BDL (Heathrow) Holdings Limited

SC 197972

Report and Financial Statements

28 October 2012

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SCT 16/07/2013 #258

COMPANIES HOUSE

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

Secretary
Mr 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 consolidated financial statements for the year ended 28 October 2012.

Results and dividends

The group loss for the year, after taxation, amounted to £425,415 (2011 – profit of £30,333). The directors do not recommend the payment of a dividend (2011 – £nil), leaving a charge against reserves of £425,415. (2011 – charge of £30,333).

Principal activity and review of the business

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

The group'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	(426,883)	29,971
Yield per room	58	57

The group'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.

Directors

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

Louis Woodcock was a Director of the company from November 1999 until September 2012, when he sadly passed away.

Disclosure of information to 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 group's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to re-appoint 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 group and the company and of the profit or loss of the group 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;
- 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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) Holdings Limited

We have audited the group and parent undertaking financial statements (the financial statements) of BDL (Heathrow) Holdings Limited for the year ended 28 October 2012 which comprise the Group Profit and Loss Account, Group and Company Balance Sheets, Group Statement of Total Recognised Gains and Losses, Group Cash Flow Statement and the related notes 1 to 17. 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 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

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 group's and 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 group's and the parent undertaking's affairs as at 28 October 2012 and of the group's loss for the year then ended;
- 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) Holdings 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

Group 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		(3,088,952)	(2,758,897)
Operating (loss) / profit	3	(426,883)	29,971
Interest receivable	4	1,468	362
(Loss) / profit on ordinary activities before taxation		(425,415)	30,333
Tax	6	-	-
(Loss) / profit for the financial year	13	(425,415)	30,333

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

Group 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 shareholders of the company of £425,415 in the year ended 28 October 2012 (2011 – profit of £30,333).

Group and company balance sheet

at 28 October 2012

	Notes	Group 28 October 2012 £	Group 30 October 2011 £	Company 28 October 2012 £	Company 30 October 2011 £
Fixed assets					
Tangible assets	7	185,093	100,402	-	-
Investments	8	-	-	-	-
Current assets					
Stock		14,989	15,763	-	-
Debtors		973,595	1,019,763	47,550	84,642
Cash at bank and in hand		1,067,036	1,154,728	735,189	330,341
		2,055,620	2,190,254	782,739	414,983
Creditors: amounts falling due within one year	10	(2,333,133)	(1,957,661)	(421,639)	(4,500)
Net current (liabilities) / assets		(277,513)	232,593	361,100	410,483
Creditors: amounts falling due after one year	11	(230,000)	(230,000)	(230,000)	(230,000)
Net (liabilities) / assets		(322,420)	102,995	131,100	180,483
Capital and reserves					
Called up share capital	12	26,667	26,667	26,667	26,667
Capital redemption reserve	13	106,667	106,667	106,667	106,667
Profit and loss account	13	(455,754)	(30,339)	(2,234)	47,149
Shareholders' (deficits) / funds	13	(322,420)	102,995	131,100	180,483

The financial statements of BDL (Heathrow) Holdings Limited (Registered number SC197972) were approved on behalf of the Board by

S McCaffer
Director

28 June 2013

Group statement of cash flows

for the year ended 28 October 2012

	Notes	2012 £	2011 £
Net cash inflows from operating activities	14a	31,007	473,109
Dividends paid		-	–
Returns on investment and servicing of finance			
Interest received		1,468	362
Taxation		-	11,241
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(120,167)	(57,405)
(Decrease) / increase in cash		(87,692)	427,307

Reconciliation of net cash flow to movement in net funds

	Notes	2012 £	2011 £
(Decrease) / increase in cash		(87,692)	427,307
Net funds at beginning of year	14b	1,154,728	727,421
Net funds at end of year	14b	1,067,036	1,154,728

Notes to the financial statements

for the year ended 28 October 2012

1. Accounting policies

Basis of preparation

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

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 for the group to conclude that this assessment is appropriate, despite having net liabilities, and believe that the group can meet its liabilities as they fall due.

Basis of consolidation

The group financial statements consolidate the financial statements of BDL (Heathrow) Holdings Limited and its subsidiary undertaking to 28 October 2012. No profit and loss account is presented for BDL (Heathrow) Holdings Limited as permitted by section 408 of the Companies Act 2006. The loss of the company for the year is shown in note 11.

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

Deferred taxation

The charge for taxation is based on the 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 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.

Leases

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

Pensions

The group operates defined contribution pension schemes. 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

for the year ended 28 October 2012

2. Turnover

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

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

3. Operating (loss) / profit

This is stated after charging:

	2012 £	2011 £
Depreciation of owned tangible fixed assets	35,476	18,263
Directors' remuneration	4,620	4,620
Auditors' remuneration	7,000	7,000
Operating leases – 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. Staff costs

	2012 £	2011 £
Wages and salaries	1,141,601	1,230,663
Social security costs	92,382	100,400
Pension costs (note 15)	16,525	18,510
	1,250,508	1,349,573

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

	2012 No.	2011 No.
Operational	56	62

Notes to the financial statements

for the year ended 28 October 2012

6. Tax

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	2012 £	*2011* £
Current tax:		
United Kingdom corporation tax	–	–
Adjustments in respect of previous periods	–	–
Total current tax (note 6(b))	–	–
Deferred tax:		
Origination and reversal of timing differences	–	–
Tax on loss on ordinary activities	–	–

(b) Factors affecting current tax charge

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 taxation	(425,415)	30,333
(Loss) / profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.84% (2011 – 26.77%)	(105,668)	8,129
Effects of:		
Expenses not deductible for tax purposes	12,676	1,728
Capital allowances in excess of depreciation	8,371	(9,996)
Other timing differences	69	(2,044)
Unrelieved tax losses carried forward	84,552	2,183
Current tax	–	–

(c) Factors that may affect future tax charges

Based upon current plans the group expects to continue to be able to claim capital allowances in excess of depreciation in future years. The group has unutilised UK tax losses of £540,943 (2011 – £200,836) available for offset against future taxable profits of those companies in which the losses arose.

Notes to the financial statements

for the year ended 28 October 2012

6. Tax (continued)

(d) Deferred tax

The deferred tax asset is as follows:

	2012	*2011*
	£	£
Accelerated capital allowances	–	–
Other timing differences	–	–
	–	–

	£
At 30 October 2011	–
Deferred tax charge in profit and loss account	–
Adjustments in respect of prior years	–
At 28 October 2012	–

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.

Notes to the financial statements

for the year ended 28 October 2012

7. Tangible fixed assets

Group	*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

8. Investments

Company	*Investment in subsidiary undertaking* £
At 31 October 2011 and 28 October 2012	–

Name of company:	BDL (Heathrow) Limited
County of incorporation/registration:	Scotland
Holding:	Ordinary and Preference shares
Proportion of voting rights and shares held:	100%
Nature of business:	Development, management and construction of hotels

Notes to the financial statements

for the year ended 28 October 2012

9. Debtors

	Group		Company	
	28 October 2012	*30 October 2011*	*28 October 2012*	*30 October 2011*
	£	£	£	£
Due within one year:				
Trade debtors	330,314	367,374	-	-
Other debtors	139,797	129,016	47,550	82,551
Prepayments and accrued income	503,484	523,373	-	-
Intercompany debtor	-	-	-	2,091
	973,595	1,019,763	47,550	84,642

10. Creditors: amounts falling due within one year

	Group		Company	
	28 October 2012	*30 October 2011*	*28 October 2012*	*30 October 2011*
	£	£	£	£
Trade creditors	254,451	359,836	-	-
Other taxes and social security costs	165,807	193,519	-	-
Other creditors	94,997	67,201	417,139	-
Accruals and deferred income	1,817,858	1,337,085	4,500	4,500
Corporation tax	20	20	-	-
	2,333,133	1,957,661	421,639	4,500

11. Creditors: amounts falling due after one year

	Group		Company	
	28 October 2012	*30 October 2011*	*28 October 2012*	*30 October 2011*
	£	£	£	£
Other creditors	230,000	230,000	230,000	230,000

12. Issued share capital

		28 October 2012		*30 October 2011*
Allotted, called up and fully paid	*No.*	£	*No.*	£
Ordinary shares of £0.10 each	266,667	26,667	266,667	26,667

Notes to the financial statements

for the year ended 28 October 2012

13. Movements on reserves

Group

	Ordinary shares £	*Capital redemption reserve* £	*Profit and loss account* £	*Total* £
At 31 October 2011	26,667	106,667	(30,339)	102,995
Loss for the year	-	-	(425,415)	(425,415)
At 28 October 2012	26,667	106,667	(455,754)	(322,420)

Company

	Ordinary shares £	*Capital redemption reserve* £	*Profit and loss account* £	*Total* £
At 31 October 2011	26,667	106,667	47,149	180,483
Loss for the year	-	-	(49,383)	(49,383)
At 28 October 2012	26,667	106,667	(2,234)	131,100

14. Notes to the statement of cash flows

(a) Reconciliation of operating profit/(loss) to net cash inflow from operating activities:

	28 October 2012 £	*30 October 2011* £
Operating (loss) / profit	(426,883)	29,971
Depreciation	35,476	18,263
Decrease/(increase) in debtors	46,168	(150,386)
Decrease/(increase) in stocks	774	(5,900)
Decrease/(increase) in creditors	375,472	581,161
Net cash inflow from operating activities	31,007	473,109

(b) Analysis of changes in net funds

	At 31 October 2011 £	*Cash flow* £	*At 28 October 2012* £
Cash at bank and in hand	1,154,728	(87,692)	1,067,036

Notes to the financial statements

for the year ended 28 October 2012

15. 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).

16. 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

17. Related party transactions

During the previous year the company received loan notes of £48,975 from its director Mr Louis Woodcock. The loan notes are secured and attract no interest. The loan notes will be repaid by 31 December 2017. At the current year end the company owed loan notes of £48,975 (2011 – £48,975) to Mr Woodcock.

During the previous year the company received loan notes of £48,975 from its director Mr Stuart McCaffer. The loan notes are secured and attract no interest. The loan notes will be repaid by 31 December 2017. At the current year end the company owed loan notes of £48,975 (2011 – £48,975) to Mr McCaffer.

During the previous year the company received loan notes of £48,975 from its director Mr David Thompson. The loan notes are secured and attract no interest. The loan notes will be repaid by 31 December 2017. At the current year end the company owed loan notes of £48,975 (2011 – £48,975) to Mr Thompson.

During the previous year the company received loan notes of £14,691 from a related party Mr Ewan Campbell. The loan notes are secured and attract no interest. The loan notes will be repaid by 31 December 2017. At the year end the company owed loan notes of £14,691 (2011 – £14,691) to Mr Campbell.

Notes to the financial statements

for the year ended 28 October 2012

17. Related party transactions (continued)

During the previous year the company received loan notes of £68,384 from a related party Oak Hotels LLP. The loan notes are secured and attract no interest. The loan notes will be repaid by 31 December 2017. At the current year end the company owed loan notes of £68,384 (2011 – £68,384) to Oak Hotels LLP.

At the year end the company was due £23,000 (2011 – £43,000) from BDL Ventures Limited a company with common directors. During the year total transactions with BDL Ventures Limited were £nil (2011 – £nil). During the year it was decided to write off £20,000 of the loan as it was deemed irrecoverable.

At the year end the company was due £49,950 (2011 – £39,550) from Room Facilities 2005 LLP a company with common members. During the year total transactions with Room Facilities 2005 LLP were £10,400 (2011 – £9,650). During the year it was decided to write off £26,000 of the loan as it was deemed irrecoverable.