

Company Registration No. 1617210

Accor (UK) Limited

Report and Financial Statements

31 December 2010

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Accor (UK) Limited

Report and financial statements 2010

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Accor (UK) Limited

Report and financial statements 2010

Officers and professional advisers

Directors

H O A Deligny
Y Y T L Caillere

J-J Dessors
T Dubaere (appointed 1 May 2010)
C P R Rousseau (resigned 15 March 2010)

Secretary

J J M Schmitt

Registered Office

1 Shortlands
Hammersmith
London
W6 8DR

Bankers

HSBC Bank plc
Regional Service Centre Europe
PO Box 61004
2nd Floor
London
SE1 9RX

Solicitors

Stephenson Harwood
One St Pauls Churchyard
London
EC4M 8SH

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London

Accor (UK) Limited

Directors' report and business review

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

Principal activity

The company is an investment holding company. Its principal activities during the period were the supervision of the activities of subsidiary companies engaged in the development and management of hotels and the provision of service vouchers. These subsidiary companies are listed in note 9 to the financial statements. Following the disposal of its interests in service voucher activities (see below), the company's principal activity of the supervision of the activities of subsidiary companies engaged in the development and management of hotels is expected to continue for the foreseeable future.

Business Review

The company made a profit after tax of £330,790,000 during the year (2009 £48,616,000). The directors consider that as holding company, the main key performance indicator is dividend income receivable.

On 5 February 2010 the company received internal dividend income of £150,020,401 (2009 £48,758,826) from group undertakings. On 5 February 2010 the Directors proposed and paid a dividend of £149,963,300, equivalent to £4.61 per share (2009 £149,963,300).

On 27 April 2010 the company sold its entire investment in Childcare Vouchers Limited, Clean Way Limited and Luncheon Vouchers Catering Education Trust Limited to Accor Services UK Limited for the sum of £249,430 the market value of the investment. On the same date the company sold its entire investment in Accor Services UK Limited to Accor Services Italie for the sum of £235,349,735, the market value of the investment. This disposal forms part of a strategy being pursued by the parent company to separate its hotel activities from its service activities. Following this disposal, on 19 May 2010 the company paid a further interim dividend of £179,890,900, equivalent to £5.53 per share.

Financial risk management

The hotel market is an extremely competitive market-place where the quality of service and competitive prices offered to the company's guests is of paramount importance. The company is confident that the excellent reputations of its hotels, the strength of the company's brands and the support of the Accor group, together with an appropriate spend each year on the maintenance and improvement of the company's hotels will ensure that any risk of losing sales to competitors is minimised.

The company has investments in companies which have a track record of generating strong positive cash flows. Given this and the strength of the Accor brand in the UK, the directors have concluded that the business is in a very strong position to trade through the current economic uncertainty, and accordingly these accounts have been prepared on the going concern basis.

All of the company's business is transacted in Sterling and accordingly the company is not exposed to any exchange rate fluctuations.

Accor (UK) Limited

Directors' report and business review (continued)

Environment

The Accor Group in the UK recognise that its activities impact upon the environment through its routine operations, its infrastructural development, and through its influence and effects on the wider community. The Group acknowledges a responsibility for, and a commitment to, protection of the environment at all levels. Accor will comply fully with environmental legislation and is committed to promoting environmental management policies and practices such as ISO 14001 and 'Green Globe', a benchmarking and certification scheme dedicated to all sectors of the tourism industry. Accor aims to increase the awareness of environmental responsibilities among staff and guests through its environment charter, by incorporating long term strategies for energy efficiency into the planning and development of hotels, by promoting a purchasing policy which will give preference, as far as practicable, to those products and services which cause the least harm to the environment and by working with local communities and agencies as appropriate to promote environmental policies.

Going concern

As discussed in Financial Risk Management, the directors consider that the company will continue in operational existence for the foreseeable future. The accounts have hence been prepared on the going concern basis, meaning in particular that the profit and loss account and balance sheet assume no intention or necessity to liquidate or curtail significantly the scale of the operation.

Directors

The directors who served throughout the year, except as noted, are shown on page 1.

Provision of information to the auditors

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



H O A Deligny
Director

15 July 2011

Accor (UK) Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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, and
- 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 auditor's report to the members of Accor (UK) Limited

We have audited the financial statements of Accor (UK) Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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.

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 2010 and of its profit 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

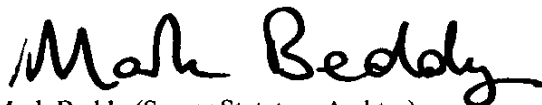
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Accor (UK) 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



Mark Beddy (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

19 July 2011

Accor (UK) Limited

Profit and loss account Year ended 31 December 2010

	Notes	2010 £'000	2009 £'000
Administrative expenses		(5)	(10)
Operating loss		(5)	(10)
Profit on disposal of Investment	4	180,216	-
Profit/(loss) on ordinary activities before financing		180,211	(10)
Investment Income	6	150,795	48,759
Interest payable and similar charges	7	-	(190)
Profit on ordinary activities before taxation		331,006	48,559
Tax on profit on ordinary activities	8	(216)	57
Profit for the financial year	13	330,790	48,616

All activities derive from continuing operations

There are no other recognised gains or losses or other movements in shareholders' funds for the current financial year and preceding financial year other than as stated in the profit and loss account. Accordingly no statement of total recognised gains and losses or reconciliation of movements in the shareholders' funds is given.

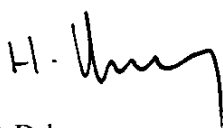
Accor (UK) Limited

Balance sheet 31 December 2010

	Notes	2010 £'000	2009 £'000
Fixed assets			
Investments	9	81,165	136,549
Current assets			
Debtors amounts falling due within one year	10	77	58
Cash at bank and in hand		53,027	-
		53,104	58
Creditors: amounts falling due within one year	11	(119)	(3,393)
Net current assets/(liabilities)		52,985	(3,335)
Total assets less current liabilities		134,150	133,214
Net assets		134,150	133,214
Capital and reserves			
Called up share capital	12	32,530	32,530
Share premium	13	30,770	30,770
Profit and loss account	13	70,850	69,914
Equity shareholders' funds		134,150	133,214

These financial statements of Accor (UK) Limited (Company No 1617210) were approved by the Board of Directors on 15 July 2011

Signed on behalf of the Board of Directors


H O A Deligny
Director

Accor (UK) Limited

Notes to the accounts Year ended 31 December 2010

1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below and have been applied consistently in the current and prior year.

Accounting convention

The financial statements are prepared under the historical cost convention. The company has investments in companies which have a track record of generating strong positive cash flows. Given this, the strength of the Accor brand in the UK, and the post balance sheet disposal of investments as set out in the directors' report, the directors have concluded that the business is in a very strong position to trade through the current economic uncertainty, and accordingly these accounts have been prepared on the going concern basis.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. All monetary assets and liabilities in foreign currencies are expressed in sterling at the year end rates. Gains and losses arising from the movements in exchange rates during the year are dealt with in the profit and loss account.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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. Timing differences are differences between the entity's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, 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 and accounted for on a non-discounted basis.

Investments

Investments are stated at cost unless, in the opinion of the directors, there is an impairment in the value of the investments. Dividend income is accounted for when dividends are declared by subsidiaries.

Group accounts

As permitted by Section 400 of the Companies Act 2006, group accounts have not been prepared. These financial statements present information about the company as an individual undertaking and not about its group.

Accor (UK) Limited

Notes to the accounts Year ended 31 December 2010

1. Accounting policies (continued)

Cash flow statement

In accordance with paragraph 5 (a) of Financial Reporting Standard No 1 (revised) "Cash Flow Statements", the company is not required to prepare a cash flow statement

Going concern

As discussed in the directors' report, the directors consider that the company will continue in operational existence for the foreseeable future. The accounts have hence been prepared on the going concern basis, meaning in particular that the profit and loss account and balance sheet assume no intention or necessity to liquidate or curtail significantly the scale of the operation.

2. Turnover

All the company's income, costs, profits and net assets relate to administrative activities carried out in the United Kingdom.

3. Operating loss

	2010 £'000	2009 £'000
Operating loss is arrived at after charging the following:		
Auditor's remuneration - audit fees	3	1

4. Profit on disposal of Investment

	2010 £'000	2009 £'000
Proceeds received on sale of shares in group undertakings	235,600	-
Cost of shares in group undertakings	(55,384)	-
	180,216	-

5. Staff costs and numbers

Excluding directors, the company had no employees during the year (2009 – none). No directors received any emoluments for their services to the company during the year. Remuneration of the directors from other group companies is disclosed in the accounts of those companies. None of the directors are members of a money purchase pension scheme (2009 – none).

Accor (UK) Limited

Notes to the accounts Year ended 31 December 2010

6. Investment Income

	2010 £'000	2009 £'000
Income from shares in group undertakings	150,020	48,759
Interest received	775	-
	<u>150,795</u>	<u>48,759</u>

Accor Services UK Limited declared and paid an interim dividend of £2,462,839 for the year ended 31 December 2009 on 24 December 2009

Accor UK Business & Leisure Hotels Limited declared and paid an interim dividend of £46,295,987 for the year ended 31 December 2009 on 16 December 2009. Accor UK Business & Leisure Hotels Limited declared and paid an interim dividend of £97,991,972 for the year ended 31 December 2009 on 5 February 2010.

Accor UK Economy Hotels Limited declared and paid an interim dividend of £52,028,401 for the year ended 31 December 2009 on 5 February 2010.

7. Interest payable and similar charges

	2010 £'000	2009 £'000
Bank interest payable	-	190
	<u>-</u>	<u>190</u>

8. Tax charge on profit on ordinary activities

	2010 £'000	2009 £'000
(a) The tax charge/(credit) for the year comprises:		
Corporation tax/(group relief) at 28% (2009 28%)	216	(57)
Corporation tax charge/(credit)	<u>216</u>	<u>(57)</u>

Accor (UK) Limited

Notes to the accounts Year ended 31 December 2010

8. Tax charge on profit on ordinary activities (continued)

(b) Factors affecting tax credit for year

	2010 £'000	2009 £'000
Profit on ordinary activities before tax	331,006	48,559
Tax charge on profit on ordinary activities multiplied by the pro-rated prevailing rate of corporation tax in the UK of 28% (2009 28%)	92,682	13,596
Effects of		
UK dividend income	(42,006)	(13,653)
Substantial shareholding exemption on sale of investment assets	(50,460)	-
Current tax charge/(credit)	216	(57)

The Finance Act 2010, which provides for a reduction in the main rate of corporation tax from 28% to 27% effective from 1 April 2011, was substantively enacted on 21 July 2010. The Government announced on 23 March 2011 that the corporation tax rate would be reduced further to 26% from April 2011, with future reductions in the tax rate by 1% each year down to 23% by April 2014. The rate reduction to 26% was substantively enacted on 29 March 2011 after the balance sheet date. Deferred tax has accordingly been calculated at the rate of 27%.

There is no unprovided deferred tax.

9. Investments

	2010 £'000	2009 £'000
Shares in subsidiary undertakings at cost		
At 1 January	136,549	90,253
Additions	-	46,296
Disposals	(55,384)	-
At 31 December	81,165	136,549

At 31 December 2010 the company owned directly or via subsidiaries the following percentages of the issued ordinary share capital of

Accor (UK) Limited

Notes to the accounts Year ended 31 December 2010

9. Investments (continued)

Principal Subsidiaries	Company holding	Subsidiary holding	Country of incorporation/operation	Activity
Accor UK Business & Leisure Hotels Limited	100%	-	Great Britain	Hotel management
Accor UK Economy Hotels Limited	100%	-	Great Britain	Hotel management
Accor (UK) Management Limited	100%	-	Great Britain	Treasury management
Accor Ireland Hotels Limited	-	100%	Republic of Ireland	Hotel operation
St James Hotel Limited	-	30%	Great Britain	Hotel operation

During the period the company disposed of its entire holding in Accor Services UK Limited for a consideration of £235,599,169. This disposal forms part of a strategy pursued by the parent company to separate its hotel activities from its service activities, which resulted in Accor Services being re-branded as Edenred and independently floated on the Paris Bourse on 2 June 2010.

In the opinion of the directors the aggregate value of the shares in, and amounts owing from, the subsidiary undertakings is not less than the aggregate of the amounts at which they are stated in the company's balance sheet.

10. Debtors: amounts falling due within one year

	2010 £'000	2009 £'000
Amounts owed by group undertakings	77	58

11. Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Amounts owed to group undertakings	-	126
Bank overdraft	-	3,253
Other creditors	110	1
Accruals and deferred income	9	13
	119	3,393

The Accor group in the UK operate an interest pooling arrangement whereby overdraft balances are offset by credit balances maintained in other group company bank accounts. Interest on any overall overdraft is charged at 1% over LIBOR.

Accor (UK) Limited

Notes to the accounts

Year ended 31 December 2010

12. Share capital

	2010 £'000	2009 £'000
Authorised:		
100,000,000 ordinary shares of £1 each (2009 100,000,000)	100,000	100,000
Called up, allotted and fully paid		
32,530,000 ordinary shares of £1 each (2009 32,530,000)	32,530	32,530

13. Capital and reserves

	Share capital £'000	Share premium £'000	2010 Profit and loss account £'000	Total £'000
At 1 January	32,530	30,770	69,914	133,214
Profit for the year	-	-	330,790	330,790
Dividends proposed and paid	-	-	(329,854)	(329,854)
At 31 December	32,530	30,770	70,850	134,150

On 5 February 2010 the Directors proposed and paid a dividend of £149,963,300, equivalent to £4 61 per share (2009 £nil) On 19 May 2010 the Directors proposed and paid a dividend of £179,890,900, equivalent to £5 53 per share (2009 £nil)

14. Contingent liabilities

Accor UK Limited and its UK subsidiaries operate a collective net overdraft facility of £10 million (2009 £10 million) with the group's bank As part of this arrangement, the company has provided certain guarantees in respect of the overdraft position of UK subsidiaries of Accor UK Limited

Accor (UK) Limited

Notes to the accounts

Year ended 31 December 2010

15. Related party transactions

In accordance with exemptions permitted by paragraph 3(c) of Financial Reporting Standard No 8 "Related Party Disclosures" transactions with other undertakings within the Accor SA group have not been disclosed in these financial statements

16. Post balance sheet event

On 31 March 2011 the company paid a dividend to Accor SA of £50,096,200, equivalent to £1.54 per share
On 27 May 2011 the company paid a further dividend to Accor SA of £20,168,600, equivalent to £0.62 per share

17. Ultimate and immediate parent company

The immediate and ultimate parent company and controlling party is Accor SA, registered in France at 2 rue de la Mare-Neuve, 91000 Evry CEDEX, France. This is both the smallest and largest group for which consolidated accounts are prepared. Copies of the group accounts are available from

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Immeuble Odyssey
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75210 Paris Cedex 13
France