
COPTHORNE HOTEL (GATWICK) LIMITED

Directors' report and financial statements
for the year ended 31 DECEMBER 2012

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COPTHORNE HOTEL (GATWICK) LIMITED

COMPANY INFORMATION

DIRECTORS A J Bushnell (resigned 11 October 2012)
 Copthorne Hotels Limited
 C Harrington
 Alan G Scott (appointed 11 October 2012)

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

CONTENTS

	Page
Directors' report	1 - 2
Statement of directors' responsibilities	3
Independent auditor's report	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 22

COPTHORNE HOTEL (GATWICK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements for the year ended 31 December 2012

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 £4,584,000 (2011 £4,827,000) and the loss on ordinary activities before taxation for the year was £194,000 (2011 profit £40,000)

No dividend was paid during the year (2011 £Nil) No final dividend is proposed (2011 £Nil)

RESULTS

The loss for the financial year amounted to £109,000 (2011 profit £84,000)

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 24-28 of the Group's annual report for the year ended 31 December 2012 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 16 of the Group's annual report for the year ended 31 December 2012 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

	2012	2011
RevPAR	31.43	33.56
Average Room Rate	53.18	55.11
Occupancy %	59.1	60.9
Gross Operating Profit Margin %	18.1	19.6

COPTHORNE HOTEL (GATWICK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

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 (resigned 11 October 2012)

Copthorne Hotels Limited

C Harrington

Alan G Scott (appointed 11 October 2012)

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political or charitable donations during the year (2011 £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 each director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information 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



Alan G Scott

For and on behalf of Copthorne Hotels Limited, Company Secretary

Date 11 September 2013

Victoria House
Victoria Road
Horley
Surrey
RH6 7AF

COPTHORNE HOTEL (GATWICK) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES **for the year ended 31 December 2012 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 applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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 2012, set out on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

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

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

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



Stephen Masters (Senior statutory auditor)

for and on behalf of
KPMG Audit Plc, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

13 September 2013

COPTHORNE HOTEL (GATWICK) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £000	2011 £000
TURNOVER	1	4,584	4,827
Cost of sales		(2,365)	(2,500)
GROSS PROFIT		2,219	2,327
Administrative expenses		(2,413)	(2,287)
OPERATING (LOSS)/PROFIT	2	(194)	40
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(194)	40
Tax on (loss)/profit on ordinary activities	6	85	44
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	14	(109)	84

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

The notes on pages 8 to 22 form part of these financial statements

COPTHORNE HOTEL (GATWICK) LIMITED
REGISTERED NUMBER. 0994968

BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	£000	2012 £000	2011 £000
FIXED ASSETS				
Tangible assets	7		7,351	7,577
CURRENT ASSETS				
Stocks	8	23		27
Debtors	9	125		164
Cash at bank and in hand		121		74
		<u>269</u>		<u>265</u>
CREDITORS amounts falling due within one year	10	<u>(317)</u>		<u>(750)</u>
NET CURRENT LIABILITIES			<u>(48)</u>	<u>(485)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,303</u>	<u>7,092</u>
CREDITORS amounts falling due after more than one year	11		<u>(5,231)</u>	<u>(4,851)</u>
PROVISIONS FOR LIABILITIES				
Deferred tax	12		<u>(456)</u>	<u>(520)</u>
NET ASSETS			<u><u>1,616</u></u>	<u><u>1,721</u></u>
CAPITAL AND RESERVES				
Called up share capital	13		425	425
Profit and loss account	14		<u>1,191</u>	<u>1,296</u>
SHAREHOLDERS' FUNDS	15		<u><u>1,616</u></u>	<u><u>1,721</u></u>

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


Alan G Scott
 Director

Date 11 September 2013

The notes on pages 8 to 22 form part of these financial statements

COPTHORNE HOTEL (GATWICK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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 address 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.

COPTHORNE HOTEL (GATWICK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES (continued)

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Freehold land, where applicable, is not depreciated. All other assets are depreciated to their residual values on a straight-line basis over their estimated useful economic lives 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

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.

Reversals 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.

COPTHORNE HOTEL (GATWICK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES (continued)

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

1.7 Stocks

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

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 5

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 2012

1 ACCOUNTING POLICIES (continued)

1 9 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 10 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 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.

COPTHORNE HOTEL (GATWICK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES (continued)

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.

The impairment review is performed on a "value in use" basis which requires estimation of future net operating cash flows, the time period over which they will occur, an appropriate discount rate and appropriate growth rates. The discount rate used of 10.5% (2011: 10.5%) reflects appropriate sensitivities involved in the assessment.

2 OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging

	2012 £000	2011 £000
Depreciation of tangible fixed assets		
- owned by the Company	329	362
Operating lease rentals		
- plant and machinery	42	75
	<u> </u>	<u> </u>

3 AUDITOR'S REMUNERATION

	2012 £000	2011 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	14	14
	<u> </u>	<u> </u>

There are no other fees paid to the Company's auditors and its associates.

COPTHORNE HOTEL (GATWICK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

4. STAFF COSTS

Staff costs were as follows

	2012 £000	2011 £000
Wages and salaries	1,841	1,780
Social security costs	113	124
Other pension costs	236	88
	<u>2,190</u>	<u>1,992</u>

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

	2012 No	2011 No
Operating staff	86	81
Administration staff	8	7
Maintenance staff	8	8
Sales staff	2	3
	<u>104</u>	<u>99</u>

Other pension costs above include £214,000 (2011 £70,000) 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 £3,901 (2011 £1,247) in respect of share based payments

During the year, no director received any emoluments (2011 £Nil)

5 SHARE BASED PAYMENTS

The Company operated one scheme during the year known as the Millennium & Copthorne Hotels plc 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. 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 £3,901 (2011 £1,247)

COPTHORNE HOTEL (GATWICK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

5. SHARE BASED PAYMENTS (continued)

Date of Grant	Exercise Price	Exercise Period
01 04 09	£1 54	01 08 2012-31 01 2013
01 04 10	£3 30	01 08 2013-31 01 2014
19 04 11	£4 18	01 08 2014-31 01 2015
19 04 12	£3 88	01 08 2015-31 01 2016

The outstanding options relating to the above grants are

	Options outstanding 1 Jan 2012	Granted during the year	Forfeited during the year	Exercised during the year	Options outstanding 31 Dec 2012
01 04 09	14,258	-	(5,941)	(8,317)	-
01 04 10	2,090	-	-	-	2,090
19 04 11	4,143	-	(431)	-	3,712
19 04 12	-	5,098	-	-	5,098
Total	<u>20,491</u>	<u>5,098</u>	<u>(6,372)</u>	<u>(8,317)</u>	<u>10,900</u>

The weighted average share price at the date of exercise of share options in the year was £4 73 (2011 £5 17)

The options outstanding at the year end have a weighted average contractual life of 2 36 years (2011 1 59 years)

COPTHORNE HOTEL (GATWICK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

5 SHARE BASED PAYMENTS (continued)

Measurement of fair value

The share save awards were valued using the Black-Scholes valuation method

The options pricing model involves six variables, as detailed below

	2012	2012
	3 year scheme	5 year scheme
Fair value at measurement date	1 47	1 76
Variables	-	-
Exercise price	3 88	3 88
Share price at grant	4 81	4 81
Expected term (years)	3 25	5 25
Expected volatility of share price	39 0 %	42.7 %
Risk free interest rate	0 68 %	1 18 %
Expected dividend yield	2.59 %	2 59 %

	2011	2011
	3 year scheme	5 year scheme
Fair value at measurement date	2 03	2 18
Variables	-	-
Exercise price	4 18	4 18
Share price at grant	5 32	5 32
Expected term (years)	3 25	5 25
Expected volatility of share price	46 0 %	41 0 %
Risk free interest rate	1 72 %	2 50 %
Expected dividend yield	1 88 %	1 88 %

6 TAXATION

Analysis of tax (credit)/charge in the year	2012	2011
	£000	£000
(Receipt) / Payment for group relief	(22)	42
Adjustment relating to prior years	1	(16)
	<hr/>	<hr/>
Total current tax	(21)	26
	<hr/>	<hr/>

COPTHORNE HOTEL (GATWICK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

6 TAXATION (continued)

	2012 £000	2011 £000
Current tax (see note below)		
UK corporation tax (credit)/charge on (loss)/profit for the year	(21)	26
Deferred tax		
Origination and reversal of timing differences	(16)	(25)
Adjustment arising from change in tax rate	(42)	(43)
Other adjustment relating to prior year	(6)	(2)
Total deferred tax credit (see note 12)	(64)	(70)
Tax credit on profit on ordinary activities	(85)	(44)

Factors affecting current tax charge for the year

The current tax credit for the year is lower than (2011 - charge higher than) the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below

	2012 £000	2011 £000
(Loss)/profit on ordinary activities before tax	(194)	40
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	(48)	11
Effects of:		
Capital allowances for year less than depreciation	23	24
Timing difference re employee share scheme	(6)	(1)
Other timing differences	(1)	2
Permanent differences relating to depreciation of building assets	23	26
Permanent differences relating to hotel building allowances	-	(3)
Other permanent taxation differences	3	1
Transfer pricing imputed credit	(16)	(18)
Tax charge/(credit) relating to prior years	1	(16)
Current tax (credit)/charge for the year (see note above)	(21)	26

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly and reduce the deferred tax liability at 31 December 2012.

COPTHORNE HOTEL (GATWICK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

7. TANGIBLE FIXED ASSETS

	Freehold property £000	Plant & machinery £000	Fixtures & fittings £000	Capital Work in progress £000	Total £000
Cost					
At 1 January 2012	6,174	3,387	1,887	49	11,497
Additions	-	27	34	42	103
Disposals / write offs	-	(785)	(67)	-	(852)
Transfer between classes	15	18	6	(39)	-
At 31 December 2012	6,189	2,647	1,860	52	10,748
Depreciation					
At 1 January 2012	403	2,342	1,175	-	3,920
Charge for the year	44	137	148	-	329
On disposals / write offs	-	(785)	(67)	-	(852)
At 31 December 2012	447	1,694	1,256	-	3,397
Net book value					
At 31 December 2012	5,742	953	604	52	7,351
At 31 December 2011	5,771	1,045	712	49	7,577

8. STOCKS

	2012 £000	2011 £000
Consumables and supplies	23	27

9 DEBTORS

	2012 £000	2011 £000
Trade debtors	9	12
Other debtors	9	27
Prepayments and accrued income	107	125
	125	164

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

COPTHORNE HOTEL (GATWICK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

	2012	2011
	£000	£000
Trade creditors	70	70
Amounts owed to group undertakings	-	492
Other creditors	44	26
Accruals and deferred income	203	162
	317	750

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

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

	2012	2011
	£000	£000
Amounts owed to group undertakings	5,231	4,851

Creditors include amounts repayable within 5 years as follows

	2012	2011
	£000	£000
Repayable other than by instalments	5,231	4,851

12 DEFERRED TAXATION

	2012	2011
	£000	£000
At beginning of year	520	590
Credit to profit and loss for the year	(64)	(70)
At end of year	456	520

COPTHORNE HOTEL (GATWICK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

12 DEFERRED TAXATION (continued)

The provision for deferred taxation is made up as follows

	2012	2011
	£000	£000
Difference between accumulated depreciation and capital allowances	459	525
Other timing differences	(1)	(2)
Share based incentive schemes	(2)	(3)
	<u>456</u>	<u>520</u>

13 SHARE CAPITAL

	2012	2011
	£000	£000
Allotted, called up and fully paid		
425,000 (2010 425,000) deferred shares of £1 each	425	425
42,500 ordinary shares of £0.01 each	-	-
	<u>425</u>	<u>425</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company

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 2012	1,296
Loss for the year	(109)
Share options	4
	<u>1,191</u>
At 31 December 2012	

COPTHORNE HOTEL (GATWICK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012	2011
	£000	£000
Opening shareholders' funds	1,721	1,636
(Loss)/profit for the year	(109)	84
Share options	4	1
	<hr/>	<hr/>
Closing shareholders' funds	1,616	1,721
	<hr/>	<hr/>

16. OPERATING LEASE COMMITMENTS

At 31 December 2012 the Company had annual commitments under non-cancellable operating leases as follows

	2012	2011
	£000	£000
Expiry date		
Within 1 year	-	19
Between 2 and 5 years	2	16
	<hr/>	<hr/>

The aggregated cashflow commitments in respect of operating leases are £10,000 (2011 £73,000)

COPTHORNE HOTEL (GATWICK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

17. PENSION

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.

Discussions between the Company, other Group employers and the trustees took place in 2012 to consider the valuation deficit of the plan and the underlying assumptions. Having taken professional advice the Company and other Group employers agreed an estimated deficit and a recovery proposal to close the deficit on a recovery period of three years commencing 6 April 2011. This entailed making a one-off payment of £3 million in July 2012 and continues with enhanced contributions of £1.4 million per annum up to April 2014. At the same time, the monthly employer contributions were reduced from 21.6% to 20.8% with effect from July 2012.

The latest Section 179 (Pensions Act 2004) actuarial valuation of the scheme was at 5 April 2011 and this has been updated to 31 December 2012 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.

Until the last actuarial valuation, the defined contribution plan section relating to Guaranteed Minimum Pension (GMP) underpin had sufficient assets to meet the GMP liabilities and has not been accounted for as a defined benefit scheme under FRS 17 for periods up to and including 31 December 2010. At 31 December 2011, there was a £2.4m deficit on the £7.5m defined contribution plan assets relating to those members with GMP. This section of the plan is now accounted for as a defined benefit scheme under FRS 17 as it exhibits the traits of a defined benefit plan. The impact of this is shown in the analysis below which in summary is to introduce £7.5m into both UK plan assets and UK plan liabilities and, additionally, to record a £2.4m actuarial loss within defined benefit losses.

The next triennial valuation of the scheme will be as at 6 April 2014.

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

	2012 %	2011 %	2010 %	2009 %	2008 %
Inflation rate	2.9	3.1	3.6	3.7	3.1
Discount rate	4.4	4.7	5.4	5.7	6.5
Rate of salary increase	3.4	3.6	4.1	4.2	3.6
Rate of pension increases	2.9	3.1	3.6	3.7	3.1
Annual expected return on plan assets	5.1	5.1	6.4	6.7	7.5

COPTHORNE HOTEL (GATWICK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

17 PENSION (continued)

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

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Total fair value of assets	41.8	35.5	26.1	22.2	19.3
Present value of scheme liabilities	<u>(50.6)</u>	<u>(46.5)</u>	<u>(35.9)</u>	<u>(34.7)</u>	<u>(26.6)</u>
Net pension liability	<u>(8.8)</u>	<u>(11.0)</u>	<u>(9.8)</u>	<u>(12.5)</u>	<u>(7.3)</u>

The contributions of the Company during the year were 20.8% (2011 21.6%) of pensionable salary, plus a share of the enhanced contribution, totalling £214,000 (2011 £70,000). The contributions of the employees were from 3% to 5% (2011 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 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 - 01/15, 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.