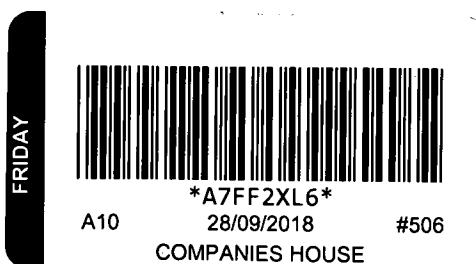


**Registered number: 1280133**

**Doyle London Hotels Limited**

**Annual report and financial statements**

**For the year ended 31 December 2017**



# **Doyle London Hotels Limited**

## **Directors and other information**

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

# **Doyle London Hotels Limited**

## **Contents**

	<b>Page</b>
<b>Directors' report</b>	<b>1 - 2</b>
<b>Strategic report</b>	<b>3</b>
<b>Statement of Directors' responsibilities in respect of the Strategic Report, Directors' report and the financial statements</b>	<b>4</b>
<b>Independent auditor's report</b>	<b>5 - 6</b>
<b>Profit and loss account</b>	<b>7</b>
<b>Statement of other comprehensive income</b>	<b>8</b>
<b>Balance sheet</b>	<b>9</b>
<b>Statement of changes in equity</b>	<b>10</b>
<b>Notes to the financial statements</b>	<b>11 - 25</b>

# **Doyle London Hotels Limited**

## **Directors' report**

*For the year ended 31 December 2017*

The Directors present their report and the financial statements for the year ended 31 December 2017.

### **Results and dividends**

The profit for the year, after taxation, amounted to £1.887 million (2016 - £0.663 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  
J. Radcliffe

The Directors and Secretary had no interest in the shares of the Company at 31 December 2017 (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 Limited are available are set out in note 24.

### **Political contributions**

The Company made 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**

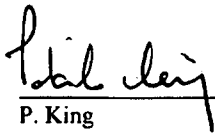
### **Directors' report (continued)**

*For the year ended 31 December 2017*

#### **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 17 May 2018 and signed on its behalf.

  
\_\_\_\_\_  
P. King  
Director

# Doyle London Hotels Limited

## Strategic report

*For the year ended 31 December 2017*

### 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 £22.326 million in the year ended 31 December 2017 which is a 12.8% increase on the year ended 31 December 2016.

The Company produced an operating profit of £4.0 million in the year to 31 December 2017.

### Business review

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

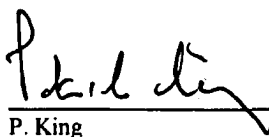
### Principal risks and uncertainties

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

	2017	2016
Gross profit %	28.0	28.8
Operating profit %	18.0	18.5

This report was approved by the board on 17 May 2018 and signed on its behalf.

  
P. King  
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 2017*

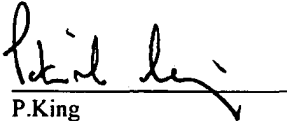
The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with 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 that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements of the Company comply with the Companies Act 2006. They are responsible for such internal controls as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2006.



P.King



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

## **Doyle London Hotels Limited**

### **Independent auditor's report to the members of Doyle London Hotels Limited**

#### **1 Report on the audit of the financial statements**

##### **Opinion**

We have audited the financial statements of Doyle London Hotels Limited ('the Company') for the year ended 31 December 2017 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 related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **We have nothing to report on going concern**

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

##### **Other information**

The directors are responsible for the other information presented in the annual report together with the financial statements. The other information comprises the information included in the strategic and directors' report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

## **Doyle London Hotels Limited**

### **Independent auditor's report to the members of Doyle London Hotels Limited**

#### **Matters on which we are required to report by exception**

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 on these matters/in regard to these matters.

#### **2 Respective responsibilities and restrictions on use**

##### **Responsibilities of directors for the financial statements**

As explained more fully in the directors' responsibilities statement 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 for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

##### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)

##### **The purpose of our audit work and to whom we owe our responsibilities**

Our 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.



Paul O'Brien  
for and on behalf of  
**KPMG**  
Chartered Accountants  
Statutory Audit Firm  
1 Stokes Place  
St Stephens Green  
Dublin 2  
Ireland

17 May 2018

## Doyle London Hotels Limited

### Profit and loss account

*For the year ended 31 December 2017*

	Note	2017 £000	2016 £000
Turnover	3	22,326	19,784
Cost of sales		(16,084)	(14,082)
<b>Gross profit</b>		<b>6,242</b>	<b>5,702</b>
Administrative expenses		(406)	(369)
Other operating charges		(1,828)	(1,669)
<b>Operating profit</b>	4	<b>4,008</b>	<b>3,664</b>
Interest payable and similar expenses	8	(1,062)	(572)
<b>Profit before tax</b>		<b>2,946</b>	<b>3,092</b>
Tax on profit	9	(1,059)	(2,429)
<b>Profit for the financial year</b>		<b>1,887</b>	<b>663</b>

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 2017*

	<b>Note</b>	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
Profit for the financial year		<u>1,887</u>	<u>663</u>
<b>Other comprehensive income</b>			
Unrealised surplus/(deficit) on revaluation of tangible fixed assets		12,187	(1,801)
Deferred tax on revaluation		<u>(1,562)</u>	<u>1,345</u>
<b>Other comprehensive income for the year</b>		<u>10,625</u>	<u>(456)</u>
<b>Total comprehensive income for the year</b>		<u><u>12,512</u></u>	<u><u>207</u></u>

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

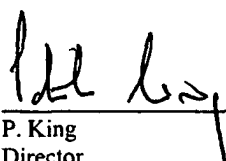
**Doyle London Hotels Limited**  
**Registered number: 1280133**

**Balance sheet**

*As at 31 December 2017*

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Tangible assets	10	146,500	132,400
		<u>146,500</u>	<u>132,400</u>
<b>Current assets</b>			
Stocks	11	208	189
Debtors: amounts falling due within one year	12	1,393	1,004
Cash at bank and in hand	13	50	37
		<u>1,651</u>	<u>1,230</u>
Creditors: amounts falling due within one year	14	(3,428)	(8,105)
<b>Net current liabilities</b>		<u>(1,777)</u>	<u>(6,875)</u>
<b>Total assets less current liabilities</b>		<u>144,723</u>	<u>125,525</u>
Creditors: amounts falling due after more than one year	15	(29,935)	(25,135)
<b>Provisions for liabilities</b>			
Deferred tax	17	(15,732)	(13,846)
		<u>(15,732)</u>	<u>(13,846)</u>
<b>Net assets</b>		<u>99,056</u>	<u>86,544</u>
<b>Capital and reserves</b>			
Called up share capital	18	300	300
Revaluation reserve		97,587	86,962
Profit and loss account		1,169	(718)
		<u>99,056</u>	<u>86,544</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 17 May 2018.

  
P. King  
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 2017*

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2017	300	86,962	(718)	86,544
Profit for the year	-	-	1,887	1,887
Revaluation on property	-	12,187	-	12,187
Deferred tax on revaluation	-	(1,562)	-	(1,562)
<b>At 31 December 2017</b>	<b>300</b>	<b>97,587</b>	<b>1,169</b>	<b>99,056</b>

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

### 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
<b>At 31 December 2016</b>	<b>300</b>	<b>86,962</b>	<b>(718)</b>	<b>86,544</b>

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 2017*

### 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.

# **Doyle London Hotels Limited**

## **Notes to the financial statements**

*For the year ended 31 December 2017*

### **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 2017

### 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. Full valuations of all hotel properties are conducted by independent valuers over 5 years with desktop valuations conducted in intervening 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 full valuation was carried out on 30 June 2016, and the last interim independent valuation was carried out on 31 December 2017.

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.

# Doyle London Hotels Limited

## Notes to the financial statements

For the year ended 31 December 2017

### 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 properties 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 its 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 2017*

### 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 probable 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.

# Doyle London Hotels Limited

## Notes to the financial statements

*For the year ended 31 December 2017*

### 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 2017

### 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 it is 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:

	2017 £000	2016 £000
United Kingdom	22,326	19,784
	<u>22,326</u>	<u>19,784</u>

# Doyle London Hotels Limited

## Notes to the financial statements

For the year ended 31 December 2017

### 4. Operating profit

The operating profit is stated after charging:

	2017	2016
	£000	£000
Depreciation of tangible fixed assets	1,828	1,669
Defined contribution pension cost	100	97
	<u>1,928</u>	<u>1,766</u>

### 5. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2017	2016
	£000	£000
Less than one year	297	315
Between one and five years	1,187	1,260
More than five years	30,473	32,653
	<u>31,957</u>	<u>34,228</u>

During the year £0.297 million was recognised as an expense in the profit and loss account in respect of operating leases (2016 - £0.315 million).

### 6. Auditor's remuneration

	2017	2016
	£000	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	18	18
	<u>18</u>	<u>18</u>

# Doyle London Hotels Limited

## Notes to the financial statements

For the year ended 31 December 2017

### 7. Employees

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	5,592	4,985
Social security costs	338	322
Cost of defined contribution scheme	100	97
	<u>6,030</u>	<u>5,404</u>

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

	2017 No.	2016 No.
	<u>215</u>	<u>200</u>

### 8. Interest payable and similar expenses

	2017 £000	2016 £000
On loans from group undertakings	1,062	572
	<u>1,062</u>	<u>572</u>

### 9. Taxation

	2017 £000	2016 £000
<b>Corporation tax</b>		
Current tax on profits for the year	1,530	3,004
Adjustments in respect of previous periods	(795)	(823)
<b>Total current tax</b>	<u>735</u>	<u>2,181</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	189	121
Impact of changes to tax rates	(3)	(40)
Adjustment in respect of prior years	138	167
<b>Total deferred tax</b>	<u>324</u>	<u>248</u>
<b>Taxation on profit on ordinary activities</b>	<u>1,059</u>	<u>2,429</u>

# Doyle London Hotels Limited

## Notes to the financial statements

For the year ended 31 December 2017

### 9. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 -higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £000	2016 £000
Profit on ordinary activities before tax	2,946	3,092
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 -20%)	567	618
Effects of:		
Expenses not deductible for tax purposes	117	103
Adjustments to tax charge in respect of prior periods	(657)	(656)
Payment due for relief paid	1,282	3,004
Group relief	(247)	(600)
Impact of changes in tax rate	(3)	(40)
Total tax charge for the year	1,059	2,429

#### Factors that may affect future tax charges

A reduction in the UK corporation tax rate to 18% (effective 1 April 2020) was 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. This will reduce the company's future tax charge accordingly.

# Doyle London Hotels Limited

## Notes to the financial statements

For the year ended 31 December 2017

### 10. Tangible fixed assets

	Freehold & leasehold land & buildings £000	Plant, fixtures, fittings & equipment £000	Total £000
<b>Cost or valuation</b>			
At 1 January 2017	120,231	12,720	132,951
Additions	2,559	1,182	3,741
Revaluations	12,187	-	12,187
Exchange adjustments	(629)	-	(629)
At 31 December 2017	134,348	13,902	148,250
<b>Depreciation</b>			
At 1 January 2017	-	551	551
Charge for the year on owned assets	629	1,199	1,828
Impairment charge	(629)	-	(629)
At 31 December 2017	-	1,750	1,750
<b>Net book value</b>			
At 31 December 2017	134,348	12,152	146,500
At 31 December 2016	120,231	12,169	132,400

In accordance with the Company's accounting policies, a desktop valuation was performed on its leasehold hotel property assets as at 31 December 2017. 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 2.5%, discount rates of between 6.5% and 8.75% and exit yields of between 4.5% and 6.75% based on comparable yields on transactions of similar property types in similar locations. The valuation of the Company's property asset resulted in a surplus on revaluation of £12.187 million, all of which was recognised in the statement of other comprehensive income.

# Doyle London Hotels Limited

## Notes to the financial statements

For the year ended 31 December 2017

### 10. Tangible fixed assets (continued)

	Freehold & leasehold land & buildings £000	Plant, fixtures, fittings & equipment £000
Cost or valuation at 31 December 2017 is as follows:		
At cost	-	1,947
At valuation	134,348	11,955
	<u>134,348</u>	<u>13,902</u>

### 11. Stocks

	2017 £000	2016 £000
Finished goods and goods for resale	208	189
	<u>208</u>	<u>189</u>

### 12. Debtors

	2017 £000	2016 £000
Trade debtors	390	418
Prepayments and accrued income	1,003	586
	<u>1,393</u>	<u>1,004</u>

### 13. Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	50	37
	<u>50</u>	<u>37</u>

# Doyle London Hotels Limited

## Notes to the financial statements

For the year ended 31 December 2017

### 14. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	743	490
Amounts owed to group undertakings	29	5,039
Corporation tax	78	-
Other taxation and social security	722	660
Other creditors	645	734
Accruals and deferred income	1,211	1,182
	<u>3,428</u>	<u>8,105</u>

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

	2017 £000	2016 £000
Loans from group undertakings	29,935	25,135
	<u>29,935</u>	<u>25,135</u>

Please provide details of the terms of payment or repayment and the rates of any interest payable on the amounts repayable more than five years after the balance sheet date.

### 16. Loans

Analysis of the maturity of loans is given below:

	2017 £000	2016 £000
<b>Amounts falling due after more than 5 years</b>		
Loans from group undertakings	<u>29,935</u>	<u>25,135</u>

### Term and debt repayment schedule

Type	Currency	Interest basis	Due date	Payable	2017 £000	2016 £000
Intergroup - term loan	Sterling	Fixed rate+margin	2026	On maturity	25,135	25,135
Intergroup - term loan	Sterling	LIBOR+margin	2021	On maturity	4,800	-
					<u>29,935</u>	<u>25,135</u>

# Doyle London Hotels Limited

## Notes to the financial statements

For the year ended 31 December 2017

### 17. Deferred taxation

	2017 £000	2016 £000
At beginning of year	(13,846)	(14,943)
Charge to profit or loss	(324)	(248)
Charge/(credit) to other comprehensive income	(1,562)	1,345
<b>At end of year</b>	<b>(15,732)</b>	<b>(13,846)</b>

The provision for deferred taxation is made up as follows:

	2017 £000	2016 £000
Accelerated capital allowances	(1,104)	(768)
Tax losses carried forward	29	16
Revaluation of property	(14,657)	(13,094)
	<b>(15,732)</b>	<b>(13,846)</b>

### 18. Share capital

	2017 £000	2016 £000
<b>Authorised</b>		
1,000,000 ordinary shares £1 each	1,000	1,000
<b>Allotted, called up and fully paid</b>		
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 2017 the Company had authorised capital commitments of £0.7 million (2016: £0.8 million) of which £0.7 million (2016: £0.8 million) was contracted for.

# **Doyle London Hotels Limited**

## **Notes to the financial statements**

*For the year ended 31 December 2017*

### **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 2017 this deficit, calculated in accordance with FRS 102, amounted to €2.114 million (2016: €7.154 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 (2016: £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 17 May 2018.