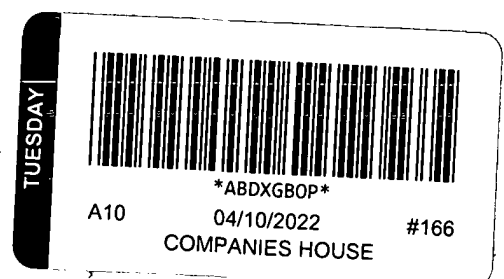


Doyle London Hotels Limited

Directors' report and financial statements

Year ended 31 December 2021

Registered number: 1280133



Doyle London Hotels Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors and other information	1
Directors' report	2
Strategic report	4
Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements	5
Independent auditor's report to the members of Doyle London Hotels Limited	6
Profit and loss account	10
Statement of other comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Notes forming part of the financial statements	14

Doyle London Hotels Limited

Directors and other information

Directors

B. Gallagher (Irish)
P. King (Irish)
J. Radcliffe (British)
D. Reape (Irish)

Company secretary

D. Reape

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
148 Edmund Street
Birmingham
England
B3 2JR

Registered number

1280133

Doyle London Hotels Limited

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2021.

Results and dividends

The loss for the year, after taxation, amounted to £5.136 million (2020: £6.195 million).

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the year were:

B. Gallagher
P. King
J. Radcliffe
D. Reape

P. King, J. Radcliffe and D. Reape had no interest in the shares of the Company or group of which the Company is part at 31 December 2021. B. Gallagher indirectly hold shares in the group of which the Company is part and details of interests in the shares of Group undertakings are set out in the consolidated financial statements of Pembase Holdings Limited.

Political contributions

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

Engagement with employees

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.

Going concern

The Company's business activities, together with the factors likely to affect their future development, performance and market position are set out in the business review in the directors' report on page 2. The financial position of both Company, including cash flows, liquidity position, borrowing and details of financial instruments, are included in the financial statements.

Doyle London Hotels Limited

Directors' report *(continued)*

Going concern *(continued)*

The COVID-19 pandemic severely impacted trade and operations of the Company during 2021. Following the easing of restrictions in the second half of 2022 business levels have steadily increased.

In assessing going concern, the directors noted that, as at 31 December 2021, the Group, of which this Company is a part, had cash on hand of €17 million and sufficient undrawn debt facilities available to allow for settlement of debts as and when they fall due.

Based on their assessment of the Group's and Company's business plans, together with the financial resources and headroom available to the Group, the directors have a reasonable expectation that the Group and Company have sufficient resources to continue in operational existence for a period not less than 12 months from the date of approval of these financial statements, and therefore concluded it is appropriate to adopt the going concern basis in preparing the financial statements.

Auditor

The auditor, KPMG, will be proposed for reappointment in accordance with Section 487 of the Companies Act 2006.

Post balance sheet events

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

On behalf of the board



D. Reape
Director

29 April 2022

Doyle London Hotels Limited

Strategic report

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 £6.8 million in the year ended 31 December 2021 (2020: £5.4 million) which is a 26.0% increase on the year ended 31 December 2020. The Company produced an operating loss of £4.7 million in the year to 31 December 2021 (2020: £4.9 million).

Business review

The Company's trade continued to be impacted by COVID-19 during the year as the hotel operated by the Company was subject to various governmental restrictions imposed in response to COVID-19. Following the successful rollout of vaccinations and effective viral treatments in the UK, restrictions were eased in the latter half of 2021. The Company experienced a steady growth in trade in the second half of 2021 continuing into 2022.

Principal risks and uncertainties

Under the Companies Act 2006, the directors are required to give a description of the Company's principal risks and uncertainties.

The principal risks and uncertainties that the Company face include the impact of COVID-19, changes in inflation, an increase in interest rates, fluctuations in exchange rates and the war in Ukraine. The directors have developed a range of strategies to address the risks to the Company including currency hedging and fixing of interest rates.

Going concern

The directors have considered the Company's ability to continue as a going concern and this is set out on page 3 in the directors' report. Based on their assessment of the business plans for the Group, of which the Company is a part, together with the financial resources and headroom available to the Group, the directors have a reasonable expectation that the Group and Company have sufficient resources to continue in operation existence for a period not less than 12 months from the date of approval of these financial statements, and therefore concluded it is appropriate to adopt the going concern basis in preparing the financial statements.

Financial key performance indicators	2021	2020
Gross profit %	(29.1)	(44.4)
Operating profit %	(68.1)	(91.2)

On behalf of the board



D. Reape
Director

29 April 2022

Doyle London Hotels Limited

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

The directors are responsible for preparing the directors' report [strategic 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 state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 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 responsible for such internal controls as they determine is 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 such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the board



D. Reape
Director

29 April 2022



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

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 2021 set out on pages 10 to 30, which comprise the profit and loss account, the statement of other comprehensive income, the balance sheet, the 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 financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- the financial statements have been 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.

Material uncertainty related to going concern

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board and Audit and Risk Committee minutes.



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

Report on the audit of the financial statements *(continued)*

Detecting irregularities including fraud (continued)

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition. We did not identify any additional fraud risks.

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; evaluating the business purpose of significant unusual transactions; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 report and the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. 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.



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

Report on the audit of the financial statements *(continued)*

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information undertaken during the course of the audit:

- 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.

Matters on which we are required to report by exception

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[.]/[; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

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 5, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; 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 they 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, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities 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.



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

Respective responsibilities and restrictions on use *(continued)*

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.

29 April 2022

~~Eilona Mullen~~ **(Senior Statutory Auditor)**

for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm

1 Stokes Place

St. Stephen's Green

Dublin 2

Ireland

Doyle London Hotels Limited

Profit and loss account for the year ended 31 December 2021

	Note	2021 £000	2020 £000
Turnover	3	6,847	5,393
Other income	4	410	1,772
Cost of sales		(9,252)	(9,559)
		<hr/>	<hr/>
Gross loss		(1,995)	(2,394)
Administrative expenses		(225)	(137)
Depreciation		(2,442)	(2,389)
		<hr/>	<hr/>
Operating loss	5	(4,662)	(4,920)
Interest receivable and similar income	10	2	1
Interest payable and similar charges	11	(1,485)	(1,788)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(6,145)	(6,707)
Taxation on loss on ordinary activities	12	1,009	512
		<hr/>	<hr/>
Loss for the year		(5,136)	(6,195)
		<hr/>	<hr/>

The notes on pages 14 to 30 form part of these financial statements.

Doyle London Hotels Limited

Statement of other comprehensive income for the year ended 31 December 2021

	2021 £000	2020 £000
Loss for the financial year	(5,136)	(6,195)
Other comprehensive income/(loss)		
Unrealised surplus/(deficit) on revaluation of tangible fixed assets	12,967	(14,928)
Deferred tax on revaluation	(7,266)	1,258
Other comprehensive income/(loss) for the year	5,701	(13,670)
Total comprehensive income/(loss) for the year	565	(19,865)

The notes on pages 14 to 30 form part of these financial statements.

Doyle London Hotels Limited

Balance sheet as at 31 December 2021

	Note	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Tangible assets	13		156,200		144,900
			<u>156,200</u>		<u>144,900</u>
Current assets					
Stocks	14	101		102	
Debtors: amounts falling due within one year	15	3,053		5,148	
Cash at bank and in hand	16	18		5	
		<u>3,172</u>		<u>5,255</u>	
Creditors: amounts falling due within one year	17	<u>(3,824)</u>		<u>(1,804)</u>	
Net current (liabilities)/assets			<u>(652)</u>		<u>3,451</u>
Total assets less current liabilities			<u>155,548</u>		<u>148,351</u>
Creditors: amounts falling due after more than one year	18	<u>(42,218)</u>		<u>(42,224)</u>	
Provisions for liabilities					
Deferred tax	21	<u>(21,048)</u>		<u>(14,410)</u>	
					<u>(14,410)</u>
Net assets			<u>92,282</u>		<u>91,717</u>
Capital and reserves					
Called up share capital	22		300		300
Revaluation reserve			102,147		96,446
Profit and loss account			<u>(10,165)</u>		<u>(5,029)</u>
			<u>92,282</u>		<u>91,717</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 April 2022.



D. Reape
Director

The notes on pages 14 to 30 form part of these financial statements.

Doyle London Hotels Limited

Statement of changes in equity for the year ended 31 December 2021

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 January 2020	300	110,116	1,166	111,582
Comprehensive (loss)/income for the year				
Loss for the year	-	-	(6,195)	(6,195)
Revaluation of hotel property assets	-	(14,928)	-	(14,928)
Deferred tax on revaluation	-	1,258	-	1,258
Total comprehensive (loss)/income for the year	-	(13,670)	(6,195)	(19,865)
At 31 December 2020	300	96,446	(5,029)	91,717
At 1 January 2021	300	96,446	(5,029)	91,717
Comprehensive (loss)/Income for the year				
Loss for the year	-	-	(5,136)	(5,136)
Revaluation of hotel property asset	-	12,967	-	12,967
Deferred tax on revaluation	-	(7,266)	-	(7,266)
Total comprehensive (loss)/income for the year	-	5,701	(5,136)	565
At 31 December 2021	300	102,147	(10,165)	92,282

The notes on pages 14 to 30 form part of these financial statements.

Doyle London Hotels Limited

Notes

forming part of the financial statements

1 Accounting policies

1.1 Basis of preparation of financial statements

Doyle London Hotels Limited ("the Company") is a private company limited by shares, incorporated, domiciled and registered in the UK. The registered number is 1280133 and 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"). The presentation currency of these financial statements is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Pembase Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Pembase Holdings Limited are prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and are available to the public and may be obtained from 156 Pembroke Road, Ballsbridge, Dublin 4. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures: Cash Flow Statement and related notes.

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 is in a net liability position at 31 December 2021. The Company has received from its parent, Doyle Hotels (Holdings) Limited, a letter of financial support for 12 months from the date of approval of these financial statements to enable the Company to trade at its projected level of operations and to meet its liabilities as they fall due.

The Company's business activities, together with the factors likely to affect their future development, performance and market position are set out in the business review in the directors' report on page 2. The financial position of both Company, including cash flows, liquidity position, borrowing and details of financial instruments, are included in the financial statements.

The COVID-19 pandemic severely impacted trade and operations of the Company during 2021. Following the easing of restrictions in early 2022 business levels have steadily increased.

In assessing going concern, the directors noted that, as at 31 December 2021, the Group, of which this Company is a part, had cash on hand of €17 million and sufficient undrawn debt facilities available to allow for settlement of debts as and when they fall due.

Doyle London Hotels Limited

Notes (continued)

1 Accounting policies (continued)

1.3 Going concern (continued)

Based on their assessment of the Group's and Company's business plans, together with the financial resources and headroom available to the Group, the directors have a reasonable expectation that the Group and Company have sufficient resources to continue in operational existence for a period not less than 12 months from the date of approval of these financial statements, and therefore concluded it is appropriate to adopt the going concern basis in preparing the financial statements.

1.4 Foreign currency

Transactions in foreign currencies are translated to the Company'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.

1.5 Basic financial Instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less 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.

Doyle London Hotels Limited

Notes (continued)

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:

Freehold and leasehold land and buildings:

- | | |
|----------------------|----------------|
| • Land | Nil |
| • Buildings core | 50 - 125 years |
| • Buildings non-core | 30 years |

Plant, fixtures, fittings and equipment:

- | | |
|-------------------------|--------------|
| • 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 every 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 31 December 2019 and the last interim independent valuation was carried out at 31 December 2021.

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 13.

Doyle London Hotels Limited

Notes (continued)

1 Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Revaluation (continued)

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.

1.7 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 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, 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 (continued)

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 (continued)

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 (continued)

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.

1.14 Interest income

Interest income is recognised in the profit and loss account using the effective interest method.

1.15 Government grants

Government grants relating to assets are included within deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives to which they relate or in periods in which the related costs are incurred.

Amounts recognised in the profit and loss are presented under the heading "Other Income".

Grants relating to revenue are recognised in the profit and loss on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate. A grant becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in income in the period.

Doyle London Hotels Limited

Notes (continued)

2 Judgements 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

	2021 £000	2020 £000
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An analysis of turnover by geographical market is as follows:

United Kingdom	6,847	5,393
	<u>6,847</u>	<u>5,393</u>

4 Other income

	2021 £000	2020 £000
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Coronavirus Job Retention Scheme	361	1,729
Other Government Grants	49	43
	<u>410</u>	<u>1,772</u>

Payroll related grants

The Company availed of the Coronavirus Job Retention Scheme (CJRS) in 2020 and 2021. The scheme ended on 30 September 2021.

Doyle London Hotels Limited

Notes (continued)

5 Operating profit

The operating profit is stated after charging:

	2021 £000	2020 £000
Depreciation of tangible assets	2,442	2,389
Defined contribution pension cost	132	164
	<u>2,574</u>	<u>2,553</u>

6 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2021 £000	2020 £000
Less than one year	297	297
Between one and five years	1,187	1,187
More than five years	29,286	29,583
	<u>30,770</u>	<u>31,067</u>

During the year £0.297 million was recognised as an expense in the profit and loss account in respect of operating leases (2020: £0.297 million).

7 Auditor's remuneration

	2021 £000	2020 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	17	20

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the Group accounts of the ultimate parent company (note 26).

8 Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £000	2020 £000
Wages and salaries	3,830	4,554
Social security costs	290	363
Cost of defined contribution scheme	132	164
Termination payments	4	230
	<u>4,256</u>	<u>5,311</u>

Doyle London Hotels Limited

Notes (continued)

8 Employees (continued)

These payroll costs are gross of Government COVID-19 related supports (see note 4).

The average monthly number of employees (full-time equivalents) including the directors, during the year was as follows:

	2021 No.	2020 No.
Hotel operations	108	235

These employee numbers include those employees for which the Company is availing of government COVID-19 related supports.

9 Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	17	16
	17	16

The highest paid director was paid £0.017 million (2020: £0.016 million) during the year.

10 Interest receivable and similar income

	2021 £000	2020 £000
Interest receivable	1	1
Realised foreign exchange gain	1	-
	2	1

11 Interest payable and similar expenses

	2021 £000	2020 £000
Interest payable to credit institutions	-	14
Interest payable on loans from group companies	1,482	1,770
Interest payable on finance leases and hire purchase contracts	3	4
	1,485	1,788

Doyle London Hotels Limited

Notes (continued)

12 Taxation	2021 £000	2020 £000
<i>Corporation tax</i>		
Current tax on loss for the year	-	-
Current tax on tax losses carried back	(381)	(136)
Adjustment in respect of prior years	-	356
Total current tax	(381)	220
<i>Deferred tax</i>		
Deferred tax charge for the year	(987)	(937)
Impact for change in tax rate	20	174
Adjustment in respect of prior years	339	31
Total deferred tax	(628)	(732)
Taxation on loss on ordinary activities	(1,009)	(512)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020: *higher than*) the standard rate of corporation tax in the UK of 19% (2020: 19.0%). The differences are explained below:

	2021 £000	2020 £000
Loss on ordinary activities before tax	(6,145)	(6,706)
Loss on ordinary activities multiplied by standard rate of corporation tax in UK of 19% (2020: 19%)	(1,168)	(1,274)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	181	201
Losses carried back	(381)	-
Adjustments to tax charge in respect of prior periods	339	387
Impact on change of tax rates	20	174
Total tax charge for the year	(1,009)	(512)

Factors that may affect future tax charges

It was announced in the 3 March 2021 UK Budget that the UK Corporate tax rate will increase to 25% from 1 April 2023 for companies with taxable profits in excess of £0.25 million. This rate change was substantively enacted on 24 May 2021. The UK deferred tax liability as at 31 December 2021 has been calculated at 25%.

Doyle London Hotels Limited

Notes (continued)

13 Tangible fixed assets

	Freehold and leasehold land and buildings £000	Plant, fixtures, fittings and equipment £000	Total £000
Cost or valuation			
At 1 January 2021	133,427	13,072	146,499
Additions	95	680	775
Revaluations	12,967	-	12,967
Elimination of depreciation on revaluation	(813)	-	(813)
At 31 December 2021	145,676	13,752	159,428
As at 1 January 2021	-	(1,599)	(1,599)
Depreciation 2021	(813)	(1,629)	(2,442)
Write off of depreciation on revaluation	813	-	813
At 31 December 2021	-	(3,228)	(3,228)
Net book value			
At 31 December 2021	145,676	10,524	156,200
At 31 December 2020	133,427	11,473	144,900

In accordance with the Company's accounting policies, a desktop valuation was performed on its freehold leasehold and buildings, plant, fixtures, fittings and equipment assets (hotel property assets) as at 31 December 2021. 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 2% and 3%, discount rates of between 6.75% and 9% and exit yields of between 6.75% and 9% based on comparable yields on transactions of similar property types in similar locations. The valuation of the Company's hotel property asset resulted in a surplus on revaluation of £12,967 million, all of which was recognised in the statement of other comprehensive income.

14 Stocks	2021 £000	2020 £000
Finished goods and goods for resale	101	102
	101	102

Doyle London Hotels Limited

Notes (continued)

15 Debtors	2021 £000	2020 £000
Trade debtors	316	92
Amounts owed by group undertakings	2,494	4,851
Prepayments and accrued income	243	95
Other taxation and social security	-	110
	<u>3,053</u>	<u>5,148</u>

Amounts owing by group undertakings at 31 December 2021 and 2020 are unsecured, interest-free and repayable on demand.

16 Cash and cash equivalents	2021 £000	2020 £000
Cash at bank and in hand	18	5
	<u>18</u>	<u>5</u>

17 Creditors: amounts falling due within one year	2021 £000	2020 £000
Trade creditors	693	465
Other taxation and social security	201	-
Obligations under finance lease and hire purchase contracts (note 20)	46	38
Capital accruals	360	189
Accruals and deferred income	2,524	1,112
	<u>3,824</u>	<u>1,804</u>

18 Creditors: amounts falling due after more than one year	2021 £000	2020 £000
Amounts owed to group undertakings (note 19)	42,175	42,161
Obligations under finance lease and hire purchase contracts (note 20)	43	63
	<u>42,218</u>	<u>42,224</u>

Doyle London Hotels Limited

Notes (continued)

19 Loans

Analysis of the maturity of loans is given below:

	2021 £000	2020 £000
Amounts falling due after more than 5 years		
Loans from group undertakings	42,175	42,161
	<u>42,175</u>	<u>42,161</u>

Offset against the intercompany loans are arrangement fees of £Nil (2020: £0.014 million) which in line with the Company's policies are amortised over the period of the loan using the effective interest method.

Term and debt repayment schedule

Type	Currency	Interest basis	Due date	Payable	2021 £000	2020 £000
Intergroup - term loan	Sterling	Fixed rate + Margin	2029	On maturity	17,421	17,421
Intergroup - term loan	Sterling	Fixed rate + Margin	2029	On maturity	5,807	5,807
Intergroup - term loan	Sterling	Fixed rate + Margin	2029	On maturity	16,802	16,802
Intergroup - term loan	Sterling	LIBOR + Margin	2029	On maturity	1,907	1,907
Intergroup - term loan	Sterling	LIBOR + Margin	2029	On maturity	238	238
					<u>42,175</u>	<u>42,175</u>

20 Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £000	2020 £000
Within one year	46	38
Between 2-5 years	43	63
	<u>89</u>	<u>101</u>

The Company has a sterling finance lease due to be repaid over the period to July 2023. During the year, the Company entered into an additional finance lease due to be repaid over the period to September 2025.

Doyle London Hotels Limited

Notes (continued)

20 Hire purchase and finance leases (continued)

Term and debt repayment schedule

Type	Currency	Interest basis	Final payment	Payable	2021 £000	2020 £000
Finance lease	Sterling	Fixed rate	July 2023	Monthly	63	101
Finance lease	Sterling	Fixed rate	September 2025	Quarterly	26	-
					<u>89</u>	<u>101</u>

21 Deferred taxation

	2021 £000	2020 £000
At beginning of year	(14,410)	(16,400)
Credited to the profit or loss	628	732
(Charged)/credited to other comprehensive income	(7,266)	1,258
	<u>(21,048)</u>	<u>(14,410)</u>
At end of year	(21,048)	(14,410)

The provision for deferred taxation is made up as follows:

	2021 £000	2020 £000
Accelerated capital allowances	(2,512)	(1,785)
Tax losses carried forward	2,445	1,087
Other timing differences	(17)	(14)
Revaluation of hotel property asset	(20,964)	(13,698)
	<u>(21,048)</u>	<u>(14,410)</u>

22 Share capital

	2021 £000	2020 £000
Authorised		
1,000,000 ordinary shares £1.00 each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
300,000 ordinary shares £1.00 each	300	300
	<u>300</u>	<u>300</u>

Doyle London Hotels Limited

Notes (continued)

23 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 bank borrowings of the Group of which the Company is a part. It has also issued a negative pledge in respect of other bank borrowings of group undertakings.

24 Capital commitments

At 31 December 2021 the Company had authorised capital commitments of £0.36 million (2020: £0.2 million) of which £0.36 million (2020: £0.2 million) was contracted for.

25 Pension commitments

The Company participates in a UK defined benefit scheme operated by Group entities. The defined benefit scheme in the UK closed to new members with effect from 6 April 2010.

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 31 October 2020 for the UK scheme. Scheme assets are held in a Trustee administered fund.

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. The Group UK pension scheme is currently in deficit. At 31 December 2021 this deficit, calculated in accordance with FRS 102, amounted to €0.833 million (2020: €1.644 million). Full details of the scheme are disclosed in the consolidated financial statements of Pembase Holdings Limited, which are available publicly. The pension charge for the year, incurred by the Company, in respect of defined benefit schemes amounted to £Nil (2020: £Nil).

26 Related party transactions

The Company has availed of the exemption available in FRS 102 Section 33 *Related Party Disclosures* from disclosing transactions with Group undertakings. Details on the availability of Group consolidated financial statements are given in note 27.

Doyle London Hotels Limited

Notes *(continued)*

27 Controlling party

At the year end the Company was ultimately 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.

28 Post balance sheet events

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

29 Approval of financial statements

The financial statements were approved by the directors on 29 April 2022.