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**London Britannia Hotel Limited**

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**Unaudited**

**Strategic report, Directors' report and financial statements**

**for the year ended 31 December 2014**

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## **London Britannia Hotel Limited**

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### **Company Information**

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

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## **London Britannia Hotel Limited**

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## London Britannia Hotel Limited

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### Strategic report for the year ended 31 December 2014

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#### 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 £24,976,000 (2013 £24,069,000) and the profit on ordinary activities before taxation for the year was £8,975,000 (2013 £8,664,000).

The profit for the year after taxation amounted to £6,986,000 (2013 £7,020,000).

#### Principal risks and uncertainties

The management of the business and execution of the Company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the Company are considered to relate to the competition from hotels in the immediate locality of the Millennium Hotel London Mayfair. 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 36 to 40 of the Group's annual report for the year ended 31 December 2014 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 London 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 28 of the Group's annual report for the year ended 31 December 2014 which does not form part of this report.

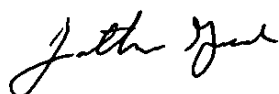
In addition to the KPIs analysed on a geographical basis the Directors measure four main KPIs specific to the Company in their evaluation of the performance of the Company. These are set out in the table below.

	2014	2013
RevPAR	£157.48	£155.94
Average Room Rate	£197.36	£201.03
Occupancy %	79.8%	77.6%
Gross Profit	£16.7m	£16.1m

#### 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 25 September 2015 and signed on its behalf



**J M Grech**  
Director

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**London Britannia Hotel Limited**

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**Directors' report  
for the year ended 31 December 2014**

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The Directors present their report and the financial statements for the year ended 31 December 2014

**Principal activities**

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

**Dividends**

A total interim dividend was paid during the year of £7,500,000 (2013 £10,750,000) No final dividend is proposed (2013 £Nil)

**Going concern**

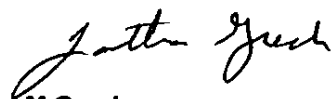
The Directors consider that the Company has access to sufficient funding to meet its needs for the reasons set out in Note 1 to the financial statements. Accordingly, the Directors have prepared the financial statements on a going concern basis

**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

This report was approved by the board on 25 September 2015 and signed on its behalf



**J M Grech**  
Director

Victoria House  
Victoria Road  
Horley  
Surrey  
RH6 7AF

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**London Britannia Hotel Limited**

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**Directors' responsibilities statement  
for the year ended 31 December 2014 in respect of the Strategic report, the Directors' report and the  
financial statements**

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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 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 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, 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.

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**London Britannia Hotel Limited**

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**Profit and loss account  
for the year ended 31 December 2014**

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	Notes	2014 £000	2013 £000
<b>Turnover</b>	1	<b>24,976</b>	<b>24,069</b>
Cost of sales		<b>(8,280)</b>	<b>(7,955)</b>
<b>Gross profit</b>		<b>16,696</b>	<b>16,114</b>
Administrative expenses		<b>(7,721)</b>	<b>(7,450)</b>
<b>Operating profit</b>	2	<b>8,975</b>	<b>8,664</b>
<b>Exceptional items</b>			
Net loss on sale of tangible fixed assets	5	<b>(14)</b>	<b>-</b>
<b>Operating profit on ordinary activities before taxation</b>		<b>8,961</b>	<b>8,664</b>
Tax on profit on ordinary activities	6	<b>(1,976)</b>	<b>(1,644)</b>
<b>Profit for the financial year</b>	13	<b>6,985</b>	<b>7,020</b>

All amounts relate to continuing operations

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account

The notes on pages 6 to 18 form part of these financial statements

**London Britannia Hotel Limited**  
Registered number. 0744379

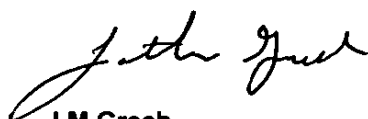
**Balance sheet**  
**as at 31 December 2014**

	Notes	£000	2014 £000	£000	2013 £000
<b>Fixed assets</b>					
Tangible assets	7		85,939		86,735
<b>Current assets</b>					
Stocks	8	134		63	
Debtors	9	607		772	
Cash at bank and in hand		2,966		1,746	
		<u>3,707</u>		<u>2,581</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(7,239)</u>		<u>(6,302)</u>	
<b>Net current liabilities</b>			<u>(3,532)</u>		<u>(3,721)</u>
<b>Total assets less current liabilities</b>			<u>82,407</u>		<u>83,014</u>
<b>Provisions for liabilities</b>					
Deferred tax	11		<u>(1,582)</u>		<u>(1,678)</u>
<b>Net assets</b>			<u>80,825</u>		<u>81,336</u>
<b>Capital and reserves</b>					
Called up share capital	12		1		1
Share premium account	13		62,629		62,629
Other reserves	13		12,244		12,244
Profit and loss account	13		<u>5,951</u>		<u>6,462</u>
<b>Shareholders' funds</b>	14		<u>80,825</u>		<u>81,336</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 25 September 2015



**J M Grech**  
Director

The notes on pages 6 to 18 form part of these financial statements



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## London Britannia Hotel Limited

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### Notes to the financial statements for the year ended 31 December 2014

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#### 1. Accounting policies

##### 1.1 Basis of preparation of financial statements

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

The financial statements have been prepared in accordance with UK GAAP and under the historical cost convention

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.

As the Company is a wholly owned subsidiary of Millennium & Copthorne Hotels plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned entities which form part of the Group (or investees of the group qualifying as related parties).

The consolidated financial statements of Millennium & Copthorne Hotels plc, within which this Company is included, can be obtained from the website given in Note 18.

##### 1.2 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the Group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

##### 1.3 Turnover

Turnover represents amounts derived in the United Kingdom from the ownership and operation of the hotel. Turnover is stated net of value added tax and is recognised on the provision of the related goods and services.

##### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

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**London Britannia Hotel Limited**

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**Notes to the financial statements  
for the year ended 31 December 2014**

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**1. Accounting policies (continued)**

No residual values are ascribed to building surface finishes and services. The residual value ascribed to building core depends on the nature, location and tenure of the hotel property.

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.

Operating supplies, which include china, linen, glass and silverware, are stated at their deemed cost as at 1 January 2008 and subsumed into the cost of the hotel buildings. Subsequent renewals and replacements of such stocks are written off to the profit and loss account as incurred.

Where applicable interest attributable to funds used to finance the construction or major extension to the hotel is capitalised gross of tax relief and added to the cost of the hotel core.

**1.5 Impairment of fixed assets**

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

*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.

**1.6 Operating leases**

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

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## London Britannia Hotel Limited

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### Notes to the financial statements for the year ended 31 December 2014

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#### 1. Accounting policies (continued)

##### 1.7 Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 'Deferred tax'

##### 1.8 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 4

The cost of equity-settled transaction is recognised, together with a corresponding increase in equity, over the period in which the performance and/or services conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction awards are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

##### 1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks

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## **London Britannia Hotel Limited**

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### **Notes to the financial statements for the year ended 31 December 2014**

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#### **1. Accounting policies (continued)**

##### **1.10 Pensions**

The Company participates in a pension scheme providing benefits based on final pensionable pay. 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 scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

##### **1.11 Dividends**

Dividends are only recognised as a liability at the date to the extent that they are declared prior to the year-end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

##### **1.12 Accounting estimates and judgements**

The preparation of financial statements under UK GAAP 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.

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**London Britannia Hotel Limited**

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**Notes to the financial statements  
for the year ended 31 December 2014**

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**2. Operating profit**

The operating profit is stated after charging

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets		
- owned by the Company	<b>1,013</b>	<b>1,021</b>
Operating lease rentals		
- plant and machinery	<b>32</b>	<b>35</b>
- other operating leases	<b>36</b>	<b>27</b>
	<b><u>1,081</u></b>	<b><u>1,083</u></b>

During the year, no Director received any emoluments (2013 - £NIL)

**3. Staff costs**

Staff costs were as follows

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>5,256</b>	<b>5,015</b>
Social security costs	<b>328</b>	<b>329</b>
Other pension costs	<b>186</b>	<b>160</b>
	<b><u>5,770</u></b>	<b><u>5,504</u></b>

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

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No</b>
Operational staff	<b>209</b>	<b>182</b>
Administration staff	<b>22</b>	<b>23</b>
Maintenance staff	<b>10</b>	<b>13</b>
Sales staff	<b>6</b>	<b>5</b>
	<b><u>247</u></b>	<b><u>223</u></b>

Other pension costs above include £126,000 (2013 £126,000) in respect of the Company's proportion of enhanced contributions to the defined benefit pension scheme to remove the plan's deficit

Wages and salaries above include a charge of £3,772 (2013 £2,817) in respect of share-based payments

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**London Britannia Hotel Limited**

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**Notes to the financial statements  
for the year ended 31 December 2014**

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**4. Share-based payment**

The Company operated one scheme during the year known as the Millennium & Copthorne Hotels plc Sharesave Scheme ("Sharesave")

Share options under Sharesave are granted to UK based Directors and employees

The Company applied FRS 20 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 £3,772 (2013 £2,817)

Date of Grant	Exercise Price	Exercise Period
01 04 09	£1 54	01 08 2014-31 01 2015
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

**The outstanding options relating to the above grants are:**

Date of Grant	Options outstanding 1 Jan 2014	Granted during the year	Expired during the year	Forfeited during the year	Exercised during the year	Options outstanding 31 Dec 2014
01 04 09	812	-	-	-	(812)	-
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	1,404	-	-	(160)	-	1,244
19 04 13	1,339	-	-	-	-	1,339
06 05 14	-	3,266	-	(282)	-	2,984
<b>Total</b>	<b>7,493</b>	<b>3,266</b>	<b>-</b>	<b>(442)</b>	<b>(812)</b>	<b>9,505</b>

The weighted average share price at the date of exercise of share options in the year was £5 76 (2013 £Nil)

The options outstanding at the year end have a weighted average contractual life of 2 36 years (2013 2 78 years)

**London Britannia Hotel Limited**

**Notes to the financial statements  
for the year ended 31 December 2014**

**4. Share-based payment (continued)**

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

	2014 3 year scheme	2014 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%

	2013 3 year scheme	2013 5 year scheme
Fair value at measurement date	£1.34	£2.01
Variables		
Exercise price	£4.48	£4.48
Share price at grant	£5.60	£5.60
Expected term (years)	3.25	5.25
Expected volatility of share price	27.1%	41.3%
Risk free interest rate	0.36%	0.78%
Expected dividend yield	2.43%	2.43%

**5. Exceptional items**

	2014 £000	2013 £000
Exceptional item - Net loss on sale of tangible fixed assets	<u>14</u>	<u>-</u>

**London Britannia Hotel Limited**

**Notes to the financial statements  
for the year ended 31 December 2014**

**6. Taxation**

	<b>2014 £000</b>	<b>2013 £000</b>
<b>Analysis of tax charge in the year</b>		
Tax charge relating to current year	<b>2,054</b>	2,129
Adjustments relating to prior years	<b>18</b>	(145)
<b>Total current tax</b>	<b>2,072</b>	1,984
<b>Deferred tax</b>		
Origination and reversal of timing differences	(83)	(55)
Adjustment relating to prior years	(19)	(35)
Adjustment arising from change in tax rate	6	(250)
<b>Total deferred tax (see note 11)</b>	<b>(96)</b>	(340)
<b>Tax on profit on ordinary activities</b>	<b>1,976</b>	1,644

**Factors affecting current tax charge for the year**

The tax assessed for the year is higher than (2013 - *lower than*) the standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%). The differences are explained below

	<b>2014 £000</b>	<b>2013 £000</b>
Profit on ordinary activities before tax	<b>8,961</b>	8,664
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%)	<b>1,926</b>	2,014
<b>Effects of:</b>		
Capital allowances for year less than depreciation	<b>74</b>	56
Timing differences relating to employee share scheme	-	1
Other timing difference	<b>9</b>	(2)
Permanent differences relating to depreciation of building assets	<b>41</b>	44
Other permanent taxation differences	<b>4</b>	3
Tax charge/(credit) relating to prior periods	<b>18</b>	(145)
Transfer pricing imputed charge	-	13
<b>Current tax charge for the year (see note above)</b>	<b>2,072</b>	1,984

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges



**London Britannia Hotel Limited**

**Notes to the financial statements  
for the year ended 31 December 2014**

**7. Tangible fixed assets**

	<b>L/term leasehold property £000</b>	<b>Plant &amp; machinery £000</b>	<b>Fixtures &amp; fittings £000</b>	<b>Capital work in progress £000</b>	<b>Total £000</b>
<b>Cost</b>					
At 1 January 2014	83,738	7,868	4,171	2,488	98,265
Additions	42	9	367	(187)	231
Disposals / write offs	-	-	(40)	-	(40)
Transfer between classes	-	-	30	(30)	-
<b>At 31 December 2014</b>	<b>83,780</b>	<b>7,877</b>	<b>4,528</b>	<b>2,271</b>	<b>98,456</b>
<b>Depreciation</b>					
At 1 January 2014	3,921	4,562	3,047	-	11,530
Charge for the year	330	384	299	-	1,013
On disposals / write offs	-	-	(26)	-	(26)
<b>At 31 December 2014</b>	<b>4,251</b>	<b>4,946</b>	<b>3,320</b>	<b>-</b>	<b>12,517</b>
<b>Net book value</b>					
<b>At 31 December 2014</b>	<b>79,529</b>	<b>2,931</b>	<b>1,208</b>	<b>2,271</b>	<b>85,939</b>
<b>At 31 December 2013</b>	<b>79,817</b>	<b>3,306</b>	<b>1,124</b>	<b>2,488</b>	<b>86,735</b>

**8. Stocks**

	<b>2014 £000</b>	<b>2013 £000</b>
Consumables and supplies	134	63

**9. Debtors**

	<b>2014 £000</b>	<b>2013 £000</b>
<b>Due within one year</b>		
Trade debtors	-	83
Other debtors	45	45
Prepayments and accrued income	562	644
	<b>607</b>	<b>772</b>

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

**London Britannia Hotel Limited**

**Notes to the financial statements  
for the year ended 31 December 2014**

**10. Creditors:  
Amounts falling due within one year**

	2014 £000	2013 £000
Amounts owed to Group undertakings	4,553	2,947
Corporation tax	1,060	1,118
Other creditors	126	285
Accruals and deferred income	1,500	1,952
	<u>7,239</u>	<u>6,302</u>

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

**11. Deferred taxation**

	2014 £000	2013 £000
At beginning of year	1,678	2,018
Other movement (P&L)	(96)	(340)
	<u>1,582</u>	<u>1,678</u>

The provision for deferred taxation is made up as follows

	2014 £000	2013 £000
Accelerated capital allowances	1,612	1,699
Other timing differences	(28)	(20)
Share-based incentive scheme	(2)	(1)
	<u>1,582</u>	<u>1,678</u>

**12. Share capital**

	2014 £000	2013 £000
<b>Allotted, called up and fully paid</b>		
1,000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

**London Britannia Hotel Limited**

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**13. Reserves**

	Share premium account £000	Other reserves £000	Profit and loss account £000
At 1 January 2014	62,629	12,244	6,462
Profit for the financial year			6,985
Dividends			(7,500)
Share options			4
At 31 December 2014	<u>62,629</u>	<u>12,244</u>	<u>5,951</u>

**14. Reconciliation of movement in shareholders' funds**

	2014 £000	2013 £000
Opening shareholders' funds	81,336	85,063
Profit for the financial year	6,985	7,020
Dividends (Note 15)	(7,500)	(10,750)
Share options	4	3
Closing shareholders' funds	<u>80,825</u>	<u>81,336</u>

**15. Dividends**

	2014 £000	2013 £000
Dividends paid	<u>7,500</u>	<u>10,750</u>

**16. Operating lease commitments**

At 31 December 2014, the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2014 £000	2013 £000	2014 £000	Other 2013 £000
<b>Expiry date:</b>				
Within 1 year	-	-	3	-
Between 2 and 5 years	-	-	<u>33</u>	<u>39</u>

The aggregated cashflow commitments in respect of operating leases are £39,000 (2013 £77,000)

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**17. Pension**

The Company, in conjunction with other participating UK employing companies within the Group, operates a multi-employer defined benefit pension scheme designed to provide retirement benefits for employees based upon final pensionable earnings. The assets of the scheme are held separately from those of the Company in a trustee administered fund. The pension cost is assessed in accordance with the advice of a qualified actuary. The expected cost of pensions is charged to the profit and loss account, so as to spread the cost of pensions over the remaining service lives of the employees in the scheme. In accordance with FRS 17, the Company accounts for its contributions to the scheme as if it were a defined contribution scheme because it is not possible to identify the Company's share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

Discussions between the Company, the other participating companies and the plan trustee took place in 2014 to consider the valuation deficit of the plan and the underlying assumptions. Having taken professional advice the Company and the other participating companies agreed a deficit and a recovery proposal to clear the estimated technical deficit for the period 5 April 2014 through 5 April 2017 with the payment of a £3.3m lump sum in January 2015. In addition and in accordance with the actuarial valuation, the group has agreed with the plan trustee that it will pay 24.0% of pensionable earnings in respect of the cost of accruing benefits and meeting expenses of the plan and levies to the Pension Protection Fund.

The assets of the scheme have been taken at market value and the liabilities have been calculated using the following principal assumptions:

	2014 %	2013 %
Inflation rate	3.2	3.6
Discount rate	3.7	4.5
Rate of salary increase	3.7	4.1
Rate of pension increases	3.2	3.6
Annual expected return on plan assets	3.7	4.5

The fair value of assets in the scheme and the present value of the liabilities in the scheme at 31 December were:

	2014 £m	2013 £m	2011 £m	2010 £m	2009 £m
Total fair value of assets	54.0	44.7	41.8	35.5	26.1
Present value of scheme liabilities	(59.7)	(54.7)	(50.6)	(46.5)	(35.9)
Net pension liability	<u>(5.7)</u>	<u>(10.0)</u>	<u>(8.8)</u>	<u>(11.0)</u>	<u>(9.8)</u>

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**17. Pension (continued)**

The contributions of the Company during the year were 20.8% (2013: 20.8%) of pensionable salary, plus a share of the enhanced contribution, totalling £126,000 (2013: £134,000). The contributions of the employees were from 3% to 5% (2013: 3% to 5%) of pensionable earnings.

This scheme was closed to new employees with effect from 31 March 2002. Employees starting after this date are offered membership of a defined contribution scheme to which the Company makes a contribution.

**18. Ultimate parent undertaking and 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.co.uk](http://www.millenniumhotels.co.uk).