Chamberlain Hotels Limited

Directors' report and
financial statements

Year ended 31 December 2017

Registered number: 2307261

Chamberlain Hotels Limited

Directors' report and financial statements

Contents | *Page*

Chamberlain Hotels Limited

Directors and other information

Directors	Liia Nõu (appointed 20 December 2017) John Winthrop (appointed 20 December 2017) John Brennan (resigned 20 December 2017) Darren Guy (resigned 20 December 2017) Dónal Rooney (resigned 20 December 2017)
Secretary	Liia Nõu (appointed 20 December 2017) Darren Guy (resigned 20 December 2017)
Registered office	245 Broad Street Birmingham B1 2HQ England
Auditor	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2 Ireland
Bankers	Royal Bank of Scotland Kirkstane House 139 St Vincent Street Glasgow G2 5JF
Solicitors	Squire Patton Boggs LLP Rutland House Cutlers Gardens London EC2M 4YH
Registered number	2307261

Chamberlain Hotels Limited

Strategic report

The main activity of the Chamberlain Hotels Limited ("the Company") continues to be the operation of a premium budget hotel in the United Kingdom.

The Company achieved a turnover of £12.97 million *(2016: £12.3 million)* in the year ended 31 December 2017 which is an increase of 10.9% on the year ended 31 December 2016. This was driven by improved market conditions.

The Company produced an operating profit of £2.99 million *(2016: £2.6 million)* in the year ended 31 December 2017. This is in line with the increase in turnover. There continues to be strong controls in place over payroll and expenses.

The key performance indicators for the company are highlighted in the below table:

	2017	2016
Gross profit %	**23%**	21%
Operating profit %	**23%**	21%

The increase in the gross and operating profit percentage in 2017 reflects strong rate growth during the year.

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. The Company 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.

Business review

The Company expects 2018 to improve in terms of trading, and is confident that trading will perform above market levels.

By order of the board

John Winthrop
Director

21 August 2018

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 2017.

Principal activities

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

Results and dividends

The results of the Company for the year are set out in the profit and loss account on page 9 and in the related notes. No dividend was paid or proposed during the year.

Directors and secretary and their interests

The directors of the Company are set out on page 1. On 20th December 2017 John Brennan, Dónal Rooney and Darren Guy resigned as directors and Liia Nõu and John Winthrop were appointed.

The directors and secretary who held office at 31 December 2017 had no interests in the shares, loan stock or debentures of the Company or the entity's ultimate parent undertaking.

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.

Subsequent events

There were no events subsequent to the balance sheet date that require adjustment to or disclosure in the financial statements.

Political donations

The Company made no political donations during the year *(2016: Nil)*.

Going concern

The directors, having made enquiries, are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Chamberlain Hotels Limited

Directors' report *(continued)*

Disclosure of information to auditor

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 auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

On behalf of the board

John Winthrop
Director

21 August 2018

Chamberlain Hotels Limited

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

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing these financial statements, the director is 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 director is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2014. He is responsible for such internal controls as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to him to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The director is also responsible for preparing a directors' report that complies with the requirements of the Companies Act 2014.

On behalf of the board

John Winthrop
Director

KPMG

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

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

1 Report on the audit of the financial statements

Opinion

We have audited the financial statements of Chamberlain Hotels Limited ('the Company') for the year ended 31 December 2017 set out on pages 9 to 29, which comprise the profit and loss account and statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is UK Law and FRS 101 *Reduced Disclosure Framework.*

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 101 *Reduced Disclosure Framework*; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

We have nothing to report on going concern

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

KPMG

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

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

Other information

The directors are responsible for preparation of other information accompanying the financial statements. The other information comprises the information included in the directors' report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion on that information.

In connection with our audit of the financial statements, ISAs (UK) and the Companies Act 2006 require that we read the other information and, in doing so, consider whether that information is materially inconsistent with the financial statements or our knowledge obtained from our audit work, or otherwise appears to be materially misstated.

Based solely on the work undertaken in the course of the audit, we report that

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

KPMG

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

2 Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

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.

Eamon Dillon

31 August 2018

Eamon Dillon
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2

Chamberlain Hotels Limited

Profit and loss account
for the year ended 31 December 2017

	Note	**2017** **£'000**	2016 £'000
Turnover	*3*	**12,974**	12,320
Cost of sales		**(9,971)**	(9,732)
Gross profit		**3,003**	2,588
Administrative expenses		**(10)**	(28)
Operating profit		**2,993**	2,560
Finance costs	*5*	**(1,777)**	(1,470)
Profit on ordinary activities before taxation	*6*	**1,216**	1,090
Income tax credit	*7*	**13**	49
Profit for the year		**1,229**	1,139

The accompanying notes form an integral part of these financial statements.

Chamberlain Hotels Limited

Statement of comprehensive income
for the year ended 31 December 2017

	Note	**2017 £'000**	2016 £'000
Profit for the year		**1,229**	1,139
Items that will never be reclassified to profit or loss:			
Revaluation of tangible fixed assets	*8*	**12,356**	12,010
Tax on unrealised gain on revaluation of tangible fixed assets		**(947)**	(1,423)
		11,409	10,587
Other comprehensive income, net of tax		**11,409**	10,587
Total comprehensive income for the year		**12,638**	11,726

The accompanying notes form an integral part of these financial statements.

Chamberlain Hotels Limited

Balance sheet
as at 31 December 2017

	Note	**2017** **£'000**	2016 £'000
Fixed assets			
Tangible assets	*8*	**4,972**	68,753
Current assets			
Stocks		**31**	27
Debtors	*9*	**47,326**	42,715
Non-current asset held for sale	*10*	**75,147**	-
Cash at bank and in hand		**31**	24
		122,535	42,766
Creditors: amounts falling due within one year	*11*	**(34,469)**	(31,937)
Net current assets		**88,066**	10,829
Total assets less current liabilities		**93,038**	79,582
Creditors: amounts falling due after one year			
Deferred tax	*7*	**(9,797)**	(9,213)
Finance lease liability	*12*	**(1,030)**	(796)
Net assets		**82,211**	69,573
Capital and reserves			
Called up share capital	*14*	**1,501**	1,501
Revaluation reserve		**62,952**	51,543
Profit and loss account		**17,758**	16,529
Shareholders' funds		**82,211**	69,573

The accompanying notes form an integral part of these financial statements.

On behalf of the board

John Winthrop
Director

21 August 2018

Chamberlain Hotels Limited

Statement of changes in equity
for the year ended 31 December 2017

	Share capital £'000	Revaluation reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2016	1,501	40,956	15,390	57,847
Comprehensive income				
Profit for the year	-	-	1,139	1,139
Other comprehensive income				
Unrealised gain on revaluation of tangible fixed assets	-	12,010	-	12,010
Tax on unrealised gain on revaluation of tangible fixed assets	-	(1,423)	-	(1,423)
At 1 January 2017	1,501	51,543	16,529	69,573
Comprehensive income				
Profit for the year	-	-	1,229	1,229
Other comprehensive income				
Unrealised gain on revaluation of tangible fixed assets	-	12,356	-	12,356
Tax on unrealised gain on revaluation of tangible fixed assets	-	(947)	-	(947)
At 31 December 2017	**1,501**	**62,952**	**17,758**	**82,211**

The accompanying notes form an integral part of these financial statements.

Chamberlain Hotels Limited

Notes
forming part of the financial statements

1 Reporting entity

Chamberlain Hotels Limited is a company incorporated in the United Kingdom. The Company's registered office is 245 Broad Street, Birmingham, England. The resgistered number is 2307261.

2 Significant accounting policies

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("EU IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

In these financial statements, the Company has adopted certain disclosure exemptions available under FRS 101. These include:

- a cash flow statement and related notes;
- disclosures in respect of the compensation of key management personnel;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- certain comparative information; and
- the effects of new but not yet effective IFRSs.

As the consolidated financial statements of Pandox AB include the equivalent disclosures, the Company has also taken the exemption under FRS 101 available in respect of the following:

- certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*; and
- certain disclosures required by IAS 36 *Impairment of Assets.*

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 below.

Basis of measurement

These financial statements have been prepared on the historical cost basis.

Functional currency

These financial statements are presented in Sterling, being the functional currency of the Company. All financial information presented in Sterling has been rounded to the nearest thousand, except where otherwise stated.

2 Significant accounting policies *(continued)*

Use of estimates and judgements

In preparing these financial statements management has made judgements, estimates and assumptions that affect application of the Company accounting policies and the reported amounts of assets, liabilities, income and expenses. Such estimates and judgements are based on historical experience and other factors, including expectation of future events that are believed to be reasonable. Actual outcomes may differ from these estimates.

The key accounting judgement and estimate in these financial statements is:

- Carrying amount of tangible fixed assets – Note 8.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Going concern

As at 31 December 2017 the Company had net current assets of £88 million *(2016: £10.8 million)* and net assets of £82.2 million *(2016: £69.6 million)*.

The directors are satisfied that it is appropriate to prepare the Company financial statements on a going concern basis.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values. When measuring the fair value of an asset or liability the Company uses market observable data as far as possible.

Turnover

Revenue represents sales (excluding VAT and similar taxes) of goods and services net of trade discounts provided in the normal course of business.

Revenue is derived from hotel operations and includes the rental of rooms, food and beverage sales, and other revenue. Revenue is recognised when rooms are occupied and food and beverages are sold.

The Group operates a loyalty programme. Revenue is allocated between the loyalty programme and the other components of the sale. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when the Group has fulfilled its obligations to supply the discounted products under the terms of the programme or when it is no longer probable that the points under the programme will be redeemed.

Leases

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Chamberlain Hotels Limited

Notes *(continued)*

2 Significant accounting policies *(continued)*

Leases *(continued)*

Assets held under other leases are classified as operating leases and are not recognised in the Company's balance sheet. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense 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.

Finance income and finance costs

The Company's finance income and finance costs include:

- interest expense;
- interest income; and
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expenses is recognised using the effective interest method.

Tax

Income expense comprises current and deferred tax. It is recognised in the income statement except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity.

Current tax is the expected tax payable on the taxable income for the year using tax rates and laws that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: those differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that the Group is able to control the timing of reversal and it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised to the extent that it is probable future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

2 Significant accounting policies *(continued)*

Foreign currency

Foreign currency transactions
Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated

Tangible fixed assets

Recognition and measurement

Freehold and long-term leasehold (lease term 99 years or above) land and buildings are measured at fair value.

Revaluation gains are credited to other comprehensive income and accumulated in equity within the revaluation reserve unless it represents the reversal of an impairment of the same asset previously recognised in profit or loss, in which case it should be recognised in profit or loss. A decrease arising as a result of a revaluation is recognised in profit or loss to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset. Otherwise it is recognised in other comprehensive income.

If significant parts of an item of tangible fixed assets have different useful lives, then they are accounted for as separate items (major components) of tangible fixed assets.

Any gain or loss on disposal of an item of tangible fixed assets is recognised in profit or loss.

Other tangible fixed assets

Other tangible fixed assets are measured at cost less accumulated depreciation and impairment. Impairment losses are recognised in profit and loss.

Depreciation

No depreciation is provided on land. Other tangible fixed assets are depreciated to a residual value over the estimated useful lives which are as follows:

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

Depreciation is charged to the income statement on a straight line basis over the estimated useful life. Residual value is reassessed annually.

2 Significant accounting policies *(continued)*

Tangible fixed assets *(continued)*

Impairment

Individual items of tangible fixed assets are reviewed for impairment annually and tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that do not generate independent cash flows are combined into cash generating units. If carrying amounts exceed estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. Recoverable amount is the higher of fair value less cost to sell and value in use. Value in use is assessed based on estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

Pension

Defined contribution plans
Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans
The Company is a participating employer in group defined benefit schemes operated by Jurys Hotel Management 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 IAS 19 *Employee benefits*, accounts for the schemes as if they were defined contribution schemes. As a result the amount charged to profit or loss account represents the contributions payable to the schemes in respect of the accounting year.

Inventories

Inventories are measured at the lower of cost and net realisable value.

Trade and other receivables

Trade and other receivables are measured at their nominal amount less any allowance for doubtful amounts. An allowance is made when collection of the full amount is no longer considered probable.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less.

Cash equivalents are short-term highly liquid investments with an original maturity of three months or less from the date of acquisition that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Notes *(continued)*

2 Significant accounting policies *(continued)*

Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Company initially recognises loans and receivables issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets – measurement

Loans and receivables
These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents include bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iv) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Ordinary dividends declared as final dividends are recognised as a liability in the period in which they are approved by shareholders. Interim dividends are recognised as a liability when declared.

2 Significant accounting policies *(continued)*

Provisions and contingent liabilities

A provision is recognised 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 will be required to settle the obligation and the amount of that outflow can be measured reliably. If the effect is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of an outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of an outflow of economic benefits is remote.

3 Turnover

The whole of the turnover is attributable to the Company's main activity which is carried out in the United Kingdom. Turnover analysis is not presented due to its commercial sensitivity.

4 Staff numbers and costs

The average number of persons, including executive directors, employed by the Company, during the year was 118 *(2016: 118)*.

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£'000	£'000
Wages and salaries	**2,369**	2,283
Social security costs	**113**	118
Pension costs	**22**	22
	2,504	2,423

5 Finance costs

	2017	2016
	£'000	£'000
Interest expense on intercompany loans	**1,432**	1,362
Interest on finance leases	**345**	108
	1,777	1,470

6 Profit on ordinary activities before taxation

	2017 £'000	2016 £'000
The profit is stated after charging:		
Auditor's remuneration		
Audit services	-	-
Other assurance services	-	-
Tax services	-	-
Other	-	-
	-	-
Directors' remuneration	-	-
Depreciation	**1,391**	1,349

The directors' and auditor's remuneration is borne by another group company.

7 Income taxes

(a) Amounts recognised in profit or loss

	2017 £'000	2016 £'000
Current tax		
UK	**350**	-
Adjustment in respect of prior years	-	-
	350	-
Deferred tax		
Timing adjustments	**(363)**	(25)
Impact of change in rates	-	(24)
Total	**(363)**	(49)
Tax credit on profit	**(13)**	(49)

Chamberlain Hotels Limited

Notes *(continued)*

7 Income taxes *(continued)*

(b) Reconciliation to total tax	**2017**	2016
	£'000	£'000
Profit on ordinary activities before taxation	**1,219**	1,090
Profit on ordinary activities at standard corporation tax rate in the UK of 19.25% *(Year ended 31 December 2016: 20.00%)*	**235**	218
Group relief claimed	**-**	(173)
Income not taxable/expenses not deductible for tax purposes	**115**	(73)
Property revaluations	**(363)**	-
Impact of change in rates	**-**	(21)
	(13)	(49)

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were enacted on 26 October 2015. Finance Bill 2016 further reduced the 18% rate to 17% from 1 April 2020, following substantial enactment on 6 September 2016. Together this will reduce the company's future tax charges accordingly.

Chamberlain Hotels Limited

Notes *(continued)*

7 Income taxes *(continued)*

Movements in deferred tax balances

	1 January 2017 £'000	Recognised in profit or loss £'000	Recognised in OCI £'000	Recognised in equity £'000	**31 December 2017 £'000**
Deferred tax liabilities					
Tangible fixed assets – Unrealised chargeable gains/ (losses)	8,798	-	947	-	**9,745**
Other timing differences					
Tangible fixed assets –	(7)	-	-	-	**(7)**
Allowances	422	(363)	-	-	**59**
Total	**9,213**	**(363)**	**947**	**-**	**9,797**

	1 January 2016 £'000	Recognised in profit or loss £'000	Recognised in OCI £'000	Recognised in equity £'000	31 December 2016 £'000
Deferred tax liabilities					
Tangible fixed assets – Unrealised chargeable gains/ (losses)	7,375	-	1,423	-	8,798
Other timing differences					
Tangible fixed assets –	(7)	-	-	-	(7)
Allowances	471	(49)	-	-	422
Total	7,839	(49)	1,423	-	9,213

8 Tangible assets

	Long lease and freehold land and buildings £'000	Plant, fixtures, fittings and properties £'000	Total £'000
Cost			
At beginning of year	63,294	14,103	77,397
Additions	-	401	401
Elimination of depreciation on revaluation	(464)	-	(464)
Gain on revaluation (OCI)	12,356	-	12,356
Transfer to held for sale	(75,186)	-	(75,186)
At 31 December 2017	**-**	**14,504**	**14,504**
Depreciation and impairment			
At beginning of year	(31)	(8,613)	(8,644)
Charge for year	(472)	(919)	(1,391)
Elimination of depreciation on revaluation	464	-	464
Transfer to held for sale	39	-	39
At 31 December 2017	**-**	**(9,532)**	**(9,532)**
Net book value			
31 December 2017	**-**	**4,972**	**4,972**
31 December 2016	63,263	5,490	68,753

In line with the Group's accounting policies Freehold and long-term leasehold (lease term 99 years or above) land and buildings are measured at fair value.

Revaluation gains are credited to other comprehensive income and accumulated in equity within the revaluation reserve unless it represents the reversal of an impairment of the same asset previously recognised in profit and loss, in which case it should be recognised in profit or loss. A decrease arising as a result of a revaluation is recognised as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset.

In accordance with the Group's accounting policies, 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 at 31 December 2017 by comparing the carrying amount of these assets to their recoverable amounts.

8 Tangible assets *(continued)*

Measurement of fair value
The fair value measurement of the Group's long leasehold and freehold property has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The principal valuation technique used in the director's valuations was discounted cash flows. This valuation model considers the present value of net cash flows to be generated from the property over a ten year period (with an assumed terminal value at the end of Year 10) taking into account expected EBITDA and capital expenditure.

The expected net cash flows are discounted using risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of the property and its location.

The significant unobservable inputs are:

- Forecast EBITDA
- Risk adjusted discount rate of 10.00 (Years 1 to 10)
- Terminal (Year 10) capitalisation rate of 8.0%

The estimated fair values of the long lease and freehold land and buildings would increase/(decrease) if:

- The discount rate was (higher)/lower;
- The trading performance of the hotels improved/(declined); or
- Market yields (increased)/decreased.

The recoverable amount is determined as the higher of value in use and fair value less costs of disposal. In determining an asset'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.

9 Debtors

	2017	2016
	£'000	£'000
Trade debtors	**555**	536
Prepayments	**264**	267
Amount owed by group undertakings	**46,507**	41,912
	47,326	42,715
Due within one year	**47,326**	42,715
Due after one year	**-**	-

Amounts owed by group undertakings are repayable on demand and are non interest bearing.

Chamberlain Hotels Limited

Notes *(continued)*

10 Non-current assets held for sale

As at 31 December 2017, the property met the criteria in accordance with IFRS 5 to be classified as held for sale assets. The property did not meet the IFRS 5 criteria to be classified as held for sale at 31 December 2016

	2017	2016
	£'000	£'000
Tangible Assets (note 8)	**75,147**	-
Inventories	-	-
Trade and other receivables	-	-
Assets held for sale	**75,147**	-
Trade and other payables	-	-
Deferred tax liabilities	-	-
Liabilities held for sale	-	-

11 Creditors: amounts falling due within one year

	2017	2016
	£'000	£000
Trade creditors	**689**	355
Accruals	**791**	727
Finance lease liability (see note 13)	**108**	106
VAT	**378**	339
Capital accruals	**68**	36
Amounts owed to group undertakings (see note 13)	**32,082**	30,374
Corporation Tax	**353**	-
	34,469	31,937

12 Amounts falling due after one year

	2017	2016
	£'000	£000
Finance lease liability (see note 13)	**1,030**	796

Notes *(continued)*

13 Loans and borrowings

	2017	2016
	£'000	£000
(i) Due within one year		
Finance lease liability	**108**	106
Intercompany loan (A)	**990**	711
Intercompany loan (B)	**31,069**	29,640
Intercompany loan (C)	**23**	23
	32,190	30,480

	2017	2016
	£'000	£000
(ii) Due after one year		
Finance lease liability	**1,030**	796

Intercompany loan (B) is repayable in 2023 and subject to an interest rate of 4.75%. All other intercompany loans are repayable on demand and are non interest bearing.

Notes *(continued)*

13 Loans and borrowings *(continued)*

(iii) Finance lease liability

	2017	2016
	£'000	£000
Future minimum lease payments		
Within one year	**108**	109
Between one and five years	**433**	433
Between five and ten years	**542**	542
Between ten and 20 years	**1,083**	1,083
Beyond 20 years	**6,498**	6,606
	8,664	8,773

	2017	2016
	£'000	£000
Interest		
Within one year	**9**	12
Between one and five years	**116**	139
Between five and ten years	**278**	320
Between ten and 20 years	**809**	886
Beyond 20 years	**6,314**	6,514
	7,526	7,871

	2017	2016
	£'000	£000
Present value of minimum lease payments		
Within one year	**99**	97
Between one and five years	**317**	294
Between five and ten years	**264**	222
Between ten and 20 years	**274**	197
Beyond 20 years	**184**	92
	1,138	902

All of the present value of the minimum lease payments relate to leasehold properties that have a remaining lease term of over 50 years.

Notes *(continued)*

14 Called up share capital

	2017	2016
	£	£
Authorised		
Ordinary shares of £1 each	**2,000,000**	2,000,000
Allotted, called up and fully paid:		
Ordinary shares of £1 each	**1,500,900**	1,500,900

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

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 pari passu with ordinary shares.

15 Pensions

The Company participates in a group defined benefit scheme operated by Jurys Hotel Management Limited, which is the legal sponsor of the scheme.

Therefore the Company has accounted for it as a defined contribution scheme. The UK defined benefit scheme was closed to future accrual in 2011. Full details of the schemes are disclosed in the financial statements of the Company's intermediate parent, Vesway DAC.

The total defined contribution pension charge for the year amounted to £21,640 *(2016: £22,156).*

16 Commitments

At 31 December 2017, the Company had capital commitments of £64,399 *(2016: £Nil).*

17 Group relationships and controlling parties

The Company's immediate parent is Jurys Hotel Management (U.K.) Limited which in turn is an indirect wholly owned subsidiary of Pandox AB. The Pandox AB consolidated financial statements, which include the results of the Company, are available from Vasagatan 11, 9th floor, 101 20, Stockholm, Sweden.

The ultimate controlling party of Jurys Hotel Management (U.K.) Limited is Pandox AB.

Notes *(continued)*

18 Related parties

The Company has availed of the exemptions available in FRS 101 from disclosing transactions entered into between two or more members of a group and also key management personnel compensation disclosures.

There were no other related party transactions.

19 Guarantees

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

20 Subsequent events

There were no events subsequent to the balance sheet date that require adjustment to or disclosure in the financial statements.

21 Approval of financial statements

The financial statements were approved by the directors on 21 August 2018.