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**CDL Hotels (Chelsea) Limited**

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**Unaudited**

**Annual report and financial statements**

**For the Year Ended 31 December 2018**



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**CDL Hotels (Chelsea) Limited**

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**Company Information**

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**Directors** Copthorne Hotels Limited  
Kwek Leng Beng  
J M Grech

**Company secretary** Copthorne Hotels Limited

**Registered number** 2845022

**Registered office** Victoria House  
Victoria Road  
Horley  
Surrey  
RH6 7AF

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**CDL Hotels (Chelsea) Limited**

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## CDL Hotels (Chelsea) Limited

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### Strategic report For the Year Ended 31 December 2018

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#### Business review

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

Turnover for the year was £15,017,000 (2017: £14,595,000) and the profit on ordinary activities before taxation for the year was £4,934,000 (2017: profit before taxation £5,223,000).

The profit for the year after taxation amounted to £3,846,000 (2017: profit after taxation £4,386,000).

#### Principal risks and uncertainties

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

The key business risks and uncertainties affecting the Company are considered to relate to the competition from hotels in London. Further discussion of these risks and uncertainties, and others, in context of the Millennium & Copthorne Hotels plc group ('the Group') as a whole, is provided on pages 38 to 45 of the Group's annual report for the year ended 31 December 2018 which does not form part of this report.

#### Financial key performance indicators

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

The key performance indicators ('KPIs') and the performance review of the 'London' geographical segment of the Group, which includes the Company, is discussed on page 22 of the Group's annual report for the year ended 31 December 2018 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:

	2018	2017
RevPAR	£159.68	£156.37
Average Room Rate	£188.81	£179.73
Occupancy %	84.6%	87.0%
Gross Profit	£10.2m	£9.8m

#### Method of calculating KPIs

RevPAR is occupancy multiplied by average room rate.

Average room rate is room revenue divided by rooms sold.

Occupancy % is rooms sold divided by rooms available.

This report was approved by the board on 20 September 2019 and signed on its behalf.

  
J M Grech  
Director

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**CDL Hotels (Chelsea) Limited**

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**Directors' report  
For the Year Ended 31 December 2018**

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The Directors present their report and the financial statements for the year ended 31 December 2018.

**Principal activity**

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

**Results and dividends**

The profit for the year, after taxation, amounted to £3,846,000 (2017 - £4,386,000).

A total interim dividend was paid during the year of £3,000,000 (2017: £5,500,000). No final dividend is proposed (2017: £Nil).

**Directors**

The Directors who served during the year were:

Copthorne Hotels Limited  
Kwek Leng Beng  
J M Grech


**Going concern**

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

**Post balance sheet events**

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

This report was approved by the board on 20 September 2019 and signed on its behalf.

  
J M Grech  
Director

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**CDL Hotels (Chelsea) Limited**

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**Directors' responsibilities statement  
For the Year Ended 31 December 2018**

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The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

**CDL Hotels (Chelsea) Limited**

**Statement of comprehensive income  
For the Year Ended 31 December 2018**

	Note	2018 £000	2017 £000
Turnover	3	15,017	14,595
Cost of sales		(4,848)	(4,746)
<b>Gross profit</b>		<b>10,169</b>	<b>9,849</b>
Administrative expenses		(5,235)	(4,625)
Other operating expenses		-	(1)
<b>Operating profit</b>	4	<b>4,934</b>	<b>5,223</b>
Tax on profit	6	(1,088)	(837)
<b>Profit for the financial year</b>		<b>3,846</b>	<b>4,386</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Deferred tax on share-based payment		(2)	2
		(2)	2
<b>Total comprehensive income for the year</b>		<b>3,844</b>	<b>4,388</b>

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

The notes on pages 7 to 22 form part of these financial statements.

**CDL Hotels (Chelsea) Limited**  
Registered number: 2845022

**Statement of financial position**  
**As at 31 December 2018**

	Note	2018 £000	2017 £000
<b>Non current assets</b>			
Tangible assets	9	25,191	25,207
Deferred tax	14	433	573
		<u>25,624</u>	<u>25,780</u>
<b>Current assets</b>			
Stocks		39	39
Debtors: amounts falling due within 1 year	10	508	550
Cash at bank and in hand	11	1,146	627
		<u>1,693</u>	<u>1,216</u>
Creditors: amounts falling due within one year	12	(5,053)	(5,587)
<b>Net current liabilities</b>		<u>(3,360)</u>	<u>(4,371)</u>
<b>Net assets</b>		<u><u>22,264</u></u>	<u><u>21,409</u></u>
<b>Capital and reserves</b>			
Called up share capital	15	7,053	7,053
Profit and loss account		15,211	14,356
		<u><u>22,264</u></u>	<u><u>21,409</u></u>

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The Company was entitled to exemption from the requirement to have an audit under section 479A of the Companies Act 2006.

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 September 2019.

  
J M Grech  
Director



**CDL Hotels (Chelsea) Limited**

**Statement of changes in equity  
For the Year Ended 31 December 2018**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2018	7,053	14,356	21,409
<b>Comprehensive income for the year</b>			
Profit for the year	-	3,846	3,846
Deferred tax on share-based payments	-	(2)	(2)
<b>Other comprehensive income for the year</b>	-	(2)	(2)
<b>Total comprehensive income for the year</b>	-	3,844	3,844
Dividends paid during the year	-	(3,000)	(3,000)
Equity-settled share based payments	-	11	11
<b>At 31 December 2018</b>	<b>7,053</b>	<b>15,211</b>	<b>22,264</b>

**Statement of changes in equity  
For the Year Ended 31 December 2017**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2017	7,053	15,465	22,518
<b>Comprehensive income for the year</b>			
Profit for the year	-	4,386	4,386
Deferred tax on share-based payments	-	2	2
<b>Other comprehensive income for the year</b>	-	2	2
<b>Total comprehensive income for the year</b>	-	4,388	4,388
Dividends paid during the year	-	(5,500)	(5,500)
Equity-settled share based payments	-	3	3
<b>At 31 December 2017</b>	<b>7,053</b>	<b>14,356</b>	<b>21,409</b>

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## CDL Hotels (Chelsea) Limited

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### Notes to the financial statements For the Year Ended 31 December 2018

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#### 1. Accounting policies

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

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

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

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

##### 1.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

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**CDL Hotels (Chelsea) Limited**

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**Notes to the financial statements  
For the Year Ended 31 December 2018**

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**1. Accounting policies (continued)**

**1.3 Going concern**

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

**1.4 Impact of new international reporting standards, amendments and interpretations**

**IFRS 9**

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 9 from 01 January 2018. Further information is detailed in the Group's annual report on page 120.

**IFRS 15**

From 01 January 2018, the Company has applied IFRS 15 using the modified retrospective approach.

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 15 from 01 January 2018. Further information is detailed in the Group's annual report on page 120.

**1.5 Revenue**

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

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

**1.6 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

IFRS 16 becomes effective for annual periods beginning on or after 1 January 2019. The Group's assessment of the impact of the new standard can be found in the Group's annual report on page 122.

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**CDL Hotels (Chelsea) Limited**

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**Notes to the financial statements  
For the Year Ended 31 December 2018**

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**1. Accounting policies (continued)**

**1.7 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 8.

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

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

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

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

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## CDL Hotels (Chelsea) Limited

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### Notes to the financial statements For the Year Ended 31 December 2018

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#### 1. Accounting policies (continued)

##### 1.8 Current and deferred taxation

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

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

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

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

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

##### 1.9 Tangible fixed assets

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

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

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

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**CDL Hotels (Chelsea) Limited**

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**Notes to the financial statements  
For the Year Ended 31 December 2018**

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**1. Accounting policies (continued)**

**1.9 Tangible fixed assets (continued)**

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

The estimated useful lives range as follows:

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

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

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

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

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

**Calculation of recoverable amount**

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

**Reversal of impairment**

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

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**CDL Hotels (Chelsea) Limited**

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**Notes to the financial statements  
For the Year Ended 31 December 2018**

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**1. Accounting policies (continued)**

**1.10 Debtors**

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

**1.11 Cash and cash equivalents**

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

**1.12 Creditors**

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

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

**1.13 Financial instruments**

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

Financial assets and financial liabilities are initially measured at fair value.

**Financial assets**

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

**Fair value through profit or loss**

All of the Company's financial assets are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

**Impairment of financial assets**

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

**Financial liabilities**

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## CDL Hotels (Chelsea) Limited

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### Notes to the financial statements For the Year Ended 31 December 2018

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#### 1. Accounting policies (continued)

##### 1.13 Financial instruments (continued)

###### **Fair value through profit or loss**

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

###### **At amortised cost**

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

##### 1.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

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

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

##### **Asset carrying values**

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

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



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**CDL Hotels (Chelsea) Limited**

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**Notes to the financial statements  
For the Year Ended 31 December 2018**

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**3. Turnover**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	<b>15,017</b>	<b>14,595</b>
	<b>15,017</b>	<b>14,595</b>

**4. Operating profit**

The operating profit is stated after charging:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets	<b>258</b>	<b>256</b>

**5. Employees**

Staff costs were as follows:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>2,929</b>	<b>2,987</b>
Social security costs	<b>230</b>	<b>226</b>
Other staff costs	<b>40</b>	<b>31</b>
	<b>3,199</b>	<b>3,244</b>

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

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
Operational staff	<b>89</b>	<b>116</b>
Administration staff	<b>7</b>	<b>10</b>
Maintenance staff	<b>7</b>	<b>9</b>
Sales staff	<b>2</b>	<b>3</b>
	<b>105</b>	<b>138</b>

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**CDL Hotels (Chelsea) Limited**

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**Notes to the financial statements  
For the Year Ended 31 December 2018**

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**6. Taxation**

	<b>2018 £000</b>	<b>2017 £000</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<b>955</b>	<b>1,026</b>
Adjustments in respect of previous periods	<b>(5)</b>	<b>-</b>
<b>Total current tax</b>	<b>950</b>	<b>1,026</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(5)</b>	<b>(4)</b>
Changes to tax rates	<b>143</b>	<b>(187)</b>
Adjustment relating to prior years	<b>-</b>	<b>2</b>
<b>Total deferred tax</b>	<b>138</b>	<b>(189)</b>
<b>Taxation on profit on ordinary activities</b>	<b>1,088</b>	<b>837</b>
The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%). The differences are explained below:		
	<b>2018 £000</b>	<b>2017 £000</b>
Profit on ordinary activities before tax	<b>4,934</b>	<b>5,223</b>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%)	<b>937</b>	<b>1,005</b>
<b>Effects of:</b>		
Impact of change in tax rates	<b>143</b>	<b>(187)</b>
Permanent differences	<b>13</b>	<b>17</b>
Tax relating to prior years	<b>(5)</b>	<b>2</b>
<b>Total tax charge for the year</b>	<b>1,088</b>	<b>837</b>

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**CDL Hotels (Chelsea) Limited**

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**Notes to the financial statements  
For the Year Ended 31 December 2018**

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**6. Taxation (continued)**

**Factors that may affect future tax charges**

The headline rate of UK corporation tax effective from 1 April 2017 is 19% (reduced from 20%). The UK government has introduced additional legislation, which has been enacted, to further reduce the headline rate of UK corporation tax from 19% to 17% from 1 April 2020. This will reduce the company's future current tax charge accordingly.

**7. Dividends**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Dividends paid during the year	<b>3,000</b>	<b>5,500</b>
	<b>3,000</b>	<b>5,500</b>

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**CDL Hotels (Chelsea) Limited**

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**Notes to the financial statements  
For the Year Ended 31 December 2018**

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**8. Share based payments**

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

The charge to the profit and loss account for the year was £11,410 (2017: charge of £2,802).

**(i) Millennium & Copthorne Hotels plc 2006 and 2016 Sharesave Schemes**

Share options under this scheme are granted to UK based employees.

<b>Date of Grant</b>	<b>Exercise price</b>	<b>Exercise period</b>
06.05.14	£4.46	01.08.2017-31.01.2018
06.05.14	£4.46	01.08.2019-31.01.2020
14.04.15	£4.69	01.08.2018 31.01.2019
14.04.15	£4.69	01.08.2020 31.01.2021
12.04.16	£3.30	01.08.2019 31.01.2020
11.04.17	£3.66	01.08.2020 31.01.2021
05.06.18	£4.36	01.08.2021 31.01.2022

The options outstanding at the year end have a weighted average contractual life of 1.97 years (2017: 2.39 years).

<b>Date of grant</b>	<b>Options outstanding 1 Jan 2018</b>	<b>Granted during the year</b>	<b>Forfeited during the year</b>	<b>Exercised during the year</b>	<b>Options outstanding 31 Dec 2018</b>
06.05.2014	403	-	-	(403)	-
06.05.2014	269	-	-	-	269
14.04.2015	2,494	-	(767)	(1,727)	-
14.04.2015	3,198	-	-	-	3,198
12.04.2016	14,941	-	(545)	-	14,396
11.04.2017	9,390	-	(2,950)	-	6,440
05.06.2018	-	10,648	-	-	10,648
<b>Total</b>	<b>30,695</b>	<b>10,648</b>	<b>(4,262)</b>	<b>(2,130)</b>	<b>34,951</b>

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**CDL Hotels (Chelsea) Limited**

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**Notes to the financial statements  
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**Measurement of fair value**

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

	2018 3 year scheme	2018 5 year scheme
Fair value at measurement date	£1.35	£1.54
Variables:		
Exercise price	£4.36	£4.36
Share price at grant	£5.32	£5.32
Expected term (years)	3.16	5.16
Expected volatility of share price	26.0%	26.0%
Risk free interest rate	0.75%	0.97%
Expected dividend yield	1.22%	1.22%
	2017 3 year scheme	2017 5 year scheme
Fair value at measurement date	£1.05	£1.09
Variables:		
Exercise price	£3.66	£3.66
Share price at grant	£4.47	£4.47
Expected term (years)	3.31	5.31
Expected volatility of share price	26.0%	24.0%
Risk free interest rate	0.2%	0.4%
Expected dividend yield	1.7%	1.7%

**(ii) Annual Bonus Plan ("ABP")**

Under the ABP, deferred share awards are granted annually to selected employees of the Group. Shares in Millennium & Copthorne Hotels plc are transferred to participants as follows if they continue to be employed by the Group:

1. 2015 awards, at the end of three years; and
2. 2016, 2017 and 2018 awards, 25% after years one and two and 50% after three years.

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

<b>Date of Grant</b>	<b>Share price on date of grant</b>	<b>Vesting date</b>
08.09.2015	£5.55	08.09.2018

There are no options outstanding at the end of the year.

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	Outstanding at 1 Jan 2018 251	Options forfeited during the year (251)
08.09.2015	<u>251</u>	<u>(251)</u>

**9. Tangible fixed assets**

	L/term leasehold property £000	Plant & machinery £000	Fixtures & fittings £000	Capital work in progress £000	Total £000
<b>Cost or valuation</b>					
At 1 January 2018	24,803	4,058	1,956	1,094	31,911
Additions	-	26	34	183	243
Disposals	-	-	(14)	-	(14)
At 31 December 2018	<u>24,803</u>	<u>4,084</u>	<u>1,976</u>	<u>1,277</u>	<u>32,140</u>
<b>Depreciation</b>					
At 1 January 2018	1,573	3,622	1,509	-	6,704
Charge for the year on owned assets	98	60	100	-	258
Disposals	-	-	(13)	-	(13)
At 31 December 2018	<u>1,671</u>	<u>3,682</u>	<u>1,596</u>	<u>-</u>	<u>6,949</u>
<b>Net book value</b>					
At 31 December 2018	<u>23,132</u>	<u>402</u>	<u>380</u>	<u>1,277</u>	<u>25,191</u>
At 31 December 2017	<u>23,230</u>	<u>436</u>	<u>447</u>	<u>1,094</u>	<u>25,207</u>

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**CDL Hotels (Chelsea) Limited**

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For the Year Ended 31 December 2018**

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

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Other debtors	<b>151</b>	<b>148</b>
Prepayments and accrued income	<b>357</b>	<b>402</b>
	<b>508</b>	<b>550</b>

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

**11. Cash and cash equivalents**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	<b>1,146</b>	<b>627</b>
	<b>1,146</b>	<b>627</b>

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

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Amounts owed to group undertakings	<b>1,834</b>	<b>3,185</b>
Corporation tax	<b>1,625</b>	<b>971</b>
Other creditors	<b>965</b>	<b>859</b>
Accruals and deferred income	<b>629</b>	<b>572</b>
	<b>5,053</b>	<b>5,587</b>

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

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CDL Hotels (Chelsea) Limited

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Notes to the financial statements  
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**13. Financial instruments**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	<b>1,146</b>	<b>627</b>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>(1,834)</b>	<b>(3,185)</b>

Financial Liabilities measured at amortised cost comprise amounts owed to group undertakings.

**14. Deferred taxation**

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
At beginning of year	<b>573</b>	<b>382</b>
(Charged)/Credited to profit or loss	<b>(138)</b>	<b>189</b>
(Charged)/Credited to other comprehensive income	<b>(2)</b>	<b>2</b>
<b>At end of year</b>	<b>433</b>	<b>573</b>

The deferred tax balance is made up as follows:

	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>
Accelerated capital allowances	<b>426</b>	<b>563</b>
Other timing differences	<b>4</b>	<b>5</b>
Share-based incentive schemes	<b>3</b>	<b>5</b>
	<b>433</b>	<b>573</b>



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CDL Hotels (Chelsea) Limited

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Notes to the financial statements  
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15. Share capital

	2018 £000	2017 £000
<b>Allotted, called up and fully paid</b>		
7,053,351 (2017 - 7,053,353) ordinary shares of £1.00 each	<u>7,053</u>	<u>7,053</u>

16. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Not later than 1 year	14	41
Later than 1 year and not later than 5 years	13	-
	<u>27</u>	<u>41</u>

17. Controlling party

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

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