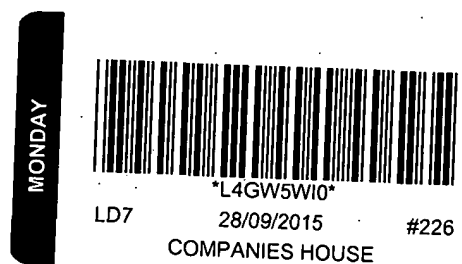


Company Registration No. 01229635

Dorchester Hotel Limited

Report and Consolidated Financial Statements

31 December 2014



Dorchester Hotel Limited

Report and financial statements 2014

Contents	Page
Strategic report	2
Directors' report	4
Directors' responsibilities statement	6
Independent auditor's report	7
Consolidated profit and loss account	8
Statement of total recognised gains and losses	9
Consolidated balance sheet	10
Company balance sheet	11
Notes to the accounts	12

Dorchester Hotel Limited

Strategic report

Principal activities

The company is a wholly-owned subsidiary of Dorchester Group Limited. The company's principal activity is the operation of deluxe five-star hotel properties, The Dorchester Hotel, Park Lane, London and 45 Park Lane, London. The Dorchester Hotel and 45 Park Lane are managed by a fellow subsidiary of The Dorchester Group Limited – Dorchester Services Limited – and are marketed under the five-star Dorchester Collection brand. Dorchester Hotel Limited is a limited liability company domiciled and registered in England and Wales. The registered office is located at 53 Park Lane, London, W1A 2HJ.

The operational activities encompass the sale of accommodation, food and beverage and the operation of a spa together with other rental and miscellaneous activities. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's principal activities in the next year.

Business review

The company has continued to enhance its product and ultimately its service offering by investing £4.8m out of its total £7.8m spend on capital expenditure during the year, through its guest bedroom restoration programme (43 keys) which will continue into 2015 with a further 40 planned. Further investments of £3m were made in 2014 to restore The Grill restaurant. In 2015 the hotel will open an additional food and beverage outlet in the form of the Par Café, selling coffee, light snacks and sundry items.

45 Park Lane performed strongly in 2014 and was aided through increased awareness in both domestic and international markets. Its repeat guest factor is now above 38%. During 2015, the hotel will undergo some replacement of soft items including carpet and curtains together with replacement of the restaurant chairs.

The profit on ordinary activities after taxation is £7,834,000 (2013: £14,885,000). The average occupancy rate was 80% (2013: 79%). The average room rate decreased from £587 to £566 and revenue per available room ("RevPAR") decreased by 2% to £455.

The directors consider the results for the year to be satisfactory, acknowledging that they have been impacted by further increased supply of the five-star deluxe inventory into the London market, including The Beaumont and Shangri la.

The balance sheet on page 10 of the financial statements shows that the group's financial position at the year end, in both net asset and current assets terms, is an improvement on last year's position. The amounts owed to the parent company are shown in notes 11 - 13.

Principal risks and uncertainties

The trading performance of the company reflects a continuing strong underlying demand for London as a business and leisure destination. Travel and leisure is always subject to the vagaries of global events e.g. recession and terrorism as well as exchange rate fluctuations, however market indicators at this time suggest that there is no underlying reason why demand in the luxury hotel sector should not continue to be buoyant in the long term.

The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the principal financial risk the directors consider relevant to this company is interest rate risk. This risk is managed by using variable rate funding from fellow group companies. Funding for the hotel is arranged centrally by Dorchester Group Limited, the company's immediate parent, who regularly monitors interest rate risk.

Dorchester Hotel Limited

Strategic report

Going concern

The directors have reviewed the company's budget for the next year and considered other plans, concluding that the company is well placed to manage its business risks successfully. For these reasons, the directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements.

Approved by the Board of Directors
and signed on behalf of the Board



Sofian Md Jani

Director

4 June 2015

Dorchester Hotel Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

Environment

The company recognises the importance of its environmental responsibilities. Initiatives have been designed and implemented to minimise the company's impact on the environment and include recycling, reducing energy consumption, employee education and the safe disposal of waste.

Employees

Details of the number of employees and related costs can be found in note 4 to the financial statements.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of a member of staff becoming disabled every effort is made to ensure that their employment with the company continues and appropriate training arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

It is the hotel's continuing policy and practice to involve staff by providing and receiving information relevant to the progress, development and performance of the company. Matters of concern to staff as employees were communicated through briefing by executives and heads of departments, a newsletter and training courses. Consultation with staff on matters affecting their interests and the general efficiency of the hotel took place in various ways, one of these was through the elected staff representatives on a consultative committee which met regularly during the year.

As a private company an employee share scheme does not exist however a company wide management incentive scheme has been in place since 2005.

Proposed dividend and transfer to reserves

Interim dividends were declared during the year totalling £3,542,950 (2013: £7,000,000). The profit for the year of £7,834,000 (2013: £14,885,000) was transferred to reserves.

Directors and their interests

The details of the directors of the company, who have served throughout the year and since year end, except as noted, are as follows:

Khairuddin Abd Hamid (Chairperson)	(resigned 1 October 2014)
Junaidi bin Haji Masri (Chairperson)	
Sofian Md Jani	(appointed 1 October 2014)
Zakiah Nayan	(appointed 1 October 2014)
Hajah Noorfidah binti Sulaiman	(appointed 1 October 2014)
Hajah Zainab Mohd Yussof	(resigned 1 October 2014)
Azmilen Ramlee	(resigned 1 October 2014)

The directors do not have any beneficial interests in the share capital of the company or any other group company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Dorchester Hotel Limited

Directors' report (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangement has been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Sofian Md Jani

Director

4 June 2015

Dorchester Hotel Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 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 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 Dorchester Hotel Limited

We have audited the group and parent company financial statements (the "financial statements") of Dorchester Hotel Limited for the year ended 31 December 2014 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated statement of total recognised gains and losses and the related notes 1 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 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, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2014 and of the group's 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Timothy Steel, ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

4 June 2015

Dorchester Hotel Limited

Consolidated profit and loss account Year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Turnover	1	86,110	88,573
Cost of sales		(36,561)	(37,983)
Gross profit		49,549	50,590
Administrative expenses		(37,296)	(35,953)
Operating profit	2	12,253	14,637
Interest receivable and similar income	5	60	235
Interest payable and similar charges	6	(2,225)	(1,529)
Profit on ordinary activities before taxation		10,088	13,343
Tax (charge)/credit on profit on ordinary activities	7	(2,254)	1,542
Profit on ordinary activities after taxation		7,834	14,885
Retained profit for the year transferred to reserves	16	7,834	14,885

All activities derive from continuing operations.

Dorchester Hotel Limited

Consolidated statement of total recognised gains and losses Year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Profit for the financial year		7,834	14,885
Actuarial (loss)/gain on pension liability	18	(3,082)	964
Deferred tax associated with actuarial (loss)/gain		504	(248)
Total recognised gains relating to the year		<u>5,256</u>	<u>15,601</u>

Dorchester Hotel Limited

Consolidated balance sheet As at 31 December 2014

	Notes	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	8	161,710	160,305
Current assets			
Stocks	10	1,677	1,545
Debtors: amounts falling due within one year	11	39,105	32,522
Cash at bank and in hand		1,278	2,999
		<u>42,060</u>	<u>37,066</u>
Creditors: amounts falling due within one year	12	<u>(20,322)</u>	<u>(17,812)</u>
Net current assets		<u>21,738</u>	<u>19,254</u>
Total assets less current liabilities		<u>183,448</u>	<u>179,559</u>
Creditors: amounts falling due after more than one year	13	(74,208)	(73,711)
Deferred tax liability	14	(12,202)	(12,540)
Net assets excluding pension liability		<u>97,038</u>	<u>93,308</u>
Pension liability	18	(4,589)	(2,572)
Net assets		<u><u>92,449</u></u>	<u><u>90,736</u></u>
Capital and reserves			
Called up share capital	15	40,000	40,000
Capital reserve	16	1,491	1,491
Profit and loss account	16	50,958	49,245
Shareholder's funds		<u><u>92,449</u></u>	<u><u>90,736</u></u>

These financial statements of Dorchester Hotel Limited (registered number 01229635) were approved by the Board of Directors on 4 June 2015.

Signed on behalf of the Board of Directors


Sofian Md Jani
Director

Dorchester Hotel Limited

Company balance sheet As at 31 December 2014

	Notes	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	8	161,710	160,305
Investments	9	705	705
		<u>162,415</u>	<u>161,010</u>
Current assets			
Stocks	10	1,677	1,545
Debtors: amounts falling due within one year	11	39,105	32,522
Cash at bank and in hand		1,278	2,999
		<u>42,060</u>	<u>37,066</u>
Creditors: amounts falling due within one year	12	<u>(21,027)</u>	<u>(18,517)</u>
Net current assets		<u>21,033</u>	<u>18,549</u>
Total assets less current liabilities		<u>183,448</u>	<u>179,559</u>
Creditors: amounts falling due after more than one year	13	(74,208)	(73,711)
Deferred tax liability	14	<u>(12,202)</u>	<u>(12,540)</u>
Net assets excluding pension liability		<u>97,038</u>	<u>93,308</u>
Pension liability	18	<u>(4,589)</u>	<u>(2,572)</u>
Net assets		<u><u>92,449</u></u>	<u><u>90,736</u></u>
Capital and reserves			
Called up share capital	15	40,000	40,000
Capital reserve	16	1,491	1,491
Profit and loss account	16	50,958	49,245
Shareholder's funds		<u><u>92,449</u></u>	<u><u>90,736</u></u>

These financial statements of Dorchester Hotel Limited (registered number 01229635) were approved by the Board of Directors on 4 June 2015.

Signed on behalf of the Board of Directors


Sofian Md Jani
Director

Dorchester Hotel Limited

Notes to the accounts Year ended 31 December 2014

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below and have been applied on a consistent basis in the current and prior year.

The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future, as further discussed in the Strategic report.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary drawn up to 31 December each year.

Fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold land and buildings	- life of lease
Plant, machinery, fixtures and equipment	- 7% to 25% per annum

No depreciation is provided on freehold land or buildings. It is the group's policy to maintain these assets in a continual state of sound repair and to make improvements thereto from time to time. Accordingly, the directors consider that the lives of these assets are so long and residual values so high that their depreciation is insignificant.

Provision is made for any impairment in value of fixed assets to the extent that it is considered permanent.

Fixed assets investments

Investments are stated at historical cost less any provision for impairment in the value of the investments.

Foreign currencies

Transactions in foreign currencies are recorded using the rates of exchange ruling at the dates of the transactions. Monetary assets denominated in foreign currencies are translated using the rates of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Assets held under finance leases and other similar contracts are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful economic lives. The capital elements of the finance lease obligations are recorded as liabilities, whilst the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charged on a straight line basis over the lease term, even if payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Dorchester Hotel Limited

Notes to the accounts **Year ended 31 December 2014**

1. Accounting policies (continued)

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are expensed as incurred.

Pension costs

The company operates two pension schemes in the UK, one providing benefits based on final pensionable pay and the other based on the contributions made to the scheme. The assets of both schemes are held separately from those of the company and group in independently administered funds. In accordance with FRS 17, the full service cost of the pension provision relating to the period, together with the cost of any benefits relating to past service is charged to the profit and loss account.

A charge equal to the expected increase in the present value of the scheme liabilities because the benefits are closer to settlement and a credit equivalent to the Group's long-term expected return on assets based on the market value of the scheme assets at the start of the period, are included in the profit and loss account.

The difference between the market value of the assets of the scheme and the present value of accrued pension liabilities is shown as a liability on the balance sheet, net of deferred tax. Any difference between the expected return on assets and that actually achieved is recognised in the statement of total recognised gains and losses along with differences which arise from experience or assumption changes.

Further information on pension arrangements is set out in note 18.

For the defined contribution scheme the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Dorchester Hotel Limited

Notes to the accounts Year ended 31 December 2014

1. Accounting policies (continued)

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year. All of the group's turnover on ordinary activities is derived from the operation of The Dorchester Hotel London and 45 Park Lane Hotel, London, and is recognised in the period that services are rendered. All turnover arose within the United Kingdom.

Cash flow statement

The Company's parent undertaking publishes financial statements that are publicly available. Those financial statements include a consolidated cash flow statement. For this reason the exemption requirements of FRS 1 "Cash Flow Statements" are met and the Company has therefore not prepared a cash flow statement.

2. Operating profit

	2014 £'000	2013 £'000
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets:		
Owned	6,291	5,931
Held under finance leases and hire purchase contracts	4	4
Rentals under operating leases:		
Payable: plant and machinery	205	148
Payable: land and buildings	3,877	4,089
Receivable: land and buildings	(1,074)	(967)
	<u> </u>	<u> </u>
The analysis of auditor's remuneration is as follows:		
Fees payable to the company's auditor for the audit of the company's annual accounts	40	49
Total audit fees	<u>40</u>	<u>49</u>
Audit-related service – tax	41	45
Tax compliance services	15	15
Total non-audit fees	<u>56</u>	<u>60</u>

The consolidated result for the financial year includes a profit of £nil (2013: £nil) dealt with in the accounts of the subsidiary company. In accordance with the exemption conferred by section 408 of Companies Act 2006, the parent company has not published its own profit and loss account.

Dorchester Hotel Limited

Notes to the accounts Year ended 31 December 2014

3. Remuneration of directors

None of the directors received any remuneration for their services to the company or this group (2013: £nil).

The directors' remuneration for their service as directors of Dorchester Group Limited is disclosed in the accounts of Dorchester Group Limited.

During the year, retirement benefits accrued to no directors (2013: none) under a defined benefit scheme. Details of this scheme can be found in the Dorchester Group Limited financial statements. No contribution has been made to this scheme by the company on behalf of the directors. No directors received benefits under money purchase schemes.

4. Staff numbers and costs

The average number of persons employed by the company and group (including directors) during the year, analysed by category, was as follows:

	2014 Number	2013 Number
Operations	688	722
Sales and marketing	20	21
Administration	95	97
	<u>803</u>	<u>840</u>

The aggregate payroll costs of these persons were as follows:

	2014 £'000	2013 £'000
Wages and salaries	21,928	21,702
Social security costs	1,684	1,743
Other pension costs (see note 18)	887	774
	<u>24,499</u>	<u>24,219</u>

5. Interest receivable and similar income

	2014 £'000	2013 £'000
Bank interest	6	5
Foreign exchange gains	-	230
Net interest on pension liability (note 18)	54	-
	<u>60</u>	<u>235</u>

Dorchester Hotel Limited

Notes to the accounts Year ended 31 December 2014

6. Interest payable and similar charges

	2014 £'000	2013 £'000
Loans from group undertakings	1,412	1,422
Foreign exchange losses	727	-
Finance lease interest and other finance charges	86	47
Net interest on pension liability (note 18)	-	60
	<u>2,225</u>	<u>1,529</u>

7. Taxation (charge)/credit

	2014 £'000	2013 £'000
Current tax		
United Kingdom corporation tax at 21.5% (2013: 23.25%)	(2,447)	(1,179)
Adjustment in respect of prior years	(145)	1,223
	<u>(2,592)</u>	<u>44</u>
Deferred tax		
Origination and reversal of timing differences	308	(209)
Adjustment in respect of prior years	51	24
Effect of change in tax rate on opening liability	(21)	1,850
Deferred tax on pension		
FRS 17 pension timing difference	-	(167)
	<u>(2,254)</u>	<u>1,542</u>
Tax (charge)/credit on profit on ordinary activities		

The Finance Act 2013 which provided for a reduction in the main rate of UK corporation tax from 23% to 21% effective from 1 April 2014 was enacted on 17 July 2013. The current tax charge therefore reflects the fall in rate to 21% which gives an effective statutory rate of 21.5%.

The Finance Act 2013 was enacted in 17 July 2013 and provided for a phased reduction in the main UK corporation tax rate, with the rate falling to 21% from 1 April 2014 and then by a further 1% to 20% from 1 April 2015. These further reductions to the tax rates were enacted at the balance sheet date and are therefore reflected in these financial statements where appropriate.

Dorchester Hotel Limited

Notes to the accounts Year ended 31 December 2014

7. Taxation charge (continued)

Factors affecting the tax charge for the year

The differences between the current tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit on ordinary activities before tax are as follows:

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	10,088	13,343
Tax on profit on ordinary activities at standard UK corporation tax rate of 21.5% (2013: 23.25%)	(2,168)	(3,102)
Effect of:		
Expenses not deductible for tax purposes	(91)	(124)
Depreciation in excess of capital allowances	(306)	(385)
Other timing difference	(3)	(16)
Group relief claim for nil consideration	-	2,350
Movement in short term differences due to FRS 17 pension charge	121	98
Adjustment in respect of prior years	(145)	1,223
Current tax charge	(2,592)	44

8. Tangible fixed assets

Group and company	Land and buildings £'000	Plant, machinery and vehicles £'000	Fixtures, fittings, tools and equipment £'000	Assets in the course of construction £'000	Total £'000
Cost					
At beginning of year	140,379	19,712	49,780	115	209,986
Additions	-	1,043	6,599	58	7,700
Transfers	-	-	115	(115)	-
Disposals	-	-	(1,660)	-	(1,660)
At end of year	140,379	20,755	54,834	58	216,026
Depreciation					
At beginning of year	(162)	(14,078)	(35,441)	-	(49,681)
Charge for year	(50)	(1,407)	(4,838)	-	(6,295)
Disposals	-	-	1,660	-	1,660
At end of year	(212)	(15,485)	(38,619)	-	(54,316)
Net book value					
At 31 December 2014	140,167	5,270	16,215	58	161,710
At 31 December 2013	140,217	5,634	14,339	115	160,305

Dorchester Hotel Limited

Notes to the accounts Year ended 31 December 2014

8. Tangible fixed assets (continued)

Included in the net book value of fixtures, fittings and equipment are items held under a finance lease with a net book value of £nil (2013: £4,000).

The net book value of land and buildings comprise:

	2014 £'000	2013 £'000
Freehold	138,984	138,984
Long leasehold	120	122
Short leasehold	1,063	1,111
	<u>140,167</u>	<u>140,217</u>

Land and buildings with a net book value of £138,984,000 (2013: £138,984,000) are not depreciated.

9. Fixed asset investments

Company	2014 £'000	2013 £'000
Subsidiary undertakings:		
Unquoted shares at cost	8,112	8,112
Less: provision against subsidiary undertaking	(7,407)	(7,407)
	<u>705</u>	<u>705</u>

The subsidiary undertakings of the company are as follows:

Subsidiary undertakings	Principal activity	Class and percentage of shares held and voting rights
The Dorchester Limited	Dormant	Ordinary 100%

The Dorchester Limited is incorporated in Great Britain and registered in England and Wales, and included within these consolidated financial statements.

The Dorchester Club, operated by The Dorchester Limited, closed on 30 September 2004 and will not reopen. The investment in The Dorchester Limited has therefore been provided for up to the value of the remaining net assets of the company.

Dorchester Hotel Limited

Notes to the accounts Year ended 31 December 2014

10. Stocks

	2014 £'000	2013 £'000
Group and company		
Consumables	1,134	1,015
Goods for resale	543	530
	<u>1,677</u>	<u>1,545</u>

There is no material difference between the replacement cost of stocks and their carrying values.

11. Debtors: amounts falling due within one year

	2014 £'000	2013 £'000
Group and company		
Trade debtors	7,506	7,042
Amounts owed by group undertakings	29,356	23,175
Amounts owed by parent undertakings	94	46
Other debtors	310	286
Prepayments and accrued income	1,839	1,973
	<u>39,105</u>	<u>32,522</u>

Amounts owed by group undertakings and parent undertakings are repayable on demand.

12. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Group		
Trade creditors	3,744	3,660
Amounts owed to group undertakings	5,115	4,792
Amounts owed to ultimate parent undertakings	1,825	788
Taxation and social security:		
VAT	1,555	1,593
PAYE and NIC	673	693
Corporation Tax	1,414	917
Finance lease creditor	-	103
Accruals and deferred income	5,996	5,046
Other creditors	-	220
	<u>20,322</u>	<u>17,812</u>

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

Dorchester Hotel Limited

Notes to the accounts Year ended 31 December 2014

12. Creditors: amounts falling due within one year (continued)

Company	2014 £'000	2013 £'000
Trade creditors	3,744	3,660
Amounts owed to group undertakings	5,820	5,497
Amounts owed to ultimate parent undertakings	1,825	788
Taxation and social security:		
VAT	1,555	1,593
PAYE and NIC	673	693
Corporation Tax	1,414	917
Finance lease creditor	-	103
Accruals and deferred income	5,996	5,046
Other creditors	-	220
	<u>21,027</u>	<u>18,517</u>

13. Creditors: amounts falling due after more than one year

Group and company	2014 £'000	2013 £'000
Loan from parent undertakings	62,355	62,321
Loans from fellow subsidiary undertakings	11,853	11,170
Other creditors	-	220
	<u>74,208</u>	<u>73,711</u>

The loan from a parent undertaking is unsecured and interest bearing at Royal Bank of Scotland base rate plus 2% (2013: 2%) and is not repayable before 31 December 2016.

The loans from fellow subsidiary undertakings are unsecured and interest bearing at Royal Bank of Scotland base rate plus 1.125% (2013: 1.125%) and are not repayable before 31 December 2016.

Dorchester Hotel Limited

Notes to the accounts Year ended 31 December 2014

14. Deferred tax liability

	2014 £'000	2013 £'000
Group and company		
Liability at 1 January	12,540	14,205
Credited to the profit and loss account	(287)	(1,665)
Prior year adjustment	(51)	-
As at 31 December	<u>12,202</u>	<u>12,540</u>

The amounts of deferred taxation provided in the accounts (excluding deferred tax asset on pension deficit) are as follows:

	2014 £'000	2013 £'000
Capital allowances in excess of depreciation	12,210	12,561
Short-term timing differences	(8)	(21)
	<u>12,202</u>	<u>12,540</u>

15. Called up share capital

	2014 £'000	2013 £'000
Group and company		
Authorised:		
ordinary shares of £1 each	<u>59,000</u>	<u>59,000</u>
Allotted, called up and fully paid:		
ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>

Dorchester Hotel Limited

Notes to the accounts Year ended 31 December 2014

16. Reconciliation of movement in shareholder's funds

Group	Share capital £'000	Capital reserve £'000	Profit and loss £'000	Total £'000
Balance at 1 January 2014	40,000	1,491	49,245	90,736
Profit for the year	-	-	7,834	7,834
Other recognised loss relating to the year	-	-	(2,578)	(2,578)
Interim dividend paid	-	-	(3,543)	(3,543)
Balance at 31 December 2014	40,000	1,491	50,958	92,449
Company	Share capital £'000	Capital reserve £'000	Profit and loss £'000	Total £'000
Balance at 1 January 2014	40,000	1,491	49,245	90,736
Profit for the year	-	-	7,834	7,834
Other recognised loss relating to the year	-	-	(2,578)	(2,578)
Dividend paid	-	-	(3,543)	(3,543)
Balance at 31 December 2014	40,000	1,491	50,958	92,449

17. Lease obligations

At 31 December the Group and company had annual commitments under non-cancellable operating leases as set out below:

Group and Company	2014		2013	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
Within one year	624	6	624	-
In the second to fifth years inclusive	-	13	-	-
Over 5 years	4,110	105	3,700	144
	4,734	124	4,324	144

At 31 December 2014 the Group and company had commitments under finance leases as set out below:

	2014 £'000	2013 £'000
Obligations under finance leases		
Minimum lease payments payable:		
Within one year	-	135
In the second to fifth years inclusive	-	-
	-	135
Less: Finance charges allocated to future years	-	(32)
	-	103

Dorchester Hotel Limited

Notes to the accounts Year ended 31 December 2014

18. Pension commitments

Defined contribution scheme

The company operates a defined contribution scheme for which the pension cost charged for and paid for the year amounted to £556,000 (2013: £477,000). The scheme includes a small number of members that are employed by other group companies.

Defined benefit scheme providing benefit based on final pensionable pay

The company operates a funded pension scheme providing benefits based on final pensionable pay. The policy for accounting for pensions is included in note 1. The assets of the scheme are held separately from those of the company, being invested with insurance companies.

Qualified actuaries carry out full valuations on a triennial basis, the last one being to 6 April 2014, using the projected unit credit method. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 3.5% (2013: 5.6%) per annum, that salary increases would average 4.60% per annum and that a proportion of members would withdraw from service each year other than by retirement. The next actuarial valuation will be carried out on 5 April 2017.

The pension charge under this scheme for the year was £270,000 (2013: £314,000); and the total included in finance credit was £54,000 (2013: charge £60,000). The most recent actuarial valuation showed that the market value of the scheme's assets was £18,882,000 (2013: £17,084,000) giving a funding level of 77% (2013: 84%).

Actuarial assumptions

The principal assumptions used to determine the actuarial present value of benefit obligations and pension costs are detailed below:

	2014 %	2013 %	2012 %
Discount rate for scheme liabilities	3.50	4.50	4.20
Rate of inflation (RPI)	3.10	3.55	2.85
Rate of inflation (CPI)	2.40	2.85	2.15
Rate of increase in salaries	4.60	5.05	4.35
Rate of increase of pensions in payment	3.10	2.85	2.85
Long term rate of return on scheme assets	3.50	5.60	4.90

The weighted average life expectancy for mortality tables used to determine benefit obligations are detailed below:

	2014		2013		2012	
	Male	Female	Male	Female	Male	Female
Member age 65 (current life expectancy)	22.1	24.1	22.1	24.3	22.1	24.2
Member age 45 (life expectancy at age 65)	23.5	25.6	23.5	25.8	23.4	25.7

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below

Assumption	Change in assumption %	Impact on scheme liabilities %
Discount rate	Increase/decrease by 0.5%	Decrease/increase by 8.5%
Rate of inflation	Increase/decrease by 0.5%	Increase/decrease by 3.5%
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by 0.5%
Rate of mortality	Increase/decrease by 1 year	Increase/decrease by 4.2%

Dorchester Hotel Limited

Notes to the accounts Year ended 31 December 2014

18. Pension commitments (continued)

FRS 17 Profit and loss account disclosure

Amounts recognised in the profit and loss account in respect of the defined benefit scheme is as follows

	2014 £'000	2013 £'000	2012 £'000
Analysis of the amount charged to operating profit			
Current service cost	(270)	(314)	(248)
Total operating charge	(270)	(314)	(248)
Analysis of the amount credited/(debited) to other finance income			
Expected return on scheme assets	952	767	708
Interest cost on scheme liabilities	(898)	(827)	(856)
Net credit to interest receivable and similar income /(charge) to interest payable and similar charges	54	(60)	(148)
Total profit and loss charge	(216)	(374)	(396)

The actual return on scheme assets was £1,945,000 (2013: £1,776,000).

FRS 17 Statement of total recognised gains and losses disclosure

Amounts included in the consolidated Statement of total recognised gains and losses ("STRGL") for 2014 in respect of the defined benefit scheme are as follows:

	2014 £'000	2013 £'000	2012 £'000
Difference between actual and expected return on scheme assets	993	1,102	927
Experience loss gains arising on scheme liabilities	(1,441)	-	-
Effects of changes in assumptions underlying the scheme liabilities	(2,634)	(138)	(1,608)
Total	(3,082)	964	(681)

The difference of £993,000 between actual and expected return on scheme assets is 5.3% of the scheme assets as at 31 December 2014. The total actuarial loss of £3,082,000 represents 12.5% of the present value of scheme liabilities as at 31 December 2014.

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since adoption of FRS 17 is a loss of £3,939,000 (2013: £857,000 loss).

Dorchester Hotel Limited

Notes to the accounts Year ended 31 December 2014

18. Pension commitments (continued)

FRS 17 Balance sheet disclosure

	2014		2013		2012	
	Rate of return %	Fair value £'000	Rate of return %	Fair value £'000	Rate of return %	Fair value £'000
Equity	5.80	7,791	7.00	6,903	6.50	5,164
Government bonds	2.40	2,749	3.60	2,367	2.85	2,668
Corporate bonds	3.50	2,728	4.50	5,490	4.20	5,696
Diversified growth funds	5.80	2,234	7.00	1,910	6.50	1,785
Cash	0.50	3,380	-	414	-	136
		<u>18,882</u>		<u>17,084</u>		<u>15,449</u>
Total fair value of assets		18,882		17,084		15,449
Present value of scheme liabilities		<u>(24,616)</u>		<u>(20,298)</u>		<u>(20,048)</u>
Deficit in the pension scheme		(5,734)		(3,214)		(4,599)
Deferred tax		<u>1,145</u>		<u>642</u>		<u>1,058</u>
Net pension liability		<u><u>(4,589)</u></u>		<u><u>(2,572)</u></u>		<u><u>(3,541)</u></u>

The change in the deficit is believed to be due to the cyclical nature of the markets resulting in a change in the financial assumptions used. These changes include the decrease in the discount rate, which is offset by the change in inflation assumption.

FRS 17 Analysis of movement in the present value of defined benefit obligations

	2014 £'000	2013 £'000	2012 £'000
1 January	(20,298)	(20,048)	(18,073)
Current service cost	(270)	(314)	(248)
Member contributions	(28)	(34)	(35)
Interest cost	(898)	(827)	(856)
Actuarial gains and (losses)	(4,075)	(138)	(1,608)
Benefits paid	953	1,063	772
	<u>(24,616)</u>	<u>(20,298)</u>	<u>(20,048)</u>
31 December	<u><u>(24,616)</u></u>	<u><u>(20,298)</u></u>	<u><u>(20,048)</u></u>

Dorchester Hotel Limited

Notes to the accounts Year ended 31 December 2014

18. Pension commitments (continued)

FRS 17 Analysis of movement in the fair value of defined scheme assets

	2014 £'000	2013 £'000	2012 £'000
1 January	17,084	15,449	13,955
Expected return on scheme assets	952	767	708
Actuarial gain	993	1,102	927
Employer contributions	778	795	596
Member contributions	28	34	35
Benefits paid	(953)	(1,063)	(772)
31 December	18,882	17,084	15,449

FRS 17 Analysis of movement in deficit during the year

	2014 £'000	2013 £'000	2012 £'000
1 January	(3,214)	(4,599)	(4,118)
Current service cost	(270)	(314)	(248)
Employer contributions	778	795	596
Interest credit/(cost)	54	(60)	(148)
Actuarial gains and (losses)	(3,082)	964	(681)
31 December	(5,734)	(3,214)	(4,599)

History between the expected and actual return on scheme assets:

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Present value of defined benefit obligations	(24,616)	(20,298)	(20,048)	(18,073)	(19,347)
Fair value of scheme assets	18,882	17,084	15,449	13,955	13,709
Deficit in the scheme	(5,734)	(3,214)	(4,599)	(4,118)	(5,638)

Experience adjustments on scheme assets

Amount (£'000)	993	1,102	927	7	200
Percentage of scheme assets	5.3%	6.5%	6.0%	0.1%	1.5%

Experience adjustments on scheme liabilities

Amount (£'000)	(1,441)	-	-	1,793	-
Percentage of the present value of the scheme liabilities	5.9%	-	-	9.9%	-

Dorchester Hotel Limited

Notes to the accounts Year ended 31 December 2014

18. Pension commitments (continued)

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Total amount recognised in statement of total recognised gains and losses					
Amount (£'000)	(3,082)	964	(681)	1,684	(1,151)
Percentage of the present value of the scheme liabilities	12.5%	4.7%	3.4%	9.3%	5.9%

The estimated amount of contributions expected to be paid on the scheme during the 2015 financial year is £785,000.

19. Commitments and contingencies

There are no contracted capital commitments at the end of the financial year for which no provision has been made.

20. Related party transactions

The company is a subsidiary undertaking of the Brunei Investment Agency, a statutory body incorporated in Brunei. Consequently, as a statutory body, related parties to the company include all Brunei government ministries, departments, agencies and their subsidiary undertakings and also includes Bruneian citizens holding office within Brunei and its government.

The company provided hotel services to these related parties amounting to £1,536,000 (2013: £815,000). Amounts owed for these services as at 31 December 2014 amounted to £1,165,000 (2013: £788,000).

The company also occupies a building in London owned by a fellow subsidiary undertaking, on an annually renewable agreement at a rent of £616,000. It is estimated that the market rent of the building occupied is £624,000 (2013: £624,000). Amounts owed for the rental, associated rates and services as at 31 December 2014 amounted to £595,000 (2013: £178,000).

With the exception of the rental of the property, all other material related party transactions are contracted on commercial terms (please refer to note 13 for details of related party financing) or with companies within the group headed by Dorchester Group Limited, the consolidated accounts of which are available to the public (see note 21). The company is exempt under the provisions of FRS8 from the requirement to disclose transactions and balances with these fellow subsidiaries. The directors confirm that there are no further related party transactions.

21. Ultimate parent and controlling party

The company is a subsidiary undertaking of and controlled by, the Brunei Investment Agency, a statutory body incorporated in Brunei.

The largest group in which the results of the company are consolidated is Ammar Holding Cooperatief U.A., a company incorporated in the Netherlands. The consolidated accounts of Ammar Holding Cooperatief U.A. is available to the public and may be obtained from Chamber of Commerce, De Ruyterkade 5, 1013 AA Amsterdam.

The smallest group in which the results of the company are consolidated is that headed by Dorchester Group Limited, a company incorporated in Great Britain and registered in England and Wales. The consolidated accounts of Dorchester Group Limited is available to the public and may be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.