

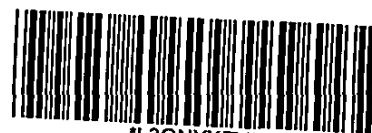
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COPTHORNE HOTEL (GATWICK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

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COPTHORNE HOTEL (GATWICK) LIMITED

COMPANY INFORMATION

DIRECTORS	A J Bushnell Copthorne Hotels Limited C Harrington (appointed 13 January 2011)
COMPANY SECRETARY	Copthorne Hotels Limited
COMPANY NUMBER	0994968
REGISTERED OFFICE	Victoria House Victoria Road Horley Surrey RH6 7AF
AUDITORS	KPMG Audit Plc 15 Canada Square London E14 5GL

COPTHORNE HOTEL (GATWICK) LIMITED

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COPTHORNE HOTEL (GATWICK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report and the financial statements for the year ended 31 December 2010

PRINCIPAL ACTIVITIES

The principal activities of Copthorne Hotel (Gatwick) Limited ('the Company') are the ownership and operation of the Copthorne Hotel London Gatwick

BUSINESS REVIEW

The Company is a subsidiary of Millennium & Copthorne Hotels plc ('the Group') The Directors consider the ultimate holding and controlling company to be Hong Leong Investment Holdings Pte Limited

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

Turnover for the year was £5,333,000 (2009 £5,325,000) and the profit on ordinary activities before taxation for the year was £383,000 (2009 £404,000)

No dividend was paid during the year (2009 £400,000) No final dividend is proposed (2009 £Nil)

RESULTS

The profit for the financial year amounted to £279,000 (2009 £302,000)

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 Copthorne Hotel London Gatwick Further discussion of these risks and uncertainties, in context of the Group as a whole, is provided on pages 40-44 of the Group's annual report for the year ended 31 December 2010 which does not form part of this report

KEY PERFORMANCE INDICATORS

The Directors of the Group manage its operations on a geographical basis and the Company's results are included in the 'Regional UK' geographical segment of the Group's consolidated annual report and accounts The KPIs and the development, performance or position of the 'Regional UK' geographical segment of the Group, which includes the Company, is discussed on page 29 of the Group's annual report for the year ended 31 December 2010 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

	2010	2009
RevPAR	36.89	37.80
Average Room Rate	54.41	56.25
Occupancy %	67.8	67.2
Gross Operating Profit Margin %	24.4	25.8

COPTHORNE HOTEL (GATWICK) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

Method of calculating KPI's

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

Gross Operating Profit Margin is Hotel gross operating profit divided by Hotel revenue

DIRECTORS

The directors who served during the year and up to the date of this report were

A J Bushnell

Copthorne Hotels Limited

C Harrington (appointed 13 January 2011)

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political or charitable donations during the year (2009 £Nil)

DISCLOSURE OF INFORMATION TO AUDITORS

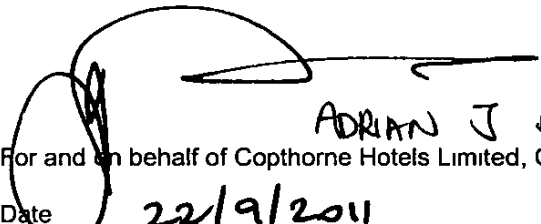
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information

AUDITORS

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

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


ADRIAN J BUSHNELL
For and on behalf of Copthorne Hotels Limited, Company Secretary
Date 22/9/2011

COPTHORNE HOTEL (GATWICK) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES for the year ended 31 December 2010 in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' report and the financial statements in accordance with UK GAAP

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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.

Independent auditor's report to the Members of Copthorne Hotel (Gatwick) Limited

We have audited the financial statements of Copthorne Hotel (Gatwick) Limited for the year ended 31 December 2010, set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of directors' responsibilities, set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

**Independent auditor's report to the Members of Copthorne Hotel (Gatwick) Limited
(Continued)**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Sarah Styant (Senior statutory auditor)

for and on behalf of

KPMG Audit Plc, Statutory Auditor

15 Canada Square

London

E14 5GL

Date *29 September 2011*

COPTHORNE HOTEL (GATWICK) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £000	2009 £000
TURNOVER	1	5,333	5,325
Cost of sales		<u>(2,705)</u>	<u>(2,704)</u>
GROSS PROFIT		2,628	2,621
Administrative expenses		<u>(2,245)</u>	<u>(2,217)</u>
OPERATING PROFIT	2	383	404
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		383	404
Tax on profit on ordinary activities	6	<u>(104)</u>	<u>(102)</u>
PROFIT FOR THE FINANCIAL YEAR	14	<u>279</u>	<u>302</u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2010 or 2009 other than those included in the Profit and loss account


The notes on pages 8 to 21 form part of these financial statements

COPTHORNE HOTEL (GATWICK) LIMITED
REGISTERED NUMBER: 0994968

BALANCE SHEET
AS AT 31 DECEMBER 2010

	Note	£000	2010 £000	2009 £000
FIXED ASSETS				
Tangible assets	7		7,812	8,071
CURRENT ASSETS				
Stocks	8	35		32
Debtors	9	158		157
Cash at bank and in hand		61		106
		<u>254</u>		<u>295</u>
CREDITORS: amounts falling due within one year	10	(751)		(6,385)
NET CURRENT LIABILITIES			<u>(497)</u>	<u>(6,090)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,315</u>	<u>1,981</u>
CREDITORS: amounts falling due after more than one year	11		(5,089)	-
PROVISIONS FOR LIABILITIES				
Deferred tax	12		(590)	(649)
NET ASSETS			<u><u>1,636</u></u>	<u><u>1,332</u></u>
CAPITAL AND RESERVES				
Called up share capital	13		425	425
Profit and loss account	14		1,211	907
SHAREHOLDERS' FUNDS	15		<u><u>1,636</u></u>	<u><u>1,332</u></u>

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


A J Busnell
 Director
 Date 22/9/2011

The notes on pages 8 to 21 form part of these financial statements

COPTHORNE HOTEL (GATWICK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The accounts 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 FRS8 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 address given in note 19.

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 an accruals basis to match the provision of the related goods and services.

COPTHORNE HOTEL (GATWICK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES (continued)

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 as below.

Freehold land is not depreciated.

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 complete 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.

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.

L/Term Leasehold Property	-	30 or 50 years or lease term if shorter
S/Term Leasehold Property	-	30 or 50 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

1.5 Operating leases

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

1.6 Stocks

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

1.7 Deferred 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'.

COPTHORNE HOTEL (GATWICK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES (continued)

1.8 Pensions

The Company participates in a Group 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.

1.9 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 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.

COPTHORNE HOTEL (GATWICK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

2 OPERATING PROFIT

The operating profit is stated after charging

	2010	2009
	£000	£000
Depreciation of tangible fixed assets		
- owned by the company	383	411
Operating lease rentals		
- plant and machinery	105	118
	<u>488</u>	<u>529</u>

3 AUDITORS' REMUNERATION

	2010	2009
	£000	£000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	14	15
	<u>14</u>	<u>15</u>

4. STAFF COSTS

Staff costs were as follows

	2010	2009
	£000	£000
Wages and salaries	1,799	1,834
Social security costs	107	116
Other pension costs	89	106
	<u>1,995</u>	<u>2,056</u>

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

	2010	2009
	No	No
Operating staff	75	82
Administration staff	9	7
Maintenance staff	6	6
Sales staff	3	2
	<u>93</u>	<u>97</u>

Other pension costs above include £70,000 (2009 £78,000) in respect of the Company's proportion of enhanced contributions to the defined benefit pension scheme to remove the plan's deficit

During the year, no director received any emoluments (2009 £Nil)

COPTHORNE HOTEL (GATWICK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

5. SHARE BASED PAYMENTS

Millennium & Copthorne Hotels plc Sharesave Scheme and 2006 Sharesave Scheme.

Share options under this scheme are granted to UK based directors and employees

The Company applied FRS 20 to its active employee share-based payment arrangements at 1 January 2009 except for equity-settled employee share-based payment arrangements granted before 7 November 2002

In accordance with the Company's accounting policy in Note 1 on share-based payment transactions, the fair value of share options and long-term incentive awards 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 £25,000 (2009 £Nil)

Date of Grant	Exercise Price	Exercise Period
19 06 06	£3 25000	01 08 2009-31 01 2010
26 03 07	£5 20000	01 07 2010-31 12 2010
20 03 08	£3 28000	01 07 2011-31 12 2011
01 04 09	£1 54000	01 08 2012-31 01 2013
01 04 10	£3 30000	01 08 2013-31 01 2014

Details of outstanding options

	Options outstanding 1/1/2010	Granted	Forfeited	Exercised	Options outstanding 31/12/2010
19 06 06	3,105	-	(3,105)	-	-
26 03 07	2,613	-	(726)	-	1,887
20 03 08	3,627	-	(1,170)	-	2,457
01 04 09	14,258	-	-	-	14,258
01 04 10	-	6,490	(4,249)	(151)	2,090
Total	<u>23,603</u>	<u>6,490</u>	<u>(9,250)</u>	<u>(151)</u>	<u>20,692</u>

The weighted average share price at the date of exercise of share options in the year was £4.65 (2009 £3.46)

The options outstanding at the year end have an exercise price in the range £1.54 to £5.20 and a weighted average contractual life of 1.82 years

Measurement of fair value

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of services received is measured on a stochastic model.

COPTHORNE HOTEL (GATWICK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

SHARE BASED PAYMENTS (Continued)

The fair value and option pricing model variables:

	3 year scheme	5 year scheme
Fair value at measurement date	2 24	2 33
Variables	-	-
Exercise price	3 30	3 30
Share price at grant	4 90	4 90
Expected term (years)	3 25	5 25
Expected volatility of share price	48 0 %	39 8 %
Risk free interest rate	1 91 %	2 76 %
Expected dividend yield	1 27 %	1 27 %

The expected volatility is based on the historic volatility for sharesave options over 3 25 and 5 25 years for 3 and 5 year options respectively

COPTHORNE HOTEL (GATWICK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

6 TAXATION

Analysis of tax charge in the year	2010 £000	2009 £000
Payment for group relief	136	86
Tax charge relating to prior years	27	10
Total current tax	163	96
Current tax (see note below)		
UK corporation tax charge on profit for the year	163	96
Deferred tax		
Current Year	(31)	4
Adjustment arising from change in tax rate	(22)	-
Other adjustment relating to prior year	(6)	2
Total deferred tax (credit) / charge (see note 12)	(59)	6
Tax on profit on ordinary activities	104	102

Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 28% (2009 28%) The differences are explained below

	2010 £000	2009 £000
Profit on ordinary activities before tax	383	404
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	107	113
Effects of		
Capital allowances for year less than depreciation	28	15
Timing difference re employee share scheme	3	-
Other timing differences	-	(19)
Permanent differences relating to depreciation of building assets	26	26
Permanent differences relating to hotel building allowances	(15)	(27)
Other permanent taxation differences	6	4
Transfer pricing imputed (credit) charge	(19)	(26)
Tax charge relating to prior years	27	10
Current tax charge for the year (see note above)	163	96

COPTHORNE HOTEL (GATWICK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

(continued)

Factors that may affect future tax charges

The 2011 Budget on 23 March 2011 announced that the UK corporation tax rate will reduce to 23% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 and will be effective from 1 April 2011, a further reduction to 26% in the rate applicable from 1 April 2011 was substantively enacted on 29 March 2011 and a further reduction to 25% in the rate applicable from 1 April 2012 was substantively enacted on 19 July 2011. This will reduce the company's future current tax charge accordingly and further reduce the deferred tax provision at 31 December 2010 (which has been calculated based on the rate of 27% substantively enacted at the balance sheet date) by £41,000.

7. TANGIBLE FIXED ASSETS

	Freehold property £000	Plant & machinery £000	Fixtures & fittings £000	Capital Work in progress £000	Total £000
Cost					
At 1 January 2010	6,174	4,875	2,855	-	13,904
Additions	-	44	9	71	124
At 31 December 2010	6,174	4,919	2,864	71	14,028
Depreciation					
At 1 January 2010	315	3,581	1,937	-	5,833
Charge for the year	44	149	190	-	383
At 31 December 2010	359	3,730	2,127	-	6,216
Net book value					
At 31 December 2010	5,815	1,189	737	71	7,812
At 31 December 2009	5,859	1,294	918	-	8,071

8. STOCKS

	2010 £000	2009 £000
Consumables and supplies	35	32

COPTHORNE HOTEL (GATWICK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

9. DEBTORS

	2010	2009
	£000	£000
Trade debtors	39	21
Other debtors	9	17
Prepayments and accrued income	110	119
	158	157

In the current and prior year, the Company's trade debtors are principally accounted for within the central sales ledger of Copthorne Hotels Limited

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

	2010	2009
	£000	£000
Amounts owed to group undertakings	389	6,107
Other creditors	109	72
Accruals and deferred income	253	206
	751	6,385

In the current and prior year, the Company's trade creditors are principally accounted for within the central purchase ledger of Copthorne Hotels Limited

**11. CREDITORS:
Amounts falling due after more than one year**

	2010	2009
	£000	£000
Amounts owed to group undertakings	5,089	-
Creditors include amounts repayable within 5 years as follows		
	2010	2009
	£000	£000
Repayable other than by instalments	5,089	-

COPTHORNE HOTEL (GATWICK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

12. DEFERRED TAXATION

	2010	2009
	£000	£000
At beginning of year	649	643
(Credit) / charge to profit and loss for the year	(59)	6
At end of year	590	649

The provision for deferred taxation is made up as follows

	2010	2009
	£000	£000
Difference between accumulated depreciation and capital allowances	593	648
Other timing differences	-	1
Share based incentive schemes	(3)	-
	590	649

13 SHARE CAPITAL

	2010	2009
	£000	£000
Allotted, called up and fully paid		
425,000 (2009 425,000) Deferred shares of £1 each	425	425

The holders of the deferred shares are not entitled to participate in the Company's profits nor have voting rights. On liquidation the deferred shares are subordinated to the ordinary shares.

14. RESERVES

	Profit and loss account £000
At 1 January 2010	907
Profit for the year	279
Share options	25
At 31 December 2010	1,211

COPTHORNE HOTEL (GATWICK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010	2009
	£000	£000
Opening shareholders' funds	1,332	1,430
Profit for the year	279	302
Dividends (Note 16)	-	(400)
Share options	25	-
	<hr/>	<hr/>
Closing shareholders' funds	1,636	1,332
	<hr/>	<hr/>

16. DIVIDENDS

	2010	2009
	£000	£000
Dividends paid	-	400
	<hr/>	<hr/>

COPTHORNE HOTEL (GATWICK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

17 PENSION SCHEME

The Company, in conjunction with other Group members, 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 using the projected unit method. 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.

The latest actuarial valuation of the scheme was at 6 April 2008. Relevant details are as follows:

Main assumptions	
- investment return	6.4% per annum
- future salary increases	4.1% per annum
- retail price index increase	3.6% per annum
Value of scheme's assets	£26.1m
Value of scheme's liabilities	£35.9m
Deficit	£9.8m
Funding level	73%

Contribution rate, including cost of insured benefits, to meet the cost of benefits to be earned in future, applicable from April 2009 is 21.6% per annum.

The contributions of the Group during the year were 21.6% (2009: 21.6%) of pensionable salary, plus enhanced contribution of £1.4m (2009: £1.4m) per annum to remove the plan's deficit. The contributions of the employees were from 3% to 5% (2009: 3% to 5%) of pensionable earnings.

Discussions between the Company, other Group employers and the trustees took place in the early part of 2009 to finalise the changes to the schedule of contributions with effect from 1 April 2009. Employer contributions have increased from this date and Group employers made the first revised enhanced contribution of £1.4m per annum to remove the plan's deficit (enhanced contributions commenced 1 April 2006 at a rate of £1.1m per annum) for a period of 7 years from April 2008.

The next triennial valuation of the scheme will be as at 6 April 2011. The actuarial valuation described above has been updated at 31 December 2010 by an independent qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value.

The major assumptions used for this actuarial valuation were:

	2010	2009	2008	2007
	% per annum	% per annum	% per annum	% per annum
Rate of increase in salaries	4.1	4.2	3.6	3.7
Rate of increase in pensions in payment	3.6	3.7	3.1	3.2
Discount rate	5.4	5.7	6.5	5.9
Inflation assumption	3.6	3.7	3.1	3.2

COPTHORNE HOTEL (GATWICK) LIMITED

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PENSION SCHEME (Continued)

The expected rate of return at the balance sheet date was 6.4% (2009 6.7%, 2008 7.5%, 2007 7.2%) per annum. The fair value of the assets in the scheme and the present value of the liabilities in the scheme at 31 December were

	2010	2009	2008	2007
	£m	£m	£m	£m
Total fair value of assets	26.1	22.2	19.3	22.8
Present value of scheme liabilities	(35.9)	(34.7)	(26.6)	(31.5)
Deficit in the scheme	(9.8)	(12.5)	(7.3)	(8.7)
Related deferred tax asset	2.7	3.5	2.1	2.4
Net pension liability	(7.1)	(9.0)	(5.2)	(6.3)

The Company contribution rate was 21.6% (2009 21.6%) of pensionable earnings. The pension cost for all group members for the year was £1.7m (2009 £1.9m) of which the Company's proportion was £0.07m (2009 £0.08m).

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

18. OPERATING LEASE COMMITMENTS

At 31 December 2010 the Company had annual commitments under non-cancellable operating leases as follows

	2010	2009
	£000	£000
Expiry date:		
Within 1 year	23	7
Between 2 and 5 years	44	78

The aggregated cashflow commitments in respect of operating leases are £127,000 (2009 £200,000)

COPTHORNE HOTEL (GATWICK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Directors consider the ultimate holding and controlling company to be Hong Leong Investment Holdings Pte Limited 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 - 10/15, International Plaza, Singapore 079903.

The immediate holding and controlling company is Copthorne Hotel Holdings 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 are available to the public and may be obtained from Victoria House, Victoria Road, Horley, Surrey, RH6 7AF.