

Registered number 0744379

London Britannia Hotel Limited

Unaudited

Annual report and financial statements

For the Year Ended 31 December 2015



London Britannia Hotel Limited

Company Information

| | |
|--------------------------|--|
| Directors | Copthorne Hotels Limited Kwek Leng Beng Wong Hong Ren (resigned 28 February 2015) J M Grech |
| Company secretary | Copthorne Hotels Limited |
| Registered number | 0744379 |
| Registered office | Victoria House Victoria Road Horley Surrey RH6 7AF |

London Britannia Hotel Limited

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London Britannia Hotel Limited

Strategic report For the Year Ended 31 December 2015

Business review

London Britannia Hotel Limited ('the Company') is an indirect subsidiary of Millennium & Copthorne Hotels plc. The Directors consider the ultimate holding and controlling company to be Hong Leong Investment Holdings Pte Ltd.

Turnover for the year was £25,788,000 (2014 £24,976,000) and the profit on ordinary activities before taxation for the year was £9,638,000 (2014 £8,961,000).

The profit for the year after taxation amounted to £7,827,000 (2014 £7,012,000).

Principal risks and uncertainties

The management of the business and execution of the Company's strategy are subject to a number of risks which impacts the recoverable amount of the Company's assets.

The key business risks and uncertainties affecting the Company are considered to relate to the competition from hotels in London. Further discussion of these risks and uncertainties, and others, in context of the Millennium & Copthorne Hotels plc group ('the Group') as a whole, is provided on pages 29 to 33 of the Group's annual report for the year ended 31 December 2015 which does not form part of this report.

Financial key performance indicators

The Directors of the Group manage its operations on a geographical basis and the Company's results are included in the 'Rest of Europe' geographical segment of the Group's consolidated annual report and accounts.

The key performance indicators ('KPIs') and the performance review of the 'London' geographical segment of the Group, which includes the Company, is discussed on page 23 of the Group's annual report for the year ended 31 December 2015 which does not form part of this report.

In addition to the KPIs analysed on a geographical basis the Directors measure four main KPIs specific to the Company in their evaluation of the performance of the Company. These are set out in the table below.

| | 2015 | 2014 |
|-------------------|---------|---------|
| RevPAR | £164.29 | £157.48 |
| Average Room Rate | £204.34 | £197.36 |
| Occupancy % | 80.4% | 79.8% |
| Gross Profit | £17.4m | £16.7m |

Method of calculating KPIs

RevPAR is occupancy multiplied by average room rate.

Average room rate is room revenue divided by rooms sold.

Occupancy % is rooms sold divided by rooms available.

This report was approved by the board on 30 September 2016 and signed on its behalf



J.M. Grech
Director

London Britannia Hotel Limited

Directors' report For the Year Ended 31 December 2015

The Directors present their report and the financial statements for the year ended 31 December 2015

Principal activity

The principal activities of the Company are the ownership and operation of the Millennium Hotel London Mayfair

Results and dividends

The profit for the year, after taxation, amounted to £7,827,000 (2014 - £7,012,000)

A total interim dividend was paid during the year of £4,500,000 (2014 £7,500,000) No final dividend is proposed (2014 £Nil)

Directors

The Directors who served during the year were

Copthorne Hotels Limited
Kwek Leng Beng
Wong Hong Ren (resigned 28 February 2015)
J M Grech

Future developments

The Group is currently working on the refurbishment programme for Millennium Hotel London Mayfair. It is anticipated that the project will require removal of rooms from inventory in stages but the hotel will not need to be fully closed during the refurbishment period. The Group is currently reviewing the timing and scope of work.

Going concern

The Directors consider that the Company has access to sufficient funding to meet its needs for the reasons set out in Note 1 to the financial statements. Accordingly, the Directors have prepared the financial statements on a going concern basis.

Employee involvement

The Company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company.

Disabled employees

The Directors confirm that it is their policy to provide fair treatment in relation to the employment, training, career development and promotion of disabled persons and employees who become disabled whilst in the service of the Company.

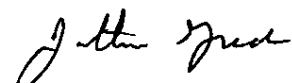
Post balance sheet events

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

London Britannia Hotel Limited

Directors' report (continued)
For the Year Ended 31 December 2015

This report was approved by the board on 30 September 2016 and signed on its behalf



J M Grech
Director

London Britannia Hotel Limited

**Directors' responsibilities statement
For the Year Ended 31 December 2015**

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 judgments and accounting 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,
- 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

London Britannia Hotel Limited

**Statement of comprehensive income
For the Year Ended 31 December 2015**

| | Note | 2015 £000 | 2014 Restated £000 |
|-------------------------------------|------|---------------|--------------------------|
| Turnover | 3 | 25,788 | 24,976 |
| Cost of sales | | (8,426) | (8,280) |
| Gross profit | | 17,362 | 16,696 |
| Administrative expenses | | (7,683) | (7,721) |
| Exceptional other operating charges | | (41) | (14) |
| Operating profit | 4 | 9,638 | 8,961 |
| Tax on profit | 6 | (1,811) | (1,949) |
| Profit for the year | | 7,827 | 7,012 |

There were no recognised gains and losses for 2015 or 2014 Restated other than those included in the statement of comprehensive income

There were no other comprehensive income for 2015 (2014 Restated £000NIL)

The notes on pages 10 to 27 form part of these financial statements

London Britannia Hotel Limited
Registered number 0744379

Statement of financial position
As at 31 December 2015

| | Note | £000 | 2015 £000 | 2014 Restated £000 |
|---|-------------|--------------|----------------------|-----------------------------------|
| Non-current assets | | | | |
| Tangible assets | 8 | | 85,467 | 85,939 |
| Current assets | | | | |
| Stocks | | 88 | | 134 |
| Debtors amounts falling due within one year | 9 | 766 | | 607 |
| Cash at bank and in hand | 10 | 7,267 | | 2,966 |
| | | <u>8,121</u> | | <u>3,707</u> |
| Creditors amounts falling due within one year | 11 | (8,099) | | (7,239) |
| Net current assets/(liabilities) | | | <u>22</u> | <u>(3,532)</u> |
| Total assets less current liabilities | | | <u>85,489</u> | <u>82,407</u> |
| Provisions for liabilities | | | | |
| Deferred taxation | 13 | (803) | | (1,052) |
| Net assets | | | <u><u>84,686</u></u> | <u><u>81,355</u></u> |

London Britannia Hotel Limited
Registered number: 0744379


Statement of financial position (continued)
As at 31 December 2015

| | Note | 2015 £000 | 2014 Restated £000 |
|-----------------------------|-------------|----------------------|-------------------------------|
| Capital and reserves | | | |
| Called up share capital | 14 | 1 | 1 |
| Share premium account | | 62,629 | 62,629 |
| Other reserves | | 12,244 | 12,244 |
| Profit and loss account | | 9,812 | 6,481 |
| | | <u>84,686</u> | <u>81,355</u> |

The Directors consider that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006 ("the Act") and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Act

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 September 2016


J M Grech
Director

London Britannia Hotel Limited

**Statement of changes in equity
For the Year Ended 31 December 2015**

| | Called up share capital | Share premium account | Other reserves | Profit and loss account | Total equity |
|--|------------------------------------|--------------------------------------|---------------------------|------------------------------------|---------------------|
| | £000 | £000 | £000 | £000 | £000 |
| At 1 January 2015 | 1 | 62,629 | 12,244 | 6,481 | 81,355 |
| Comprehensive income for the year | | | | | |
| Profit for the year | - | - | - | 7,827 | 7,827 |
| Other comprehensive income for the year | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 7,827 | 7,827 |
| Dividends paid during the year | - | - | - | (4,500) | (4,500) |
| Share options | - | - | - | 4 | 4 |
| Total transactions with owners | - | - | - | (4,496) | (4,496) |
| At 31 December 2015 | 1 | 62,629 | 12,244 | 9,812 | 84,686 |

London Britannia Hotel Limited

**Statement of changes in equity
For the Year Ended 31 December 2014**

| | Called up share capital | Share premium account | Other reserves | Profit and loss account | Total equity |
|--|------------------------------------|--------------------------------------|---------------------------|------------------------------------|---------------------|
| | £000 | £000 | £000 | £000 | £000 |
| At 1 January 2014 | 1 | 62,629 | 12,244 | 6,965 | 81,839 |
| Comprehensive income for the year | | | | | |
| Profit for the year | - | - | - | 7,012 | 7,012 |
| Other comprehensive income for the year | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 7,012 | 7,012 |
| Dividends paid during the year | - | - | - | (7,500) | (7,500) |
| Share options | - | - | - | 4 | 4 |
| Total transactions with owners | - | - | - | (7,496) | (7,496) |
| At 31 December 2014 Restated | 1 | 62,629 | 12,244 | 6,481 | 81,355 |

London Britannia Hotel Limited

Notes to the financial statements For the Year Ended 31 December 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006

Information on the impact of first time adoption of FRS 101 is given in note 18

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2)

First time application of FRS 100 and FRS 101

In the current year the Company has adopted FRS 100 and FRS 101, after notifying shareholders of the proposed change and giving them the opportunity to object. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. An explanation of the impact of the adoption of FRS 100 and FRS 101 for the first time is included in the note 18.

There have been no other material amendments to the disclosure requirements previously applied in accordance with UK GAAP.

The following principal accounting policies have been applied

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of
 - paragraph 79(a)(iv) of IAS 1,
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment,
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets

London Britannia Hotel Limited

Notes to the financial statements For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.3 Going concern

The financial statements have been prepared on the going concern basis. The Company is dependent for its working capital on funds provided to it by Millennium & Copthorne Hotels plc, the Company's intermediate parent undertaking. Millennium & Copthorne Hotels plc has indicated to the Company that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on the going concern basis.

1.4 Revenue

Revenue represents amounts derived in the United Kingdom from the ownership and operation of the hotel.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

London Britannia Hotel Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

1. Accounting policies (continued)

1.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method

The estimated useful lives range as follows

| | |
|---|-------------------------------------|
| Building core | - 50 years or lease term if shorter |
| Building surface, finishes and services | - 30 years or lease term if shorter |
| Plant & machinery | - 20 years |
| Motor vehicles | - 4 years |
| Fixtures & fittings | - 10 years |
| Office equipment | - 10 years |
| Computer equipment | - 5 years |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income

Capital expenditure on major projects is recorded separately within fixed assets as capital work in progress. Once the project is completed the balance is transferred to the appropriate fixed asset categories. Capital work in progress is not depreciated.

Where applicable borrowing costs directly attributable to assets under construction and which meet the recognition criteria in IAS 23 are capitalised as part of the cost of that asset.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment.

Reversal of impairment

Where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

London Britannia Hotel Limited

Notes to the financial statements For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.8 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below.

Financial assets

The Company recognises its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Other than the financial assets in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises only in-the-money derivatives. These are carried in the Statement of financial position at fair value with changes in fair value recognised in the Income statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income statement. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

London Britannia Hotel Limited

Notes to the financial statements
For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.8 Financial instruments (continued)

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of financial position.

1.9 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.11 Share based payments

The share based incentive schemes allow the Company's employees to acquire shares of Millennium & Copthorne Hotels plc.

The cost of equity settled transaction with employees for awards granted after 7 November 2002 is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing method, further details of which are given in Note 15.

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Income statement is charged with fair value of goods and services received.

London Britannia Hotel Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

1. Accounting policies (continued)

1.12 Operating leases the Company as lessee

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits, and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.14 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

London Britannia Hotel Limited

Notes to the financial statements
For the Year Ended 31 December 2015

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies and the reported amount of revenue and expenses during the year. The Company evaluates its estimates and assumptions on an ongoing basis. Such estimates and judgements are based upon historical experience and other factors it believes to be reasonable under the circumstances, which form the basis for making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources.

Key estimates and judgements have been made in the following area:

Asset carrying values

Management performs an assessment at each balance sheet date of assets where risk of impairment has been identified. Key judgement areas include the carrying values of property, plant and equipment. The recovery of these assets is dependent on future cash flows receivable and the provision of future services or goods by third parties.

Where risk of impairment has been identified an impairment review has been performed and where appropriate, external evaluations have been undertaken.

3 Turnover

| | 2015 £000 | <i>2014</i> <i>Restated</i> <i>£000</i> |
|----------------|----------------------------|---|
| United Kingdom | 25,788 | 24,976 |
| | 25,788 | 24,976 |

4. Operating profit

The operating profit is stated after charging

| | 2015 £000 | <i>2014</i> <i>Restated</i> <i>£000</i> |
|---------------------------------------|----------------------------|---|
| Depreciation of tangible fixed assets | 994 | 1,013 |

During the year, no Director received any emoluments (2014 - £NIL)

London Britannia Hotel Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

5. Employees

Staff costs were as follows

| | 2015 | 2014 |
|-----------------------|--------------|-----------------|
| | £000 | <i>Restated</i> |
| | | £000 |
| Wages and salaries | 5,447 | 5,256 |
| Social security costs | 339 | 328 |
| Other staff costs | 177 | 186 |
| | 5,963 | 5,770 |

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

| | 2015 | 2014 |
|----------------------|-------------|-------------|
| | No | No |
| Operational staff | 220 | 209 |
| Administration staff | 23 | 22 |
| Maintenance staff | 12 | 10 |
| Sales staff | 7 | 6 |
| | 262 | 247 |

London Britannia Hotel Limited

Notes to the financial statements
For the Year Ended 31 December 2015

6. Taxation

| | 2015 £000 | 2014 <i>Restated</i> £000 |
|--|--------------|---------------------------------|
| Corporation tax | | |
| Current tax on profits for the year | 2,064 | 2,054 |
| Adjustments in respect of previous periods | (5) | 18 |
| | <u>2,059</u> | <u>2,072</u> |
| Total current tax | <u>2,059</u> | <u>2,072</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (156) | (110) |
| Adjustment relating to prior years | (3) | (19) |
| Adjustment arising from change in tax rate | (89) | 6 |
| Total deferred tax | <u>(248)</u> | <u>(123)</u> |
| Taxation on profit on ordinary activities | <u>1,811</u> | <u>1,949</u> |

London Britannia Hotel Limited

Notes to the financial statements
For the Year Ended 31 December 2015

6. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - *higher than*) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%). The differences are explained below

| | 2015 £000 | 2014 <i>Restated</i> £000 |
|--|--------------|---------------------------------|
| Profit on ordinary activities before tax | 9,638 | 8,961 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%) | 1,952 | 1,926 |
| Effects of | | |
| Capital allowances for year in excess of depreciation | 69 | 74 |
| Other timing differences | 1 | 9 |
| Permanent differences relating to depreciation of building assets | 39 | 41 |
| Other permanent taxation differences | 3 | 4 |
| Tax credit / (charge) relating to prior years | (5) | 18 |
| Total tax charge for the year | 2,059 | 2,072 |

Factors that may affect future tax charges

The current tax main rate effective from 1 April 2015 is set at 20%. At the Summer Budget 2015, the government announced a reduction in the rate from 20% to 19% for the year beginning 1 April 2017, with a further reduction from 19% to 18% for the year beginning 1 April 2020. This will reduce the company's future current tax charge accordingly.

7. Dividends

| | 2015 £000 | 2014 <i>Restated</i> £000 |
|--------------------------------|--------------|---------------------------------|
| Dividends paid during the year | 4,500 | 7,500 |
| | 4,500 | 7,500 |

London Britannia Hotel Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

8. Tangible fixed assets

| | L/Term Leasehold Property £000 | Plant & machinery £000 | Fixtures & fittings £000 | Capital work in progress £000 | Total £000 |
|---|---|---|---|--|-----------------------|
| Cost or valuation | | | | | |
| At 1 January 2015 | 83,780 | 7,877 | 4,528 | 2,271 | 98,456 |
| Additions | 45 | 106 | 104 | 309 | 564 |
| Disposals | - | (40) | (18) | - | (58) |
| Transfers between classes | 69 | 27 | 11 | (107) | - |
| At 31 December 2015 | <u>83,894</u> | <u>7,970</u> | <u>4,625</u> | <u>2,473</u> | <u>98,962</u> |
| Depreciation | | | | | |
| At 1 January 2015 | 4,251 | 4,946 | 3,320 | - | 12,517 |
| Charge owned for the period | 322 | 387 | 286 | - | 995 |
| Disposals | - | (7) | (10) | - | (17) |
| At 31 December 2015 | <u>4,573</u> | <u>5,326</u> | <u>3,596</u> | <u>-</u> | <u>13,495</u> |
| Net book value | | | | | |
| At 31 December 2015 | <u>79,321</u> | <u>2,644</u> | <u>1,029</u> | <u>2,473</u> | <u>85,467</u> |
| <i>At 31 December 2014 Restated</i> | <u>79,528</u> | <u>2,931</u> | <u>1,209</u> | <u>2,271</u> | <u>85,939</u> |

London Britannia Hotel Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

9. Debtors

| | 2015 £000 | 2014 Restated £000 |
|--------------------------------|----------------------|-----------------------------------|
| Trade debtors | 78 | - |
| Other debtors | 97 | 45 |
| Prepayments and accrued income | 591 | 562 |
| | 766 | 607 |

In the current and prior year, the Company's trade debtors are principally accounted for within the central sales ledger of Copthorne Hotels Limited, a Group company, and therefore included within the amount owed by Group undertaking

10. Cash and cash equivalents

| | 2015 £000 | 2014 Restated £000 |
|--------------------------|----------------------|-----------------------------------|
| Cash at bank and in hand | 7,267 | 2,966 |
| | 7,267 | 2,966 |

11. Creditors: Amounts falling due within one year

| | 2015 £000 | 2014 Restated £000 |
|------------------------------------|----------------------|-----------------------------------|
| Amounts owed to group undertakings | 5,356 | 4,553 |
| Corporation tax | 951 | 1,060 |
| Other creditors | 278 | 126 |
| Accruals and deferred income | 1,514 | 1,500 |
| | 8,099 | 7,239 |

In the current and prior year, the Company's trade creditors are principally accounted for within the central purchase ledger of Copthorne Hotels Limited, a Group company, and therefore included within the amount due to Group undertaking

London Britannia Hotel Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

12. Financial instruments

| | 2015 | 2014 |
|---|-----------------------|--------------------------------|
| | £000 | <i>Restated</i> £000 |
| Financial assets | | |
| Financial assets measured at fair value through profit or loss | 7,267 | 2,966 |
| Financial assets that are debt instruments measured at amortised cost | 175 | 45 |
| | <u>7,442</u> | <u>3,011</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | (6,558) | (5,716) |
| | <u>(6,558)</u> | <u>(5,716)</u> |
| Financial Liabilities measured at amortised cost mainly comprise amounts owed to group undertakings | | |

13. Deferred taxation

| | 2015 | 2014 |
|--------------------------------|---------------------|--------------------------------|
| | £000 | <i>Restated</i> £000 |
| At beginning of year | (1,052) | (1,175) |
| Credited to the profit or loss | 249 | 123 |
| At end of year | <u>(803)</u> | <u>(1,052)</u> |

The provision for deferred taxation is made up as follows

| | 2015 | 2014 |
|--|---------------------|--------------------------------|
| | £000 | <i>Restated</i> £000 |
| Difference between accumulated depreciation and capital allowances | (830) | (1,082) |
| Other timing differences | 26 | 28 |
| Share-based incentive scheme | - | 2 |
| | <u>(804)</u> | <u>(1,052)</u> |

London Britannia Hotel Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

14 Share capital

| | 2015 | <i>2014</i> |
|---|-------------|-----------------|
| | £000 | <i>Restated</i> |
| | | <i>£000</i> |
| Shares classified as equity | | |
| Allotted, called up and fully paid | | |
| 1,000 ordinary shares of £1 each | <u>1</u> | <u>1</u> |

15. Share based payments

The Company operated two schemes during the year

- The Millennium & Copthorne Hotels plc Sharesave Scheme ("Sharescheme")

Share options under Sharescheme are granted to UK based Directors and employees. The Company applied IFRS 2 to its active employee share based payment arrangements. In accordance with the Company's accounting policy in Note 1 on share based payment transactions, the fair value of share options are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the share options.

The charge to the profit and loss account for the year was £4,000 (2014 £4,000)

| Date of Grant | Exercise price | Exercise period |
|---------------|----------------|-----------------------|
| 01 04 10 | £3 30 | 01 08 2015-31 01 2016 |
| 19 04 11 | £4 18 | 01 08 2014-31 01 2015 |
| 19 04 11 | £4 18 | 01 08 2016-31 01 2017 |
| 19 04 12 | £3 88 | 01 08 2015-31 01 2016 |
| 19 04 13 | £4 48 | 01 08 2016-31 01 2017 |
| 19 04 13 | £4 48 | 01 08 2018-31 01 2019 |
| 06 05 14 | £4 46 | 01 08 2017-31 01 2018 |
| 14 04 15 | £4 69 | 01 08 2018-31 01 2019 |
| 14 04 15 | £4 69 | 01 08 2020-31 01 2021 |

The weighted average share price at the date of exercise of share options in the year was £3 80 (2014 £5 76)

The options outstanding at the year end have a weighted average contractual life of 2 73 years (2014 2 36 years)

London Britannia Hotel Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

| Date of grant | Options outstanding 1 Jan 2015 | Granted during the year | Expired during the year | Exercised during the year | Options outstanding 31 Dec 2015 |
|----------------------|---|--|--|--|--|
| 01 04 10 | 471 | - | - | (471) | - |
| 19 04 11 | 86 | - | (86) | - | - |
| 19 04 11 | 369 | - | - | - | 369 |
| 19 04 12 | 3,012 | - | - | (3,012) | - |
| 19 04 13 | 1,244 | - | - | - | 1,244 |
| 19 04 13 | 1,339 | - | - | - | 1,339 |
| 06 05 14 | 2,984 | - | - | - | 2,984 |
| 14 04 15 | - | 3,068 | - | - | 3,068 |
| 14 04 15 | - | 1,278 | - | - | 1,278 |
| Total | 9,505 | 4,346 | (86) | (3,483) | 10,282 |

Measurement of fair value

The Sharesave awards were valued using the Black Scholes valuation method
The options pricing model involves six variables, as detailed below

| | | |
|---------------------------------------|----------------------|----------------------|
| | 2015 | 2015 |
| | 3 year scheme | 5 year scheme |
| Fair value at measurement date | £1 21 | £1 45 |
| Variables | | |
| Exercise price | £4 69 | £4 69 |
| Share price at grant | £5 75 | £5 75 |
| Expected term (years) | 3 55 | 5 55 |
| Expected volatility of share price | 21 7% | 25 2% |
| Risk free interest rate | 0 8% | 1 1% |
| Expected dividend yield | 2 37% | 2 37% |
| | 2014 | 2014 |
| | 3 year scheme | 5 year scheme |
| Fair value at measurement date | £1 28 | £1 80 |
| Variables | | |
| Exercise price | £4 46 | £4 46 |
| Share price at grant | £5 56 | £5 56 |
| Expected term (years) | 3 25 | 5 25 |
| Expected volatility of share price | 22 9% | 33 1% |
| Risk free interest rate | 1 36% | 1 97% |
| Expected dividend yield | 2 42% | 2 42% |

London Britannia Hotel Limited

Notes to the financial statements
For the Year Ended 31 December 2015

- The Annual Bonus Plan (ABP)

Under the ABP, deferred share awards are granted annually to selected employees of the Group. Shares in Millennium & Copthorne Hotels plc are transferred to participants at the end of three years if they continue to be employed by the group throughout that period.

The fair values for the deferred share awards were determined using the market price of the shares at the date of grant.

The charge to the profit and loss account for the year was £Nil.

| Date of Grant | Share price on date of grant | Vesting date |
|---------------|---------------------------------|--------------|
| 08 09 15 | £5.55 | 08 09 2018 |

| | Granted during the year 563 | Forfeited during the year (563) | Outstanding at 31 Dec 2015 - |
|----------|--------------------------------------|--|---------------------------------------|
| 08 09 15 | | | |

16. Commitments under operating leases

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2015 £000 | 2014 Restated £000 |
|--|--------------|--------------------------|
| Not later than 1 year | 32 | 36 |
| Later than 1 year and not later than 5 years | - | 3 |
| | <u>32</u> | <u>39</u> |

London Britannia Hotel Limited

**Notes to the financial statements
For the Year Ended 31 December 2015**

17 Controlling party

The Directors consider the ultimate holding and controlling company to be Hong Leong Investment Holdings Pte Ltd incorporated in the Republic of Singapore. The accounts of the ultimate holding company, which heads the largest group in which the results of the Company are consolidated, are available to the public at The Accounting and Corporate Regulatory Authority, 10 Anson Road # 05 01/15, International Plaza, Singapore 079903.

The immediate holding and controlling company is Millennium Hotels Limited, a company registered in England and Wales. The smallest group in which the results of the Company are consolidated is headed by Millennium & Copthorne Hotels plc, a company registered in England and Wales. The consolidated accounts of Millennium & Copthorne Hotels plc are available at www.millenniumhotels.com.

London Britannia Hotel Limited

Notes to the financial statements
For the Year Ended 31 December 2015

18. First time adoption of FRS 101

The Company transitioned to FRS 101 from previously extant UK GAAP as at 1 January 2014. The impact of the transition to FRS 101 is as follows:

Reconciliation of equity at 1 January 2014

| | Note | £000 |
|--|------|---------------|
| Equity at 1 January 2014 under previous UK GAAP | | 81,336 |
| PP&E Deferred taxation | | 503 |
| Equity shareholders funds at 1 January 2014 under FRS 101 | | 81,839 |

Reconciliation of equity at 31 December 2014

| | Note | £000 |
|--|------|---------------|
| Equity at 31 December 2014 under previous UK GAAP | | 80,825 |
| PP&E Deferred taxation | | 530 |
| Equity shareholders funds at 31 December 2014 under FRS 101 | | 81,355 |

Reconciliation of profit and loss account for the year ended 31 December 2014

| | £000 |
|---|--------------|
| Profit for the year under UK GAAP | 6,985 |
| PP&E Deferred taxation | 27 |
| Profit for the year ended 31 December 2014 under FRS 101 | 7,012 |

The following were changes in accounting policies arising from the transition to FRS 101:

1. Deferred tax has been restated to bring it in line with IFRS