

Redefine BDL Management Limited

Report and Financial Statements

31 August 2014

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COMPANIES HOUSE

Company Information

Directors

S Campbell
R N Morrow
J Stuart
S Carlin
H Pereira

Secretary

P M Ross

Auditors

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

Bankers

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

Solicitors

Pinsent Masons LLP
141 Bothwell Street
Glasgow G2 7EQ

Registered Office

40 Brand Street
Glasgow G51 1DG

Strategic report

The directors present their strategic report for the year ended 31 August 2014.

Principal activities and review of the business

The principal activity of the company is the management of hotels under contracts with hotel owners.

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

	<i>Year ended 31 August 2014 £000</i>	<i>10 months ended 31 August 2013 £000</i>
Turnover	6,043	5,356
Operating profit	1,622	908

The trading performance for the business in the year to 31 August 2014 continued to be a success.

Profitability has increased on a pro-rata basis by £532,000 despite a fall in pro-rata turnover. Whilst some shorter-term hotel management contracts have ended the company has entered into many new contracts to replace the losses.

Following the change in ownership in May 2013 some of the new contracts won are held in another group company. The year ending 31 August 2014 has been a great success and the pipeline of new hotel management contract opportunities for the coming year is strong.

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 business. The principal risks can be grouped as finance, competitive, and legislative:

Finance risks relate to the business having sufficient liquidity to pay for resources required to operate. The directors are confident that the current control and review of cashflows within the business are more than adequate to ensure the business is able to meet working capital requirements.

Competitive risks may become apparent as the hotel management industry continues to be a buoyant marketplace with some competitors increasing their market presence considerably over the last few years. Redefine BDL Management Limited remain part of the UKs leading hotel management group, Redefine BDL Hotels, by actively seeking new opportunities to increase their portfolio under management.

Legislative risks concern any potential change to the operation of the hotels in the UK. This could have a significant impact on the turnover within Redefine BDL Management Limited, should the profitability of the hotels be affected. There are no legislative risks that the board consider imminent that would have a negative impact on the Company.

On behalf of the Board



S Campbell
Director

29 April 2015

Registered No. SC209059

Directors' report

The directors present their report and financial statements for the year ended 31 August 2014.

Results and dividends

On 16 May 2013, the company changed its name to Redefine BDL Management Limited from BDL Management Limited. On 30 May 2013, the company changed its accounting reference date to 31 August from 31 October.

The profit for the year amounted to £1,257,649 (10 months to 31 August 2013 loss – £55,794). The directors do not recommend that a dividend be paid, leaving a transfer to reserves of £1,257,649 (10 months to 31 August 2013 charge – £55,794).

Principal activity

The principal activity of the company continued to be the management of hotels.

Directors

The directors who served the company during the year were as follows:

S Campbell
R N Morrow
N Taylor (resigned 22 November 2013)
J Stuart
S Carlin
H Pereira
D Hart (appointed 22 December 2014)

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, each director has taken all the steps that they are obliged to take as a directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

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

On behalf of the Board



S Campbell
Director
29 April 2015

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 judgments and accounting 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;
- 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.

Independent auditors' report

to the members of Redefine BDL Management Limited

We have audited the financial statements of Redefine BDL Management Limited for the year ended 31 August 2014 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 auditor

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 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 audited financial statements to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 31 August 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting; 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

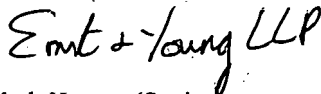
Independent auditors' report (continued)

to the members of Redefine BDL Management Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or



Mark Harvey (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow
29 April 2015

Profit and loss account

for the year ended 31 August 2014

		<i>Year ended 31 August 2014</i>	<i>10 months ended 31 August 2013</i>
	<i>Notes</i>	£	£
Turnover	2	6,043,293	5,355,649
Administrative expenses		<u>(4,421,087)</u>	<u>(4,448,050)</u>
Operating profit	3	1,622,206	907,599
Exceptional item: Provision for tax liabilities in relation to historic EFURB contributions		–	(750,000)
Interest receivable and similar income		47	<u>3,272</u>
Profit on ordinary activities before taxation		1,622,253	160,871
Tax	6	<u>(364,604)</u>	<u>(216,665)</u>
Profit/ (loss) for the financial year	12	<u>1,257,649</u>	<u>(55,794)</u>

Statement of total recognised gains and losses

for the period ended 31 August 2014

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £1,257,649 in the year ended 31 August 2014 (10 months to 31 August 2013 loss – £55,794).

Balance sheet

at 31 August 2014

	Notes	2014 £	2013 £
Fixed assets			
Tangible assets	7	778,955	639,283
Investments	8	1,500	1,500
		<u>780,455</u>	<u>640,783</u>
Current assets			
Debtors – due within one year	9	2,619,182	1,112,322
Debtors – due greater than one year	9	88,331	96,097
Cash at bank and in hand		565,810	711,315
		<u>3,273,323</u>	<u>1,919,734</u>
Creditors: amounts falling due within one year	10	<u>(2,410,678)</u>	<u>(2,175,066)</u>
Net current assets/(liabilities)		<u>862,645</u>	<u>(255,332)</u>
Total assets less current liabilities		<u>1,643,100</u>	<u>385,451</u>
Capital and reserves			
Share capital	11	690	690
Share premium	12	4,470	4,470
Capital redemption reserve	12	270	270
Profit and loss account	12	1,637,670	380,021
Shareholders' funds	12	<u>1,643,100</u>	<u>385,451</u>

The financial statements of Redefine BDL Management Limited (Registered number SC209059) were approved on behalf of the Board by



S Campbell

Director

29 April 2015

Notes to the financial statements

at 31 August 2014

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard.

Going concern

The financial statements are prepared on a going concern basis. The directors have prepared detailed cashflow forecasts to conclude that this assessment is appropriate and that the business has sufficient cash to be able to meet the liabilities as they fall due.

Group financial statements

The company qualifies as a small group under section 405 of the Companies Act 2006 and as such has elected not to prepare group financial statements.

Tangible fixed assets

All fixed assets, including investments, are recorded at cost.

Depreciation has been provided on all tangible fixed assets, other than land, 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
Computer and office equipment	–	over three to five years

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.

Investments

Investments are recorded at cost less provisions for impairment.

The carrying values 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.

Notes to the financial statements

at 31 August 2014

1. Accounting policies (continued)

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

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 profit is attributable to one continuing activity, the management of hotels. The turnover is wholly generated within the United Kingdom.

3. Operating profit

This is stated after charging:

	<i>Year ended 31 August 2014</i>	<i>10 months ended 31 August 2013</i>
	£	£
Auditors' remuneration	3,000	3,000
Depreciation of owned fixed assets	58,554	43,786
Operating lease – motor vehicles	73,758	65,042

4. Directors' remuneration

	<i>Year ended 31 August 2014</i>	<i>10 months ended 31 August 2013</i>
	£	£
Remuneration	489,966	843,998
Company contributions paid to defined contribution pension schemes	60,237	48,082
	<i>No.</i>	<i>No.</i>
Members of defined contribution pension schemes	5	6

Notes to the financial statements

at 31 August 2014

5. Staff costs

	<i>Year ended 31 August 2014</i>	<i>10 months ended 31 August 2013</i>
	£	£
Wages and salaries	2,952,870	3,040,319
Social security costs	355,260	319,705
Other pension costs	146,666	116,332
	<u>3,454,796</u>	<u>3,476,356</u>

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

	<i>No.</i>	<i>No.</i>
Administration	<u>85</u>	<u>82</u>

6. Tax

(a) Tax on profits on ordinary activities:

The tax charge is made up as follows:

	<i>Year ended 31 August 2014</i>	<i>10 months ended 31 August 2013</i>
	£	£
Current tax:		
UK corporation tax on the profit for the year	363,355	217,346
Adjustments in respect of previous periods	2,907	(1,021)
Total current tax (note 6(b))	<u>366,262</u>	<u>216,325</u>
Deferred tax:		
Origination and reversal of timing differences	(1,658)	340
Tax on profit on ordinary activities	<u>364,604</u>	<u>216,665</u>

Notes to the financial statements

at 31 August 2014

6. Tax (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 22.16% (10 months ended 31 August 2013 – 23.5%). The differences are explained below:

	<i>Year ended 31 August 2014 £</i>	<i>10 months ended 31 August 2013 £</i>
Profit on ordinary activities before tax	1,622,253	160,871
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.16% (10 months ended 31 August 2013 – 23.5%)	359,518	37,805
<i>Effects of:</i>		
Expenses not deductible for tax purposes	2,000	178,557
Capital allowances in advance of depreciation	(2,341)	2,541
Other timing differences	4,177	(1,556)
Adjustments in respect of previous periods	2,907	(1,021)
Current tax for the year (note 6(a))	<u>366,261</u>	<u>216,325</u>

(c) Deferred tax:

The deferred tax asset is as follows:

	<i>Year ended 31 August 2014 £</i>	<i>10 months ended 31 August 2013 £</i>
Decelerated capital allowances	(309)	1,803
Other timing differences	10,831	7,061
	<u>10,522</u>	<u>8,864</u>

(d) Factor that may affect tax charges

The rate of corporation tax reduced to 21%, effective from 1 April 2014, and a reduction to 20%, effective from 1 April 2015, was included in the Finance Act 2013 which was enacted on 17 July 2013. The deferred tax balances as 31 August 2014 have been recognised at a rate of 20% as this is the rate at which deferred tax is expected to reverse.

Notes to the financial statements

at 31 August 2014

7. Tangible fixed assets

	<i>Freehold land and buildings</i>	<i>Computer and office equipment</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 September 2013	524,000	478,623	1,002,623
Additions	–	198,226	198,226
At 31 August 2014	<u>524,000</u>	<u>676,849</u>	<u>1,200,849</u>
Depreciation:			
At 1 September 2013	25,545	337,795	363,340
Charge for period	7,860	50,694	58,554
At 31 August 2014	<u>33,405</u>	<u>388,489</u>	<u>421,894</u>
Net book value:			
At 31 August 2014	<u>490,595</u>	<u>288,360</u>	<u>778,955</u>
At 1 September 2013	<u>498,455</u>	<u>140,828</u>	<u>639,283</u>

8. Investments

	<i>Subsidiary undertakings</i>
	£
At 1 September 2013 and 31 August 2014	<u>1,500</u>

<i>Name of company:</i>	<i>Redefine BDL Management (Two) Limited</i>
Country of incorporation/registration:	Scotland
Holding:	Ordinary shares
Proportion of voting rights and shares held:	100%
Nature of business:	Hotel Management Company
Aggregate capital and reserves at 31 August 2014:	£2

Notes to the financial statements

at 31 August 2014

9. Debtors

	2014	2013
	£	£
Due within one year:		
Trade debtors	1,637,907	573,519
Prepayments and accrued income	875,408	523,407
Other debtors	95,345	6,532
Deferred tax asset	10,522	8,864
	<u>2,619,182</u>	<u>1,112,322</u>
Due after one year:		
Amounts owed from group undertaking	88,331	96,097
	<u>2,707,513</u>	<u>1,208,419</u>

10. Creditors: amounts falling due within one year

	2014	2013
	£	£
Trade creditors	187,797	341,355
Accruals	1,052,238	922,986
Corporation tax	365,461	216,328
Other taxes and social security costs	85,890	151,475
VAT payable	387,932	429,795
GST payable	1,050	1,077
Other creditors	330,310	112,050
	<u>2,410,678</u>	<u>2,175,066</u>

11. Issued share capital

	2014		2013	
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	690	<u>690</u>	690	<u>690</u>

Notes to the financial statements

at 31 August 2014

12. Movements on reserves

	<i>Ordinary shares</i>	<i>Share premium</i>	<i>Capital redemption reserve</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£	£	£
At 29 October 2012	690	4,470	270	435,815	441,245
Loss for the year	–	–	–	(55,794)	(55,794)
At 1 September 2013	690	4,470	270	380,021	385,451
Profit for the year	–	–	–	1,257,649	1,257,649
At 31 August 2014	690	4,470	270	1,637,670	1,643,100

13. Pensions

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 £146,666 (10 months to 31 August 2013 – £116,332) and there were contributions outstanding at the year-end of £54,155 (31 August 2013 – £35,306).

14. Other financial commitments

At 31 August 2014 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>2014</i>		<i>2013</i>	
	<i>Motor vehicle</i>	<i>Plant and machinery</i>	<i>Motor vehicle</i>	<i>Plant and machinery</i>
	£	£	£	£
Operating leases which expire:				
Within one year	3,360	10,365	34,830	9,588
In two to five years	109,514	31,536	23,075	–
	<u>112,874</u>	<u>41,901</u>	<u>57,905</u>	<u>9,588</u>

15. Related party transactions

The company has taken advantage of the exemptions allowed under FRS8 in relation to subsidiary undertakings.

16. Ultimate parent undertaking and controlling party

In the opinion of the directors at 31 August 2014, the ultimate parent undertaking is Redefine BDL Hotel Group Limited, a company registered in the British Virgin Islands. There is no ultimate controlling party.

Management information

for the year ended 31 August 2014

The following page does not form part of the statutory financial statements which are the subject of the independent auditors' report on pages 4 to 5.

Detailed trading account

for the year ended 31 August 2014

	2014	2013
	£	£
Turnover		
Sales	6,043,293	5,355,649
Administrative expenses		
Salaries	(3,308,130)	(3,360,024)
Temporary staff costs	(7,948)	(54,705)
Pensions	(146,666)	(116,332)
Healthcare	(29,911)	(32,026)
Telephone and fax	(71,657)	(27,663)
Property tax	(19,784)	(16,729)
Personnel costs	(73,958)	(74,160)
Vehicle costs	(129,001)	(132,630)
Legal and professional fees	(103,557)	(188,458)
Bank charges	(10,706)	(10,866)
Insurances	(26,066)	(20,714)
Printing and stationery	(7,873)	(10,185)
Travel and subsistence	(257,953)	(199,973)
Office expenses	(129,131)	(131,749)
Sales and marketing costs	(40,192)	(28,050)
Depreciation	(58,554)	(43,786)
	<u>(4,421,087)</u>	<u>(4,448,050)</u>
Operating profit	<u>1,622,206</u>	<u>907,599</u>