

The Ritz Hotel (London) Limited
(registered number: 64203)

Report of the directors and consolidated financial statements
for the year ended 31 December 2011

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The Ritz Hotel (London) Limited

Report of the directors for the year ended 31 December 2011 (registered number: 64203)

The directors present their report and the audited financial statements of the company and its subsidiary (the group) for the year ended 31 December 2011

Principal activities

The company owns and operates The Ritz Hotel in London and leases the casino and the jewellery shop to fellow subsidiary companies

Review of business and results

The directors are pleased to report that despite the difficult economic environment the company again grew revenue to its highest level in its history. During the year company completed its major cleaning and repairs program of the hotel's stone facia at a cost of £2.93 million. The operating profit on ordinary activities before this cost and tax amounted to £9.6 million (2010: £10.7 million)

Following several unsolicited approaches from prospective purchasers for the sale of the hotel, the directors consider that taking into account the freehold tenure, the location, the constant superior maintenance of the property, the value of the casino lease and the unique Ritz brand name that the overall value of the group's interest is in excess of £735 million

A pro-forma non statutory balance sheet incorporating this valuation is summarised as follows

	<u>2011</u> £m
Fixed assets	735.0
Net current assets (excluding fellow subsidiary loans)	<u>6.2</u>
	741.2
Bank loan	(149.6)
Other liabilities	(5.3)
	<u>586.3</u>
Net assets	

Future developments

The Hotel's management will continue to monitor trends and business fundamentals to ensure their strategy remains well suited to the developing environment

The Ritz Hotel (London) Limited

Report of the directors for the year ended 31 December 2011 (continued) (registered number: 64203)

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks

The key business risks affecting the company are set out below

Risks are formally reviewed by the board and appropriate processes put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible effects on the company.

Economic and financial risk

The group's business is exposed to the risk of negative developments in the global and regional economies and financial markets, either directly or through the impact of third party hotel owners and developers, bankers, suppliers or customers. These developments can result in recession, inflation, deflation, currency fluctuations and restrictions in the availability of credit, business failures or increases in finance costs. Such developments might increase operating costs and reduce revenues.

Commercial and market risk

Risks are an integral part of normal commercial practices, and where practicable steps are taken to mitigate such risks.

The group operates within the luxury hotel industry and failure to compete effectively in terms of quality of product, levels of service can have an adverse effect on earnings.

The group competes with other luxury hotel operators for management opportunities, and a failure to compete successfully or to establish and maintain its unique brand and position could adversely affect its business.

Directors

The Directors of the company during the year ended 31 December 2011 were

A S Barclay
H M Barclay
S A Boxall
M P Day
A M Love
R K Mowatt
P L Peters
M Seal

The Ritz Hotel (London) Limited

Report of the directors for the year ended 31 December 2011 (continued) (registered number 64203)

Results and dividend

The retained profit of £6,014,000 (2010 profit £6,710,000) has been transferred to reserves. The directors do not recommend the payment of a dividend for the year ended 31 December 2011 (2010 NIL)

Employee involvement

The group has continued to maintain its commitment to employee involvement throughout the business

Employees are kept well informed of the performance and objectives of the group through personal briefings, regular meetings and e-mail

Equal opportunities

The group is committed to an active equal opportunities policy from recruitment and selection, through training and development, appraisal and promotion to retirement

It is the group's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. All decisions relating to employment practices will be objective, free from bias and based solely upon work criteria and individual merit

The group is responsive to the needs of its employees, customers and the community at large and is an organisation that endeavours to use everyone's talents and abilities to the full

Creditor payment policy

For all trade creditors, it is the group's policy to

- agree the terms of payment at the start of business with the supplier,
- ensure that suppliers are aware of the terms of payment, and
- pay in accordance with its contractual and other legal obligations

The Ritz Hotel (London) Limited

Report of the directors for the year ended 31 December 2011 (continued) (registered number: 64203)

Statement of directors' responsibilities

The directors are responsible for preparing the report of the directors 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 year.

In preparing those financial statements, the directors are required to

- a) select suitable accounting policies and then apply them consistently,
- b) make judgements and accounting estimates that are reasonable and prudent,
- c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d) 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

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

The Ritz Hotel (London) Limited

Report of the directors for the year ended 31 December 2011 (continued) (registered number: 64203)

Financial risk management

The group's activities expose it to a variety of financial risks, including credit risk, liquidity risk and cash flow risk. The group's overall financial risk management objective is to minimise its potential adverse effects on the financial performance of the group.

(a) Credit risk

Credit risk arises from acceptance of credit card payments from customers. The group manages this risk by only pre-authorising credit card payments prior to the customer occupying the rooms.

(b) Liquidity risk

The group practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient funding requirements for working capital. The group has debt facilities that are designed to ensure that it has sufficient available funds for operations and planned expansions.

(c) Interest rate cash flow risk

The group has both interest bearing assets and interest bearing liabilities. Interest bearing assets consist of cash balances. Interest bearing liabilities consist of external loan commitments.

By order of the board



M Seal
Director
4th April 2012

The Ritz Hotel (London) Limited

Independent auditors' report to the members of The Ritz Hotel (London) Limited

We have audited the Consolidated and parent company financial statements (the "financial statements") of The Ritz Hotel (London) Limited for the year ended 31 December 2011 which comprise the Consolidated Profit and Loss Account, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, 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 Statement of Directors' Responsibilities 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 (United Kingdom 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 group's and parent 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 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 group's and the parent company's affairs as at 31 December 2011 and of the group's profit and cash flows 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.

The Ritz Hotel (London) Limited

Independent auditors' report to the members of The Ritz Hotel (London) 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



Simon O'Brien (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place, London, WC2N 6RH

4 April 2012

The Ritz Hotel (London) Limited

Consolidated profit and loss account for the year ended 31 December 2011

	<u>NOTE</u>	<u>2011</u> <u>£'000</u>	<u>2010</u> <u>£'000</u>
Turnover		32,270	31,340
Cost of sales		<u>(14,777)</u>	<u>(13,713)</u>
Gross profit		17,493	17,627
Administrative expenses		<u>(10,443)</u>	<u>(9,836)</u>
Exceptional exterior repair costs		<u>(1,184)</u>	<u>(1,751)</u>
Other operating income		<u>2,626</u>	<u>2,913</u>
Operating profit	2	8,492	8,953
Net interest and similar charges	5	<u>(2,478)</u>	<u>(2,243)</u>
Profit on ordinary activities before taxation		6,014	6,710
Tax on profit on ordinary activities	6	<u>-</u>	<u>-</u>
Profit for the financial year		<u>6,014</u>	<u>6,710</u>

All activities are classified as continuing

The group has no recognised gains or losses other than the profit for this financial year, and accordingly a statement of total recognised gains and losses has not been prepared

There is no material difference between the consolidated profit for the financial year and its historical cost equivalent

The Ritz Hotel (London) Limited

Consolidated balance sheet as at 31 December 2011 (company number: 64203)

	NOTE	2011		2010	
		£'000	£'000	£'000	£'000
Fixed Assets					
Tangible assets	8		144,304		143,389
Current assets					
Stock	10	1,953		1,797	
Debtors amounts falling due after more than one year	11	28,500		24,300	
Debtors amounts falling due within one year	11	1,849		2,269	
Cash at bank and in hand		2,416		1,566	
			34,718		29,932
Creditors amounts falling due within one year	12		(5,327)		(5,666)
Net current assets			29,391		24,266
Total assets less current liabilities			173,695		167,655
Creditors amounts falling due after more than one year	12		(149,616)		(149,590)
Net assets			24,079		18,065
Capital and reserves					
Called up share capital	14		1,000		1,000
Revaluation reserve	15		22,441		22,441
Profit and loss/(deficit)	16		638		(5,376)
Total shareholders' funds	18		24,079		18,065

The financial statements on pages 8 to 21 were approved by the board of directors on *4 APRIL* 2012 and were signed on its behalf by



M Seal
Director



R K Mowatt
Director

The Ritz Hotel (London) Limited

Company balance sheet as at 31 December 2011 (company number. 64203)

	NOTE	2011		2010	
		£'000	£'000	£'000	£'000
Fixed Assets					
Tangible assets	8		114,545		113,630
Investments	9		-		-
			<u>114,545</u>		<u>113,630</u>
Current assets					
Stock	10	1,953		1,797	
Debtors amounts falling due after more than one year	11	59,361		55,161	
Debtors amounts falling due within one year	11	1,849		2,269	
Cash at bank and in hand		2,407		1,557	
			<u>65,570</u>		<u>60,784</u>
Creditors amounts falling due within one year	12		<u>(5,327)</u>		<u>(5,666)</u>
Net current assets			<u>60,243</u>		<u>55,118</u>
Total assets less current liabilities			<u>174,788</u>		<u>168,748</u>
Creditors: amounts falling due after more than one year	12		<u>(149,616)</u>		<u>(149,590)</u>
Net assets			<u>25,172</u>		<u>19,158</u>
Capital and reserves					
Called up share capital	14		1,000		1,000
Revaluation reserve	15		22,441		22,441
Profit and loss/ (deficit)	16		<u>1,731</u>		<u>(4,283)</u>
Total shareholders' funds	18		<u>25,172</u>		<u>19,158</u>

The financial statements on pages 8 to 21 were approved by the board of directors on 4 APRIL 2012 and were signed on its behalf by



M Seal
Director



R K Mowatt
Director

The Ritz Hotel (London) Limited

Consolidated cash flow statement for the year ended 31 December 2011

	2011		2010	
	£'000	£'000	£'000	£'000
Net cash inflow from operating activities		10,688		10,711
Returns on investment and servicing of finance				
Interest received	6		9	
Interest paid	<u>(2,458)</u>		<u>(2,226)</u>	
Net cash outflow from returns on investments and servicing of finance		(2,452)		(2,217)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(3,186)		(2,756)	
Loan advanced to fellow subsidiary	<u>(4,200)</u>		<u>(6,800)</u>	
Net cash outflow from capital expenditure and financial investment		(7,386)		(9,556)
Increase/(decrease) in cash		<u>850</u>		<u>(1,062)</u>

The Ritz Hotel (London) Limited

Consolidated Cash Flow Statement for the year ended 31 December 2011(continued)

Reconciliation of operating profit to operating cash flows

	2011 £'000	2010 £'000
Operating profit	8,492	8,953
Depreciation	2,271	1,932
(Increase)/Decrease in stock	(156)	31
(Decrease)/Increase in debtors	420	(523)
(Decrease)/Increase in creditors	(339)	318
Net cash inflow from operating activities	<u>10,688</u>	<u>10,711</u>

Reconciliation of net cash flow to movement in net debt

	2011 £'000	2010 £'000
Increase/(Decrease) in cash for the year	850	(1,062)
Non-cash items	(26)	(26)
Net debt at start of year	<u>(148,024)</u>	<u>(146,936)</u>
	<u>(147,200)</u>	<u>(148,024)</u>

Analysis of changes in net debt

	1 January 2011 £'000	Cash flows £'000	Non-cash items £'000	31 December 2011 £'000
Cash at bank and in hand	1,566	850	-	2,416
Bank loans	(149,590)	-	(26)	(149,616)
	<u>(148,024)</u>	<u>850</u>	<u>(26)</u>	<u>(147,200)</u>

The Ritz Hotel (London) Limited

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

1 Principal accounting policies

Basis of preparation

The accounts are prepared in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom under the historical cost convention modified by the revaluation of freehold land and buildings which, following the adoption of FRS15 in 2000 is now deemed to be cost. The more important accounting policies of the company which have been applied consistently with the prior year are set out below.

The financial statements have been prepared on a going concern basis which assumes that the company will continue to trade. The shareholders have indicated that they will continue to make sufficient funds available to ensure that the company will be able to trade for the foreseeable future. On this basis the directors consider the going concern basis of preparation is appropriate.

Basis of consolidation

The consolidated accounts include the accounts of the group and all of its subsidiary undertakings. The results of subsidiaries acquired or disposed of during the year are included from the date of their acquisition or up to the date of their disposal. Profits relating to intra-group trading have been eliminated.

Tangible fixed assets

Tangible fixed assets are held at modified historical cost less depreciation. Advantage was taken of the exemption provided by FRS 15 – “Tangible fixed assets” to freeze the value of revalued assets at their pre-FRS 15 valuations. The depreciation charged to the profit and loss account is based on the revalued amount, not the original historical cost. Each year a transfer is made from the revaluation reserve to the profit and loss reserve equivalent to the difference between the depreciation charged on original historical cost and that on the modified amount.

The company now separates its properties into components where they have significantly different useful economic lives and depreciates each component appropriately. Depreciation is provided on all other tangible fixed assets on a straight line basis as follows:

Freehold properties	See below
Short leasehold land and buildings	Term of lease
Fixtures, fittings and equipment	4 to 7 years

No depreciation is provided on freehold land or buildings on the grounds that any depreciation charge would be immaterial because of the length of the estimated remaining useful life of the asset are greater than 50 years.

Where any permanent diminution of the property value is incurred, a provision is made in the profit and loss account. The directors' estimate of residual values is based on prices prevailing at the year end or subsequent independent valuation.

The Ritz Hotel (London) Limited

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

1 Principal accounting policies (continued)

Fixed asset investment

Fixed asset investments are valued at cost less impairment provisions. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the business or disposal value if higher.

Taxation

Corporation tax is provided on taxable profits at the standard rate of corporation tax in the United Kingdom of 26.5 percent (2010: 28 percent).

Deferred tax is accounted for on an undiscounted basis at tax rates enacted or substantially enacted at the balance sheet date on all differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. A deferred tax asset is only recognised when it is more likely than not that the asset will be recoverable in the foreseeable future out of suitable taxable profits from which the underlying timing differences can be deducted.

Turnover

Turnover, which excludes value added tax, comprises the company's income from the operation of its hotel and property for rent and is wholly earned in the United Kingdom. This arises primarily from the letting of room and suite accommodation and the service of food and liquor. Revenue is recognised on the daily occupation of accommodation and once a service has been rendered.

Stocks

Stocks are valued at the lower of cost, and net realisable value. Provision is made for obsolete, slow moving and defective stock.

Foreign currency conversion

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction is completed. Exchange gains and losses arising from trading transactions are included in operating profit.

Financing costs

Arrangement fees and other issue costs incurred as a result of entering into loan and other facilities are amortised over the length of the related loan or facility.

Other operating income

Other operating income includes rental income and other fees from group and other undertakings and is recognised on an accrual basis in accordance with the substance of the relevant agreements.

The Ritz Hotel (London) Limited

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

2 Operating profit

	2011 £'000	2010 £'000
Operating profit is stated after charging		
Auditors' remuneration		
Fees payable to the company's auditor for the audit of the group's annual accounts	30	30
The audit of the statutory accounts of the company's subsidiary	10	15
Depreciation of tangible fixed assets	<u>2,271</u>	<u>1,932</u>

3 Directors' emoluments

Five of the directors were paid by other group companies for their services as a whole and no specific allocation of their remuneration has been made in respect of this company. Their emoluments are therefore not included in the disclosure below.

	2011 £'000	2010 £'000
Aggregate emoluments for qualifying services	219	245
Company contributions paid to money purchase pension scheme	<u>16</u>	<u>14</u>
	<u>235</u>	<u>259</u>
Highest paid director:		
Aggregate emoluments	188	213
Company contributions paid to money purchase pension scheme	<u>16</u>	<u>14</u>
	<u>204</u>	<u>227</u>

4 Employee information

a) The average number of persons employed by the group (excluding executive directors) during the period is analysed below.

	2011	2010
Selling and Distribution	269	271
Administration	<u>56</u>	<u>59</u>
	<u>325</u>	<u>330</u>

b) The aggregate payroll costs of these persons were as follows.

	2011 £'000	2010 £'000
Wages and salaries	8,603	8,061
Social security costs	818	758
Pension costs	<u>203</u>	<u>205</u>
	<u>9,624</u>	<u>9,024</u>

The pension costs represents contributions payable by the group to a personal pension scheme approved under the stakeholder pensions rules.



The Ritz Hotel (London) Limited

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

5 Net interest (receivable)/payable and similar charges

	2011 £'000	2010 £'000
Interest payable and similar charges	2,458	2,226
Amortisation of bank loan arrangement fee	26	26
	<u>2,484</u>	<u>2,252</u>
Interest receivable and similar income	(6)	(9)
	<u>2,478</u>	<u>2,243</u>

6 Taxation on profit on ordinary activities

	2011 £'000	2010 £'000
Current tax		
United Kingdom corporation tax on profits of the year	-	-
Deferred tax.		
Current year deferred tax	-	-
Tax loss on ordinary activities	<u>-</u>	<u>-</u>

The taxation assessed is lower than the standard rate of corporation tax in the United Kingdom (26.5%) The differences are explained below

Profit on ordinary activities before tax	<u>6,014</u>	<u>6,710</u>
Profit on ordinary activities multiplied by the standard rate in the United Kingdom of 26.5% (2010: 28%)	1,594	1,879
Effects of		
Expenses not deductible for tax purposes	-	-
Accelerated capital allowances and other timing differences	157	51
Group relief (claimed) for nil consideration	<u>(1,751)</u>	<u>(1,930)</u>
Total current tax	<u>-</u>	<u>-</u>

The Ritz Hotel (London) Limited

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

7 Profit of parent company

A total profit of £6,014,000 (2010 profit £6,700,000) has been recognised in the accounts of The Ritz Hotel (London) Limited. The company has taken advantage of the section 480(3) Companies Act 2006 allowing it not to publish a separate profit and loss account.

8 Tangible fixed assets

Group

	Freehold land & buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost or valuation			
At 1 January 2011	164,292	12,810	177,102
Additions	823	2,363	3,186
Assets written off	-	(498)	(498)
At 31 December 2011	165,115	14,675	179,790
Accumulated depreciation			
At 1 January 2011	27,070	6,643	33,713
Charge for the year	-	2,271	2,271
Assets written off	-	(498)	(498)
At 31 December 2011	27,070	8,416	35,486
At 31 December 2011	138,045	6,259	144,304
At 31 December 2010	137,222	6,167	143,389

Company

	Freehold land and buildings £'000	Leasehold land & buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost or valuation				
At 1 January 2011	126,341	7,191	12,810	146,342
Additions	823	-	2,363	3,186
Assets written off	-	-	(498)	(498)
At 31 December 2011	127,164	7,191	14,675	149,030
Accumulated depreciation				
At 1 January 2011	25,746	323	6,643	32,712
Charge for the year	-	-	2,271	2,271
Assets written off	-	-	(498)	(498)
At 31 December 2011	25,746	323	8,416	34,485
At 31 December 2011	101,418	6,868	6,259	114,545
At 31 December 2010	100,595	6,868	6,167	113,630



The Ritz Hotel (London) Limited

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

9 Fixed asset investments - company

The company has a 50% interest in Ritz Products (UK) Limited, a company incorporated in Great Britain, and registered in England and Wales. The cost of £305,000 has been fully written off. The company promotes products bearing the "Ritz" name. Details of the Joint Venture undertaking's issued share capital are as follows:

	<u>Percentage held</u>
305,000 £1 "A" Ordinary shares	100%
305,000 £1 "B" Ordinary shares	<u>Nil</u>

The voting rights for fully paid "A" Ordinary Shares are equal to those attaching to the "B" Ordinary shares held by Ritz (Paris) Holdings Limited.

The company holds the entire issued share capital of 22 Arlington Street Limited, a company incorporated in Jersey, and which owns the freehold interest of property located at 22 Arlington Street, London.

10 Stock – Group and Company

	<u>2011 £'000</u>	<u>2010 £'000</u>
Raw materials and consumables	820	769
Finished goods and goods for resale	<u>1,133</u>	<u>1,028</u>
	<u>1,953</u>	<u>1,797</u>

The Ritz Hotel (London) Limited

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

11 Debtors: Amounts falling due after more than one year:

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Amount owed by group undertaking	28,500	24,300	28,500	24,300
Amount owed by subsidiary company	-	-	30,861	30,861
	28,500	24,300	59,361	55,161

The amount owed by the group undertaking is interest free with no fixed terms of repayment

Amounts falling due within one year: Group and Company

	2011 £'000	2010 £'000
Trade debtors	730	1,395
Amounts owed by fellow subsidiary companies	56	27
Other debtors	113	39
Prepayments and accrued income	950	808
	1,849	2,269

12 Creditors amounts falling due within one year

	Group		Company	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Trade creditors	3,400	3,674	3,400	3,674
Taxation and social security	1,157	870	1,157	870
Accruals and deferred income	770	1,122	770	1,122
	5,327	5,666	5,327	5,666

Creditors amounts falling due after more than one year Group and Company

	2011 £'000	2010 £'000
Bank loan	149,616	149,590

The bank loan is secured by legal charges over the land and buildings of the company and bears interest at a rate of LIBOR plus 0.80% and is repayable in 2026. Netted against the bank loan balance is an amount of £384,000 (2010: £410,000) relating to arrangement fees incurred on inception of the loan. The arrangement fees are amortised to the profit and loss account over the term of the facility and an amount of £26,000 was amortised in the current financial year (2010: £26,000).

The Ritz Hotel (London) Limited

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

13 Provision for liabilities and other charges, group and company

Deferred tax

No deferred taxes have been recognised in the balance sheet. The 2011 potential deferred tax asset / (liability) not recognised analysis is as follows

	2011 £'000	2010 £'000
Accelerated capital allowances	121	(30)
Losses carried forward	<u>2</u>	<u>2</u>
As at 31 December	<u>123</u>	<u>(28)</u>

14 Called up share capital – group and company

	2011 £'000	2010 £'000
Authorised and fully paid		
1,000,000 (2010: 1,000,000) Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

15 Revaluation reserve – group and company

The revaluation reserve arose upon revaluations of the hotel prior to the introduction of FRS 15 – “Tangible Fixed Assets”. The company took advantage of the exemption in FRS 15 allowing the carrying value of the assets to be frozen at their pre-FRS 15 valuation.

	2011 £'000	2010 £'000
At 1 January and 31 December	<u>22,441</u>	<u>22,441</u>

16 Profit and loss account

	The Company £'000	The Group £'000
At 1 January 2011	(4,283)	(5,376)
Profit for the financial year	<u>6,014</u>	<u>6,014</u>
At 31 December 2011	<u>1,731</u>	<u>638</u>

17 Pensions

With effect from 1 January 2001 the company has established a personal pension scheme approved under the Stakeholder pensions rules. The contributions made by the company for year amounted to approximately £203,000 (2010: £205,000).

The Ritz Hotel (London) Limited

Notes to the consolidated financial statements for the year ended 31 December 2011 (continued)

18 Reconciliation of movement in shareholders' funds

Group

	<u>2011</u> £'000	<u>2010</u> £'000
Profit for the year	6,014	6,710
Opening shareholders' funds	<u>18,065</u>	<u>11,355</u>
Closing shareholders' funds	<u>24,079</u>	<u>18,065</u>

Company

	<u>2011</u> £'000	<u>2010</u> £'000
Profit for the year	6,014	6,700
Opening shareholders' funds	<u>19,158</u>	<u>12,458</u>
Closing shareholders' funds	<u>25,172</u>	<u>19,158</u>

19 Related party transactions

As all of the company's voting rights are controlled within the group headed by Ellerman Holdings Limited, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group or are disclosed in the group accounts

20 Ultimate controlling party

The immediate holding company is Ellerman Holdings Limited, a company incorporated in Jersey which the directors regard as being ultimately controlled by the Sir David and Sir Frederick Barclay Family Settlements

B UK Limited, a company incorporated in Bermuda, is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2011. The Ritz Hotel (London) Limited is the smallest group of undertakings to consolidate these financial statements. The accounts of The Ritz Hotel (London) Limited can be obtained by writing to 3rd Floor, 20 St James's Street, London SW1A 1ES