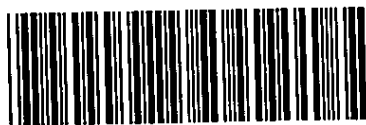


Registered number: 6533950

**MREF Bristol Holdings Limited**  
**Annual Report**  
**for the year ended 31 December 2009**

TUESDAY



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COMPANIES HOUSE

# **MREF Bristol Holdings Limited**

## **Annual report for the year ended 31 December 2009**

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# **MREF Bristol Holdings Limited**

1

## **Directors and advisors**

### **Directors**

Graham Stanley  
Graham Sidwell  
Marc Gilbard (appointed 31 March 2009)

### **Company secretary**

Timothy Sanderson

### **Registered office**

Nightingale House  
65 Curzon Street  
London  
W1J 8PE

### **Principal bankers**

Bank of Scotland  
The Mound  
Edinburgh  
EH1 1YZ

### **Statutory auditors**

PricewaterhouseCoopers LLP  
Chartered Accounts and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

## Directors' report for the year ended 31 December 2009

The directors present their report and the audited financial statements for the period ended 31 December 2009

### Principal activity

The principal activity of the company is that of a holding company

### Results and dividends

The company's loss for the financial year is £908,000 (2008 £1,013,000) The directors do not recommend the payment of a dividend (2008 £nil)

### Directors

The directors who held office during the year are given below

Graham Stanley  
Graham Sidwell  
Marc Gilbard

### Post balance sheet events

On 13 July 2010 the Group of which the Company is a part completed a refinancing Details are included in note 18

### Statement of directors' responsibilities

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 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 accounting 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 confirm that they have complied with the above requirements in preparing the financial statements

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

## Directors' report for the year ended 31 December 2009 (continued)

### Statement of disclosure of information to auditors

So far as each of the directors in office at the date of approval of these financial statements is aware

- there is no relevant audit information of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information 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

### Auditors

PricewaterhouseCoopers LLP were appointed as auditors during the year and have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting

By order of the Board



Timothy Sanderson  
Company secretary  
24 September 2010

## 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 2009 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) as applicable to financial statements prepared in accordance with the small companies regime.

### Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out in the Directors' report, 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 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.

### 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 2009 of its result 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 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 MREF Bristol 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, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime



Jonathan Hook (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
24 September 2010

**Profit and loss account for the year ended 31 December 2009**

	Notes	Year to 31 December 2009 £'000	Period to 31 December 2008 £'000
<b>Turnover</b>		0	0
Cost of sales		0	0
<b>Operating profit</b>	2	0	0
Interest receivable and similar income	5	0	31
Interest payable and similar charges	6	(908)	(1,044)
<b>Loss on ordinary activities before taxation</b>		(908)	(1,013)
Tax on loss on ordinary activities	7	0	0
<b>Loss for the financial year</b>	14	(908)	(1,013)

All activities are continuing activities

There were no recognised gains or losses other than those shown above

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

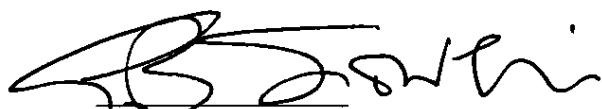


## Balance sheet as at 31 December 2009

	Notes	2009 £'000	2008 £'000
<b>Fixed assets</b>			
Investments	9	19,487	19,487
<b>Current assets</b>			
Debtors	10	903	865
		903	865
<b>Creditors: amounts falling due within one year</b>	11	(7,836)	(8,866)
<b>Net current liabilities</b>		(6,933)	(8,001)
<b>Total assets less current liabilities</b>		12,554	11,486
<b>Creditors: amounts falling due after more than one year</b>	12	(14,475)	(12,499)
<b>Net liabilities</b>		(1,921)	(1,013)
<b>Capital and reserves</b>			
Called up share capital	13	0	0
Profit and loss account	14	(1,921)	(1,013)
<b>Total shareholders' deficit</b>	15	(1,921)	(1,013)

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

The financial statements on pages 6 to 12 were approved by the board of directors on 24 September 2010 and were signed on its behalf by



Graham Sidwell  
Director

**Notes to the financial statements for the year ended 31 December 2009****1 Accounting policies**

These financial statements have been prepared on the going concern basis under the historical cost convention, and in accordance with the 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.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate following the completion of a refinancing as disclosed in note 18.

**Cash flow statement**

The Company is exempt from publishing a cash flow statement as the ultimate controlling party prepare consolidated financial statements which are publicly available.

**Fixed asset investments**

Investments held as fixed assets are stated at cost less any recognised impairment. Any impairment identified is charged to the profit and loss account in the period of recognition.

**Deferred taxation**

The payment of taxation is deferred or accelerated because of timing differences in the treatment of certain items for taxation and accounting purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

**2 Operating profit**

Audit fees were borne by a related undertaking in both years.

**3 Employee information**

There were no employees during either year.

**4 Directors' emoluments**

During the years ended 31 December 2009 and 31 December 2008, no director received any emoluments in respect of their services to the company. There were no retirement benefits accruing to the directors for either year.

**5 Interest receivable and similar income**

	Year to 31 December 2009 £'000	Period to 31 December 2008 £'000
Interest earned	0	31

## Notes to the financial statements for the year ended 31 December 2009

**6 Interest payable and similar charges**

	Year to 31 December 2009 £'000	Period to 31 December 2008 £'000
Interest payable on bank loans	552	448
Interest payable to group companies	338	583
Finance fees payable	18	13
	<b>908</b>	<b>1,044</b>

**7 Tax on loss on ordinary activities**

	Year to 31 December 2009 £'000	Period to 31 December 2008 £'000
<b>United Kingdom Corporation Tax</b>	0	0
Current tax on income for the period	0	0
Deferred taxation	0	0
<b>Total taxation</b>	<b>0</b>	<b>0</b>

**Current tax reconciliation**

	Year to 31 December 2009 £'000	Period to 31 December 2008 £'000
<b>Loss on ordinary activities before taxation</b>	<b>(908)</b>	<b>(1,013)</b>
Theoretical tax at UK corporation tax rate 28%	(254)	(284)
Effects of		
- Group relief surrendered/(claimed) and not paid for	254	0
- Accelerated capital allowed/ other timing differences	0	284
<b>Actual current taxation charge</b>	<b>0</b>	<b>0</b>

**Factors that may affect future tax charges**

It is anticipated that tax losses and the availability of capital allowances in excess of depreciation will reduce future tax charges

**Deferred tax**

Potential deferred tax assets of £284,000 (2008 284,000) are not recognised due to the inherent uncertainty of future profits

## Notes to the financial statements for the year ended 31 December 2009

### 8 Dividends

There were no dividends paid during either year

### 9 Investments

	Shares in subsidiary undertakings £'000
<b>Cost</b>	
At 1 January 2009 and at 31 December 2009	19,487
<b>Net book amount</b>	
At 31 December 2008 and at 31 December 2009	19,487

During the prior period the company acquired 100% of the share capital in Holland House Hotels (Bristol) Limited from MREF Bristol Limited, a related company

The company holds directly a 100% shareholding in Holland House Hotels (Bristol) Limited, a property investment company, which is incorporated in Great Britain

### 10 Debtors

	2009 £'000	2008 £'000
Other debtors	0	4
Amounts owed by group undertakings	903	861
	<b>903</b>	<b>865</b>

### 11 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Amounts owed to group undertakings	0	1,044
Loans	7,836	7,822
	<b>7,836</b>	<b>8,866</b>

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 140 basis points over LIBOR. The loan is repayable in full in July 2014.

On 30th March 2007 and 28 September 2007 MREF Tradeco Limited, a fellow group company, entered into interest rate swap agreements in order to hedge exposure to interest rates on bank loans until 31st March 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.

## Notes to the financial statements for the year ended 31 December 2009

### 11 Creditors: amounts falling due within one year (continued)

The related loans are held in fellow group companies. The cost/gain of the interest rate swap is reallocated out to these companies in proportion to the value of the loan held within each company. The amount allocated to MREF Bristol Holdings Limited for the year ended 31 December 2009 is £317,963 cost (2008 £31,328 gain).

As disclosed in note 18 MREF Hotels Limited Group ("the Group"), of which the Company is a member, completed a refinancing on 13 July 2010. At the year end date of 31 December 2009 and as required by FRS 25 bank loans were classified as being due within one year as a result of the Group being in technical breach of certain covenants attaching to the senior debt. As at the date of approval of these accounts the revised debt facilities were not in breach of any financial covenants. Furthermore, the interest rate swap agreements disclosed above were cancelled as part of the refinancing arrangements and a new swap agreement entered into.

### 12 Creditors: amounts falling due after more than one year

	2009	2008
	£'000	£'000
Amounts owed to group undertakings	14,475	12,449

Amounts owed to group undertakings are subject to interest at a margin of 200 basis points over the Bank of England base rate, unsecured and repayable on demand.

### 13 Called up share capital

	2009	2008
	£	£
<b>Authorised</b>		
2 ordinary shares of £1 each	2	2
<b>Allotted and fully paid</b>		
2 (2008 2) ordinary shares of £1 each	2	2

### 14 Reserves

	Profit and loss account £'000
At 1 January 2009	(1,013)
Loss for the financial year	(908)
<b>At 31 December 2009</b>	<b>(1,921)</b>

**Notes to the financial statements for the year ended 31 December 2009****15 Reconciliation of movements in shareholders' deficit**

	<b>Year to 31 December 2009 £'000</b>	<b>Period to 31 December 2008 £'000</b>
Loss for the financial year	(908)	(1,013)
Opening shareholders' deficit	(1,013)	0
Closing shareholders' deficit	(1,921)	(1,013)

**16 Related party transactions**

The Company has not disclosed related party transactions with fellow subsidiary undertaking as the ultimate controlling parties prepare consolidated financial statements which are publicly available

**17 Ultimate parent undertaking**

The company's ultimate parent undertaking is MREF Hotels Limited, which is registered in Jersey. The company's ultimate controlling parties are Moorfield Real Estate Fund A Limited Partnership and Moorfield Real Estate Fund B Limited Partnership.

**18 Post balance sheet events**

On 13 July the MREF Hotels Limited group, of which the company is a part, completed a refinancing of its debt facilities which resulted in a reduction in senior, capital expenditure and overdraft borrowings in exchange for the lender's participation in a share of future profits. A portion of existing swap contracts have been cancelled and replaced by a new swap contract which, along with the reduction in debt levels will significantly reduce the Group's annual interest bill. £20million will be available for investment in capital expenditure projects.