

Registered number 06533950

MREF Bristol Holdings Limited

Directors' report and financial statements
for the year ended 31 December 2011



MREF Bristol Holdings Limited

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MREF Bristol Holdings Limited

Company Information

Directors	Graham Stanley Graham Sidwell Marc Gilbard
Company secretary	Timothy Sanderson
Company number	06533950
Registered office	Nightingale House 65 Curzon Street London W1J 8PE
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
Bankers	Lloyds Banking Group London Chief Office PO Box 54873 London SW1Y 5WX

MREF Bristol Holdings Limited

Directors' report for the year ended 31 December 2011

The directors present their report and the audited financial statements of MREF Bristol Holdings Limited (the "Company") for the year ended 31 December 2011

Principal activity

The Company's principal activity during the year was that of a holding company

Results

The Company's loss for the financial year is £484,000 (2010 - £1,318,000)

Directors

The directors who served during the year and up to the date of signing the financial statements were

Graham Stanley
Graham Sidwell
Marc Gilbard

Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, MREF Hotels Limited. The directors have received confirmation that MREF Hotels Limited intends to support the Company for at least 12 months from the date these financial statements are approved.

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 prepared 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,
- 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.

MREF Bristol Holdings Limited

**Directors' report
for the year ended 31 December 2011**

Statement of disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information

Small companies' exemption

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

This report was approved by the board on 31 AUGUST 2012 and signed on its behalf



Timothy Sanderson
Company secretary

MREF Bristol Holdings Limited

Independent auditors' report to the members of MREF Bristol Holdings Limited

We have audited the financial statements of MREF Bristol Holdings Limited for the year ended 31 December 2011 which comprise the Profit and loss account, the Balance sheet 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)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 2, 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.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Directors' 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 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 2011 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 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.

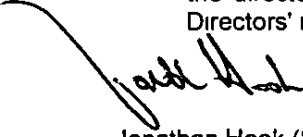
MREF Bristol Holdings Limited

Independent auditors' report to the members of MREF Bristol Holdings 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
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' report



Jonathan Hook (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Date 31/08/2012

MREF Bristol Holdings Limited

**Profit and loss account
for the year ended 31 December 2011**

	Note	2011 £000	2010 £000
Interest payable and similar charges	5	(484)	(1,318)
Loss on ordinary activities before taxation		(484)	(1,318)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	13	(484)	(1,318)

All amounts relate to continuing operations

The Company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above, and their historical cost equivalents

The notes on pages 8 to 13 form part of these financial statements

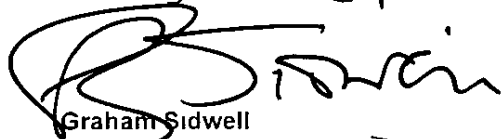
MREF Bristol Holdings Limited
Registered number 06533950

Balance sheet
as at 31 December 2011

	Note	£000	2011 £000	£000	2010 £000
Fixed assets					
Investments	7		19,487		19,487
Current assets					
Debtors	8	950		927	
Creditors amounts falling due within one year	9	(16,579)		(16,093)	
Net current liabilities			<u>(15,629)</u>		<u>(15,166)</u>
Total assets less current liabilities			<u>3,858</u>		<u>4,321</u>
Creditors amounts falling due after more than one year	10		(7,581)		(7,560)
Net liabilities			<u><u>(3,723)</u></u>		<u><u>(3,239)</u></u>
Capital and reserves					
Called up share capital	12		-		-
Profit and loss account	13		(3,723)		(3,239)
Total shareholders' deficit	14		<u><u>(3,723)</u></u>		<u><u>(3,239)</u></u>

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

31 August 2012,


 Graham Sidwell
 Director

The notes on pages 8 to 13 form part of these financial statements

MREF Bristol Holdings Limited

Notes to the financial statements for the year ended 31 December 2011

1 Accounting policies

1.1 Basis of preparation of financial statements

These financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

1.2 Consolidation

These financial statements contain information about the Company as an individual company and do not contain consolidated financial information as the parent undertaking of a group. The Company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent undertaking, MREF Hotels Limited, a company incorporated in Jersey.

1.3 Going concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, MREF Hotels Limited. The directors have received confirmation that MREF Hotels Limited intends to support the Company for at least 12 months from the date these financial statements are approved.

1.4 Cash flow statement

The Company has taken advantage of the exemption from preparing a cash flow statement contained in FRS 1 "Cash flow statements" on the grounds that it is a small company.

1.5 Deferred taxation

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 tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

1.6 Investments

Fixed asset investments are stated at their purchase cost less any provision for impairment.

1.7 Debtors

Debtors are stated after all known bad debts have been written off and specific provision has been made against all debts considered doubtful of collection.

2 Loss on ordinary activities before taxation

Audit fees are borne by a related entity in both years.

MREF Bristol Holdings Limited

**Notes to the financial statements
for the year ended 31 December 2011**

3 Staff costs

The Company had no employees in either year

4 Directors' remuneration

There was no remuneration paid to the directors by the Company during the year (2010 - £nil) There were no retirement benefits accruing to the directors (2010 - £nil)

5 Interest payable and similar charges

	2011 £000	2010 £000
Interest payable on bank loans	426	972
Finance fees payable	21	18
Interest payable to group undertakings	37	328
	<u>484</u>	<u>1,318</u>

6 Tax on loss on ordinary activities

	2011 £000	2010 £000
UK corporation tax charge on loss for the year	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2010 - higher than) the standard rate of corporation tax in the UK of 26.5% (2010 - 28%) The differences are explained below

	2011 £000	2010 £000
Loss on ordinary activities before taxation	<u>(484)</u>	<u>(1,318)</u>
Loss on ordinary activities multiplied by standard rate in the UK of 26.5% (2010 - 28%)	(128)	(369)
Effects of		
Expenses not deductible for tax purposes	93	-
Accelerated capital allowances	63	-
Group relief surrendered and not paid for	(28)	369
Total current tax	<u>-</u>	<u>-</u>

Notes to the financial statements
for the year ended 31 December 2011

6 Tax on loss on ordinary activities (continued)

Factors affecting future tax charges

In addition to the changes in rates of Corporation tax disclosures within the note above a number of further changes were announced in the March 2012 UK Budget Statement. It was announced that the main rate of corporation tax will be reduced to 24% from 1 April 2012 this was enacted on 26 March 2012. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 is expected to be included in the Finance Act 2012. Further reductions to the main rate are proposed to reduce the rate 1% per annum to 22% by 1 April 2014. The further changes had not been substantially enacted at the balance sheet date and, therefore, are not included in these financial statements.

The Company has tax losses of approximately £2,510,000 (2010 - £1,052,000) available for carry forward and offset against future taxable profits arising from the same trade. The Company has a potential deferred tax asset of £628,000 (2010 - £284,000) which has not been recognised in these financial statements as its future recovery is uncertain. This potential deferred tax asset will be recognised when it can be regarded as more likely than not that there will be sufficient taxable profits from which the tax losses can be deducted.

The effect of the changes enacted on 26 March 2012 would be to reduce the deferred tax asset at the balance sheet date by £25,104. This £25,104 decrease in the deferred tax asset would have no effect on the profits as it has not been recognised. This decrease in the deferred tax asset is due to the reduction in the corporation tax rate from 25% to 24% with the effect from 1 April 2012.

The effect of the changes expected to be enacted in the Finance Act 2012 would be to reduce the deferred tax asset at the balance sheet date by £25,104. This £25,104 decrease in the deferred tax asset would have no effect on the profits as it has not been recognised. This decrease in the deferred tax asset is due to the reduction in the corporation tax rate from 24% to 23% with the effect from 1 April 2013.

The proposed reduction on the main rate of corporation tax by 1% per to 22% by 1 April 2014 is expected to be enacted next year. The effect of this further change from 23% to 22%, if it is applied to the deferred tax balances at the balance sheet date, would be to reduce the deferred tax asset by £25,104.

7 Investments

	Investments in subsidiary undertakings £000
Cost	
At 1 January 2011 and 31 December 2011	19,487
Net book amount	
At 31 December 2011	19,487
At 31 December 2010	19,487

MREF Bristol Holdings Limited

Notes to the financial statements
for the year ended 31 December 2011

7 Investments (continued)

The Company's principal subsidiary undertaking is

Name	Country of incorporation	Principal activity	Share ownership %	class
Holland House Hotels (Bristol) Limited	United Kingdom	Property investment	100	Ordinary

8 Debtors

	2011 £000	2010 £000
Amounts owed by group undertakings	<u>950</u>	<u>927</u>

Amounts owed by group undertakings are subject to interest at 2.5% above the Bank of England base rate are unsecured and repayable on demand

9 Creditors

Amounts falling due within one year

	2011 £000	2010 £000
Amounts owed to group undertakings	16,578	16,093
Accruals and deferred income	1	-
	<u>16,579</u>	<u>16,093</u>

Amounts owed to group undertakings are subject to interest at 2.5% above the Bank of England base rate are unsecured and repayable on demand

10 Creditors

Amounts falling due after more than one year

	2011 £000	2010 £000
Bank loans - amounts drawn down (note 11)	7,634	7,634
Bank loans - unamortised finance fees (note 11)	(53)	(74)
	<u>7,581</u>	<u>7,560</u>

Bank loan borrowings are secured by fixed charges on group properties and floating charges on certain other group assets. Bank loans comprise variable rate debt at a margin of 150 basis points over LIBOR. The loan is repayable in full in July 2014.

MREF Tradeco Limited, a fellow group company, has entered into an interest rate swap agreement in order to hedge exposure to interest rates on bank loans until 4 August 2014. This arrangement enables the Group to manage its interest rate exposure, by swapping floating rates on borrowings into fixed rate amounts. Utilising this arrangement the Company effectively obtains borrowings at a different rate to those available from borrowing directly at prevailing floating rates.

MREF Bristol Holdings Limited

Notes to the financial statements
for the year ended 31 December 2011

11 Loans and other borrowings

	2011 £000	2010 £000
Bank loans	7,581	7,560

Maturity of financial liabilities

In one year or less, or on demand	-	-
In more than one year, but not more than two years	-	-
In more than two years, but not more than five years	7,581	7,560
In more than five years	-	-
	<u>7,581</u>	<u>7,560</u>

12 Called up share capital

	2011 £000	2010 £000
Allotted and fully paid		
2 ordinary shares of £1 each	-	-

13 Reserves

	Profit and loss account £000
At 1 January 2011	(3,239)
Loss for the financial year	(484)
At 31 December 2011	<u>(3,723)</u>

14 Reconciliation of movements in shareholders' deficit

	2011 £000	2010 £000
Opening shareholders' deficit	(3,239)	(1,921)
Loss for the financial year	(484)	(1,318)
Closing shareholders' deficit	<u>(3,723)</u>	<u>(3,239)</u>

15 Related party transactions

The Company has taken advantage of the exemptions contained in FRS 8 "Related Party Transactions" not to disclose transactions with related parties as all of the voting rights of the Company are controlled within the group

MREF Bristol Holdings Limited

**Notes to the financial statements
for the year ended 31 December 2011**

16 Ultimate parent undertaking and ultimate controlling parties

The Company's immediate parent undertaking is MREF Bristol Limited, a company incorporated in Jersey

The Company's ultimate parent entity is MREF Hotels Limited, a company incorporated in Jersey

The smallest and largest group of undertakings for which group accounts are drawn up and of which the Company is a member is MREF Hotels Limited, a company incorporated in Jersey

The Company's ultimate controlling parties are Moorfield Real Estate Fund "A" Limited Partnership and Moorfield Real Estate Fund "B" Limited Partnership