

Macdonald Resorts (La Ermita) Limited

Director's report and financial statements

Registered number SC187439

29 March 2012

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Company information

Directors	RG Fraser
Registered office	Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9AG
Auditor	KPMG LLP Chartered Accountants Saltire Court 20 Castle Terrace Edinburgh EH1 2EG

Director's report

The director presents the annual report and the audited financial statements for the year ended 29 March 2012.

Principal activities

The principal activity of the company is the sale of timeshare units and associated activities.

Business review

The results for the year are shown in the profit and loss account on page 5.

The director is satisfied with the progress of the business during the year and considers the state of affairs at the year end and the company's prospects satisfactory.

The director does not recommend the payment of a dividend (2011: £nil).

The director has prepared the financial statements on a going concern basis as explained in note 1 to the financial statements, under the section "Basis of preparation".

Director and director interests

The director who held office during the year is shown on page 1.

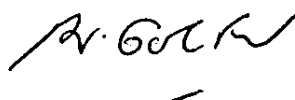
Disclosure of information to auditor

The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



RG Fraser
Director

Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9AG

20 December 2012

Statement of director's responsibilities in respect of the Director's Report and the financial statements

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the director must not approve the financial statements unless he is 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 year. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 director is 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. He has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
United Kingdom

Independent auditor's report to the members of Macdonald Resorts (La Ermita) Limited

We have audited the financial statements of Macdonald Resorts (La Ermita) Limited for the year ended 29 March 2012 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

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 29 March 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; 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.

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.

P Alex Sanderson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

21 December 2012

Profit and loss account
for the year ended 29 March 2012

	<i>Note</i>	Year ended 29 March 2012 £000	18 month period ended 31 March 2011 £000
Turnover	<i>1</i>	239	262
Cost of sales		(280)	(381)
Gross loss		(41)	(119)
Administrative expenses		(7)	(3)
Loss on ordinary activities before taxation	<i>2</i>	(48)	(122)
Tax on loss on ordinary activities	<i>4</i>	12	34
Loss for the financial period	<i>11</i>	(36)	(88)

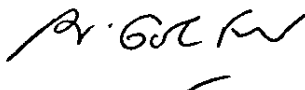
All activities of the company are continuing.

The company has no recognised gains and losses other than those presented above.

Balance sheet
 at 29 March 2012

	<i>Note</i>	2012 £000	2011 £000
Fixed assets			
Tangible assets	5	1,497	1,497
Current assets			
Stocks	6	7,034	6,966
Debtors (including £108,000 (2011: £108,000) due after more than one year)	7	602	654
Cash at bank and in hand		1	-
Creditors: amounts falling due within one year	8	7,637 (9,645)	7,620 (9,592)
Net current liabilities		(2,008)	(1,972)
Net liabilities		(511)	(475)
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	(511)	(475)
Deficit on equity shareholders' funds	12	(511)	(475)

These financial statements were approved by the director on 20 December 2012 and signed by:


 RG Fraser
 Director

Notes (forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

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

As a wholly owned subsidiary of Macdonald Hotels Limited the Company has taken advantage of the exemption contained in:

- FRS 1 to prepare a cash flow statement as its cash flows are contained within the consolidated cash flow statement of that company;
- FRS 8 and therefore has not disclosed transactions or balances with entities which form part of that group.

The financial statements have been prepared on the going concern basis, notwithstanding the loss of £36,000 incurred for the financial year and net current liabilities and net liabilities of £2,008,000 and £511,000 respectively at the financial year end, which the directors believe to be appropriate for the following reasons. The day to day working capital requirements of Macdonald Resorts (La Ermita) Limited are provided by the ultimate parent undertaking, Macdonald Hotels Limited. The directors of Macdonald Hotels Limited have indicated to the directors of Macdonald Resorts (La Ermita) Limited that Macdonald Hotels Limited will continue to provide such funds as are necessary to enable it to continue and to meet its liabilities as they fall due and that Macdonald Hotels Limited will not seek repayment of the amounts currently made available. As with any company replacing reliance on other group companies for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, he has no reason to believe that it will not do so. Based upon the undertaking of financial support outlined above, and after making appropriate enquiries, the director of Macdonald Resorts (La Ermita) Limited has a reasonable expectation that Macdonald Resorts (La Ermita) Limited has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the director continues to adopt the going concern basis in preparing the company's annual financial statements.

Fixed assets and depreciation

Depreciation is provided to write off the cost of tangible assets to their estimated residual value by equal instalments over their estimated useful lives as follows:

Land	not depreciated
Freehold properties	50 years
Fixed plant	10-30 years
Furniture, fittings and fixtures	4-10 years
Motor vehicles	3 years

Stock and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value.

Turnover

Turnover represents the sale and rental of timeshare weeks on an accruals basis, net of Value Added Tax.

Taxation

The charge for taxation is based on the profit or loss 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, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

2 Loss on ordinary activities before taxation

	Year ended 29 March 2012 £000	18 month period ended 31 March 2011 £000
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditor's remuneration – audit of these financial statements	5	4

The remuneration of the auditors is paid by the immediate parent undertaking, Macdonald Resorts Limited.

3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was eight (2011: eight).

The aggregate payroll costs of these persons were as follows:

	Year ended 29 March 2012 £000	18 month period ended 31 March 2011 £000
Wages and salaries	178	232

The above staff do not have contracts of service with Macdonald Resorts (La Ermita) Limited. The members of staff are contracted to Macdonald Resorts Limited, which recharges the costs to the company for work performed on the company's behalf.

None of the directors received any emoluments from the company during the year ended 29 March 2012 (2011: £nil).

4 Taxation

	Year ended 29 March 2012 £000	18 month period ended 31 March 2011 £000
<i>UK corporation tax:</i>		
Current period – group relief receivable	12	34

Notes (continued)

4 Taxation (continued)

The current year tax credit is equal to (2011: equal to) the standard rate in the UK of 26% (2011: 28%) as noted below:

	Year ended 29 March 2012 £000	18 month period ended 31 March 2011 £000
Loss on ordinary activities before tax	(48)	(122)
Current tax credit at 26% (2011: 28%)	(12)	(34)

The company has a deferred tax asset of £5,000 (2011: £25,000) arising from trading losses which has not been recognised due to uncertainty over the availability of future suitable taxable profits to utilise the asset.

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly and further reduce the unrecognised deferred tax asset at 29 March 2012 (which has been calculated based on the rate of 24% substantively enacted at the balance sheet date). It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

5 Tangible fixed assets

	Assets in the course of construction £000
<i>Cost</i>	
At beginning and end of year	1,497

Included in assets in the course of construction is £571,623 (2011: £571,623) of land which is not depreciated.

There has been no depreciation charged in the year as the assets are in the course of construction. Depreciation will be charged once the assets have been brought into use by the company.

6 Stocks

	2012 £000	2011 £000
Timeshare units – work in progress	6,631	5,512
Timeshare units available for sale	403	1,454
	<u>7,034</u>	<u>6,966</u>

Notes (continued)

7 Debtors

	2012 £000	2011 £000
<i>Amounts falling due within one year</i>		
Other debtors	1	63
Prepayments and accrued income	396	398
Corporation tax – group relief receivable	97	85
	<u>494</u>	<u>546</u>
<i>Amounts falling due after more than one year</i>		
Other debtors	108	108
	<u>108</u>	<u>108</u>
Total debtors	<u>602</u>	<u>654</u>

Other debtors receivable after more than one year represents Spanish IVA tax recoverable. The amount was incurred on the purchase of land for the development but under Spanish legislation cannot be recovered until the whole development is completed.

8 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Amounts owed to parent company	9,414	9,431
Accruals and deferred income	231	161
	<u>9,645</u>	<u>9,592</u>

9 Contingent liabilities

The company is party to joint and several guarantees with other group members, including Macdonald Hotels Limited, in respect of bank borrowings. The company's potential liability in respect of these guarantees at 29 March 2012 amounted to £330 million (2011: £336 million).

10 Called up share capital

	2012 £	2011 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

11 Profit and loss account

	£000
At beginning of year	(475)
Loss for the financial year	(36)
	<u>(511)</u>
At end of year	(511)

Notes (continued)

12 Reconciliation of movements in shareholders' deficit

	2012 £000	2011 £000
Loss for the financial period	(36)	(88)
Opening shareholders' deficit	(475)	(387)
Closing shareholders' deficit	<u>(511)</u>	<u>(475)</u>

13 Immediate and ultimate parent undertakings

The company's immediate parent company is Macdonald Resorts Limited and the ultimate holding company is Macdonald Hotels Limited. Both companies are incorporated in Scotland. The only group in which the company's results are consolidated is that headed by Macdonald Hotels Limited.

The consolidated financial statements of Macdonald Hotels Limited, within which this company is included, can be obtained from Whiteside House, Bathgate, West Lothian EH48 2RX.