

Hotel Dynamics Services UK Limited

Report and Financial Statements

31 December 2011

THURSDAY



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COMPANIES HOUSE

HOTEL DYNAMICS SERVICES UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

CONTENTS

Page

Officers and professional advisers	1
Directors' report	2
Independent auditor's report	4
Profit and loss account	5
Statement of total recognised gains and losses	6
Balance sheet	7
Notes to the financial statements	8

HOTEL DYNAMICS SERVICES UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr A Liggins
Mr P Carter

SECRETARY

Mr H Bankes

REGISTERED OFFICE

The Triangle
5-17 Hammersmith Grove
London
W6 0LG

BANKERS

HSBC Bank plc
165 High Street
Southampton
Hampshire
SO14 2NZ

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham

HOTEL DYNAMICS SERVICES UK LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

This directors report has been prepared in accordance with the provisions applicable to small companies entitled to the small companies exemption

PRINCIPAL ACTIVITY

The principal activity of the company during the year was the provision of specialised hotel marketing services, however by the end of 2011 all of the contracts were terminated

BUSINESS REVIEW

The company operated within the United Kingdom, Greece, Russia, the Czech Republic, Poland, Hungary, Romania and Jordan during the year, however by the end of 2011 all of the contracts were terminated

The directors intention is to wind the company up

OVERSEAS BRANCHES

The company has an overseas branch in Jordan

RESULTS AND DIVIDENDS

The loss for the year, after taxation amounted to £230,276 (2010 profit of £154,417) The directors do not recommend the payment of a dividend on ordinary shares (2010 £nil)

GOING CONCERN

During 2011, the directors made the decision to terminate all of the contracts and to cease trading It is the intention of the directors to wind the company up It is for these reasons that the accounts have not been prepared on a going concern basis There have been no material adjustments as a result of adopting this approach

In addition, the directors note that there are positive net assets The Board has also received confirmation from Wyndham Exchange and Rentals, Inc that they intend to provide funding to any of their group undertakings should they not be in a position to meet their intercompany obligations to Hotel Dynamics Services UK Limited

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and up to the date of this report were as follows

Mr P Carter

Mr A Liggins

DIRECTORS' REPORT (CONTINUED)

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, 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.

PROVISION OF INFORMATION TO AUDITOR

In the case of each of the persons who are directors of the company at the date when this report was approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware, and
- each of the directors has taken all steps that he ought to have taken as a director in order to make himself 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.

Deloitte LLP have expressed their willingness to continue in office as auditor of the company and a resolution for that reappointment will be proposed at the forthcoming Annual General Meeting.

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



A Liggins
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOTEL DYNAMICS SERVICES UK LIMITED

We have audited the financial statements of Hotel Dynamics Services UK Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 15. 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 auditors' 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report 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 requirements of the Companies Act 2006.

Emphasis of matter – Financial statements prepared other than on a going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern.

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.

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 director's report.



Mark Doleman FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

Nottingham, United Kingdom

27 September 2012

HOTEL DYNAMICS SERVICES UK LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2011

	Note	2011 £	2010 £
TURNOVER	1	861,736	1,059,716
Cost of sales		(207,039)	(206,190)
Gross profit		<u>654,697</u>	<u>853,526</u>
Administrative expenses		<u>(793,719)</u>	<u>(635,707)</u>
OPERATING (LOSS)/PROFIT	2	(139,022)	217,819
Interest receivable	3	1,382	-
Interest payable	4	<u>(540)</u>	<u>-</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(138,180)	217,819
Tax on (loss)/profit on ordinary activities	7	<u>(92,096)</u>	<u>(63,402)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	12,13	<u><u>(230,276)</u></u>	<u><u>154,417</u></u>

All amounts in the current and prior year relate to discontinued activities

HOTEL DYNAMICS SERVICES UK LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES **Year ended 31 December 2011**

	2011	2010
	£	£
(Loss)/profit for the financial year	(230,276)	154,417
Exchange difference on retranslation of net assets of branches	(524)	(3,529)
Total recognised gains and losses relating to the year	<u>(230,800)</u>	<u>150,888</u>
Total recognised gains and losses since the last annual report	<u><u>(230,800)</u></u>	<u><u>150,888</u></u>

HOTEL DYNAMICS SERVICES UK LIMITED

BALANCE SHEET 31 December 2011

	Note	2011 £	2010 £
CURRENT ASSETS			
Debtors	9	758,929	1,252,094
Cash		1,762,857	1,370,652
		<u>2,521,786</u>	<u>2,622,746</u>
CREDITORS amounts falling due within one year	10	<u>(1,969,589)</u>	<u>(1,839,749)</u>
NET CURRENT ASSETS		<u>552,197</u>	<u>782,997</u>
NET ASSETS		<u>552,197</u>	<u>782,997</u>
CAPITAL AND RESERVES			
Called up share capital	11	2	2
Foreign currency translation reserve	12	(10,621)	(10,097)
Profit and loss account	12	562,816	793,092
TOTAL SHAREHOLDERS' FUNDS	13	<u>552,197</u>	<u>782,997</u>

The financial statements for Hotel Dynamics Services UK Limited (Registration Number 4406770) were approved by the Board of Directors and authorised for issue on 20 September 2012

Signed on behalf of the Board of Directors



A Liggins
Director

HOTEL DYNAMICS SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

1. ACCOUNTING POLICIES

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

Accounting convention

The financial statements are prepared under the historical cost convention and on a basis other than as a going concern.

Going concern

During 2011, the directors made the decision to terminate all of the contracts and to cease trading. It is the intention of the directors to wind the company up. It is for these reasons that the accounts have not been prepared on a going concern basis. There have been no material adjustments as a result of adopting this approach.

In addition, the directors note that there are positive net assets. The Board has also received confirmation from Wyndham Exchange and Rentals, Inc that they intend to provide funding to any of their group undertakings should they not be in a position to meet their intercompany obligations to Hotel Dynamics Services UK Limited.

Statement of cashflows

The company has taken advantage of the exemption from the requirement to prepare a statement of cashflows conferred by FRS1 (revised 1996) on the grounds that consolidated financial statements, which include the company, are publicly available.

Turnover

Turnover represents the amounts invoiced to customers less trade discounts, excluding value added tax. The directors consider all turnover to represent one class of business and all such arises in Europe.

Taxation

Current UK corporation 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 provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell these assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension obligations

The company pays a percentage of basic salary towards a company pension scheme on a defined contribution basis for all eligible staff. Details of payments made are given in note 5 to the accounts.

HOTEL DYNAMICS SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2011

1. ACCOUNTING POLICIES (Continued)

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract

All monetary liabilities and assets denominated in foreign currencies are translated at year end exchange rates and the resulting exchange differences are taken to the profit and loss account

The accounts of the overseas branch are translated at the year end rate of exchange Exchange differences arising are taken to reserves

2. OPERATING (LOSS)/PROFIT

	2011 £	2010 £
Operating (loss)/profit is after charging		
Auditor's remuneration – audit of the company's annual accounts	6,000	-
Auditor's remuneration – total non-audit fees	-	-
Foreign exchange losses	4,369	95,942

The 2010 audit fee of £10,000 was borne by another group company hence the balance was nil in prior year

3. INTEREST RECEIVABLE

	2011 £	2010 £
Bank interest	1,382	-

4. INTEREST PAYABLE

	2011 £	2010 £
Interest payable to group undertakings	540	-

5. STAFF COSTS

	2011 £	2010 £
Staff costs were as follows		
Wages and salaries	81,249	115,728
Social security costs	9,507	11,857
Pension	1,334	5,367
	92,090	132,952

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

	No.	No.
Sales and Administration	2	2

HOTEL DYNAMICS SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2011

6. DIRECTORS' EMOLUMENTS

The directors do not receive any remuneration in respect of their directorship of this company (2010 £nil)

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2011 £	2010 £
a) Analysis of tax charge in the year		
Current taxation		
UK corporation tax at 26.5% (2010 28%)	-	-
Overseas tax	74,065	81,433
Total current tax (note 7b)	74,065	81,433
Deferred tax		
Timing differences, origination and reversal (note 8)	5,061	(1,249)
Effect of change in rate	1,336	-
Derecognition of deferred tax asset	11,634	-
Adjustments in respect of prior period	-	(16,782)
Total deferred tax	18,031	(18,031)
Tax charge on ordinary activities	92,096	63,402
b) Factors affecting the tax charge for the year:		
(Loss)/profit on ordinary activities before taxation	(138,180)	217,819
Tax on (loss)/profit on ordinary activities at standard rate of 26.5% (2010 28%)	(36,618)	60,989
Effects of		
Permanent disallowable expenditure	-	14
Capital allowances in excess of depreciation	(1,255)	(339)
Provisions not deductible for tax purposes	-	1,588
Transfer pricing adjustment	(1,533)	2,437
Change in tax rate	(304)	47
Short term timing differences	(3,806)	-
Group relief surrendered/(received) for nil consideration	64,065	(42,071)
Overseas tax	74,065	81,433
Overseas tax deducted as an expense	(20,549)	(22,665)
Current tax charge for the year (note 7a)	74,065	81,433

HOTEL DYNAMICS SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2011

8 DEFERRED TAXATION

	2011 £	2010 £
At 1 January	18,031	-
Current year (charge)/credit	(16,695)	1,249
Effect of change in rate	(1,336)	-
Adjustments in respect of prior period	-	16,782
	<u>-</u>	<u>16,782</u>
At 31 December (note 9)	<u>-</u>	<u>18,031</u>

	2011 £ Provided	2011 £ Not provided	2010 £ Provided	2010 £ Not provided
Depreciation in excess of capital allowances	-	-	1,356	-
Short term timing differences	-	11,634	16,675	-
	<u>-</u>	<u>11,634</u>	<u>18,031</u>	<u>-</u>

The deferred tax asset has not been recognised as the future utilisation of this asset is uncertain

On 23 March 2011 the Government announced that the UK corporation tax rate will reduce to 23% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% (effective from 1 April 2011) was substantively enacted on 20 July 2010, and further reductions to 26% (effective from 1 April 2011) and 25% (effective from 1 April 2012) were substantively enacted on 29 March 2011 and 5 July 2011 respectively.

The unrecognised deferred tax asset at 31 December 2011 has been calculated based on the rate of 25% substantively enacted at the balance sheet date.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Trade debtors	143,501	223,187
Amounts owed by group undertakings	615,428	1,006,058
Prepayments and accrued income	-	4,818
Deferred tax asset (note 8)	-	18,031
	<u>758,929</u>	<u>1,252,094</u>

HOTEL DYNAMICS SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2011

10. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £	2010 £
Trade creditors	607	25
Amounts owed to group undertakings	1,825,503	1,731,290
Overseas corporation taxation	8,860	12,339
Social security and other taxes	56,516	7,657
Accruals and deferred income	78,103	88,438
	<u>1,969,589</u>	<u>1,839,749</u>

11. SHARE CAPITAL

	2011 £	2010 £
Authorised , allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

12. RESERVES

	Foreign currency translation reserve £	Profit & Loss Account £
Balance at 1 January 2011	(10,097)	793,092
Exchange difference on retranslation of net assets	(524)	-
Retained (loss)/profit for the year	-	(230,276)
Balance at 31 December 2011	<u>(10,621)</u>	<u>562,816</u>

13. SHAREHOLDERS' FUNDS

	2011 £	2010 £
(Loss)/profit for the year	(230,276)	154,417
Other recognised gains and losses relating to the year (net)	(524)	(3,529)
Net addition to shareholders' funds	(230,800)	150,888
Opening shareholders' funds	782,997	632,109
Closing shareholders' funds	<u>552,197</u>	<u>782,997</u>

HOTEL DYNAMICS SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2011

14. RELATED PARTIES

The company has taken advantage of the exemption from the requirement to disclose transactions with other group undertakings conferred by FRS 8 on the grounds that 100% of the voting rights of the company are controlled within the group

15. PARENT UNDERTAKING AND CONTROLLING PARTY

The Company's immediate parent undertaking is Hotel Dynamics International Limited incorporated in Hong Kong

In the directors' opinion, the Company's ultimate parent undertaking and controlling party is Wyndham Worldwide Corporation which is incorporated in the USA. Copies of its group accounts, which include the company, are available from 22 Sylvan Way, Parsippany, New Jersey, USA

The largest group of undertakings, for which group accounts have been drawn up is that headed by Wyndham Worldwide Corporation

The smallest such group of undertakings, including the Company, is that headed by Hotel Dynamics International Limited which is registered in Hong Kong. Copies of its accounts are available from Paul, Hastings, Janofsky & Walker, 22/F Bank of China Tower, 1 Garden Road, Hong Kong