

Doyle London Hotels Limited

Directors' report and
financial statements

For the year ended 31 December 2009

Registered number 1280133

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Doyle London Hotels Limited

Directors' report and financial statements

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Doyle London Hotels Limited

Directors and other information

Directors

B Gallagher
S Daly
P King
B Walshe

Secretary

S Daly

Bankers

National Westminster Bank
14 Blytheswood Square
Glasgow
G2 4AQ
Scotland

Solicitors

Hammonds
7 Devonshire Square
Curlers Gardens
London
EC2M 4YH

Auditor

KPMG
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2

Registered office

47 Welbeck Street
London
W1G 8DN

Doyle London Hotels Limited

Directors' report

The directors submit their annual report together with the audited financial statements of the company for the year ended 31 December 2009

Principal activities

The company is part of a leading hotel group and operates a hotel in the United Kingdom. The hotel caters for a wide market with the business and tourism sectors being the most important sectors of revenue and profit.

The key risk facing the company is a downturn in the UK travel market. The directors have developed a range of strategies to address this risk.

Results and dividends

The company's results for the year are set out in the profit and loss account on page 9. The directors do not recommend the payment of a dividend.

Business review and future developments

The profit for the financial year amounted to £3.4 million (*2007 loss of £0.4 million*). The directors expect the level of activity to increase for the following year.

Directors and secretary and their interests

In accordance with the Articles of Association, the directors retire at the next annual general meeting and, being eligible, offer themselves for re-election.

The directors and secretary had no interest in the shares of the company at 31 December 2009 and 31 December 2008 (or on the date of their appointment). Details of interests are set out in the consolidated financial statements of Pembase Holdings Limited.

Disabled persons

It is the policy of the Company to give fair and full consideration to registered disabled persons applying for employment and to the continuing employment and appropriate training of staff who become disabled having regard to their particular aptitudes and abilities.

Employee participation

The company places particular importance on the involvement of its employees keeping them regularly informed through meetings and the company's internal newsletter on matters affecting them as employees and on issues affecting the company's performance. The training and development of employees at all levels continues to be a major priority.

Payment of suppliers

The company's policy is to agree payment terms with individual suppliers and to abide by such terms.

Doyle London Hotels Limited

Directors' report (*continued*)

Post balance sheet events

There have been no significant events since the balance sheet date that would result in adjustment to the financial statements or inclusion of a note thereto

Charitable contributions

The company made no donations to UK charities during the year

Political donations

The company made no political donations during the year

Disclosure of information to auditors

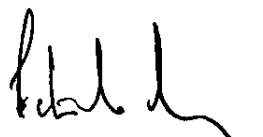
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

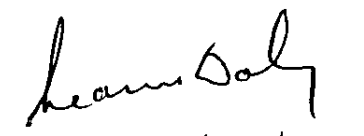
Auditors

In accordance with Section 487 of the Companies Act, 2006 a resolution proposing the re-appointment of KPMG, Chartered Accountants, will be proposed at the Annual General Meeting

On behalf of the board

Director


PATRICK KING


27/05/2010
SEAMUS DALY

Doyle London Hotels Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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

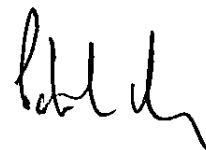
- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

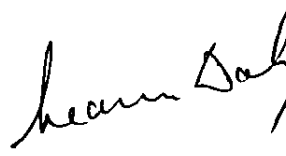
The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Under applicable law the directors are also responsible for preparing a directors' report that complies with that law.

On behalf of the board

Director


PATRICK KING

 27/05/2010
SEAMUS DALY



KPMG
Chartered Accountants
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

Independent auditors' report to the members of Doyle London Hotels Limited

We have audited the financial statements of Doyle London Hotels Limited for the year ended 31 December 2009 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (UK 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 auditors

As explained more fully in the directors' responsibilities statement set out on page 4 the directors are responsible for preparing 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 relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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. Further details of the scope of an audit of financial statements are provided on the Auditing Practices Board's website at <http://www.frc.org.uk/apb/scope>.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of Doyle London Hotels Limited
(continued)

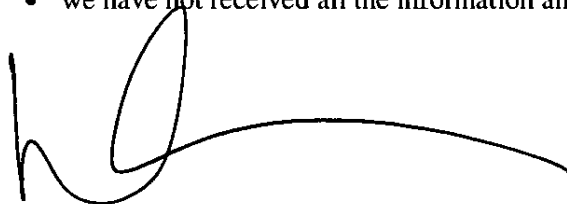
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report 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



Laura Gallagher (Senior Statutory Auditor)
For and on behalf of KPMG, Statutory Auditor
Stokes Place
St Stephens Green
Dublin 2
Ireland

2 June 2010

Doyle London Hotels Limited

Statement of accounting policies

For the year ended 31 December 2009

Basis of preparation

The financial statements are prepared in Sterling in accordance with generally accepted accounting principles under the historical cost convention, modified by the revaluation of certain assets, and comply with financial reporting standards of the Accounting Standards Board

The ultimate parent company has committed to providing the company with sufficient resources to enable it to trade at its projected level for at least twelve months following the approval of the financial statements, accordingly these financial statements have been prepared on a going concern basis. The accounting policies applied to the financial statements are consistent with those applied in the preparation of the company's financial statements for the year ended 31 December 2008

Tangible fixed assets

The company's hotel properties, excluding hotel properties under construction or held under short term leases, are valued on an existing use value basis by professional valuers at least every five years with an interim valuation at least every three years in accordance with FRS 15 Tangible Fixed Assets. In the intervening years the company's hotel properties and other assets are held at director's valuation. These revaluations are incorporated in the financial statements and the gains arising thereon are recognised in the statement of total recognised gains and losses. Revaluation losses that are caused by a consumption of economic benefits are recognised in the profit and loss account. Other revaluation losses are recognised in the statement of total recognised gains and losses until the carrying amount of the asset reaches its depreciated historical cost and thereafter losses are recognised in the profit and loss account.

On an annual basis the directors review the carrying amount of the hotel properties and other assets to determine whether there is any indication of impairment. In completing the impairment review the company estimates the recoverable amount of its hotel properties based on the higher of their net realisable values or the present values of future cash flows expected to result from their use. Where the recoverable amount is less than the carrying amount of the hotel properties the company recognises an impairment loss in the financial statements on a basis consistent with the recognition of revaluation gains and losses as set out above. Other fixed assets are stated at cost or revalued amount less accumulated depreciation.

Depreciation of tangible fixed assets

Depreciation is calculated to write off the original cost or valuation of tangible fixed assets less their estimated residual value over their expected useful lives on a straight-line basis. The estimated useful lives applied in determining the charge to depreciation are as follows

Land	Nil
Buildings Core	50 to 125 years
Buildings Non-Core	30 years
Plant	20 years
Fixtures, fittings and equipment	5 to 10 years

Doyle London Hotels Limited

Statement of accounting policies *(continued)*

Stocks

Stocks are valued at the lower of cost and net realisable value on a first-in, first-out basis. Cost comprises invoice price including delivery costs.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or, if hedged, at the contracted rate. Foreign currency assets and liabilities are translated at the rate ruling at the balance sheet date. All gains and losses arising are reflected in the profit and loss account.

Taxation

Corporation tax in respect of the company is provided on the company's taxable profits at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in respect of all differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the company's taxable profits and its reliefs as granted in the financial statements that arise from the inclusion of gains and losses in taxable profits in period's difference from those in which they are recognised in the financial statements. As permitted by FRS 19 deferred tax is not recognised on the gains arising from the revaluation of hotel properties.

Pension

The company is a participating employer in group defined benefit schemes operated by Doyle Hotels (Holdings) Limited, providing benefits based on final pensionable salary. The company is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the schemes as if they were defined contribution schemes. As a result the amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting year.

Turnover

Turnover represents the invoiced fair value of goods and services exclusive of Value Added Tax and other sales taxes delivered to third party customers during the year.

Doyle London Hotels Limited

Profit and loss account

For the year ended 31 December 2009

	Notes	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
Turnover - continuing activities	<i>1</i>	12,120	10,132
Cost of sales		(9,080)	(8,099)
		<hr/>	<hr/>
Gross profit		3,040	2,033
Administrative expenses – recurring		(330)	(234)
– non recurring	<i>3</i>	(7)	(2,488)
		<hr/>	<hr/>
Operating profit/(loss) before interest and tax		2,703	(689)
Interest payable and similar charges	<i>4</i>	(28)	(36)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation	<i>5</i>	2,675	(725)
Tax credit on profit/(loss) on ordinary activities	<i>6</i>	735	278
		<hr/>	<hr/>
Profit/(loss) for the financial year	<i>12/13</i>	3,410	(447)
		<hr/>	<hr/>

There were no gains or losses during the year other than those recognised in the profit and loss account

Doyle London Hotels Limited

Note of historical cost profits and losses

For the year ended 31 December 2009

	2009 £'000	2008 £'000
Profit/(loss) on ordinary activities before taxation	3,410	(725)
Difference between the historical cost depreciation charge and the actual depreciation charge for the year arising from the revaluation of tangible fixed assets	495	500
Historical cost (loss)/profit on ordinary activities before taxation	3,905	(225)
Historical cost profit for the year after taxation and dividends	4,640	53

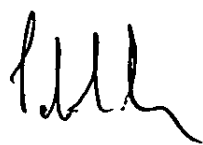
Doyle London Hotels Limited

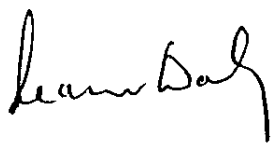
Balance sheet at 31 December 2009

	Notes	31 December 2009 £'000	31 December 2008 £'000
Fixed assets			
Tangible assets	7	54,965	54,898
Current assets			
Stocks		64	43
Debtors	8	677	748
Cash at bank and in hand		60	141
		<u>801</u>	<u>932</u>
Creditors Amounts falling due within one year	9	(8,329)	(11,116)
Net current liabilities		<u>(7,528)</u>	<u>(10,184)</u>
Total assets less current liabilities		<u>47,437</u>	<u>44,714</u>
Provision for liabilities and charges			
Deferred tax	10	(642)	(1,329)
Net assets		<u>46,795</u>	<u>43,385</u>
Capital and reserves			
Called up share capital	11	300	300
Revaluation reserve	12	21,360	21,360
Profit and loss account	12	25,135	21,725
Shareholders' funds	13	<u>46,795</u>	<u>43,385</u>

On behalf of the board

Director


PATRICK KING


SEAMUS DALY

27/05/2010

Doyle London Hotels Limited

Notes

forming part of the financial statements

1 Turnover

The company's turnover arises from hotel activities in the United Kingdom

2 Staff numbers and costs

The average number of persons, employed by the company during the year was 102 (*year ended 31 December 2008 95*)

The aggregate payroll costs of these persons were as follows

	2009 £'000	2008 £'000
Wages and salaries	2,322	2,232
Social security costs	143	149
Pension costs	61	62
	<u>2,526</u>	<u>2,443</u>

3 Administrative expenses – non recurring

2009

During the year, the company continued to restructure the labor model of the Marylebone Hotel. Costs associated with this restructuring amounted to £7,000.

2008

During 2008 an extensive renovation and refurbishment programme was undertaken at the Marylebone Hotel. As part of this programme fixed assets with a net book value of £2.441 million were written off to the profit and loss account (See note 7).

During 2008 the company commenced restructuring the labor model of the Marylebone Hotel. Costs associated with this restructuring amounted to £47,000.

4 Interest payable and similar charges

	2009 £'000	2008 £'000
Interest payable on group borrowings	30	-
Foreign exchange (gains)/loss	(2)	36
	<u>28</u>	<u>36</u>

Doyle London Hotels Limited

Notes (continued)

5 Statutory information

The profit has been arrived at after charging the following items

	31 December 2009 £'000	31 December 2006 £'000
Depreciation	1,273	1,286
Auditors' remuneration	10	10
Directors' remuneration	-	-

6 Tax on profit/(loss) on ordinary activities

	2009 £'000	2008 £'000
Corporation tax charge	-	-
Overprovision in respect of prior periods	(48)	(248)
Current tax credit	(48)	(248)
<i>Deferred tax</i>		
Deferred taxation credit for year	(687)	(30)
Tax credit on profit/(loss) on ordinary activities	(735)	(278)

No provision has been made for deferred tax on gains recognised on revaluing hotel properties to their market value, in accordance with FRS 19. This tax would only be payable if the hotel properties were sold at their book values and if rollover relief could not be claimed. The total amount not provided for is £2.41 million. It is not envisaged that any such tax will be payable in the foreseeable future.

Doyle London Hotels Limited

Notes *(continued)*

6 Tax on profit/(loss) on ordinary activities *(continued)*

The current tax credit for the year is lower than the standard rate of tax in the United Kingdom. The differences are set out in the tax reconciliation below.

	2009 £'000	2008 £'000
Profit/(loss) on ordinary activities before taxation	2,675	(725)
(Loss)/profit on ordinary activities at standard corporation tax rate in the UK of 28% (<i>Year ended 2008 28.5%</i>)	749	(207)
Effects of:		
Capital allowances for year in excess of depreciation	118	176
Permanent differences	104	109
Group relief claimed	(854)	-
Other timing differences	(13)	1
Change in tax rate	-	3
Transfer pricing adjustment	(104)	(82)
Overprovision in respect of prior periods	(48)	(248)
Current tax credit	(48)	(248)

Doyle London Hotels Limited

Notes (continued)

7 Tangible assets

	Freehold and leasehold land and buildings £'000	Plant, fixtures fittings and equipment £'000	Total £'000
Cost or valuation:			
At 1 January 2009			
Valuation	41,681	4,308	45,989
Cost	3,554	7,731	11,285
	<hr/>	<hr/>	<hr/>
	45,235	12,039	57,274
Additions	1,430	(90)	1,341
	<hr/>	<hr/>	<hr/>
At 31 December 2009			
Valuation	41,681	4,308	45,989
Cost	4,984	7,641	12,625
	<hr/>	<hr/>	<hr/>
	46,665	11,949	58,614
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2009	(1,772)	(604)	(2,376)
Charge for year	(775)	(498)	(1,273)
	<hr/>	<hr/>	<hr/>
At 31 December 2009	(2,547)	(1,102)	(3,649)
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2009	44,118	10,847	54,965
	<hr/>	<hr/>	<hr/>
31 December 2008	43,463	11,435	54,898
	<hr/>	<hr/>	<hr/>

The hotel property was valued on an existing use value basis by CB Richard Ellis at 30 June 2005

The valuation was carried out in accordance with the Practice Statements of Asset Valuation and Guidance Notes issued by the Royal Institution of Chartered Surveyors

Included in land and buildings is land with a book value of £12 773 million (2008 £12 773 million)

Doyle London Hotels Limited

Notes (continued)

8 Debtors: Amounts falling due within one year

	31 December 2009 £'000	31 December 2008 £'000
Trade debtors	387	453
Prepayments	290	199
VAT	-	96
	<u>677</u>	<u>748</u>

9 Creditors: Amounts falling due within one year

	31 December 2009 £'000	31 December 2008 £'000
Trade creditors	315	238
Amounts owed to group undertakings	5,958	8,856
VAT	390	-
Accruals	542	614
Capital accruals	548	1,358
Corporation tax	576	50
	<u>8,329</u>	<u>11,116</u>

Doyle London Hotels Limited

Notes (continued)

10 Provision for liabilities and charges

<i>Deferred taxation</i>	31 December 2009 £'000	31 December 2008 £'000
At beginning of year	1,329	1,359
Credit for year (Note 6)	(687)	(30)
	<hr/>	<hr/>
At end of year	642	1,329
	<hr/>	<hr/>
Analysis of deferred tax balance	31 December 2009 £'000	31 December 2008 £'000
Capital allowances in excess of depreciation	658	1,348
Other timing differences	(16)	(19)
	<hr/>	<hr/>
Provision for deferred tax	642	1,329
	<hr/>	<hr/>

11 Share capital

	31 December 2009 £'000	31 December 2008 £'000
<i>Authorised</i>		
1,000,000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
300,000 ordinary shares of £1 each	300	300
	<hr/>	<hr/>

Doyle London Hotels Limited

Notes (continued)

12 Reserves

	Revaluation reserve £'000	Profit and loss account £'000
At beginning of year	21,360	21,725
Profit for the financial year	-	3,410
	<hr/>	<hr/>
At end of year	21,360	25,135
	<hr/>	<hr/>

13 Reconciliation of movement in shareholders' funds

	31 December 2009 £'000	31 December 2008 £'000
Shareholders' funds at beginning of year	43,385	43,832
Profit/(loss) for the financial year	3,410	(447)
	<hr/>	<hr/>
Closing shareholders' funds	46,795	43,385
	<hr/>	<hr/>

14 Pensions

The company participates in group defined benefit schemes operated by Doyle Hotels (Holding) Limited. The schemes' assets are held in trustee administered funds, which are separate from the company. The pension costs are assessed in accordance with the advice of independent qualified actuaries using the projected unit and attained age methods. The effective dates of the last actuarial valuations were 5 April 2008 for the UK schemes.

The directors are unable to identify the company's share of the scheme's assets and liabilities as

- most scheme members have worked for more than one company within the group. The group structure has also changed materially over time due to restructurings, acquisitions and disposals. It is therefore not appropriate to allocate assets and liabilities between the participating companies.
- For funding purposes, the employers within the group share actuarial risks. The determination of cash contributions does not separately identify assets and liabilities for individual participating companies and all employers pay the same contribution rate in respect of accruing benefits. Contributions in respect of the past service deficit are paid separately by another group company.

Doyle London Hotels Limited

Notes (continued)

14 Pensions (continued)

Overall, the schemes are currently in deficit. At 31 December 2009 this deficit, calculated in accordance with FRS 17, amounted to €18.0 million (2008 €13.8 million). Full details of the schemes are disclosed in the financial statements of Pembase Holdings Limited, which are available publicly.

The pension charge for the year in respect of defined benefit schemes amounted to £61,000 (2008 £62,000).

15 Contingent liabilities

The company has extended a composite guarantee and indemnity incorporating cross guarantees and indemnities and a composite debenture incorporating first floating charges over all assets as security against group borrowings. It has also issued a negative pledge in respect of other bank borrowings of group undertakings.

16 Capital commitments

At 31 December 2009 the company had authorised capital commitments of £0.35 million of which £0.33 million was contracted for.

17 Group relationships and controlling parties

The company was controlled throughout the year by Doyle Hotels (UK) Limited. The ultimate controlling party was Pembase Holdings Limited, a company incorporated in Ireland which prepares consolidated financial statements which include the results of this company and are available from 156 Pembroke Road, Dublin 4, Ireland.

18 Related party transactions

The Company has availed of the exemption available in Financial Reporting Standard No 8 - *Related Party Disclosures* from disclosing transactions with Group undertakings. Details on the availability of Group consolidated financial statements are given in Note 17.

19 Cash flow statement

The company has availed of the exemption under Financial Reporting Standard No 1 (Revised) *Cash Flow Statements* not to prepare a cash flow statement as a consolidated cash flow statement has been prepared by its ultimate parent company, Pembase Holdings Limited.

Doyle London Hotels Limited

Notes *(continued)*

21 Post balance sheet events

There have been no significant events since the balance sheet date

22 Approval of financial statements

The financial statements were approved by the directors on 27 May 2010