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Chamberlain Hotels Limited

Directors' report and
financial statements

For the year ended 31 December 2012

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Chamberlain Hotels Limited

Directors' report and financial statements

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Chamberlain Hotels Limited

Directors and other information

Directors	John Brennan Thomas Dowd Cormac Ó Tighearnaigh
Bankers	Royal Bank of Scotland Kirkstane House 139 St Vincent Street Glasgow G2 5JF
Solicitors	Squire Sanders & Dempsey LLP Rutland House Cutlers Gardens London EC2M 4YH
Auditor	KPMG Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2 Ireland
Registered office	245 Broad Street Birmingham B1 2HQ England
Registered Number	2307261

Chamberlain Hotels Limited

Directors' report

The Directors submit their annual report together with the audited financial statements of Chamberlain Hotels Limited ("the Company") for the year ended 31 December 2012

Principal activities

The Company is part of a leading hotel group and operates a premium budget hotel in the United Kingdom

Business risks and uncertainties

The hotel industry's performance is closely aligned to the general economic environment. Therefore, a key risk facing the company is adverse economic conditions. Chamberlain Hotels Limited has a low cost business model, charging its customers rates that vary depending on levels of demand. This reduces, though does not eliminate, the financial impact arising from such adverse conditions.

As at 31 December 2012, the Company had net current assets of £26.4 million and net assets of £67.2 million. The Company has provided cross guarantees with respect to the borrowings of Vesway Limited and its subsidiaries (the Group).

As at 31 December 2012 the Group had net current liabilities of £650.8 million (2011: £641.4 million) and net liabilities of £308.9 million (2011: £305.3 million). The net liabilities position at 31 December 2012 is in breach of the Group's facility agreements. The Group's operating profit and cash flows for 2013 and 2014 are projected to increase reflecting higher revenue per available room (Revpar). The Group holds sufficient working capital to meet its trading obligations. Funding of the Group's debt used to acquire and develop the assets is dependent upon the continued availability of bank borrowings.

An agreement to the restructuring of the Group's existing debt has been entered into with the debt providers subsequent to the year end. This agreement includes additional investment to fund a partial repayment of debt, and the partial write down of the remaining debt. This will result in a reduction in the Group's bank debt of approximately £410 million and an increase in the Group's net assets of approximately £290 million. Further information in respect of this will be included in the 2013 financial statements.

This remaining debt will have a five-year term at comparable rates to the existing borrowings. On this basis, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Results and dividends

The Company reported a profit of £1.9 million for the year to 31 December 2012 (*Year to 31 December 2011: £2.6 million*) and had net assets at that date of £67.2 million (*2011: £80.7 million*). The directors do not recommend the payment of a dividend (2011: £Nil).

Business review

The Company expects 2013 to be difficult in terms of trading, but is confident that trading will perform above market levels.

Chamberlain Hotels Limited

Directors' report *(continued)*

Directors

There were no changes in Directors in the year. The Directors are not required to retire by rotation.

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 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

On 12 April 2013 an agreement to the restructuring of the Group's existing debt has been entered into with the debt providers. This agreement includes additional investment to fund a partial repayment of debt, and the partial write down of the remaining debt. This will result in a reduction in the Group's bank debt of approximately £410 million and an increase in the Group's net assets of approximately £290 million.

There have been no other significant events since the balance sheet date that would require adjustment to the financial statements or inclusion of a note thereto.

Charitable contributions

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

Political donations

The Company made no political donations during the year.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

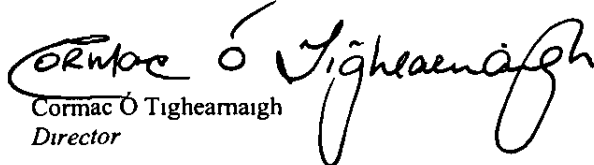
Chamberlain Hotels Limited

Directors' report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG will therefore continue in office

On behalf of the board


Cormac Ó Tighearnaigh
Director

17 May 2013

Chamberlain Hotels Limited

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

The directors are responsible for preparing the directors' report and 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

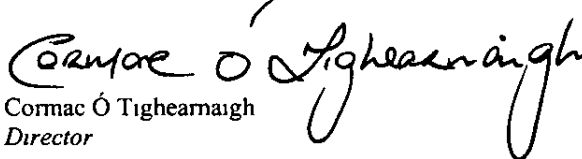
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

On behalf of the board


Cormac Ó Tighearnaigh
Director

17 May 2013

Independent auditor's report to the members of Chamberlain Hotels Limited

We have audited the financial statements of Chamberlain Hotels Limited for the year ended 31 December 2012 set out on pages 8 to 22 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost, profit and losses, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

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 and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

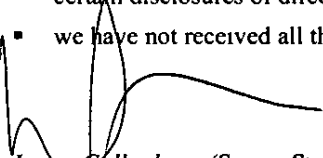
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Laura Gallagher (Senior Statutory Auditor)
For and on behalf of KPMG, Statutory Auditor
Chartered Accountants
1 Stokes Place,
St Stephen's Green,
Dublin 2
Ireland

17 May 2013

Chamberlain Hotels Limited

Statement of accounting policies

for the year ended 31 December 2012

Basis of preparation

The financial statements are prepared in Sterling 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

The accounting policies applied to the financial statements are consistent with those applied in the preparation of the Company's financial statements for the year ended 31 December 2011

As at 31 December 2012, the Company had net current assets of £26.4 million and net assets of £67.2 million. The Company has provided cross guarantees with respect to the borrowings of Vesway Limited and its subsidiaries (the Group)

As at 31 December 2012 the Group had net current liabilities of £650.8 million (2011: £641.4 million) and net liabilities of £308.9 million (2011: £305.3 million). The net liabilities position at 31 December 2012 is in breach of the Group's facility agreements. The Group's operating profit and cash flows for 2013 and 2014 are projected to increase reflecting higher revenue per available room (Revpar). The Group holds sufficient working capital to meet its trading obligations. Funding of the Group's debt used to acquire and develop the assets is dependent upon the continued availability of bank borrowings.

An agreement to the restructuring of the Group's existing debt has been entered into with the debt providers subsequent to the year end. This agreement includes additional investment to fund a partial repayment of debt, and the partial write down of the remaining debt. This will result in a reduction in the Group's bank debt of approximately £410 million and an increase in the Group's net assets of approximately £290 million. Further information in respect of this will be included in the 2013 financial statements.

This remaining debt will have a five-year term at comparable rates to the existing borrowings. On this basis, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Tangible fixed assets

Freehold and long-term leasehold land and buildings

Freehold and long-term leasehold (lease term 99 years or above) land and buildings are carried at their revalued amounts less accumulated depreciation and impairment. In accordance with FRS 15 'Tangible Fixed Assets', they are valued on an existing use value basis by professional valuers at least every five years with an interim valuation at least every three years. In the intervening years they are held at directors' valuation. Any resulting revaluations are incorporated in the financial statements.

Revaluation gains are recognised in the statement of total recognised gains and losses, except to the extent that they reverse revaluation losses (after adjusting for subsequent depreciation) on the same asset previously recognised in the profit or loss account, in which case they are recognised in the profit and loss account. Revaluation losses that are caused by a clear consumption of economic benefits are recognised in the profit and loss account. Other revaluation losses are

Chamberlain Hotels Limited

Statement of accounting policies (continued) for the year ended 31 December 2012

Tangible fixed assets (continued)

- recognised in the statement of total recognised gains and losses until the carrying amount of the asset reaches its depreciated historical cost, and
- thereafter in the profit and loss account unless it can be demonstrated that the recoverable amount of the asset is greater than its revalued amount, in which case the loss is recognised in the statement of total recognised gains and losses to the extent that the recoverable amount of the asset is greater than its revalued amount

Other tangible fixed assets

All other tangible fixed assets are stated at cost less accumulated depreciation and impairment. Impairment losses are recognised in the profit and loss account.

Depreciation of tangible fixed assets

No depreciation is provided on land. Depreciation on other tangible fixed assets 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.

The estimated useful lives applied in determining the charge to depreciation are as follows:

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

Impairment of tangible fixed assets

In accordance with FRS 11 'Impairment of Fixed Assets and Goodwill' the carrying amounts of the Group's tangible fixed 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. Recoverable amount is the higher of an asset's net realisable value and its value in use. Value in use is calculated by discounting estimated future cash flows to their present value using a discount rate that reflects current market assessments of the time value of money and risks specific to the asset. For the purposes 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.

Impairment losses on freehold and long leasehold land and buildings are recognised against the cost/valuation of the asset. Impairment losses on assets carried at their cost less accumulated depreciation and impairment are included within the accumulated depreciation for those assets.

Following an impairment loss being recognised on an asset, future depreciation is based on the revised carrying amount of the impaired asset over its remaining useful life.

Chamberlain Hotels Limited

Statement of accounting policies *(continued)* *for the year ended 31 December 2012*

Investment properties

Investment properties are, in accordance with SSAP 19 'Investment Properties', revalued annually, on an open market value basis. All surpluses and deficits arising on valuation are taken directly to the revaluation reserve except that any reduction in value below historical cost is taken to the profit and loss account. Depreciation or amortisation is not provided in respect of investment properties.

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.

Foreign currency

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or, if hedged, at the contracted rate. Foreign currency monetary assets and liabilities are translated at the rate ruling at the balance sheet date. All gains or losses arising are reflected in the profit and loss account.

Taxation

Corporation tax is provided on the Company's taxable profits, at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the Company's taxable profits and its reliefs as granted in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements. As permitted by FRS 19, deferred tax is not recognised on the gains arising from the revaluation of hotel properties.

Pension

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period. The Company is a participating employer in group defined benefit schemes operated by Jurys Inns Group Limited, providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the schemes on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the schemes as if they were defined contribution schemes. As a result the amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting year.

Chamberlain Hotels Limited

Statement of accounting policies *(continued)*
for the year ended 31 December 2012

Turnover

Turnover represents the fair value of consideration receivable for goods and services exclusive of Value Added Tax and other sales taxes delivered to third party customers during the year

Cash and liquid resources

Cash includes cash in hand and deposits repayable on demand. Liquid resources are liquid current asset investments and generally consist of short-term bank deposits

Dividends

Interim dividends on ordinary shares are recognised as a liability on the Company's financial statements in the period in which they are approved by the Board. Final dividends on ordinary shares are recognised as a liability in the Company's financial statements in the period in which they are approved by shareholders

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation

Chamberlain Hotels Limited

Profit and loss account for the year ended 31 December 2012

	<i>Notes</i>	2012 £'000	2011 £'000
Turnover – continuing activities	<i>1</i>	9,923	10,042
Cost of sales		(8,109)	(7,560)
Gross profit		1,814	2,482
Administrative expenses		(5)	(5)
Profit on ordinary activities before taxation	<i>3</i>	1,809	2,477
Tax credit on profit on ordinary activities	<i>4</i>	102	96
Profit for the financial year	<i>11</i>	1,911	2,573

Chamberlain Hotels Limited

Statement of total recognised gains and losses

for the year ended 31 December 2012

	<i>Notes</i>	2012 £'000	2011 £'000
Profit for the financial year		1,911	2,573
Unrealised deficit on revaluation of fixed assets	<i>5,10</i>	(15,545)	(8,525)
Unrealised gain on revaluation of investment property	<i>5,10</i>	98	5
Total recognised gains and losses for the year	12	(13,536)	(5,947)

Note of historical cost profits and losses

for the year ended 31 December 2012

	2012 £'000	2011 £'000
Reported profit on ordinary activities before taxation	1,809	2,477
Difference between the historical cost depreciation charge and the actual depreciation charge for the year arising from the revaluation of tangible fixed assets	-	-
Historical cost profit on ordinary activities before taxation	1,809	2,477
Historical cost profit on ordinary activities after taxation	1,911	2,573

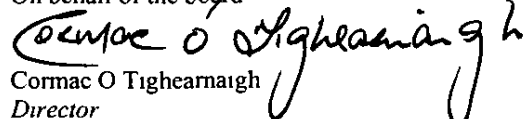
Chamberlain Hotels Limited

Balance sheet

at 31 December 2012

	Notes	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	5	42,099	55,266
Current assets			
Stocks		38	30
Debtors	6	31,474	31,306
Cash at bank and in hand		35	38
		31,547	31,374
Creditors amounts falling due within one year	7	(5,195)	(4,551)
Net current assets		26,352	26,823
Total assets less current liabilities		68,451	82,089
Provision for liabilities and charges			
Deferred tax	8	(1,238)	(1,340)
Net assets		67,213	80,749
Capital and reserves			
Called up share capital	9	1,501	1,501
Revaluation reserve	10	30,073	45,520
Profit and loss account	11	35,639	33,728
Shareholder's funds	12	67,213	80,749

On behalf of the board


Cormac O Tighearnaigh
Director

17 May 2013

Chamberlain Hotels Limited

Notes

forming part of the financial statements

1 Turnover

The Company's turnover arises from hotel activities in the United Kingdom. The company's net assets are located in the United Kingdom.

2 Staff numbers and costs

The average number of persons, including executive directors, employed by the Company, during the year was 109 (*year ended 31 December 2011: 119*).

The aggregate payroll costs of these persons were as follows:

	2012 £'000	2011 £'000
Wages and salaries	1,876	1,847
Social security costs	106	128
Pension costs	20	33
	<u>2,002</u>	<u>2,008</u>

3 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation has been arrived at after charging the following items:

	2012 £'000	2011 £'000
Directors' remuneration		
Fees	-	-
Other emoluments	-	-
Pension contributions	-	-
Depreciation	<u>1,350</u>	<u>1,038</u>

Chamberlain Hotels Limited

Notes (continued)

4 Tax credit on profit on ordinary activities

	2012 £'000	2011 £'000
Current tax charge	-	-
Deferred tax origination and reversal of timing differences		
Credit for year (Note 8)	(102)	(96)
Tax credit on profit on ordinary activities	(102)	(96)

No provision has been made for deferred tax on gains recognised on revaluing hotel properties to their market value, in accordance with FRS 19. This tax would only be payable if the hotel properties were sold at their book values and if rollover relief could not be claimed. The total estimated amount not provided for is £6.6 million (2011: £10.1 million). It is not envisaged that any such tax will be payable in the foreseeable future.

The UK Budget in 2012 announced that the UK corporation tax rate was to reduce to 21% over a period of three years from 2012. The first reduction in the UK corporation tax rate from 28% to 27% (effective from 1 April 2011) was substantively enacted in July 2010, and further reductions to 26% (effective from 1 April 2011) and 25% (effective from 1 April 2012) were substantively enacted in March 2011 and July 2011 respectively. The Finance Act 2012, which was substantively enacted on 17 July 2012, amended the main rate of corporation tax to 24% effective from 1 April 2012 and to 23% effective from 1 April 2013. This will reduce the group's future current tax charge accordingly. UK deferred tax balances have been calculated based on the rate of 23% substantively enacted at the reporting date.

The current tax charge for the year is lower than the standard rate of tax in the United Kingdom. The differences are set out in the tax reconciliation below.

	2012 £'000	2011 £'000
Profit on ordinary activities before taxation	1,809	2,477
Profit on ordinary activities at standard corporation tax rate in the UK of 24.5% (Year ended 31 December 2011: 26.5%)	443	656
Effects of:		
Depreciation for period compared with capital allowances	(14)	42
Group relief claimed	(869)	(759)
Expenses not deductible for tax purposes	433	61
Other timing differences	7	-
Underprovision in respect of prior years	-	-
Current tax charge	-	-

Chamberlain Hotels Limited

Notes (continued)

5 Tangible assets

	Freehold and Long leasehold Land and Buildings £'000	Plant, Fixtures, Fittings and Properties £'000	Investment Property £'000	Total £'000
Cost or valuation:				
At beginning of year	47,587	9,662	2,080	59,329
Additions	-	3,630	-	3,630
Revaluation in the year	(15,545)	-	98	(15,447)
Elimination of depreciation on revaluation	(636)	-	-	(636)
At 31 December 2012				
Valuation	31,406	-	2,178	33,584
Cost	-	13,292	-	13,292
	31,406	13,292	2,178	46,876
Depreciation:				
At 1 January 2012	(318)	(3,745)	-	(4,063)
Charge for year	(318)	(1,032)	-	(1,350)
Elimination of depreciation on revaluation	636	-	-	636
At 31 December 2012	-	(4,777)	-	(4,777)
Net book value:				
31 December 2012	31,406	8,515	2,178	42,099
31 December 2011	47,269	5,917	2,080	55,266

Chamberlain Hotels Limited

Notes (continued)

5 Tangible assets (continued)

In accordance with the Company's accounting policies, the Group undertakes a valuation of its investment property on an annual basis. The valuation of the investment property on an open market value basis at 31 December 2012 was £2.2 million (2011: £2.1 million). The valuation was performed by CBRE in the United Kingdom.

In accordance with the Group's accounting policies, a full external valuation was performed during 2012 on all freehold and long leasehold hotel property assets. The valuation was performed by Jones Lang LaSalle. 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 those standards.

The directors undertake an annual review of the carrying value of all other fixed assets to determine whether there is any indication of impairment. An impairment test was performed by comparing the carrying amount of these assets to their recoverable amounts.

The recoverable amount for each property is determined as the higher of its value in use and net realisable value. In determining a hotel property's recoverable amount the directors are required to make judgements, estimates and assumptions that impact on the carrying value of the properties. The estimates and assumptions used are based on historical experience and other factors that are believed to be reasonable based on information available.

In calculating value in use, future cash flows have been estimated for each property. For the period to 2017 cash flows are based on management's forecasts. For the period thereafter cash flows have been extrapolated using a long term growth rate of 2.5%. Cash flows have been discounted to their present value using a discount rate of 8.9%.

As a result of this valuation, a revaluation loss of £15.5 million was recognised in the revaluation reserve at 31 December 2012.

6 Debtors: amounts falling due within one year

	2012 £'000	2011 £'000
Trade debtors	779	537
Prepayments	239	277
Amount owed by group undertakings	30,456	30,492
	<hr/>	<hr/>
	31,474	31,306
	<hr/>	<hr/>

Chamberlain Hotels Limited

Notes (continued)

7 Creditors: amounts falling due within one year

	2012 £'000	2011 £,000
Trade creditors	338	256
Accruals	504	507
VAT	144	198
Capital accrual	316	366
Amounts owed to group undertakings	3,893	3,224
	<u>5,195</u>	<u>4,551</u>

8 Provision for liabilities and charges

	2012 £'000	2011 £'000
<i>Deferred taxation</i>		
At start of year	1,340	1,436
Credit for year (Note 4)	(102)	(96)
	<u>1,238</u>	<u>1,340</u>

Analysis of deferred tax balance

	2012 £'000	2011 £'000
Capital allowances in excess of depreciation	1,247	1,342
Other timing differences	(9)	(2)
	<u>1,238</u>	<u>1,340</u>

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantially enacted at the balance sheet date

Chamberlain Hotels Limited

Notes (continued)

9 Called up share capital

	2012 £	2011 £
<i>Authorised</i>		
Ordinary shares of £1 each	2,000,000	2,000,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	1,500,900	1,500,900
	<hr/>	<hr/>

Non-voting shareholders are not entitled to request, attend or vote at any general meeting. Neither are they entitled to receive more than the amount paid up. In all other respects, non-voting shares rank par passu with ordinary shares.

10 Revaluation reserve

	2012 £'000	2011 £'000
At beginning of the year	45,520	54,040
Unrealised deficit on revaluation of fixed assets	(15,545)	(8,525)
Unrealised gain on revaluation of investment property	98	5
	<hr/>	<hr/>
At end of year	30,073	45,520
	<hr/>	<hr/>

11 Profit and loss account

	2012 £'000	2011 £'000
At beginning of year	33,728	31,155
Profit for the financial year	1,911	2,573
	<hr/>	<hr/>
At end of year	35,639	33,728
	<hr/>	<hr/>

Chamberlain Hotels Limited

Notes (continued)

12 Reconciliation of movement in shareholder's funds

	2012 £'000	2011 £'000
Opening shareholder's funds	80,749	86,696
Total recognised gains and losses for the year	(13,536)	(5,947)
Closing shareholder's funds	<u>67,213</u>	<u>80,749</u>

13 Pensions

The company participates in group defined benefit schemes operated by Jurys Inns Group Limited. The schemes' assets are held in trustee administered funds, which are separate from the Company. The pension costs are assessed in accordance with the advice of independent qualified actuaries using the projected unit and attained age methods. The effective date of the last actuarial valuation was 5 April 2010.

The directors are unable to identify the Company's share of the underlying assets and liabilities of the schemes as 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 and it is expected that contributions will be increased to reduce the deficit. At 31 December 2012 this deficit, calculated in accordance with FRS 17, amounted to £0.3 million (31 December 2011 £0.2 million). Full details of the schemes are disclosed in the consolidated financial statements of the company's ultimate parent, Vesway Limited.

The total pension charge for the year amounted to £19,740 (2011 £33,278).

The UK defined benefit scheme was closed to future accrual and replaced by a Personal Pension Plan scheme (defined contribution) on 31 March 2012.

14 Commitments

At 31 December 2012, the Company had no capital commitments (2011 £1.2 million).

Chamberlain Hotels Limited

Notes *(continued)*

15 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 ultimate parent undertaking Vesway Limited

16 Group relationships and controlling parties

The Company is a wholly owned subsidiary of Jurys Hotel Management (UK) Limited

The ultimate controlling party is Vesway Limited. This company which is incorporated in Ireland prepares consolidated financial statements which include the results of this company and are available from 146 Pembroke Road, Dublin 4, Ireland

17 Related party transactions

The Company has availed of the exemption available in FRS 8 'Related Party Disclosures' from disclosing transactions with Group undertakings. Details on the availability of Group consolidated financial statements are given in Note 16

18 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

19 Post balance sheet events

On 12 April 2013 an agreement to the restructuring of the Group's existing debt has been entered into with the debt providers. This agreement includes additional investment to fund a partial repayment of debt, and the partial write down of the remaining debt. This will result in a reduction in the Group's bank debt of approximately £410 million and an increase in the Group's net assets of approximately £290 million

There have been no other events since the balance sheet date that would require adjustment to the financial statements or inclusion of a note thereto

20 Approval of financial statements

The financial statements were approved by the Directors on 17 May 2013