

Hotel Dynamics Services UK Limited

Report and Financial Statements

31 December 2010

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HOTEL DYNAMICS SERVICES UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

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HOTEL DYNAMICS SERVICES UK LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr A Liggins
Mr P Carter

SECRETARY

Mr H Bankes

REGISTERED OFFICE

5th Floor
Landmark House
Hammersmith Bridge Road
London
W6 9EJ

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 2010

This directors' report has been prepared in accordance with the provisions applicable to small companies subject to the small companies regime

PRINCIPAL ACTIVITY

The principal activity of the company during the year was the provision of specialised hotel marketing services

BUSINESS REVIEW

The company operated within the United Kingdom, Greece, Russia, the Czech Republic, Poland, Hungary, Romania and Jordan during the year

The directors are satisfied with the performance of the company for 2010

OVERSEAS BRANCHES

The company has an overseas branch in Jordan

RESULTS AND DIVIDENDS

The profit for the year, after taxation amounted to £154,417 (2009 loss of £161,268) The directors do not recommend the payment of a dividend on ordinary shares (2009 £nil)

GOING CONCERN

The directors have reviewed the company's forecast and finance facilities. The company has considerable financial resources together with a net asset balance. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Board has 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.

Accordingly, the Board have concluded that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for this reason have adopted the going concern basis in preparing the financial statements.

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 I Ailles (resigned 14 April 2010)

Mr A Liggins (appointed 14 April 2010)

HOTEL DYNAMICS SERVICES UK LIMITED

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 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 13. 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.

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.

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

28 September 2011

HOTEL DYNAMICS SERVICES UK LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2010

	Note	2010 £	2009 £
TURNOVER	1	1,059,716	1,048,925
Cost of sales		(206,190)	(245,727)
Gross profit		<u>853,526</u>	<u>803,198</u>
Administrative expenses		<u>(635,707)</u>	<u>(856,098)</u>
OPERATING PROFIT/(LOSS) BEING PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	217,819	(52,900)
Tax on profit/(loss) on ordinary activities	5	<u>(63,402)</u>	<u>(108,368)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	10,11	<u><u>154,417</u></u>	<u><u>(161,268)</u></u>

All amounts relate to continuing activities

HOTEL DYNAMICS SERVICES UK LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES **Year ended 31 December 2010**

	2010	2009
	£	£
Profit/(loss) for the financial year	154,417	(161,268)
Exchange difference on retranslation of net assets of branches	(3,529)	3,784
Total recognised gains and losses relating to the year	<u>150,888</u>	<u>(157,484)</u>
Total recognised gains and losses since the last annual report	<u><u>150,888</u></u>	<u><u>(157,484)</u></u>

HOTEL DYNAMICS SERVICES UK LIMITED

BALANCE SHEET 31 December 2010

	Note	2010 £	2009 £
CURRENT ASSETS			
Debtors	7	1,252,094	2,023,516
Cash		1,370,652	447,531
		<u>2,622,746</u>	<u>2,471,047</u>
CREDITORS: amounts falling due within one year	8	<u>(1,839,749)</u>	<u>(1,838,938)</u>
NET CURRENT ASSETS		<u>782,997</u>	<u>632,109</u>
NET ASSETS		<u>782,997</u>	<u>632,109</u>
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Foreign currency translation reserve	10	(10,097)	(6,568)
Profit and loss account	10	<u>793,092</u>	<u>638,675</u>
TOTAL SHAREHOLDERS' FUNDS	11	<u>782,997</u>	<u>632,109</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 23 September 2011

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 2010

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 going concern basis.

Going concern

The directors have reviewed the company's forecast and finance facilities. The company has considerable financial resources together with a net asset balance. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Board has 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.

Accordingly, the Board have concluded that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and for this reason have adopted the going concern basis in preparing the financial statements.

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.

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 3 to the accounts.

HOTEL DYNAMICS SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

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 PROFIT/(LOSS)

	2010 £	2009 £
Operating profit/(loss) is after charging		
Auditors' remuneration – audit of the company's annual accounts	-	10,150
Auditors' remuneration – total non-audit fees	-	-
Foreign exchange losses	95,942	185,643
	<u>95,942</u>	<u>185,643</u>

The 2010 audit fee of £10,000 was borne by another group company

3. STAFF COSTS

	2010 £	2009 £
Staff costs were as follows:		
Wages and salaries	115,728	153,650
Social security costs	11,857	25,407
Pension	5,367	2,769
	<u>132,952</u>	<u>181,826</u>

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

	No.	No.
Sales and Administration	2	3
	<u>2</u>	<u>3</u>

4. DIRECTORS' EMOLUMENTS

The directors do not receive any remuneration in respect of their directorship of this company (2009 £nil)

HOTEL DYNAMICS SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

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

	2010 £	2009 £
a) Analysis of tax charge in the year:		
Current taxation		
UK corporation tax at 28% (2009 28%)	-	-
Overseas tax	81,433	91,641
Total current tax (note 5b)	81,433	91,641
Deferred tax		
Timing differences, origination and reversal (note 6)	(1,249)	16,727
Adjustments in respect of prior period	(16,782)	-
Total deferred tax	(18,031)	16,727
Tax charge on ordinary activities	63,402	108,368
b) Factors affecting the tax charge for the year:		
Profit/(loss) on ordinary activities before taxation	217,819	(52,900)
Tax on profit/(loss) on ordinary activities at standard rate of 28% (2009 28%)	60,989	(14,812)
Effects of		
Permanent disallowable expenditure	14	752
Capital allowances in excess of depreciation	(339)	-
Provisions not deductible for tax purposes	1,588	7,446
Transfer pricing adjustment	2,437	(1,079)
Change in tax rate	47	-
Group relief (received)/surrendered for nil consideration	(42,071)	36,556
Overseas tax	81,433	91,641
Overseas tax deducted as an expense	(22,665)	(28,863)
Current tax charge for the year (note 5a)	81,433	91,641

HOTEL DYNAMICS SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

6. DEFERRED TAXATION

	2010 £	2009 £
At 1 January	-	16,727
Current year credit/(charge)	1,249	(16,727)
Adjustments in respect of prior period	16,782	-
At 31 December (note 7)	18,031	-

	2010 £ Provided	2010 £ Not provided	2009 £ Provided	2009 £ Not provided
Depreciation in excess of capital allowances	1,356	-	-	2,197
Short term timing differences	16,675	-	-	55,445
	18,031	-	-	57,642

The Finance Act (No 2) 2010, which provides for a reduction in the main rate of UK corporation tax from 28% to 27% effective from 1 April 2011, was substantively enacted on 21 July 2010. This reduced rate has been reflected in the calculation of deferred tax.

On 23rd March 2011 the Government announced that the main rate of Corporation Tax rate would reduce to 26% with effect from 1 April 2011, with subsequent 1% reductions per annum to reach 23% with effect from 1 April 2014. These tax rate reductions had not been substantively enacted at the balance sheet date and therefore have not been reflected in the financial statements. The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

7. DEBTORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade debtors	223,187	293,399
Amounts owed by group undertakings	1,006,058	1,728,485
VAT	-	76
Prepayments and accrued income	4,818	1,556
Deferred tax asset (note 6)	18,031	-
	1,252,094	2,023,516

HOTEL DYNAMICS SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

8. CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade creditors	25	-
Amounts owed to group undertakings	1,731,290	1,756,226
Overseas corporation taxation	12,339	11,853
Social security and other taxes	7,657	-
Accruals and deferred income	88,438	70,859
	<u>1,839,749</u>	<u>1,838,938</u>

9. SHARE CAPITAL

	2010 £	2009 £
Authorised , allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

10. RESERVES

	Foreign currency translation reserve £	Profit & Loss Account £
Balance at 1 January 2010	(6,568)	638,675
Exchange difference on retranslation of net assets	(3,529)	-
Retained profit for the year	-	154,417
Balance at 31 December 2010	<u>(10,097)</u>	<u>793,092</u>

11. SHAREHOLDERS' FUNDS

	2010 £	2009 £
Profit/(loss) for the year	154,417	(161,268)
Other recognised gains and losses relating to the year (net)	<u>(3,529)</u>	<u>3,784</u>
Net addition to/(reduction in) shareholders' funds	150,888	(157,484)
Opening shareholders' funds	<u>632,109</u>	<u>789,593</u>
Closing shareholders' funds	<u>782,997</u>	<u>632,109</u>

HOTEL DYNAMICS SERVICES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2010

12. 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

13. 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