615)	(177,891)
Net liabilities		(453,522)	(77,489)
Capital and reserves			
Called up share capital	11	198,000	198,000
Profit and loss account	12	(651,522)	(275,489)
Shareholder's deficit	12	(453,522)	(77,489)

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements of BDL (Heathrow) Limited (Registered number SC158262) were approved on behalf of the Board by

S McCaffer
Director

28 June 2013

Notes to the financial statements

at 28 October 2012

1. Accounting policies

The financial statements were approved for issue by the Board of Directors on 28 June 2013.

Basis of preparation

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

Going concern

The financial statements are prepared on a going concern basis. The directors have prepared detailed cash flow forecasts to conclude that this assessment is appropriate. In addition, the business has sufficient support in place from its parent company to meet its liabilities as they fall due.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation has been provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Buildings	–	over 40 years to 40% residual value
Fixtures and fittings	–	over 4 - 10 years to nil residual value
Computer equipment	–	over 4 years to nil residual value
Plant and machinery	–	over 4 - 15 years to nil residual value

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, excluding the effect of any trading losses carried forward where there is insufficient evidence that suitable taxable profits will be generated in future.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Operating lease commitments

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

Notes to the financial statements

at 28 October 2012

1. Accounting policies (continued)

Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

(i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and

(ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only be the company exchanging a fixed amount of cash or other assets for a fixed number of the company's own equity instruments.

2. Turnover

Turnover, which is stated net of value added tax, represents the invoiced amount of goods sold and services provided during the period.

Turnover and pre-tax loss is attributable to one continuing activity, the development, construction and trading of hotels. The turnover is wholly generated within the United Kingdom.

3. Operating (loss) / profit

This is stated after charging:

	2012	*2011*
	£	£
Auditors' remuneration	4,250	4,250
Depreciation of owned tangible fixed assets	35,476	18,263
Directors' remuneration	4,620	4,620
Operating lease rentals – property rental	2,000,520	1,995,490
– motor vehicles and other equipment	4,044	17,995

4. Interest receivable

	2012	*2011*
	£	£
Bank interest received	954	280

5. Directors' remuneration

	2012	*2011*
	£	£
Remuneration	4,620	4,620
Social security costs	-	-
	4,620	4,620

Remuneration for services of directors is reflective of work performed during the year.

Notes to the financial statements

at 28 October 2012

6. Staff costs

	2012	*2011*
	£	£
Wages and salaries	1,141,601	1,230,663
Social security costs	92,382	100,400
Pension costs (note 13)	16,525	18,510
	1,250,508	1,349,573

The average monthly number of employees during the year was made up as follows:

	2012	*2011*
	No.	*No.*
Operational	56	62

7. Tax

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	2012	*2011*
	£	£
Current tax:		
UK corporation tax	–	–
Adjustments in respect of previous years	–	–
Total current tax (note 7(b))	–	–
Deferred tax:		
Origination and reversal of timing differences	–	–
Tax on loss on ordinary activities	–	–

Notes to the financial statements

at 28 October 2012

7. Tax (continued)

(b) Factors affecting current tax charge for the year

The tax assessed for the year is different than the standard rate of corporation tax in the UK of 24.84% (2011 – 26.77%). The differences are explained below:

	2012	*2011*
	£	£
(Loss) / profit on ordinary activities before tax	(376,033)	34,849
(Loss) / profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.84% (2011 – 26.77%)	(93,406)	9,340
Effects of:		
Expenses not deductible for tax purposes	1,254	1,728
Capital allowances in excess of depreciation	8,371	(9,996)
Other timing differences	69	(2,044)
Unrelieved tax losses carried forward	83,712	972
Current tax for the year (note 7(a))	–	-

(c) Factors that may affect future tax charge

Based upon current plans the company expects to be able to claim capital allowances in excess of depreciation in future years. The company has unutilised UK tax losses of £516,415 (2011 – £231,432) available for offset against future taxable profits of those companies in which the losses arose.

(d) Deferred tax

The deferred tax asset is as follows:

	2012	*2011*
	£	£
Decelerated capital allowances	–	–
Other timing differences	–	–
Tax losses	–	–
	–	–

	£
At 1 November 2011	–
Deferred tax charge in profit and loss account	–
At 28 October 2012	–

Notes to the financial statements

at 28 October 2012

7. Tax (continued)

The chancellor has announced that the main UK corporation tax rate will be reduced from the current rate of 24% which has applied from 1 April 2012, to 20% via a 1% reduction at 1 April 2013, a 2% reduction at 1 April 2014 and a 1% reduction at 1 April 2015.

A reduction in the corporation tax rate to 24% was substantively enacted on 26 March 2012, with the reduction to 23% substantively enacted on 3 July 2012. As 23% was the rate in force at the balance sheet date, this is the rate at which any deferred tax balances have been calculated. The further reductions are to be incorporated within future legislative acts and will not be substantively enacted until later periods.

8. Tangible fixed assets

	Freehold land and buildings	*Fixtures, fittings and equipment*	*Computer equipment*	*Plant and machinery*	*Total*
		£	£	£	£
Cost or valuation:					
At 1 November 2011	4,587	52,107	50,183	136,330	243,207
Additions	13,256	79,694	6,822	20,395	120,167
At 28 October 2012	17,843	131,801	57,005	156,725	363,374
Depreciation:					
At 1 November 2011	2,681	17,858	14,782	107,484	142,805
Charge for the year	1,776	16,966	10,953	5,781	35,476
At 28 October 2012	4,457	34,824	25,735	113,265	178,281
Net book value:					
At 28 October 2012	13,386	96,977	31,270	43,460	185,093
At 1 November 2011	1,906	34,249	35,401	28,846	100,402

9. Debtors

	28 October 2012	*30 October 2011*
	£	£
Trade debtors	329,714	367,374
Other debtors	92,847	46,466
Prepayments and accrued income	503,484	376,601
Amounts owed from parent company	417,139	-
Corporation tax	-	-
	1,343,184	790,441

Notes to the financial statements

at 28 October 2012

10. Creditors: amounts falling due within one year

	28 October 2012 £	*30 October 2011* £
Trade creditors	254,451	213,064
Other taxes and social security costs	165,807	193,519
Other creditors	94,998	67,201
Accruals and deferred income	1,813,359	1,332,587
Amounts owed to parent company	-	2,091
Corporation tax	20	20
	2,328,635	1,808,482

11. Issued share capital

Allotted, called up and fully paid	*No.*	*28 October 2012* £	*No.*	*30 October 2011* £
Ordinary shares of £1 each	100,000	100,000	100,000	100,000
Preferred ordinary shares of £1 each	98,000	98,000	98,000	98,000

The ordinary shares and preferred ordinary shares rank pari passu on winding up, voting and declaration of dividends.

12. Movements on reserves

	Share capital £	*Profit and loss account* £	*Total share-holders' funds* £
At 1 November 2011	198,000	(275,489)	(77,489)
Loss for the financial year		(376,033)	(376,033)
At 28 October 2012	198,000	(651,522)	(453,522)

13. Pension commitments

The company operates defined contribution (money purchase) pension schemes for its directors and senior employees. The assets of the schemes are held separately from those of the company in independently administered funds. The charge for the year was £16,525 (2011 – £18,510) and there were contributions outstanding at the year end of £2,886 (2011 – £2,472).

Notes to the financial statements

at 28 October 2012

14. Other financial commitments

At 28 October 2012, the company had annual commitments under non-cancellable operating leases as set out below:

	28 October 2012	*30 October 2011*
	£	£
Motor vehicle and equipment operating leases which expire:		
Within one year	-	-
In two to five years	6,756	6,718
In over five years	-	-
	6,756	6,718
Property rental operating leases which expire:		
Within one year	-	-
In two to five years	-	-
In over five years	1,624,387	1,624,387
	1,624,387	1,624,387

15. Related party transactions

The company has taken advantage of the exemption in FRS 8 'Related Party Disclosures' from disclosing transactions with other group companies as the parent company publishes group financial statements.

16. Ultimate parent undertaking and controlling party

In the opinion of the directors at the date of signing the financial statements the immediate and ultimate parent undertaking is BDL (Heathrow) Holdings Limited. BDL (Heathrow) Holdings Limited has included the company in its group financial statements, copies of which are available from the registered office at 40 Brand Street, Glasgow, G51