

**LONDON PORTMAN HOTEL LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

MONDAY



\*AC6Y6ZGZ\*

A07

03/07/2023

#179

COMPANIES HOUSE

## LONDON PORTMAN HOTEL LIMITED

### COMPANY INFORMATION

---

<b>Directors</b>	Mr I M Livingstone Mr D L M Taljaard
<b>Secretary</b>	Mr L Shelley
<b>Company number</b>	00932874
<b>Registered office</b>	8th Floor, South Block 55 Baker Street London W1U 8EW
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

---

## **LONDON PORTMAN HOTEL LIMITED**

### **CONTENTS**

---

	<b>Page</b>
<b>Strategic report</b>	<b>1-2</b>
<b>Directors' report</b>	<b>3-4</b>
<b>Directors' responsibilities statement</b>	<b>5</b>
<b>Independent auditors' report</b>	<b>6-8</b>
<b>Statement of comprehensive income</b>	<b>9</b>
<b>Balance sheet</b>	<b>10</b>
<b>Statement of changes in equity</b>	<b>11</b>
<b>Notes to the financial statements</b>	<b>12-23</b>

---

## LONDON PORTMAN HOTEL LIMITED

### STRATEGIC REPORT

#### FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

#### Review of the business and future development

A summary of the results is as follows:

	2022	2021
Turnover (£'000)	39,700	14,542
Net (loss)/profit (£'000)	(2,284)	887
Tangible assets (£'000)	110,027	113,858
Net assets (£'000)	62,047	64,331

The directors consider the financial position and future prospects at 31 December 2022 to be satisfactory.

#### Principal risks and uncertainties

The company operates within a highly competitive place, in an industry that is heavily influenced by economic conditions. Although the company is subject to interest rate risk, it has hedged this exposure using interest rate swaps.

#### Financial risk management

The company's operations expose it to a variety of financial risks that include credit risk and liquidity risk. The company has in place a risk management programme that attempts to limit the adverse effects on the financial performance of the company by monitoring levels of liquidity and related finance costs. Additionally, the company entered into interest rate swap arrangements to manage its exposure to the fluctuations in the interest rates on the company's borrowings.

#### Price risk

The company is not exposed to commodity price risk due to the nature of the business. It is also not exposed to equity securities prices risk as it holds no listed equity investments.

#### Credit risk

Credit risk arises from trade debtors and other debtors. The company has no significant exposure as hotel services are mostly paid at check-out. Corporate customers are subject to credit worthiness checks.

Credit risk may also arise from cash held in banks. It is the company policy that cash is only held in banks with high credit scores. As a result the risk to the company is deemed to be low.

#### Liquidity risk

Through cash flow forecasting, the company monitors working capital and capital expenditure requirements and ensures that cash is available to meet its obligations as and when they fall due by the use of loan arrangements. The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned enhancements.

#### Exchange rate risk

The company is exposed to minimal foreign exchange risk as the company operates within the United Kingdom, however does occasionally make purchases from European suppliers. This exposure is not material to the company.

In addition, all of the company's assets and liabilities are held in Pounds Sterling so sensitivity analysis is deemed unnecessary regarding foreign exchange risk.

## **LONDON PORTMAN HOTEL LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

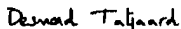
---

#### **Key performance indicators**

The directors monitor the performance of the company by reviewing key performance indicators such as gross margin, operating margin and RevPAR (revenue per available room).

On behalf of the board

DocuSigned by:

Desmond Taljaard

0A80A0A1A73841F

Mr D L M Taljaard

Director  
29/06/2023

## **LONDON PORTMAN HOTEL LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

---

The directors present their report and audited financial statements for the year ended 31 December 2022:

#### **Principal activities**

The principal activity of the company continued to be that of a hotelier.

#### **Directors**

The directors who held office either during the year and up to the date of signature of the financial statements were as follows:

Mr I M Livingstone  
Mr D L M Taljaard

#### **Results and dividends**

The company made a loss of £2.3m in the financial year ended 31 December 2022 (2021: profit of £0.9m) and net assets were £62.0m at the reporting date (2021: £64.3m).

The business review, future developments and financial risk management are included in the strategic report.

No ordinary dividends were paid during the year (2021: £nil). The directors do not recommend the payment of a final dividend (2021: £nil).

#### **Qualifying third party indemnity provisions**

The company has made qualifying third-party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### **Financial risk management**

The company's activities expose it to a number of financial risks including credit risk and liquidity risk. Further details of the financial risk management are discussed in the strategic report on page 1.

#### **Employee involvement**

The Company is committed to maintaining the cooperation and involvement of its employees in the future of the business, including various economic and financial factors affecting the performance of the Company. This is achieved through regular communications with employees through informal and formal meetings and internal notices.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment within the Company continues and that appropriate training is 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.

The Company is committed to equal opportunity in the workplace. The Company seeks equal opportunities in employment through recruitment, promotion and training policies.

The Company encourages employee involvement in its affairs and makes use of an intranet system to promote such involvement and to aid communication with employees. Dialogue takes place regularly with employees to make them aware of the financial and economic factors affecting the performance of the Company. Performance related bonus schemes are in operation throughout the Company.

#### **Independent Auditors**

The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

## LONDON PORTMAN HOTEL LIMITED

### DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

#### Directors' confirmations

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

DocuSigned by:

*Desmond Taljaard*

240024011A73841E

Mr D L M Taljaard

Director

29/06/2023

**LONDON PORTMAN HOTEL LIMITED**  
**DIRECTORS' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

On behalf of the board

DocuSigned by:

Demond Taljaard

Mr D L M Taljaard

Director

29/06/2023



# LONDON PORTMAN HOTEL LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF LONDON PORTMAN HOTEL LIMITED

---

#### Opinion

In our opinion, London Portman Hotel Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

# **LONDON PORTMAN HOTEL LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE MEMBERS OF LONDON PORTMAN HOTEL LIMITED**

---

#### **Reporting on other information (continued)**

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### **Strategic report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

#### **Responsibilities for the financial statements and the audit**

##### **Responsibilities of the directors for the financial statements**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

##### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety and general data protection regulation (GDPR), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 requirements and UK corporation tax regulations. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the risk that management may record inappropriate journal entries and the risk of bias in accounting estimates and judgements.

# **LONDON PORTMAN HOTEL LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE MEMBERS OF LONDON PORTMAN HOTEL LIMITED**

---

#### **Auditors' responsibilities for the audit of the financial statements (continued)**

Audit procedures performed by the engagement team included:

- Enquiring of management and those charged with governance, of the policies and procedures to prevent and detect fraud as well as enquiries around actual and potential litigation and claims;
- Enquiring of those charged with governance as to whether management have knowledge of any actual, suspected or alleged fraud;
- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; and
- Assessing the reasonableness of key accounting estimates (because of the risk of management bias), including challenging assumptions and judgements made by management in their significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.


#### **Other required reporting**

##### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Suzanne Woolfson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

29 June 2023

**LONDON PORTMAN HOTEL LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

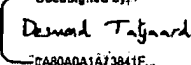
	Note	2022 £'000	2021 £'000
Turnover	3	39,700	14,542
Cost of sales		(17,700)	(10,380)
<b>Gross profit</b>		<b>22,000</b>	<b>4,162</b>
Administrative expenses		(17,910)	(7,566)
Other operating income	4	-	527
<b>Operating profit/(loss)</b>	<b>4</b>	<b>4,090</b>	<b>(2,877)</b>
Interest receivable and similar income	7	3,842	3,665
Interest payable and similar expenses	8	(4,683)	(30)
<b>Profit before taxation</b>		<b>3,249</b>	<b>758</b>
Tax on profit	9	(5,533)	129
<b>(Loss)/profit for the financial year</b>		<b>(2,284)</b>	<b>887</b>
<b>Other comprehensive income</b>			
<b>Total comprehensive (expense)/income for the year</b>		<b>(2,284)</b>	<b>887</b>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

**LONDON PORTMAN HOTEL LIMITED****BALANCE SHEET****AS AT 31 DECEMBER 2022**

	Note	2022		2021	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	10		110,027		113,858
<b>Current assets</b>					
Stocks	11	344		302	
Debtors: amounts falling due after more than one year	12	87,173		87,946	
Debtors: amounts falling due within one year	12	2,703		1,813	
Cash at bank and in hand		5,875		105,026	
		96,095		195,087	
Creditors: amounts falling due within one year	13	(39,885)		(140,626)	
<b>Net current assets</b>			56,210		54,461
<b>Total assets less current liabilities</b>			166,237		168,319
Creditors: amounts falling due after more than one year	13		(104,190)		(103,988)
<b>Net assets*</b>			62,047		64,331
<b>Capital and reserves</b>					
Called up share capital	17		640		640
Revaluation reserve			30,820		30,820
Retained earnings			30,587		32,871
<b>Total equity</b>			62,047		64,331

The financial statements on pages 9 to 23 were approved by the board of directors and authorised for issue on 29/06/2023 and are signed on its behalf by:

DocuSigned by:  
  
 DAB0A0A1A73841F...  
 Mr D L M Taljaard  
 Director

Company Registration No. 00932874

**LONDON PORTMAN HOTEL LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 January 2021</b>	640	30,820	31,984	63,444
<b>Profit and total comprehensive income for the financial year</b>	-	-	887	887
<b>Balance at 31 December 2021</b>	640	30,820	32,871	64,331
<b>Loss and total comprehensive expense for the financial year</b>	-	-	(2,284)	(2,284)
<b>Balance at 31 December 2022</b>	640	30,820	30,587	62,047

## **LONDON PORTMAN HOTEL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

---

#### **1 Accounting policies**

##### **General information**

London Portman Hotel Limited is a private company limited by shares incorporated in the United Kingdom and registered in England. The registered office is 8th Floor, South Block, 55 Baker Street, London, W1U 8EW.

The principal activity of London Portman Hotel Limited is that of a hotelier.

##### **1.1 Statement of compliance**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

##### **1.2 Basis of preparation and summary of significant accounting policies**

The financial statements have been prepared on a going concern basis and under the historical cost convention, except for derivative financial instruments that have been measured at fair value and tangible fixed assets that are held at either cost or revalued amount. The principal accounting policies adopted are set out below.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000 unless otherwise stated.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

##### **1.3 Exemptions for qualifying entities under FRS102**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions.

As a qualifying entity, the Company has taken advantage of the following exemptions:

- from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- from the requirement to present financial instrument disclosures as required by FRS 102 paragraphs 11.39 to 11.48A, paragraphs 12.26 and 12.29;
- from the requirement to disclose related party transactions as required by paragraph 33.1A of FRS 102

# **LONDON PORTMAN HOTEL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2022**

#### **1 Accounting policies**

##### **1.4 Turnover**

Turnover represents amounts receivable from the provision of hotel services including room hire, bar and restaurant takings and is stated after deduction of value added tax.

Room and inclusive breakfast turnover is recognised at the end of the financial day. All other turnover such as bar and restaurant takings are recognised at the point of sale.

Any deposits are utilised at check-in.

##### **Other operating income**

Other operating income includes Government grants for the Job Retention Scheme. Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

The company has utilised the Government's Coronavirus Job Retention Scheme (CJRS), which allows for businesses to submit claims for repayment of furlough or flexible furlough employee wages as a result of COVID-19.

##### **1.5 Tangible assets**

Tangible assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	40 years	Reducing balance
Fixtures, fittings and equipment	3 - 5 years	Straight-line
Refurbishment	10 years	Straight-line

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

Refurbishment consists of costs incurred as part of a major overhaul of the hotel conducted in 2020/2021. And is depreciated over the expected useful economic life of the assets.

##### **1.6 Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first in, first out, principle and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Where necessary provision is made for obsolete, slow moving and defective stocks.

##### **1.7 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.



## **LONDON PORTMAN HOTEL LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

---

#### **1 Accounting policies**

##### **1.8 Financial assets**

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

##### **Loans and receivables**

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

##### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### **Financial liabilities**

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

##### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

## LONDON PORTMAN HOTEL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

---

#### 1 Accounting policies

##### 1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

##### 1.10 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

##### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

##### 1.12 Retirement benefits

The pension costs charged as an expense in the financial statements represent the contributions payable by the company during the year to defined contribution and money purchase schemes.

##### 1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

**LONDON PORTMAN HOTEL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

---

**1 Accounting policies**

**1.14 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

**2 Critical accounting judgements and estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**a) Critical judgements in applying the entity's accounting policies**

The directors have not applied any judgements in applying the company's accounting policies.

**b) Critical accounting estimates and assumptions**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying values of the assets and note 1.5 for the accounting policy.

**Impairment of debtors**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, the directors consider factors including the current credit rating of the debtors, the ageing profile of debtors and historic experience. See note 12 for the carrying values of the assets and note 1.8 for the accounting policy.

**LONDON PORTMAN HOTEL LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****3 Turnover**

The total turnover of the company for the year has been derived from its principal activity, the provision of hotel services, wholly undertaken in the UK.

**4 Operating profit/(loss)**

2022	2021
£'000	£'000

Operating profit/(loss) for the year is stated after charging/(crediting):

Fees payable to the company's auditors for the audit of the company's annual financial statements

26	24
----	----

Depreciation and impairment of owned tangible assets

5,035	1,698
-------	-------

Government furlough credit

-	(527)
---	-------

**5 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

2022	2021
Number	Number

Rooms

94	50
----	----

Catering

198	161
-----	-----

Other

56	53
----	----

348	264
-----	-----

Their aggregate remuneration comprised:

2022	2021
£'000	£'000

Wages and salaries

12,941	7,610
--------	-------

Social security costs

1,055	573
-------	-----

Other pension costs

235	151
-----	-----

14,231	8,334
--------	-------

**LONDON PORTMAN HOTEL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**6 Directors' emoluments**

The directors did not receive any emoluments in respect of their services to the company (2021: £nil)

**7 Interest receivable and similar income**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable from parent company	3,842	3,665
	<u>3,842</u>	<u>3,665</u>

**8 Interest payable and similar expenses**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Interest on bank overdrafts and loans	4,683	30
	<u>4,683</u>	<u>30</u>

**LONDON PORTMAN HOTEL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**9 Tax on profit**

	2022 £'000	2021 £'000
<b>Current tax</b>		
UK corporation tax on profit for the current year	643	
Adjustments in respect of prior years	283	
<b>Total current tax charge</b>	<b>926</b>	
<b>Deferred tax</b>		
Adjustments in respect of prior years	4,607	(129)
<b>Total deferred tax</b>	<b>4,607</b>	<b>(129)</b>
<b>Total tax charge/(credit) for the year</b>	<b>5,533</b>	<b>(129)</b>

Tax assessed for the year is higher (2021: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021: 19%). The differences are explained below.

The charge/(credit) for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2022 £'000	2021 £'000
Profit before taxation	3,249	758
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	617	144
Depreciation in excess of capital allowances	26	(751)
Deferred tax not recognised	-	751
Adjustments in respect of prior years – deferred tax	4,607	(129)
Utilisation of group tax losses	-	(144)
Adjustments in respect of prior years – current tax	283	-
<b>Tax charge/(credit) for the year</b>	<b>5,533</b>	<b>(129)</b>

**Factors that may affect future tax charges**

In the Budget 2020, the government announced that the corporation tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%. In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19% as previously enacted). This new law was substantively enacted on 24 May 2021.

In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from April 2023.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

**LONDON PORTMAN HOTEL LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****10 Tangible assets**

	Leasehold land and buildings £'000	Refurbishment £'000	Assets under construction £'000	Fixtures, fittings and equipment £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>						
At 1 January 2022	68,538	84,096	-	27,579	11,649	191,862
Additions	-	1,714	-	568	-	2,282
Disposals	-	-	-	(1,078)	-	(1,078)
At 31 December 2022	68,538	85,810	-	27,069	11,649	193,066
<b>Accumulated depreciation and impairment</b>						
At 1 January 2022	44,670	-	-	21,685	11,649	78,004
Depreciation charged in the year	1,714	2,102	-	1,219	-	5,035
At 31 December 2022	46,384	2,102	-	22,904	11,649	83,039
<b>Carrying amount</b>						
At 31 December 2022	22,154	83,708	-	4,165	-	110,027
At 31 December 2021	23,868	84,096	-	5,894	-	113,858

**LONDON PORTMAN HOTEL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**11 Stocks**

	2022 £'000	2021 £'000
Raw materials and consumables	344	302

Stocks are stated after provisions for impairments of £nil (2021: £nil).

**12 Debtors**

	Amounts falling due within one year		Amounts falling due after more than one year	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade debtors	1,020	585		
Other receivables	868	369		
Corporation tax recoverable		283		
Amounts due from related parties	-	-	87,173	83,339
Prepayments and accrued income	815	576		
	2,703	1,813	87,173	83,339
Deferred tax (Note 15)	-	-	-	4,607
	2,703	1,813	87,173	87,946

Trade debtors are stated net of the provision for doubtful debts of £nil (2021: £nil).

Amounts due from related parties bear interest at 4.6% per annum; are unsecured and repayable on demand.

**13 Creditors**

	Amounts falling due within one year		Amounts falling due after more than one year	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Bank loans and overdrafts	-	-	104,190	103,988
Trade creditors	872	1,314		
Other creditors	1,101	1,685		
Corporation tax	643	-		
Other taxation and social security	2,266	787		
Amounts due to fellow group undertakings	16	400		
Amounts due to related parties	32,345	134,771		
Accruals and deferred income	2,642	1,669		
	39,885	140,626	104,190	103,988

Amounts due to related parties are repayable on demand, unsecured and interest free.



# LONDON PORTMAN HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

14 Bank loans and overdrafts	2022 £'000	2021 £'000
Bank loans	104,190	103,988
	2022 £'000	2021 £'000
Amounts payable between one and two years	104,190	103,988

The bank loan was stated net of finance charges of £0.8m (2021: £1.01m) to be allocated to future periods.

The bank loan is secured over the leasehold property and the income derived therefrom and by fixed and floating charges over the assets of the company. It is repayable in full on 23 December 2026. The loan bears interest at 3.15% + SONIA per annum.

### 15 Deferred tax

The following are the deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting year.

	Assets 2022 £'000	Assets 2021 £'000
Balances:		
Accelerated capital allowances		4,607
Movements in the year:		£'000
At 1 January 2022		4,607
Charged to profit or loss		(4,607)
At 31 December 2022		

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so.

There are no unused tax losses or unused tax credits. The net deferred tax liability expected to reverse in 2023 is £nil.

### 16 Retirement benefit schemes

Defined contribution schemes	2022 £'000	2021 £'000
Charge to profit or loss in respect of defined contribution schemes	235	151

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Pension liabilities as at 31 December 2022 were £66k (2021: £54k).

# LONDON PORTMAN HOTEL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

17 Called up share capital	2022 £	2021 £
Allotted, called up and fully paid		
640,064 (2021: 640,064) Ordinary shares of £1 each	640,064	640,064

### 18 Related party transactions

As the company is a wholly owned subsidiary of Barajas Holdings BV, the company has taken advantage of the exemption under section 33.1A of FRS102 from disclosing transactions or balances with entities which form part of the group.

At the year end the company owed £32.2m (2021: £134.8m) to its related company, London and Regional Properties Limited and £0.1m (2021: £0.4m) to related company, London and Regional Group Hotel Holdings Limited.

### 19 Ultimate controlling party

The immediate parent undertaking is George Holdings (UK) Limited, a company incorporated in England and Wales.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Barajas Holdings BV, a company incorporated in the Netherlands. Copies of the Barajas Holdings BV financial statements can be obtained from Citco Nederland B.V., Telestone 8, Teleport, Naritaweg 165, 1043 BW, Amsterdam, The Netherlands.

The ultimate controlling party is I M Livingstone through his ownership of Barajas Holdings BV.