

Doyle London Hotels Limited

Directors' report and financial statements

For the year ended 31 December 2014

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Doyle London Hotels Limited

Company Information

Directors	B. Gallagher S. Daly P. King
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 Saunders 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 2014

The Directors present their report and the financial statements for the year ended 31 December 2014.

Results and dividends

The Company's results for the year are set out in the profit and loss account on page 8.

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

The Directors and Secretary had no interest in the shares of the Company at 31 December 2014 and 31 December 2013 (or on the date of their appointment). Details of interests are set out in the consolidated financial statements of Pembase Holdings Limited.

Political contributions

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

Events since the end of the year

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.

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 that Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that 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.

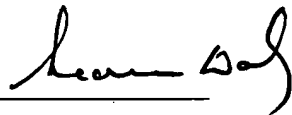
Doyle London Hotels Limited

**Directors' report
For the year ended 31 December 2014**

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 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'S. Daly', is written over a horizontal line.

S. Daly
Director

Date: 13 May 2015

Doyle London Hotels Limited

Strategic report For the year ended 31 December 2014

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 £17.8 million in the year ended 31 December 2014 which is a 4.3% increase on the year ended 31 December 2013.

The Company produced an operating profit of £3.6 million in the year to 31 December 2014.

Business review

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

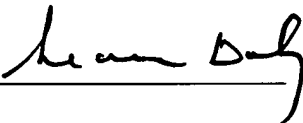
Principal risks and uncertainties

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

	2014	2013
Gross Profit %	31.6	33.1
Operating profit %	20.0	23.4

This report was approved by the board on 13 May 2015 and signed on its behalf.



S. Daly
Director

Doyle London Hotels Limited

**Directors' responsibilities statement
For the year ended 31 December 2014**

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 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 the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.



S. Daly
Director



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

Independent auditor's report to the shareholders of Doyle London Hotels Limited

We have audited the financial statements of Doyle London Hotels Limited for the year ended 31 December 2014, set out on pages 8 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' responsibilities statement on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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 2014 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

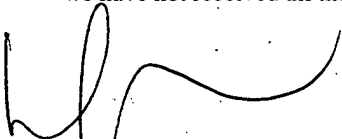
In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the shareholders of Doyle London Hotels Limited

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

Chartered Accountants,
Statutory Audit Firm

1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

13 May 2015

Doyle London Hotels Limited

**Profit and loss account
For the year ended 31 December 2014**

	Note	2014 £000	2013 £000
Turnover	1	17,826	17,095
Cost of sales		(12,298)	(11,429)
Gross profit		5,528	5,666
Administrative expenses		(528)	(347)
Depreciation	7	(1,441)	(1,322)
Operating profit	2	3,559	3,997
Interest payable and similar charges	5	(1,322)	(1,322)
Profit on ordinary activities before taxation		2,237	2,675
Tax on profit on ordinary activities	6	(2,001)	(2,565)
Profit for the financial year	13	236	110

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 11 to 19 form part of these financial statements.

Doyle London Hotels Limited

**Note of historical cost profits and losses
For the year ended 31 December 2014**

	2014 £000	2013 £000
Reported profit on ordinary activities before taxation	2,237	2,675
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	685	636
Historical cost profit on ordinary activities before taxation	2,922	3,311
Historical profit for the year after taxation	921	746

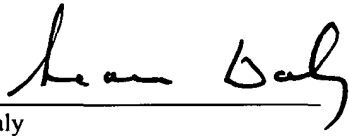
The notes on pages 11 to 19 form part of these financial statements.

Doyle London Hotels Limited
Registered number: 1280133

Balance sheet
As at 31 December 2014

	Note	£000	2014 £000	£000	2013 £000
Fixed assets					
Tangible assets	7		120,048		119,389
Current assets					
Stocks	8	101		93	
Debtors	9	1,136		1,181	
Cash at bank and in hand		39		32	
		<u>1,276</u>		<u>1,306</u>	
Creditors: amounts falling due within one year	10	<u>(31,740)</u>		<u>(31,536)</u>	
Net current liabilities			<u>(30,464)</u>		<u>(30,230)</u>
Total assets less current liabilities			<u>89,584</u>		<u>89,159</u>
Provisions for liabilities					
Deferred tax	11		<u>(805)</u>		<u>(616)</u>
Net assets			<u>88,779</u>		<u>88,543</u>
Capital and reserves					
Called up share capital	12		300		300
Revaluation reserve	13		88,133		88,133
Profit and loss account	13		<u>346</u>		<u>110</u>
Shareholders' funds	14		<u>88,779</u>		<u>88,543</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 May 2015.


 S. Daly
 Director

The notes on pages 11 to 19 form part of these financial statements.

Doyle London Hotels Limited

Notes to the financial statements For the year ended 31 December 2014

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with applicable accounting standards.

1.2 Cash flow

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.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

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

1.4 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value.

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the Profit and Loss account.

1.5 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into Sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss account.

Doyle London Hotels Limited

Notes to the financial statements For the year ended 31 December 2014

1. Accounting policies (continued)

1.7 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.

1.8 Pensions

The Company operates a defined contribution scheme for new employees.

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.

1.9 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts in the UK.

2. Operating profit

The operating profit is stated after charging:

	2014 £000	2013 £000
Depreciation of tangible fixed assets:		
- owned by the company	1,441	1,322

During the year, no Director received any emoluments (2013 - £NIL).

3. Auditors' remuneration

	2014 £000	2013 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	10	10

Doyle London Hotels Limited

Notes to the financial statements **For the year ended 31 December 2014**

4. Staff costs

Staff costs were as follows:

	2014 £000	2013 £000
Wages and salaries	3,928	3,687
Social security costs	267	241
Other pension costs	96	94
	<u>4,291</u>	<u>4,022</u>

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

	2014 No.	2013 No.
Average employees	<u>182</u>	<u>170</u>

5. Interest payable

	2014 £000	2013 £000
On loans from group undertakings	<u>1,322</u>	<u>1,322</u>

6. Taxation

	2014 £000	2013 £000
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	1,982	2,678
Adjustments in respect of prior periods	(170)	-
	<u>1,812</u>	<u>2,678</u>
Total Corporation Tax charge		
Deferred tax		
Deferred taxation charge for year	142	107
Adjustment in respect of previous years	58	(120)
Impact of change in tax rates	(11)	(100)
	<u>189</u>	<u>(113)</u>
Total deferred tax (see note 11)		
Tax on profit on ordinary activities	<u>2,001</u>	<u>2,565</u>

Doyle London Hotels Limited

Notes to the financial statements For the year ended 31 December 2014

6. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%). The differences are explained below:

	2014 £000	2013 £000
Profit on ordinary activities before tax	<u>2,237</u>	<u>2,675</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%)	481	622
Effects of:		
Expenses not deductible for tax purposes	88	127
Capital allowances for year in excess of depreciation	(143)	(126)
Adjustments to tax charge in respect of prior periods	(170)	-
Group relief	(426)	(623)
Payment due for group relief claimed	<u>1,982</u>	<u>2,678</u>
Current tax charge for the year (see note above)	<u>1,812</u>	<u>2,678</u>

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 £11.964 million (2013: £12.841 million). It is not envisaged that any such tax will be payable in the foreseeable future.

Factors that may affect future tax charges

Reductions in the corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the group's future current tax charge accordingly. The deferred tax liability at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Doyle London Hotels Limited

Notes to the financial statements **For the year ended 31 December 2014**

7. Tangible Fixed Assets

	Freehold & leasehold land & buildings £000	Plant, fixtures, fittings & equipment £000	Total £000
Cost or valuation			
At 1 January 2014	108,505	12,206	120,711
Additions	489	1,611	2,100
At 31 December 2014	<u>108,994</u>	<u>13,817</u>	<u>122,811</u>
Depreciation			
At 1 January 2014	646	676	1,322
Charge for the year	547	894	1,441
At 31 December 2014	<u>1,193</u>	<u>1,570</u>	<u>2,763</u>
Net book value			
At 31 December 2014	<u>107,801</u>	<u>12,247</u>	<u>120,048</u>
At 31 December 2013	<u>107,859</u>	<u>11,530</u>	<u>119,389</u>

Included in land and buildings is land with a book value of £71.888 million (2013: £71.888 million).

The analysis between cost & valuation at 31 December 2014 is as follows:

	Freehold & leasehold land & buildings £000	Plant, fixtures, fittings and equipment £000
At cost	489	2,922
At valuation	<u>108,505</u>	<u>10,895</u>
	<u>108,994</u>	<u>13,817</u>

8. Stocks

	2014 £000	2013 £000
Finished goods and goods for resale	<u>101</u>	<u>93</u>

9. Debtors

	2014 £000	2013 £000
Trade debtors	584	554
Prepayments and accrued income	552	627
	<u>1,136</u>	<u>1,181</u>

Doyle London Hotels Limited

**Notes to the financial statements
For the year ended 31 December 2014**

**10. Creditors:
Amounts falling due within one year**

	2014 £000	2013 £000
Trade creditors	462	357
Amounts owed to group undertakings	29,382	29,349
Capital accrual	488	373
Other creditors	644	728
Accruals and deferred income	764	729
	<u>31,740</u>	<u>31,536</u>

11. Deferred taxation

	2014 £000	2013 £000
At beginning of year	616	729
Charge for/(released during) year (P&L)	189	(113)
	<u>805</u>	<u>616</u>

The provision for deferred taxation is made up as follows:

	2014 £000	2013 £000
Accelerated capital allowances	833	644
Other timing differences	(28)	(28)
	<u>805</u>	<u>616</u>

12. Share capital

	2014 £000	2013 £000
Authorised		
1,000,000 ordinary shares shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
300,000 ordinary shares shares of £1 each	<u>300</u>	<u>300</u>

Doyle London Hotels Limited

**Notes to the financial statements
For the year ended 31 December 2014**

13. Reserves

	Revaluation reserve £000	Profit and loss account £000
At 1 January 2014	88,133	110
Profit for the financial year	-	236
	<u>88,133</u>	<u>346</u>
At 31 December 2014	<u>88,133</u>	<u>346</u>

14. Reconciliation of movement in shareholders' funds

	2014 £000	2013 £000
Opening shareholders' funds	88,543	91,769
Profit for the financial year	236	110
Dividends (Note 15)	-	(3,336)
	<u>88,779</u>	<u>88,543</u>
Closing shareholders' funds	<u>88,779</u>	<u>88,543</u>

15. Dividends

	2014 £000	2013 £000
Dividends paid	-	3,336
	<u>-</u>	<u>3,336</u>

Doyle London Hotels Limited

Notes to the financial statements For the year ended 31 December 2014

16. Pensions

The Company operates a defined contribution scheme for new qualifying employees. The Company participates in group defined benefit schemes operated by Doyle Hotels (Holdings) Limited, which closed to new members with effect from 6 April 2010. 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 2011 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.

As a result it is accounted for as a defined contribution scheme. Overall, the schemes are currently in deficit. At 31 December 2014 this deficit, calculated in accordance with FRS 17, amounted to €15.709 million (2013: €17.025 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 £96,162 (2013: £94,303).

17. 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.

18. Capital commitments

At 31 December 2014 the Company had authorised capital commitments of £0.7 million (2013: £0.8 million) of which £0.5 million (2013: £0.2 million) was contracted for.

19. Ultimate parent undertaking and controlling party

The Company was controlled at the end of the year by Doyle Hotels Holdings (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.

20. 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 19.

Doyle London Hotels Limited

**Notes to the financial statements
For the year ended 31 December 2014**

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 13 May 2015.