

Registered number: 2845022

CDL Hotels (Chelsea) Limited

Unaudited

Strategic report, Directors' report and financial statements

for the year ended 31 December 2014

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CDL Hotels (Chelsea) Limited

Company Information

Directors Copthorne Hotels Limited
Kwek Leng Beng
J M Grech

Company secretary Copthorne Hotels Limited

Company number 2845022

Registered office Victoria House
Victoria Road
Horley
Surrey
RH6 7AF

CDL Hotels (Chelsea) Limited

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CDL Hotels (Chelsea) Limited

Strategic report for the year ended 31 December 2014

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 £14,554,000 (2013 £14,435,000) and the profit on ordinary activities before taxation for the year was £5,582,000 (2013 £5,698,000).

The profit for the year after taxation amounted to £4,377,000 (2013 £4,434,000).

Principal risks and uncertainties

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

The key business risks and uncertainties affecting the Company are considered to relate to the competition from hotels in the immediate locality of the Millennium Hotel London Knightsbridge. Further discussion of these risks and uncertainties, and others, in context of the Millennium & Copthorne Hotels plc group ('the Group') as a whole, is provided on pages 36 to 40 of the Group's annual report for the year ended 31 December 2014 which does not form part of this report.

Financial key performance indicators

The directors of the Group manage its operations on a geographical basis and the Company's results are included in the London geographical segment of the Group's consolidated annual report and accounts. The key performance indicators ('KPIs') and the performance review of the 'London' geographical segment of the Group, which includes the Company, is discussed on page 28 of the Group's annual report for the year ended 31 December 2014 which does not form part of this report.

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

	2014	2013
RevPAR	£152.92	£155.45
Average Room Rate	£178.44	£177.92
Occupancy %	85.7%	87.4%
Gross Operating Profit	£9.8m	£10.1m

Method of calculating KPIs

RevPAR is occupancy multiplied by average room rate.

Average room rate is room revenue divided by rooms sold.

Occupancy % is rooms sold divided by rooms available.

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



J M Grech
Director

CDL Hotels (Chelsea) Limited

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

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

Principal activities

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

Dividends

A total interim dividend was paid during the year of £2,600,000 (2013 £Nil) No final dividend is proposed (2013 £Nil)

Going concern

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

Directors

The Directors who served during the year were

Copthorne Hotels Limited
Kwek Leng Beng
J M Grech

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



J M Grech
Director

Victoria House
Victoria Road
Horley
Surrey
RH6 7AF

CDL Hotels (Chelsea) Limited

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

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

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

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

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

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

CDL Hotels (Chelsea) Limited

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

	Notes	2014 £000	2013 £000
Turnover	1	14,554	14,435
Cost of sales		(4,771)	(4,333)
Gross profit		9,783	10,102
Administrative expenses		(4,173)	(4,404)
Operating profit	2	5,610	5,698
Exceptional items			
Net loss on sale of tangible fixed assets	5	(22)	-
Profit on ordinary activities before interest		5,588	5,698
Interest payable and similar charges	6	(6)	-
Profit on ordinary activities before taxation		5,582	5,698
Tax on profit on ordinary activities	7	(1,205)	(1,264)
Profit for the financial year	15	4,377	4,434

All amounts relate to continuing operations

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

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

CDL Hotels (Chelsea) Limited
Registered number. 2845022


Balance sheet
as at 31 December 2014

	Notes	2014 £000	2013 £000
Fixed assets			
Tangible assets	8	25,097	24,815
Investments		-	-
		<u>25,097</u>	<u>24,815</u>
Current assets			
Stocks	9	40	34
Debtors	10	430	356
Cash at bank and in hand		1,156	1,162
		<u>1,626</u>	<u>1,552</u>
Creditors: amounts falling due within one year	11	<u>(3,714)</u>	<u>(3,470)</u>
Net current liabilities		<u>(2,088)</u>	<u>(1,918)</u>
Total assets less current liabilities		<u>23,009</u>	<u>22,897</u>
Creditors: amounts falling due after more than one year	12	<u>-</u>	<u>(1,673)</u>
Net assets		<u>23,009</u>	<u>21,224</u>
Capital and reserves			
Called up share capital	14	7,053	7,053
Profit and loss account	15	15,956	14,171
Shareholders' funds	16	<u>23,009</u>	<u>21,224</u>

The Directors consider that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006 ("the Act") and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Act

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2015



J M Grech
Director

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

CDL Hotels (Chelsea) Limited

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

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.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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

The consolidated financial statements of Millennium & Copthorne Hotels plc, within which this Company is included, can be obtained from the website given in Note 20.

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.

CDL Hotels (Chelsea) Limited

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

1. Accounting policies (continued)

1.4 Tangible fixed assets and depreciation

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

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

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

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

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

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

1.5 Impairment of fixed assets

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

Calculation of recoverable amount

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

Reversal of impairment

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

CDL Hotels (Chelsea) Limited

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

1. Accounting policies (continued)

1.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment

1.7 Operating leases

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

1.8 Stocks

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

1.9 Share-based payments

The share-based incentive schemes allow the Company's employees to acquire shares of Millennium & Copthorne Hotels plc

The cost of equity-settled transaction with employees for awards granted after 7 November 2002 is measured by reference to the fair value at the date on which they are granted. The 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.

CDL Hotels (Chelsea) Limited

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

1. Accounting policies (continued)

1.10 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'

1.11 Pensions

The Company participates in a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

1.12 Dividends

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

1.13 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.

CDL Hotels (Chelsea) Limited

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

2. Operating profit

The operating profit is stated after charging

	2014	2013
	£000	£000
Depreciation of tangible fixed assets		
- owned by the Company	283	327
Operating lease rentals		
- plant and machinery	43	43
- other operating leases	193	192
	<hr/>	<hr/>

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

3. Staff costs

Staff costs were as follows

	2014	2013
	£000	£000
Wages and salaries	2,820	2,772
Social security costs	184	186
Other pension costs	70	63
	<hr/>	<hr/>
	3,074	3,021
	<hr/>	<hr/>

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

	2014	2013
	No	No
Operational staff	120	109
Administration staff	16	11
Maintenance staff	7	12
Sales staff	2	3
	<hr/>	<hr/>
	145	135
	<hr/>	<hr/>

Other pension costs above include £42,000 (2013 42,000) 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 £8,306 (2013 £3,981) in respect of share-based payments

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

CDL Hotels (Chelsea) Limited

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

4. Share-based payments

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

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

The Company applied FRS 20 to its active employee share-based payment arrangements. In accordance with the Company's accounting policy in Note 1 on share-based payment transactions, the fair value of share options are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the share options.

The charge to the profit and loss account for the year was £8,306 (2013 £3,981)

Date of Grant	Exercise Price	Exercise Period
01 04 10	£3 30	01 08 2013-31 01 2014
19 04 11	£4 18	01 08 2014-31 01 2015
19 04 11	£4 18	01 08 2016-31 01 2017
19 04 12	£3 88	01 08 2017-31 01 2018
19 04 13	£4 48	01 08 2016-31 01 2017
19 04 13	£4 48	01 08 2018-31 01 2019
06 05 14	£4 46	01 08 2017-31 01 2018
06 05 14	£4 46	01 08 2017-31 01 2020

The outstanding options relating to the above grants are:

Date of Grant	Options outstanding 1 Jan 2014	Granted during the year	Expired during the year	Forfeited during the year	Exercised during the year	Options outstanding 31 Dec 2014
01 04 10	550	-	(550)	-	-	-
19 04 11	431	-	-	-	(431)	-
19 04 11	738	-	-	-	-	738
19 04 12	1,159	-	-	-	-	1,159
19 04 13	7,831	-	-	(1,205)	-	6,626
19 04 13	3,348	-	-	-	-	3,348
06 05 14	-	16,139	-	(3,632)	-	12,507
06 05 14	-	269	-	-	-	269
Total	14,057	16,408	(550)	(4,837)	(431)	24,647

The weighted average share price at the date of exercise of share options in the year was £5.51 (2013 £5.57)

The options outstanding at the year end have a weighted average contractual life of 2.95 years (2013 3.47 years)

CDL Hotels (Chelsea) Limited

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

4. Share-based payments (continued)

Measurement of fair value

The Sharesave awards were valued using the Black-Scholes valuation method

The options pricing model involves six variables, as detailed below

	2014	2014
	3 year scheme	5 year scheme
Fair value at measurement date	£1.28	£1.80
Variables		
Exercise price	£4.46	£4.46
Share price at grant	£5.56	£5.56
Expected term (years)	3.25	5.25
Expected volatility of share price	22.9 %	33.1 %
Risk free interest rate	1.36 %	1.97 %
Expected dividend yield	2.42 %	2.42 %

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

5. Exceptional items

	2014	2013
	£000	£000
Exceptional item - Net loss on sale of tangible fixed assets	22	-

6. Interest payable

	2014	2013
	£000	£000
On loans from group undertakings	6	-

CDL Hotels (Chelsea) Limited

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

7 Taxation

	2014	2013
	£000	£000
Analysis of tax charge in the year		
Current tax (see note below)		
Payment for Group relief	1,226	1,343
Adjustments relating to prior years	(24)	(78)
Total current tax	1,202	1,265
Deferred tax		
Origination and reversal of timing differences	(4)	(11)
Adjustment relating to prior years	7	(1)
Adjustment arising from change in tax rate	-	11
Total deferred tax (see note 13)	3	(1)
Tax on profit on ordinary activities	1,205	1,264

Factors affecting current tax charge for the year

The current tax charge for the year is higher than (2013 - lower than) the standard rate of corporation tax in the UK of 21 49% (2013 - 23 25%). The differences are explained below

	2014	2013
	£000	£000
Profit on ordinary activities before tax	5,582	5,698
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21 49% (2013 - 23 25%)	1,200	1,325
Effects of:		
Capital allowances less than depreciation	2	12
Timing differences re employee share schemes	1	-
Other timing differences	1	(1)
Permanent differences relating to depreciation of building assets	20	21
Other permanent taxation differences	2	1
Tax credit relating to prior years	(24)	(78)
Transfer pricing imputed credit	-	(15)
Current tax charge for the year (see note above)	1,202	1,265

Factors that may affect future tax charges

There were no factors that may affect future tax charges

CDL Hotels (Chelsea) Limited

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

8 Tangible fixed assets

	L/term leasehold property £000	Plant & machinery £000	Fixtures & fittings £000	Capital work in progress £000	Total £000
Cost					
At 1 January 2014	24,676	3,968	1,632	180	30,456
Additions	9	1	180	396	586
Disposals / write offs	-	-	(7)	(18)	(25)
Transfers	18	32	5	(55)	-
At 31 December 2014	24,703	4,001	1,810	503	31,017
Depreciation					
At 1 January 2014	1,192	3,383	1,066	-	5,641
Charge for the year	94	59	130	-	283
On disposals / write offs	-	-	(4)	-	(4)
At 31 December 2014	1,286	3,442	1,192	-	5,920
Net book value					
At 31 December 2014	23,417	559	618	503	25,097
At 31 December 2013	23,484	585	566	180	24,815

9. Stocks

	2014 £000	2013 £000
Consumables and supplies	40	34

10. Debtors

	2014 £000	2013 £000
Due within one year		
Trade debtors	-	27
Other debtors	51	41
Prepayments and accrued income	318	224
Deferred tax asset (see note 13)	61	64
	430	356

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

CDL Hotels (Chelsea) Limited

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

11. Creditors.

Amounts falling due within one year

	2014	2013
	£000	£000
Amounts owed to Group undertakings	2,289	1,752
Corporation tax	671	695
Other creditors	57	184
Accruals and deferred income	697	839
	<u>3,714</u>	<u>3,470</u>

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

12. Creditors:

Amounts falling due after more than one year

	2014	2013
	£000	£000
Amounts owed to Group undertakings	<u>-</u>	<u>1,673</u>

Creditors include amounts not wholly repayable within 5 years as follows

	2014	2013
	£000	£000
Repayable other than by instalments	<u>-</u>	<u>1,673</u>

13. Deferred tax asset

	2014	2013
	£000	£000
At beginning of year	64	63
Other movement (P&L)	(3)	1
	<u>61</u>	<u>64</u>
At end of year	<u>61</u>	<u>64</u>

CDL Hotels (Chelsea) Limited

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

13. Deferred tax asset (continued)

The deferred tax asset is made up as follows

	2014 £000	2013 £000
Accelerated capital allowances	54	59
Other timing differences	5	4
Share options	2	1
	<u>61</u>	<u>64</u>

14. Share capital

	2014 £000	2013 £000
Allotted, called up and fully paid		
7,053,351 (2013 7,053,351) ordinary shares of £1 each	<u>7,053</u>	<u>7,053</u>

15. Reserves

	Profit and loss account £000
At 1 January 2014	14,171
Profit for the financial year	4,377
Dividends	(2,600)
Share options	8
	<u>15,956</u>
At 31 December 2014	

16. Reconciliation of movement in shareholders' funds

	2014 £000	2013 £000
Opening shareholders' funds	21,224	16,786
Profit for the financial year	4,377	4,434
Dividends (Note 17)	(2,600)	-
Share options	8	4
	<u>23,009</u>	<u>21,224</u>
Closing shareholders' funds		

CDL Hotels (Chelsea) Limited

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

17. Dividends

	2014 £000	2013 £000
Dividends paid	<u>2,600</u>	<u>-</u>

18. Operating lease commitments

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

	Land and buildings 2014 £000	2013 £000	2014 £000	Other 2013 £000
Expiry date:				
Within 1 year	-	-	3	20
Between 2 and 5 years	-	-	<u>41</u>	<u>42</u>

The aggregated cashflow commitments in respect of operating leases are £169,000 (2013 £238,000)

19. Pension

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

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

CDL Hotels (Chelsea) Limited

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

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

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

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

	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Total fair value of assets	54.0	44.7	41.8	35.5	26.1
Present value of scheme liabilities	(59.7)	(54.7)	(50.6)	(46.5)	(35.9)
Net pension liability	(5.7)	(10.0)	(8.8)	(11.0)	(9.8)

19. Pension (continued)

The contributions of the Company during the year were 20.8% (2013: 20.8%) of pensionable salary, plus a share of the enhanced contribution, totalling £42,000 (2013: £42,000). The contributions of the employees were from 3% to 5% (2013: 3% to 5%) of pensionable earnings.

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

20. Ultimate parent undertaking and controlling party

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

The immediate holding and controlling company is Millennium Hotels 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.co.uk.