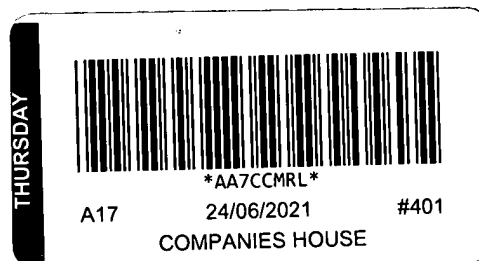


Company Registration No. 02061713 (England and Wales)

HYDE PARK RESIDENCE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020



HYDE PARK RESIDENCE LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | H J Wathen-Fayed P Windsor A J Spalton |
| Company number | 02061713 |
| Registered office | 55 Park Lane London W1K 1NA |
| Auditor | RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom |

HYDE PARK RESIDENCE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business

The results for the company show a pre-tax loss of £3,793,301 (2019: £48,121) for the year and sales of £7,483,539 (2019: £7,498,072).

The company has net assets of £908,060 (2019: £4,690,898).

The Directors consider that the company has performed as anticipated, in what has been a challenging year for business. The coronavirus (Covid-19) outbreak has had an impact on the business with the property seeing a reduction in occupancy since lockdown. However, the majority of apartments were taken out of service due to the preparatory works required for the refurbishment project of 36 apartments, communal areas and the installation of 2 new passenger lifts, the overall impact is therefore not as severe as that which our competitors have experienced. Construction work commenced in Q4 2020, and the completion of the refurbishment project is planned for April 2022.

The underlying expenses of the business have been controlled and are in line with expectations.

Debtors are under control with the bad debt provision of £378,978 (2019: £28,978) held at the end of the year.

With effect from 1st January 2020, the company entered into a new lease agreement with the same related parties as the prior agreement. The new agreement consists of a predetermined rent payable, occupancy and management fee and will incentivise the company to achieve or indeed exceed the KPI's.

Principal risks and uncertainties

The company continues to review the risk and uncertainties during its budgeting process, monthly management reports and quarterly board meetings.

Competitive risks

The company operates in a prestigious, highly competitive market. Risks are from either new competitors entering the market or existing competitors expanding and opening new sites, with over 7,000 additional bedrooms under construction in London. This has been managed to some extent by the major refurbishment to very exacting high standards and state of the art technologies and the ongoing refurbishment project to bring all the apartments to this same high standard; furthermore by the warm welcome, caring attitude and quality service, that is provided by our colleagues, in secure residential apartments.

Economic risks

The company is reliant on healthy economies and it monitors closely the current economic and political situations from around the world. The effect of Brexit with regards to staff shortages and economic downturns is being monitored. Economic uncertainty remains, with inflation currently increasing and the possibility of an early General Election in advance of the May 2022 schedule. On-going security and terrorism threats in Europe will affect the number of visitors to the UK and London in particular.

HYDE PARK RESIDENCE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Key Performance Indicators

The key performance indicators that the business uses are sales and profit as set out on page 8.

Going concern

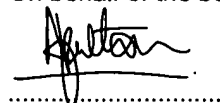
The financial statements have been prepared on the going concern basis as the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date these financial statements are signed. In particular, the company's parent company Mafco S.A remains committed to supporting the business which can be demonstrated by a major refurbishment project that includes full refurbishment of 36 apartments, communal areas and office suites. The refurbishment project is due to complete in April 2022. In addition to this the company's parent company Mafco S.A has provided a letter of support to financially support the business for a period of at least 12 months from the date these financial statements are signed. Management have verified that the owner has the ability to provide the support offered.

The coronavirus (Covid-19) outbreak is currently having an impact on the business with the property seeing a reduction in occupancy since lockdown. However, due to the preparatory works required for the refurbishment project, the overall impact is not as severe as that which our competitors have experienced. The directors are aware of the risks to the business in terms of liquidity and have put in place significant measures including cost cutting and accessing Government reliefs including business rates holiday, the Coronavirus Job Retention Scheme and HMRC time to pay arrangements.

In order to assess the going concern assumption, the company has prepared and considered trading and cash flow forecasts for the period covering at least 12 months from the date of approval of these financial statements. The forecasts, which cover a period of 12 months from the date of approval of the financial statements, reflect uncertainties as to how the COVID-19 outbreak may impact the company's trading and project timeline and for how long.

Having taken into account the information available to them to the date of signing the financial statements, management are satisfied that the company remains a going concern.

On behalf of the board



A J Spalton

Director

Date: 22 June 2021.....

HYDE PARK RESIDENCE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the company during the year was the management of prestigious apartments and commercial office space in Park Lane, London.

Directors

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

H J Wathen-Fayed
P Windsor
A J Spalton

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid during the year. The directors do not recommend payment of a final dividend.

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.

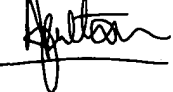
Auditor

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

Statement of disclosure to auditor

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 auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....
A J Spalton
Director

Date: 22 June 2021

HYDE PARK RESIDENCE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Strategic Report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYDE PARK RESIDENCE LIMITED

Opinion

We have audited the financial statements of Hyde Park Residence Limited (the 'company') for the year ended 31 December 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYDE PARK RESIDENCE LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HYDE PARK RESIDENCE LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and UK tax compliance. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, assessing accounting policies for compliance with the reporting framework, agreeing tax calculations to supporting documentations and reviewing correspondence with tax authorities.

We do not consider there to be any laws and regulations that have a significant indirect impact on the financial statements.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, testing sales to supporting documentation and reviewing transactions around the year end to ensure they were recognised in the correct accounting period.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

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

RSM UK Audit LLP

Suneel Gupta FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB
United Kingdom
23 June 2021

HYDE PARK RESIDENCE LIMITED

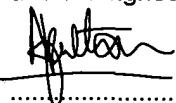
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

| | | 2020 £ | 2019 £ |
|--|-------|--------------------|-----------------|
| | Notes | | |
| Turnover | 3 | 7,483,539 | 7,498,072 |
| Cost of sales | | (3,322,627) | (4,012,782) |
| | | <hr/> | <hr/> |
| Gross profit | | 4,160,912 | 3,485,290 |
| Administrative expenses | | (8,069,857) | (3,544,644) |
| Other operating income | | 113,150 | - |
| | | <hr/> | <hr/> |
| Operating loss | 6 | (3,795,795) | (59,354) |
| Interest receivable and similar income | 8 | 2,494 | 11,233 |
| | | <hr/> | <hr/> |
| Loss before taxation | | (3,793,301) | (48,121) |
| Tax on loss | 9 | 10,463 | 1,998 |
| | | <hr/> | <hr/> |
| Loss for the financial year | | <u>(3,782,838)</u> | <u>(46,123)</u> |

HYDE PARK RESIDENCE LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2020**

| | Notes | 2020 £ | £ | 2019 £ | £ |
|---|-------|--------------------|----------------|--------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 10 | | 282,948 | | 493,106 |
| Current assets | | | | | |
| Debtors | 11 | 5,841,070 | | 3,103,507 | |
| Cash at bank and in hand | | 840,617 | | 3,868,006 | |
| | | <u>6,681,687</u> | | <u>6,971,513</u> | |
| Creditors: amounts falling due within one year | 12 | <u>(6,056,575)</u> | | <u>(2,763,258)</u> | |
| Net current assets | | | 625,112 | | 4,208,255 |
| Total assets less current liabilities | | | 908,060 | | 4,701,361 |
| Provisions for liabilities | 13 | | - | | (10,463) |
| Net assets | | | <u>908,060</u> | | <u>4,690,898</u> |
| Capital and reserves | | | | | |
| Called up share capital | 16 | | 2 | | 2 |
| Profit and loss reserves | | | 908,058 | | 4,690,896 |
| Total equity | | | <u>908,060</u> | | <u>4,690,898</u> |

The financial statements were approved by the board of directors and authorised for issue on 22 June 2021
and are signed on its behalf by:



.....
A J Spalton
Director

HYDE PARK RESIDENCE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

| | Share capital £ | Profit and loss reserves £ | Total £ |
|--|-----------------------|-------------------------------------|-------------|
| Balance at 1 January 2019 | 2 | 4,737,019 | 4,737,021 |
| Year ended 31 December 2019: | | | |
| Loss and total comprehensive income for the year | - | (46,123) | (46,123) |
| Balance at 31 December 2019 | 2 | 4,690,896 | 4,690,898 |
| Year ended 31 December 2020: | | | |
| Loss and total comprehensive income for the year | - | (3,782,838) | (3,782,838) |
| Balance at 31 December 2020 | 2 | 908,058 | 908,060 |

HYDE PARK RESIDENCE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|---|-------|-----------|-------------|-----------|-----------|
| Cash flows from operating activities | | | | | |
| Cash (absorbed by)/generated from operations | 20 | | (2,984,619) | | 1,219,510 |
| Income taxes paid | | | - | | (82,566) |
| Net cash (outflow)/inflow from operating activities | | | (2,984,619) | | 1,136,944 |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (45,264) | | (104,235) | |
| Proceeds on disposal of tangible fixed assets | | - | | 2,724 | |
| Interest received | | 2,494 | | 11,233 | |
| Net cash used in investing activities | | | (42,770) | | (90,278) |
| Net (decrease)/increase in cash and cash equivalents | | | (3,027,389) | | 1,046,666 |
| Cash and cash equivalents at beginning of year | | | 3,868,006 | | 2,821,340 |
| Cash and cash equivalents at end of year | | | 840,617 | | 3,868,006 |

HYDE PARK RESIDENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Company information

Hyde Park Residence Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 55 Park Lane, London, W1K 1NA.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

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, including the provisions of large and medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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 £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

Going concern

The financial statements have been prepared on the going concern basis as the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date these financial statements are signed. In particular, the company's parent company Mafco S.A remains committed to supporting the business which can be demonstrated by a major refurbishment project that includes full refurbishment of 36 apartments, communal areas and office suites. The refurbishment project is due to complete in April 2022. In addition to this the company's parent company Mafco S.A has provided a letter of support to financial support the business for a period of at least 12 months from the date these financial statements are signed. Management have verified that the owner has the ability to provide the support offered.

The coronavirus (Covid-19) outbreak is currently having an impact on the business with the property seeing a reduction in occupancy since lockdown. However, due to the preparatory works required for the refurbishment project, the overall impact is not as severe as that which our competitors have experienced. The directors are aware of the risks to the business in terms of liquidity and have put in place significant measures including cost cutting and accessing Government reliefs including business rates holiday, the Coronavirus Job Retention Scheme and HMRC time to pay arrangements.

In order to assess the going concern assumption, the company has prepared and considered trading and cash flow forecasts for the period covering at least 12 months from the date of approval of these financial statements. The forecasts, which cover a period of 12 months from the date of approval of the financial statements, reflect uncertainties as to how the COVID-19 outbreak may impact the company's trading and project timeline and for how long.

Having taken into account the information available to them to the date of signing the financial statements, management are satisfied that the company remains a going concern.

Turnover

Turnover represents amounts receivable for services net of VAT. Turnover is recognised as services are provided.

HYDE PARK RESIDENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Tangible fixed assets

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

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

| | |
|----------------------------------|--|
| Plant and machinery | 10% - 25% per annum on a straight line basis |
| Fixtures, fittings and equipment | 10% - 25% per annum on a straight line basis |

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand and deposits held at call with banks.

Financial instruments

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 instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

HYDE PARK RESIDENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Basic financial assets

Basic financial assets, which include trade and other debtors and amounts due from fellow group companies, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, 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. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal 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.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and amounts due to fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

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

HYDE PARK RESIDENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Equity instruments

Equity instruments issued by the company are recorded at the fair value of 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.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable. The assets of the scheme are held separately from those of the company in an independently administered fund.

HYDE PARK RESIDENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 leased asset are consumed.

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 Judgements and key sources of 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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Operating lease

In categorising leases as operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Company as lessee.

Debtor recovery

In assessing the recoverability of debtor balances, management makes judgements as to the likelihood the balances will be recovered and the need for any provisions.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

| | 2020 | 2019 |
|---|-----------|-----------|
| | £ | £ |
| Turnover analysed by class of business | | |
| Principal activities | 7,483,539 | 7,498,072 |

HYDE PARK RESIDENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover and other revenue (Continued)

| | 2020 £ | 2019 £ |
|---|------------------|------------------|
| Other revenue | | |
| Interest income | 2,494 | 11,233 |
| Grants received | 113,150 | - |
| | <u>115,644</u> | <u>11,233</u> |
| | | |
| | 2020 £ | 2019 £ |
| Turnover analysed by geographical market | | |
| UK | 7,483,539 | 7,498,072 |
| | <u>7,483,539</u> | <u>7,498,072</u> |

4 Employees

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

| | 2020 Number | 2019 Number |
|--------------------------------|----------------|----------------|
| Number of administrative staff | 6 | 11 |
| Number of other staff | 44 | 50 |
| | <u>50</u> | <u>61</u> |

Their aggregate remuneration comprised:

| | 2020 £ | 2019 £ |
|--------------------------|------------------|------------------|
| Wages and salaries | 2,086,141 | 2,791,620 |
| Social security costs | 146,700 | 194,838 |
| Pension costs | 168,030 | 184,733 |
| | <u>2,400,871</u> | <u>3,171,191</u> |
| | | |
| Redundancy payments made | 55,662 | - |
| | <u>55,662</u> | <u>-</u> |

HYDE PARK RESIDENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

5 Directors' remuneration

| | 2020 £ | 2019 £ |
|---|-----------|----------------|
| Remuneration for qualifying services | - | 256,970 |
| Company pension contributions to defined contribution schemes | - | 17,429 |
| | <u>-</u> | <u>274,399</u> |

Remuneration disclosed above include the following amounts paid to the highest paid director:

| | 2020 £ | 2019 £ |
|--------------------------------------|-----------|-----------|
| Remuneration for qualifying services | n/a | 160,112 |

6 Operating loss

| | 2020 £ | 2019 £ |
|---|------------------|------------------|
| Operating loss for the year is stated after charging/(crediting): | | |
| Government grants | (113,150) | - |
| Depreciation of owned tangible fixed assets | 251,022 | 282,238 |
| Loss/(profit) on disposal of tangible fixed assets | 4,400 | (2,440) |
| Operating lease charges | <u>5,742,555</u> | <u>1,308,069</u> |

7 Auditor's remuneration

| | 2020 £ | 2019 £ |
|---|---------------|---------------|
| Fees payable to the company's auditor and its associates: | | |
| For audit services | | |
| Audit of the financial statements of the company | <u>30,675</u> | <u>23,551</u> |

8 Interest receivable and similar income

| | 2020 £ | 2019 £ |
|---------------------------|--------------|---------------|
| Interest income | | |
| Interest on bank deposits | <u>2,494</u> | <u>11,233</u> |

Investment income includes the following:

| | | |
|--|--------------|---------------|
| Interest on financial assets not measured at fair value through profit or loss | <u>2,494</u> | <u>11,233</u> |
|--|--------------|---------------|

HYDE PARK RESIDENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

9 Taxation

| | 2020 £ | 2019 £ |
|--|-----------------|----------------|
| Current tax | | |
| Adjustments in respect of prior periods | - | (2,864) |
| Deferred tax | | |
| Origination and reversal of timing differences | (10,463) | 866 |
| Total tax credit | (10,463) | (1,998) |

The total tax credit for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

| | 2020 £ | 2019 £ |
|--|-----------------|----------------|
| Loss before taxation | (3,793,301) | (48,121) |
| Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) | (720,727) | (9,143) |
| Tax effect of expenses that are not deductible in determining taxable profit | 2,198 | 1,469 |
| Effect of change in corporation tax rate | 1,231 | (2,864) |
| Dividend income | - | (604) |
| Deferred tax adjustment | - | (4,282) |
| Fixed asset differences | 5,976 | 6,846 |
| Adjustments to brought forward values | - | 6,580 |
| Tax losses not utilised | 700,859 | - |
| Taxation credit for the year | (10,463) | (1,998) |

Tax losses of £3,702,746 have not been recognised due to uncertainty over their recoverability.

HYDE PARK RESIDENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

10 Tangible fixed assets

| | Plant and machinery | Fixtures, fittings and equipment | Total |
|------------------------------------|------------------------|--|-----------|
| | £ | £ | £ |
| Cost | | | |
| At 1 January 2020 | 639,300 | 539,337 | 1,178,637 |
| Additions | 39,164 | 6,100 | 45,264 |
| Disposals | (4,400) | - | (4,400) |
| At 31 December 2020 | 674,064 | 545,437 | 1,219,501 |
| Depreciation and impairment | | | |
| At 1 January 2020 | 354,313 | 331,218 | 685,531 |
| Depreciation charged in the year | 128,269 | 122,753 | 251,022 |
| At 31 December 2020 | 482,582 | 453,971 | 936,553 |
| Carrying amount | | | |
| At 31 December 2020 | 191,482 | 91,466 | 282,948 |
| At 31 December 2019 | 284,987 | 208,119 | 493,106 |

11 Debtors

| | 2020 | 2019 |
|--|-----------|-----------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 220,415 | 887,707 |
| Corporation tax recoverable | 132,829 | 132,829 |
| Amounts owed by undertakings in which the company has a participating interest | 2,993,471 | 855,980 |
| Other debtors | 1,016,952 | 976,254 |
| Prepayments and accrued income | 1,477,403 | 250,737 |
| | 5,841,070 | 3,103,507 |

Amounts due from related entities are interest free, unsecured and repayable on demand.

HYDE PARK RESIDENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

12 Creditors: amounts falling due within one year

| | 2020 £ | 2019 £ |
|--|------------------|------------------|
| Trade creditors | 207,813 | 114,788 |
| Amounts owed to undertakings in which the company has a participating interest | 4,972,601 | 1,349,210 |
| Taxation and social security | 122,103 | 90,571 |
| Other creditors | 37,710 | 114,113 |
| Accruals and deferred income | 716,348 | 1,094,576 |
| | <u>6,056,575</u> | <u>2,763,258</u> |

Amounts due from related entities are interest free, unsecured and repayable on demand.

13 Provisions for liabilities

| | Notes | 2020 £ | 2019 £ |
|--------------------------|-------|-----------|---------------|
| Deferred tax liabilities | 14 | - | 10,463 |
| | | <u>-</u> | <u>10,463</u> |

14 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| | Liabilities 2020 £ | Liabilities 2019 £ |
|-------------------------------|--------------------------|--------------------------|
| Balances: | | |
| Timing differences | - | 10,463 |
| | <u>-</u> | <u>10,463</u> |
| Movements in the year: | | 2020 £ |
| Liability at 1 January 2020 | | 10,463 |
| Credit to profit or loss | | (10,463) |
| Liability at 31 December 2020 | | <u>-</u> |

The deferred tax liability set out above is expected to reverse and relates to timing differences against future expected profits.

Timing differences relate to fixed assets and other short term timing differences.

HYDE PARK RESIDENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

15 Retirement benefit schemes

| | 2020 | 2019 |
|---|---------|---------|
| | £ | £ |
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | 168,030 | 184,733 |

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. At the year end contributions totalling £29,104 (2019: £29,497) were payable to the fund and are included in other creditors.

16 Share capital

| | 2020 | 2019 |
|-------------------------------|----------|----------|
| | £ | £ |
| Ordinary share capital | | |
| Issued and fully paid | | |
| 2 Ordinary shares of £1 each | 2 | 2 |
| | <u>2</u> | <u>2</u> |

17 Reserves

Profit and loss reserves

Profit and loss reserves represent the cumulative profit and loss net of distributions to owners.

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

18 Operating lease commitments

Lessee

With effect from 1 January 2020, the company entered into a 15 year lease on the properties that are managed by them which expires on 31 December 2034. The annual rent payments are determined in accordance with a fixed formula as stated in the lease. The rent charge for the year was £5,742,555 (2019: £1,298,561).

Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

| | 2020 | 2019 |
|----------------------------|------------------|------------------|
| | £ | £ |
| Within one year | 1,208,481 | 768,154 |
| Between one and five years | 232,485 | 684,906 |
| | <u>1,440,966</u> | <u>1,453,060</u> |

HYDE PARK RESIDENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

19 Related party transactions

Transactions with companies under common control

The company entered into related party transactions with companies under the common control of the Fayed family during the year. These can be summarised as follows:

- agency fees charged for the year £1,080 (2019: £3,120) included in turnover
- expenditure recharged for the year totalling £4,378,330 (2019: £2,603,009)

Included in debtors is £2,993,471 (2019: £855,980) still to be recovered from these companies

During the year, rent of £5,742,555 (2019: £1,298,561) was paid to companies under common control of the ultimate controlling party.

At the year end the company owed £3,294,089 (2019: £1,323,867) to Prestige Properties SA and £386,226 (2019: £100,738) to Park Lane Residences Limited BVI. These amounts are included in creditors.

Transactions with closely connected individuals

During the year, the company entered into related party transactions with close members of an individual with significant influence over the business. These can be summarised as follows:

- rental income and service charges for the year totalling £2,112,017 (2019: £1,550,650) included in turnover
- agency fees charged for the year of £10,080 (2019: £8,220) included in turnover
- expenditure recharged for the year total £2,778,183 (2019: £3,339,590)

Included in other debtors is £1,002,560 (2019: £939,801) still to be recovered from these closely connected individuals.

During the year, debts due from closely connected individuals were impaired by £320,000 due to uncertainties over their recovery.

HYDE PARK RESIDENCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

20 Cash generated from operations

| | 2020 £ | 2019 £ |
|--|--------------------|------------------|
| Loss for the year after tax | (3,782,838) | (46,123) |
| Adjustments for: | | |
| Taxation credited | (10,463) | (1,998) |
| Investment income | (2,494) | (11,233) |
| Loss/(gain) on disposal of tangible fixed assets | 4,400 | (2,440) |
| Depreciation and impairment of tangible fixed assets | 251,022 | 282,238 |
| Movements in working capital: | | |
| (Increase)/decrease in stocks | - | 6,321 |
| (Increase)/decrease in debtors | (2,737,563) | 2,073,342 |
| Increase/(decrease) in creditors | 3,293,317 | (1,080,597) |
| Cash (absorbed by)/generated from operations | (2,984,619) | 1,219,510 |

21 Analysis of changes in net funds

| | 1 January 2020 £ | Cash flows £ | 31 December 2020 £ |
|--------------------------|------------------------|-----------------|--------------------------|
| Cash at bank and in hand | 3,868,006 | (3,027,389) | 840,617 |

22 Ultimate controlling party

The share capital is jointly held by Prestige Properties S.A., a company incorporated in Liechtenstein, and Mohamed Al Fayed.

The entire share capital of the Prestige Properties S.A. is under the control and held for the benefit of Mr. Al Fayed and his family, the ultimate controlling party. The accounts of this company are not available to the public.

Prestige Properties S.A.'s ultimate holding company is Mafco S.A., a company incorporated in The British Virgin Islands.

The results of the company are not consolidated in any other group.

Further copies of these accounts may be obtained from Prestige Properties S.S., Aeulestrasse 5, FL-9490 Vaduz, Lichtenstein.