Registered number: 1280133

Doyle London Hotels Limited

Annual report and financial statements

For the year ended 31 December 2016

Doyle London Hotels Limited

Directors and other information

Directors	B. Gallagher S. Daly P. King F. Junod (appointed 1 April 2016, resigned 30 November 2016) J. Radcliffe (appointed 1 December 2016)
Company secretary	S. Daly
Registered number	1280133
Registered office	47 Welbeck Street London W1G 8DN
Independent auditor	KPMG Chartered Accountants, & Statutory Audit Firm 1 Stokes Place St Stephen's Green Dublin 2 Ireland
Bankers	National Westminster Bank 14 Blytheswood Square Glasgow Scotland G2 4AQ
Solicitors	Squire Patton Boggs Rutland House 148 Edmund Street Birmingham England B3 2JR

Doyle London Hotels Limited

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Doyle London Hotels Limited

Directors' report

For the year ended 31 December 2016

The Directors present their report and the financial statements for the year ended 31 December 2016.

Results and dividends

The profit for the year, after taxation, amounted to £0.663 million *(2015 loss- £1.727 million)*.

The Directors do not recommend the payment of a dividend.

Directors

The Directors who served during the year were:

B. Gallagher
S. Daly
P. King
F. Junod (appointed 1 April 2016, resigned 30 November 2016)
J. Radcliffe (appointed 1 December 2016)

The Directors and Secretary had no interest in the shares of the Company at 31 December 2016 (or on the appointment, if later). Details of interests in the shares of Group undertakings are set out in the consolidated financial statements of Pembase Holdings Limited. Details of where the financial statements of Pembase Holdings Limted are available are set out in note 22.

Political contributions

The Company mande no donations to UK charities and no political donations during the year.

Employee involvement

The Company places particular importance on the involvement of its employees keeping them regularly informed 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.

Disabled employees

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.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed 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 ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Doyle London Hotels Limited

Directors' report (continued)
For the year ended 31 December 2016

Auditor

The auditor, KPMG, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 23 May 2017 and signed on its behalf.

S. Daly
Director

Doyle London Hotels Limited

Strategic report

For the year ended 31 December 2016

Introduction

The main activity of the Company continues to be the operation of a hotel in the United Kingdom. The Company is part of a leading hotel group which operates quality hotels in prime city locations in Ireland, the United Kingdom and the United States.

The Company achieved a turnover of £19.8 million in the year ended 31 December 2016 which is a 6.2% increase on the year ended 31 December 2015.

The Company produced an operating profit of £3.092 million in the year to 31 December 2016.

Business review

The Company is confident that trading for the coming year will perform at or above market levels.

Principal risks and uncertainties

The hotel industry's performance is closely aligned to the general economic environment. Therefore, a key risk facing the Company is a downturn in general economic conditions. Doyle London Hotels Limited has a progressive business model, with a flexible revenue and cost base that can react to the prevailing economic conditions. This reduces, though does not eliminate, the financial impact arising from such potential conditions.

Financial key performance indicators

	2016	2015
Gross profit %	**28.8**	30.4
Operating profit %	**18.5**	18.5

This report was approved by the board on 23 May 2017 and signed on its behalf.

S. Daly
Director

Doyle London Hotels Limited

Statement of Directors' responsibilities in respect of the Strategic Report, Directors' report and the financial statements

For the year ended 31 December 2016

The Directors are responsible for preparing the Strategic report, 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 the law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Acounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under Company law the Directors must not approve the financial statements unless they are satisfied they give a a true and fair view of the state of affairs of the and of the profit or loss of the for that year.

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 to enable them to ensure that the 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.

S. Daly
Director

KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent auditor's 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 2016 set out on pages 7 to 25 which comprise the Profit and Loss account, Statement of Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 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.

2 Our conclusions on other matters on which we are required to report by the Companies Act 2006 are set out below

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' report:

- we have not identified material misstatements in those reports; and

- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

3 We have nothing to report in respect of matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

Under the Companies Act 2006 we are required 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.

We have nothing to report in respect of the above responsibilities.

KPMG

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

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with UK law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

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.

Laura Gallagher
for and on behalf of
KPMG
Chartered Accountants
Statutory Audit Firm
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

23 May 2017

Doyle London Hotels Limited

Profit and loss account

For the year ended 31 December 2016

	Note	2016 £000	*2015* *£000*
Turnover	3	**19,784**	*18,636*
Cost of sales		**(14,082)**	*(12,969)*
Gross profit		**5,702**	*5,667*
Administrative expenses		**(369)**	*(633)*
Depreciation		**(1,669)**	*(1,579)*
Operating profit	4	**3,664**	*3,455*
Interest payable and similar expenses	8	**(572)**	*(1,120)*
Profit before tax		**3,092**	*2,335*
Tax on profit	9	**(2,429)**	*(4,062)*
Profit/(loss) for the year		**663**	*(1,727)*

The notes on pages 11 to 25 form part of these financial statements.

Doyle London Hotels Limited

Statement of other comprehensive income
For the year ended 31 December 2016

	Note	2016 £000	*2015 £000*
Profit/(loss) for the financial year		**663**	*(1,727)*
Other comprehensive income			
Unrealised (deficit)/surplus on revaluation of tangible fixed assets		**(1,801)**	*13,725*
Deferred tax on revaluation		**1,345**	*(2,475)*
Other comprehensive income for the year		**(456)**	*11,250*
Total comprehensive income for the year		**207**	*9,523*

Doyle London Hotels Limited
Registered number: 1280133

Balance sheet
As at 31 December 2016

	Note		2016 £000		*2015 £000*
Fixed assets					
Tangible assets	10		**132,400**		*133,120*
			132,400		*133,120*
Current assets					
Stocks	11	**189**		*140*	
Debtors: amounts falling due within one year	12	**1,004**		*886*	
Cash at bank and in hand	13	**37**		*40*	
		1,230		*1,066*	
Creditors: amounts falling due within one year	14	**(8,105)**		*(32,906)*	
Net current liabilities			**(6,875)**		*(31,840)*
Total assets less current liabilities			**125,525**		*101,280*
Creditors: amounts falling due after more than one year	15		**(25,135)**		-
Provisions for liabilities					
Deferred tax	17	**(13,846)**		*(14,943)*	
			(13,846)		*(14,943)*
Net assets			**86,544**		*86,337*
Capital and reserves					
Called up share capital	18		**300**		*300*
Revaluation reserve			**86,962**		*87,418*
Profit and loss account			**(718)**		*(1,381)*
			86,544		*86,337*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 May 2017.

S. Daly
Director

The notes on pages 11 to 25 form part of these financial statements.

Doyle London Hotels Limited

Statement of changes in equity
For the year ended 31 December 2016

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2016	300	87,418	(1,381)	86,337
Profit for the year	-	-	663	663
Revaluation on property	-	(1,801)	-	(1,801)
Deferred tax on revaluation	-	1,345	-	1,345
At 31 December 2016	**300**	**86,962**	**(718)**	**86,544**

Statement of changes in equity
For the year ended 31 December 2015

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2015	300	76,168	346	76,814
Loss for the year	-	-	(1,727)	(1,727)
Revaluation on property	-	13,725	-	13,725
Deferred tax on revaluation	-	(2,475)	-	(2,475)
At 31 December 2015	**300**	**87,418**	**(1,381)**	**86,337**

The notes on pages 11 to 25 form part of these financial statements.

Doyle London Hotels Limited

Notes to the financial statements
For the year ended 31 December 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

Doyle London Hotels Limited is a company limited by shares and incorporated and domiciled in the UK. The address of its registered office is 47 Welbeck Street, London W1G 8DN.

These financial statements were prepared in accordance with Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in September 2015. The presentation currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, investment properties, and tangible fixed assets.

1.3 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 3. The Directors believe that the company is well placed to manage its business risks successfully.

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.4 Foreign currency

Transactions in foreign currencies are translated to the Group's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income.

Notes to the financial statements
For the year ended 31 December 2016

1. **Accounting policies (continued)**

1.5 Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at cost less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in preference and ordinary shares are measured initially at transaction price less attributable transaction costs. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Doyle London Hotels Limited

Notes to the financial statements
For the year ended 31 December 2016

1. **Accounting policies (continued)**

1.6 Tangible fixed assets

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.12 below.

The entity assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Land Nil
- Buildings core 50 - 125 years
- Buildings non-core 30 years
- Plant and equipment 20 years
- Fixtures and fittings 5 - 10 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Revaluation

Land and buildings are stated at fair value less any subsequent accumulated depreciation and impairment losses. Assets are valued by independent valuers at least once every 5 years with interim valuations at least once every 3 years. The Directors regularly value the portfolio to ensure that the carrying value does not differ materially from fair value at the end of the reporting period. The last valuation was carried out on 31 December 2016.

The fair value was measured using market-based evidence by appraisal undertaken by professionally qualified valuers. Key assumptions used in these appraisals are set out in Note 10.

Gains on revaluation are recognised in other comprehensive income and accumulated in equity/revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease previously recognised in profit or loss.

Losses arising on revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. Any excess is recognised in profit or loss.

1. Accounting policies (continued)

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks and other costs in bringing them to their existing location and condition.

1.8 Impairment excluding stocks, investment proerties and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than investment properties, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset exceeds it expected recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Doyle London Hotels Limited

Notes to the financial statements

For the year ended 31 December 2016

1. Accounting policies (continued)

1.9 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The entity's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Re-measurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

Group Plans

The Group operated a number of defined benefit pension plans. As there is no contractual agreement or stated group policy for charging the net defined benefit cost of the plan to participating entities, the net defined benefit cost of the pension plan is recognised fully by the company which is legally responsible for the plan. As the plans have no active members there are no on-going contributions payable by the participating entities.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

1. Accounting policies (continued)

1.10 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the holding undertaking enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the company will be required to make a payment under the guarantee.

1.11 Turnover

Turnover represents sales (excluding VAT) of goods and services net of discounts provided in the normal course of business and recognised when services have been rendered.

Turnover is derived from hotel operations and includes the rental of rooms, food and beverage sales. Revenue is recognised when rooms are occupied and food and beverages are sold.

Rental income from investment properties is recognised on a straight-line basis over the term of the lease and is included as other income.

1.12 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable

Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest rate method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Doyle London Hotels Limited

Notes to the financial statements
For the year ended 31 December 2016

1. Accounting policies (continued)

1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are based on historical experience and on other factors that are reasonable under current circumstances. Actual results may differ from these estimates if these assumptions prove to be incorrect or if conditions develop other than as assumed for the purpose of such estimates.

The critical area requiring estimates and judgement by management is the valuation of fixed assets. The directors have assessed that the value of fixed assets are at least equal to its carrying value.

3. Turnover

Analysis of turnover by country of destination:

	2016	*2015*
	£000	*£000*
United Kingdom	**19,784**	*18,636*
	19,784	*18,636*

Notes to the financial statements
For the year ended 31 December 2016

4. Operating profit

The operating profit is stated after charging:

	2016	*2015*
	£000	*£000*
Depreciation of tangible fixed assets	**1,669**	*1,579*
Defined contribution pension cost	**97**	*91*

5. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016	*2015*
	£000	*£000*
Less than one year	**315**	*315*
Between one and five years	**1,260**	*1,260*
More than five years	**32,653**	*32,968*

During the year £0.315 million was recognised as an expense in the profit and loss account in respect of operating leases (2015 - £0.315 million).

6. Auditor's remuneration

	2016	*2015*
	£000	*£000*
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**18**	*17*

7. Employees

Staff costs were as follows:

	2016 £000	*2015 £000*
Wages and salaries	4,985	*4,468*
Social security costs	322	*295*
Cost of defined contribution scheme	97	*91*
	5,404	*4,854*

The average monthly number of employees, including the Directors, during the year was as follows:

	2016 No.	*2015 No.*
Average number of employees	200	*191*

8. Interest payable and similar charges

	2016 £000	*2015 £000*
Interest payable and similar charges on loans from group undertakings	572	*1,120*
	572	*1,120*

9. Taxation

	2016 £000	*2015 £000*
Corporation tax		
Current tax on profits for the year	3,004	*3,521*
Adjustments in respect of previous periods	(823)	*843*
Total current tax	2,181	*4,364*
Deferred tax		
Origination and reversal of timing differences	121	*(148)*
Impact of changes to tax rates	(40)	*2*
Adjustment in respect of prior years	167	*(156)*
Total deferred tax	248	*(302)*
Taxation on profit on ordinary activities	2,429	*4,062*

Doyle London Hotels Limited

Notes to the financial statements
For the year ended 31 December 2016

9. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2015 -lower than)* the standard rate of corporation tax in the UK of 20% *(2015 -20.25%)*. The differences are explained below:

	2016 £000	*2015* *£000*
Profit on ordinary activities before tax	**3,092**	*2,335*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 -20.25%)	**618**	*473*
Effects of:		
Expenses not deductible for tax purposes	**103**	*93*
Adjustments to tax charge in respect of prior periods	**(656)**	*687*
Payment due for relief paid	**3,004**	*3,521*
Group relief	**(600)**	*(713)*
Impact of changes in tax rate	**(40)**	*1*
Total tax charge for the year	**2,429**	*4,062*

Factors that may affect future tax charges

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were enacted on 26 October 2015. Finance Bill 2016 further reduced the 18% rate to 17% from 1 April 2020, following substantial enactment on 6 September 2016. Together this will reduce the company's future tax charges accordingly.

Doyle London Hotels Limited

Notes to the financial statements
For the year ended 31 December 2016

10. Tangible fixed assets

	Freehold & leasehold land & buildings £000	Plant, fixtures, fittings & equipment £000	Total £000
Cost or valuation			
At 1 January 2016	121,106	14,700	135,806
Additions	1,495	1,255	2,750
Revaluations	(1,801)	-	(1,801)
Elimination of depreciation on revaluation	(569)	(3,235)	(3,804)
At 31 December 2016	120,231	12,720	132,951
Depreciation			
At 1 January 2016	-	2,686	2,686
Charge for the year	569	1,100	1,669
Elimination of depreciation on revaluation	(569)	(3,235)	(3,804)
At 31 December 2016	-	551	551
Net book value			
At 31 December 2016	120,231	12,169	132,400
At 31 December 2015	*121,106*	*12,014*	*133,120*

In accordance with the Company's accounting policies, a full valuation was performed on its freehold hotel property assets as at 30 June 2016. The valuation was performed by CBRE Hotels Limited, as part of a wider valuation of the Group's asset portfolio, of which the Company is part. Calculations were carried out in accordance with the Royal Institution of Chartered Surveyors' ("RICS") appraisal and valuation standards (6th Edition) and valuations were prepared on the basis of Market Value as defined in the standards. Significant assumptions used in the preparation of the valuations include stabilised RevPAR (Revenue per available room); hotel EBITDA; growth rates; discount rates and exit yields. The Group's valuations use growth rates of between 1.5% and 2%, discount rates of between 7.25% and 10.25% and exit yields of between 6.5% and 9.9% based on comparable yields on transactions of similar property types in similar locations. The valuation of the Company's property asset resulted in a deficit on revaluation of £0.410 million all of which was recognised in the statement of other comprehensive income.

An interim valuation was performed on freehold hotel property assets as at 31 December 2016. The valuation was performed by CBRE Hotels Limited, as part of a wider valuation of the Group's asset portfolio of which the Company is part. Calculations were carried out in accordance with the Royal Institution of Chartered Surveyors' ("RICS") appraisal and valuation standards (6th Edition) and valuations were prepared on the basis of Market Value as defined in the standards. Significant assumptions used in the preparation of the valuations include stabilised RevPAR (Revenue per available room); growth rates and exit yields. The Group's valuations use growth rates of between 1.5% and 2%, discount rates between 7.5% and 10.2% and exit yields of between 6.5% and 9.9% based on comparable yields on transactions of similar property types in similar locations. The valuation of the Company's property asset resulted in a deficit on revaluation of £1.391 millionall of which was recognised in the statement of other comprehensive income.

Included in land and buildings is land with a book value of £83.812 million (2015: £85.613 million).

Doyle London Hotels Limited

Notes to the financial statements
For the year ended 31 December 2016

10. Tangible fixed assets (continued)

Cost or valuation at 31 December 2016 is as follows:

	Freehold & leasehold land & buildings £000	Plant, fixtures, fittings & equipment £000
At cost	-	765
At valuation	120,231	11,955
	120,231	12,720

11. Stocks

	2016 £000	*2015 £000*
Finished goods and goods for resale	189	*140*
	189	*140*

12. Debtors

	2016 £000	*2015 £000*
Trade debtors	418	*313*
Prepayments and accrued income	586	*573*
	1,004	*886*

13. Cash and cash equivalents

	2016 £000	*2015 £000*
Cash at bank and in hand	37	*40*
	37	*40*

Doyle London Hotels Limited

Notes to the financial statements
For the year ended 31 December 2016

14. Creditors: Amounts falling due within one year

	2016 £000	*2015 £000*
Other loans	-	*25,135*
Trade creditors	490	*499*
Amounts owed to group undertakings	5,039	*5,036*
Other taxation and social security	660	*772*
Other creditors	734	*414*
Accruals and deferred income	1,182	*1,050*
	8,105	*32,906*

15. Creditors: Amounts falling due after more than one year

	2016 £000	*2015 £000*
Loans from group undertakings	25,135	-
	25,135	-

16. Loans

Analysis of the maturity of loans is given below:

	2016 £000	*2015 £000*
Amounts falling due within one year		
Loans from group undertakings	-	*25,135*
	-	*25,135*
Amounts falling due after more than 5 years		
Loans from group undertakings	25,135	-
	25,135	-
	25,135	*25,135*

The Company has a sterling inter group facility which falls due for repayment in July 2026.

Notes to the financial statements
For the year ended 31 December 2016

17. Deferred taxation

	2016 £000	*2015 £000*
At beginning of year	**(14,943)**	*(12,770)*
Charge/(credit) to profit or loss	**(248)**	*302*
Charged/(credited) to other comprehensive income	**1,345**	*(2,475)*
At end of year	**(13,846)**	*(14,943)*

The provision for deferred taxation is made up as follows:

	2016 £000	*2015 £000*
Accelerated capital allowances	**(768)**	*(532)*
Tax losses carried forward	**16**	*28*
Revaluation of property	**(13,094)**	*(14,439)*
	(13,846)	*(14,943)*

18. Share capital

	2016 £000	*2015 £000*
Shares classified as equity		
Authorised		
1,000,000 ordinary shares £1 each	**1,000**	*1,000*
Allotted, called up and fully paid		
300,000 ordinary shares £1 each	**300**	*300*

19. 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.

20. Capital commitments

At 31 December 2016 the Company had authorised capital commitments of £0.8 million (2015: £1.0 million) of which £0.8 million (2015:£0.4 million) was contracted for.

Notes to the financial statements
For the year ended 31 December 2016

21. Pension commitments

The Company participates in UK and Irish group defined benefit schemes operated by Group entities. The Irish schemes closed to new members with effect from 6 April 2010 and the UK schemes closed with effect from 6 April 2010. All 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 date of the last actuarial valuations was 1 January 2016 for the Irish schemes, 5 April 2014 for the first UK scheme and the 31 October 2015 for the second UK scheme.

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.

As a result it is accounted for as a defined contribution scheme. Overall, the schemes are currently in deficit. At 31 December 2016 this deficit, calculated in accordance with FRS 102, amounted to €7.154 million (2015: €9.281 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 £Nil (2015: £Nil).

22. Related party transactions

The Company has availed of the exemption available in FRS 102 - Related Party Disclosures from disclosing transactions with Group undertakings. Details on the availability of Group consolidated financial statements are given in Note 24.

23. Post balance sheet events

There have been no significant events since the balance sheet date.

24. Controlling party

At the year end the Company was controlled by Pembase Holdings Limited, a company incorporated in Ireland which prepares consolidated financial statements which are available from 156 Pembroke Road, Ballsbridge, Dublin 4.

25. Approval of financial statements

The financial statements were approved by the Directors on 23 May 2017.