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# Doyle London Hotels Limited

## Directors' report and financial statements

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# Doyle London Hotels Limited

## Directors and other information

### **Directors**

W. Beatty  
J. N. Geoghegan  
P. A. McCann  
P. P. MacQuillan

### **Secretary**

S. Daly

### **Bankers**

Barclays Bank  
93 Baker Street  
London W1A 4SD

### **Auditors**

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

### **Registered office**

47 Welbeck Street  
London W1M SDN

### **Solicitors**

Vincent and Beatty  
67/68 Fitzwilliam Square  
Dublin 2

# Doyle London Hotels Limited

## Directors' report

The directors submit their annual report together with the audited financial statements of the company for the year ended 30 April 2001.

## Principal activities, business review and future developments

The principal activity of the company is the provision of accommodation and allied hotel services.

The directors do not envisage any change in the principal activity of the company and expect to sustain the present level of activity for the foreseeable future.

## Results and dividends

The company's results for the year are set out in the profit and loss account on page 8. The directors do not recommend the payment of a dividend.

## Directors and secretary and their interests

On 31 July 2000, Mr S. Cooney resigned as a director of the company. In accordance with the Articles of Association, the directors retire at the next annual general meeting and, being eligible, offer themselves for re-election.

On 1 October 2001, Mr F. M. Sheehan resigned as director and Mr. T. J. Cusack resigned as secretary of the Company. On the same date, Mr. P.P. Mac Quillan and Mr. S. Daly were appointed director and secretary of the Company respectively.

The directors and secretary had no interest in the shares of the company at 30 April 2001 or on the date of their appointment. Details of interests in the shares of group undertakings are set out in Note 21 to the financial statements.

## Disabled persons

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

## Employee participation

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

## Payment of suppliers

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

## Post balance sheet events

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

# Doyle London Hotels Limited

## Directors' report (*continued*)

### Auditors

A resolution to re-appoint KPMG, Chartered Accountants, as auditors of the company is to be proposed at the next annual general meeting.

On behalf of the board

*Director*



*Director*

19  2001

# Doyle London Hotels Limited

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those 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.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Acts 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the board

Director



Director

[Signature]  
19 December 2001

## Auditors' report to the members of Doyle London Hotels Limited

We have audited the financial statements on pages 6 to 19.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of affairs of the company as at 30 April 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants  
Registered Auditors

19 April 2001

# Doyle London Hotels Limited

## Statement of accounting policies *for the year ended 30 April 2001*

### **Basis of accounting**

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention, modified by the revaluation of certain assets, and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in England and Wales.

### **Turnover**

This represents the invoiced value of goods and services, net of trade discounts and value added tax.

### **Tangible fixed assets**

The Company of which the company is a member values its hotel properties on an open market existing use basis by professional valuers at least every five years with an interim valuation at least every three years in accordance with Financial Reporting Standard No. 15: Tangible Fixed Assets. These revaluations are incorporated in the financial statements and the gains arising thereon are recognised in the statement of total recognised gains and losses. Revaluation losses that are caused by a consumption of economic benefits are recognised in the profit and loss account. Other revaluation losses are recognised in the statement of total recognised gains and losses until the carrying amount of the asset reaches its depreciated historical cost and thereafter losses are recognised in the profit and loss account.

On an annual basis the Company estimates the recoverable amount of its hotel properties based on the higher of their net realisable values or the present values of future cash flows expected to result from their use. Where the recoverable amount is less than the carrying amount of the hotel properties the Company recognises an impairment loss in the financial statements on a basis consistent with the recognition of revaluation gains and losses as set out above.

Other fixed assets are stated at cost less accumulated depreciation.

### **Depreciation of tangible fixed assets**

Depreciation is calculated to write off the original cost or valuation of tangible fixed assets less their estimated residual value over their expected useful lives on a straight line basis at the following annual rates:

Leasehold buildings and fixed plant	1.25% - 4%
Fixtures, fittings and equipment	12.5% - 33.3%

The Directors review the estimates of useful lives and residual values annually, based on prices prevailing at the time of acquisition or subsequent valuation, and based on their estimates, have determined that any charge to depreciation on leasehold buildings and fixed plant would be immaterial.

# Doyle London Hotels Limited

## Statement of accounting policies *(continued)* *for the year ended 30 April 2001*

### **Financial assets**

Financial assets are stated at cost less provisions for impairment.

### **Stocks**

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

### **Taxation**

Corporation tax is calculated on the profits for the period.

Deferred taxation is provided under the liability method only on timing differences that are expected to reverse in the foreseeable future.

### **Foreign currency transactions**

Trading activities denominated in foreign currencies are recorded in Sterling at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are reported at the rates of exchange prevailing at the year end. All exchange gains and losses are dealt with through the profit and loss account.

### **Pensions**

The company operates a defined benefit scheme and the cost of providing pensions to employees is charged to the profit and loss account on a systematic basis over the service lives of those employees. Pension costs are determined by an actuary by reference to a funding plan and funding assumptions. The regular pension cost is expressed as a substantially constant portion of current and expected future pensionable payroll. Variations from regular cost are spread over the remaining service lives of the current employees. To the extent that the pension cost is different from the cash contributions to the pension scheme, a provision or prepayment is recognised in the balance sheet.

### **Leased assets**

Leasing arrangements that transfer substantially all the risks and rewards of ownership to the company, finance leases, are capitalised at the arms length cash price of the asset. The outstanding capital element of the related rental obligations is included in creditors. The excess of the total rentals payable over the amount capitalised is treated as interest and is charged to the profit and loss account in proportion to the capital element under the lease.



# Doyle London Hotels Limited

## Profit and loss account for the year ended 30 April 2001

	Notes	Year ended 30 April 2001 Stg£'000	15 month period ended 30 April 2000 Stg£'000
<b>Turnover - continuing activities</b>	<i>1</i>	7,784	7,595
Cost of sales		(4,327)	(4,868)
<b>Gross profit</b>		<b>3,457</b>	<b>2,727</b>
Other operating income		-	127
Administrative expenses		(29)	(43)
Foreign exchange (loss)/gain		(248)	728
<b>Operating profit - continuing activities</b>		<b>3,180</b>	<b>3,539</b>
Interest payable and similar charges		-	-
Interest receivable and similar income	<i>3</i>	3	6
<b>Profit on ordinary activities before taxation</b>	<i>4</i>	<b>3,183</b>	<b>3,545</b>
Tax on profit on ordinary activities	<i>5</i>	(541)	(985)
<b>Profit for the financial year</b>		<b>2,642</b>	<b>2,560</b>
Profit and loss account at beginning of year		13,750	11,190
<b>Profit and loss account at end of year</b>		<b>16,392</b>	<b>13,750</b>

On behalf of the board

Director



Director

# Doyle London Hotels Limited

## Statement of total recognised gains and losses for the year ended 30 April 2001

	<i>Notes</i>	<b>Year ended 30 April 2001 Stg£'000</b>	<b>15 month period ended 30 April 2000 Stg£'000</b>
Profit for the financial year		<b>2,642</b>	2,560
Surplus arising on revaluation of properties	<i>12</i>	-	12,845
<b>Total recognised gains and losses for the year</b>	<i>13</i>	<b>2,642</b>	<b>15,405</b>

# Doyle London Hotels Limited

## Balance sheet at 30 April 2001

	Notes	30 April 2001 Stg£'000	30 April 2000 Stg£'000
<b>Fixed assets</b>			
Tangible assets	6	39,139	34,029
Financial assets	7	843	843
		<hr/>	<hr/>
		39,982	34,872
<b>Current assets</b>			
Stocks		30	24
Debtors	8	1,103	620
Cash at bank and in hand		390	338
		<hr/>	<hr/>
		1,523	982
<b>Creditors:</b> Amounts falling due within one year	9	(11,608)	(8,610)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(10,085)	(7,628)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		29,897	27,244
<b>Provision for liabilities and charges</b>			
Deferred tax	10	(360)	(349)
		<hr/>	<hr/>
<b>Net assets</b>		29,537	26,895
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	11	300	300
Revaluation reserve	12	12,845	12,845
Profit and loss account		16,392	13,750
		<hr/>	<hr/>
<b>Shareholders' funds-equity</b>	13	29,537	26,895
		<hr/>	<hr/>

On behalf of the board

Director



Director

# Doyle London Hotels Limited

## Notes

*forming part of the financial statements*

### 1 Turnover

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

### 2 Staff numbers and costs

The average number of persons, including executive directors, employed by the company, during the period was:

	<b>Year ended 30 April 2001 Number</b>	<b>15 month period ended 30 April 2000 Number</b>
Hotel services	<b>102</b>	<b>87</b>

The aggregate payroll costs of these persons were as follows

	<b>Year ended 30 April 2001 Stg£'000</b>	<b>15 month period ended 30 April 2000 Stg£'000</b>
Wages and salaries	<b>1,840</b>	<b>1,892</b>
Social security costs	<b>134</b>	<b>153</b>
Pension costs	<b>61</b>	<b>59</b>
	<b>2,035</b>	<b>2,104</b>

# Doyle London Hotels Limited

## Notes (continued)

### 3 Interest receivable and similar charges

	Year ended 30 April 2001 Stg£'000	15 month period ended 30 April 2000 Stg£'000
Interest receivable	3	6

### 4 Statutory information

	Year ended 30 April 2001 Stg£'000	15 month period ended 30 April 2000 Stg£'000
The profit has been arrived at after charging the following items		
Depreciation	234	413
Auditors' remuneration	6	9
Directors' remuneration	-	-

### 5 Tax on profit on ordinary activities

	30 April 2001 Stg£	30 April 2000 Stg£
Corporation tax charge	530	971
Under provision in respect of prior periods	-	20
Deferred taxation charge/(credit) (Note 10)	11	(6)
	541	985

# Doyle London Hotels Limited

## Notes (continued)

### 6 Tangible fixed assets

	Freehold and leasehold land and buildings Stg£'000	Fixtures, fittings and equipment Stg£'000	Total Stg£'000
<b>Cost or valuation</b>			
At 1 May 2000			
Valuation	27,447	-	27,447
Cost	4,968	6,599	11,567
	<hr/>	<hr/>	<hr/>
Additions	32,415	6,599	39,014
	3,777	980	4,757
	<hr/>	<hr/>	<hr/>
<b>At 30 April 2001</b>			
Valuation	27,447	-	27,447
Cost	8,745	7,579	16,324
	<hr/>	<hr/>	<hr/>
	36,192	7,579	43,771
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 May 2000	-	4,398	4,398
Charge for year	-	234	234
	<hr/>	<hr/>	<hr/>
<b>At 30 April 2001</b>	-	4,632	4,632
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
<b>2001</b>	<b>36,192</b>	<b>2,947</b>	<b>39,139</b>
	<hr/>	<hr/>	<hr/>
2000	31,828	2,201	34,029
	<hr/>	<hr/>	<hr/>

The property was valued on an existing use basis by Christie & Co. as at 31 March 1999. The valuation was carried out in accordance with the Appraisal and Valuations Manual published by the Society of Chartered Surveyors.

The directors are not aware of any material change in the valuation of the property since 31 March 1999.

# Doyle London Hotels Limited

## Notes (continued)

7 (a) Financial assets	30 April 2001 Stg£'000	30 April 2000 Stg£'000
Investment in Wyoming Hotel Corporation	600	600
Investment in Jurys Normandy Inn, Inc.	243	243
	<hr/>	<hr/>
	843	843
	<hr/>	<hr/>

In the opinion of the directors the value of the above investments to the company is not less than the book amount shown above.

## (b) Disclosure of subsidiary and associated undertakings

	Description of holding	Proportion of ordinary shareholding
Wyoming Hotel Corporation Registered office: Bingham, Dana LLP 1120 20 <sup>th</sup> Street NW, Suite 800 Washington DC, 20036	100 common stock US\$1	100%
Jurys Normandy Inn, Inc. Registered office: Bingham, Dana LLP 1120 20 <sup>th</sup> Street NW, Suite 800 Washington DC, 20036	10,000 common stock US\$1	36%

## Statutory disclosures in respect of entities where proportional shareholding is less than 90%

	Net assets	Profit for year	Class of shares held
Jurys Normandy Inn, Inc.	US\$6,629,291	US\$616,958	Common \$1 Stock

# Doyle London Hotels Limited

## Notes (continued)

<b>8 Debtors:</b> Amounts falling due within one year	<b>30 April 2001 Stg£'000</b>	<b>30 April 2000 Stg£'000</b>
Trade debtors	593	353
Prepayments	510	263
Amounts due from group undertaking	-	4
	<hr/>	<hr/>
	1,103	620
	<hr/>	<hr/>
<b>9 Creditors:</b> Amounts falling due within one year	<b>30 April 2001 Stg£'000</b>	<b>30 April 2000 Stg£'000</b>
Trade creditors	228	472
Amounts owed to group undertakings	10,226	5,401
Corporation tax	216	689
Value added tax	9	322
Payroll taxes	-	-
Accruals	260	260
Capital accruals	669	1,466
	<hr/>	<hr/>
	11,608	8,610
	<hr/>	<hr/>



# Doyle London Hotels Limited

## Notes (continued)

### 10 Provision for liabilities and charges

#### *Deferred taxation*

	30 April 2001 Stg£'000	30 April 2000 Stg£'000
At 1 May	349	355
Charge/(credit) to profit and loss account	11	(6)
	<hr/>	<hr/>
At 30 April	360	349
	<hr/>	<hr/>

The basis for the provision for deferred taxation is set out in the statement of accounting policies. Full provision has been made for deferred taxation at 30 April 2001.

The surplus on revalued tangible fixed assets is viewed as not constituting a timing difference.

### 11 Share capital

#### *Equity*

	30 April 2001 Stg£'000	30 April 2000 Stg£'000
<i>Authorised</i>		
1,000,000 ordinary shares of Stg£1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid:</i>		
300,000 ordinary shares of Stg£1 each	300	300
	<hr/>	<hr/>

### 12 Revaluation reserve

	2001 Stg£'000	2000 Stg£'000
At 1 May	12,845	-
Revaluation surplus	-	12,845
	<hr/>	<hr/>
At 30 April 2001	12,845	12,845
	<hr/>	<hr/>

# Doyle London Hotels Limited

## Notes (continued)

### 13 Reconciliation of movement in shareholders' funds

	30 April 2001 Stg£'000	30 April 2000 Stg£'000
Total recognised gains and losses	2,642	15,405
Opening shareholders' funds - equity	26,895	11,490
	<hr/>	<hr/>
<b>Closing shareholders' funds - equity</b>	<b>29,537</b>	<b>26,895</b>
	<hr/>	<hr/>

### 14 Pensions

The company operates a defined benefit pension scheme. The scheme's 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 attained age method. The effective date of the last actuarial valuation was 31 October 1997.

The principal assumption adopted for the actuarial valuation was that the rate of investment return would exceed the rate of increase in pensionable salaries by 1.5% per annum.

At the date of the most recent actuarial valuation the market value of assets was Stg£0.9m. The scheme is 85% funded on a discontinuance basis and the current contribution rate makes allowance for this. After allowing for expected future increases in earnings the actuarial value of total scheme assets was sufficient to cover 99% of the benefits that had accrued to the members of that scheme. Actuarial valuations are not available for public inspection although the results of valuations are available to scheme members.

Total pension charges for the period in respect of the scheme amounted to Stg£61,000 (2000: Stg£53,900) At the year end the pension accrual was Stg£ Nil (2000: Stg£Nil).

### 15 Contingent liabilities

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

# Doyle London Hotels Limited

## Notes (continued)

16 Capital commitments	30 April 2001 Stg£'000	30 April 2000 Stg£'000
Expenditure contracted for	-	2,115
Authorised but not contracted for	459	400
	<hr/> 459 <hr/>	<hr/> 2,515 <hr/>

## 17 Group relationships and controlling parties

From 1 May 2000 to 27 April 2001 the company was controlled by PV Doyle Hotels Limited. On 27 April 2001, as part of a group restructuring, control of the company was transferred to Jurys Hotel Management (UK) Limited.

The ultimate controlling party throughout the period was Jurys Doyle Hotel Group plc, a company incorporated in Ireland which prepares consolidated financial statements which include the results of this company and are available from 146 Pembroke Road, Dublin 4, Ireland.

## 18 Related party transactions

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

## 19 Cash flow statement

The company has availed of the exemption under Financial Reporting Standard No. 1 (Revised): *Cash Flow Statements* not to prepare a cash flow statement as a consolidated cash flow statement has been prepared by its parent company, Jurys Doyle Hotel Group plc.

## 20 Consolidated accounts

Consolidated financial statements are not prepared as the company is a wholly owned subsidiary of Jurys Doyle Hotel Group plc, which prepares and files consolidated financial statements incorporating the results of the company and its subsidiaries. Accordingly, the company is exempt from the requirement to prepare consolidated financial statements under the European Communities (Companies: Group Accounts) Regulations 1992.

# Doyle London Hotels Limited

## Notes (continued)

### 21 Directors' and secretary's interests

The directors and secretary had the following interests, all of which were beneficial in the ordinary shares of the ultimate parent company at the following dates.

	30 April 2001 Shares	30 April 2000 Shares
W. Beatty	4,299,669	4,299,669
J. N. Geoghegan	-	-
P.A. McCann	32,169	20,169
S. Daly	8,507	7,107
P. P. MacQuillan	-	-

The directors' interests in options over ordinary were as follows:

		30 April 2000	Options granted	Options exercised	Options lapsed	30 April 2001	Market price at date of exercise €c	Weighted average price €c	Exercise period
J.N. Geoghegan	1	55,000	45,000	-	-	100,000	-	578.25	1999 - 2006
	2	60,000	40,000	-	-	100,000	-	604.64	2002 - 2006
P.A. McCann	1	59,000	80,000	(12,000)	-	127,000	760.00	429.02	1999 - 2006
	2	90,000	60,000	-	-	150,000	-	604.64	2002 - 2006
S. Daly	1	45,000	10,000	(2,750)	-	52,250	1,025.00	504.00	1999 - 2006
		-	30,000	-	-	30,000	-	745.00	2002 - 2006
<b>Total</b>		<b>309,000</b>	<b>265,000</b>	<b>(14,750)</b>	<b>-</b>	<b>559,250</b>			

Tier 1 options are only exercisable when earnings per share growth exceeds the growth in the Irish Consumer Price Index plus 2% over a period of at least three years, on a compounded basis, subsequent to the granting of the options.

Tier 2 options are only exercisable when earnings per share growth exceeds the growth in the Irish Consumer Index plus 10% over a period of at least five years, on a compounded basis, subsequent to the granting of the options and where at the end of 5 years the company's growth in earnings per share during such period shall be such as to place it in the top 25% of companies in the Irish Stock Exchange Equity ("ISEQ") index by reference to growth in earnings per share over the same period.

The market price of the ultimate parent company's shares at 30 April 2001 was €950c and the range during the financial year ended 30 April 2001 was €602c to €1120c.

### 22 Approval of financial statements

The financial statements were approved by the directors on [19 Beatty] 2001.