
LONDON TOWN HOTELS (OPERATIONS) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE PERIOD ENDED 30 JUNE 2021



LONDON TOWN HOTELS (OPERATIONS) LIMITED
REGISTERED NUMBER: 02182560

BALANCE SHEET
AS AT 30 JUNE 2021

	Note	30 June 2021 £	31 December 2019 £
Fixed assets			
Tangible assets	5	4,085	1,727,831
Current assets			
Debtors: amounts falling due after more than one year	6	2,312,061	2,203,408
Debtors: amounts falling due within one year	6	145,777	77,618
Cash at bank and in hand		1,346	33,896
		<u>2,459,184</u>	<u>2,314,922</u>
Creditors: amounts falling due within one year	7	(12,024)	(23,893)
Net current assets		<u>2,447,160</u>	<u>2,291,029</u>
Total assets less current liabilities		<u>2,451,245</u>	<u>4,018,860</u>
Creditors: amounts falling due after more than one year	8	(1,711,866)	(1,583,826)
Provisions for liabilities			
Deferred tax	9	(1,021)	(353,378)
Net assets		<u><u>738,358</u></u>	<u><u>2,081,656</u></u>
Capital and reserves			
Called up share capital		502,000	502,000
Revaluation reserve	10	-	1,149,750
Profit and loss account	10	236,358	429,906
		<u><u>738,358</u></u>	<u><u>2,081,656</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

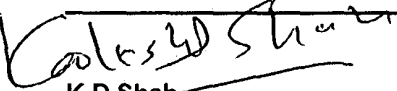
The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

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

LONDON TOWN HOTELS (OPERATIONS) LIMITED
REGISTERED NUMBER: 02182560

BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2021


K D Shah
Director
Date: 27 June 2022

The notes on pages 4 to 13 form part of these financial statements.

LONDON TOWN HOTELS (OPERATIONS) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2021**

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 January 2019	502,000	1,252,681	451,140	2,205,821
Comprehensive income for the year				
Loss for the year	-	-	(124,165)	(124,165)
Transfer to/from profit and loss account	-	(102,931)	102,931	-
At 1 July 2020	502,000	1,149,750	429,906	2,081,656
Comprehensive income for the period				
Loss for the period	-	-	(1,678,375)	(1,678,375)
Deferred tax on revaluation of land and buildings	-	335,077	-	335,077
Transfer to/from profit and loss account	-	(1,484,827)	1,484,827	-
At 30 June 2021	502,000	-	236,358	738,358

The notes on pages 4 to 13 form part of these financial statements.

LONDON TOWN HOTELS (OPERATIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

1. General information

The company is a private company limited by shares (registered number 02182560), which is incorporated and domiciled in the UK. The address of the registered office is 8-14 Talbot Square, London, W2 1TS.

The principal activity of the company was the provision of management services and as a holding company and activities ceased on the 30 June 2021.

The current accounting period was extended from 31 December 2020 to 30 June 2021. Comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.

The average monthly number of employees, including directors, during the period was 1 (2019 - 1).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

LONDON TOWN HOTELS (OPERATIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.2 Going concern

The directors have considered the financial position of the company and the financial statements have been prepared in assuming the company will continue as a going concern. In making the assumption, the directors have considered the strong net asset base of the group, the future cash generative and profitable trading of the subsidiaries, and the availability of working capital and mitigating actions that can be taken during that period.

In making their assessment of going concern the directors have considered the impact on the business as a result of the COVID-19 pandemic. This had an immediate impact in reducing the company's operations given the nature of much of the business, with significantly reduced activity on the hotel operations on 23 March 2020 and throughout the period to 30 June 2021 and beyond although activity now continues to improve. The directors have considered that, having regard to the cash resources held by the London Town Group of Companies Limited Group and each of the companies, and that the wider Group comprising hotel and property activities and each of the companies have sufficient liquidity to manage the temporary disruption caused by the pandemic as the business returns to a more stable hotel trading position, but the directors will continue to take the necessary precautions to preserve the Group and company's cash by taking mitigating actions and reviewing their future plans to ensure that they maintain stability and optimise the business strategies of the Group and company in the current climate. The directors are aware that if the current situation becomes prolonged then this may change with further mitigation actions taken.

At this stage the director has not considered it appropriate to make any adjustment (for impairment) to the valuations included within the financial statements whilst the short-term impact of COVID-19 is evaluated and the medium term implications are assessed and the return to stabilised trading is determined as is seen by post period ending trading. There is a risk that these valuations may require future revision in the event of a prolonged impact of COVID-19 on the hotel sector.

Overall, the directors have determined it continues to be appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that may be result from any significant changes in the assumptions noted above in preparing the financial statements on a going concern basis.

2.3 Revenue

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue arose wholly in the United Kingdom and is derived primarily from the management services provided. Revenue included in other operating income relates to management fees charged to other group entities for administrative services undertaken by the company.

2.4 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

LONDON TOWN HOTELS (OPERATIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.5 Current and deferred taxation

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

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

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

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

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

For the period ended 30 June 2021 such rates have changed from 17% considered in the year ended 31 December 2019 to 25% and the deferred tax liabilities determined have been revised as appropriate.

2.6 Tangible fixed assets

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

LONDON TOWN HOTELS (OPERATIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Long-term leasehold property	- Over the term of the lease (142 years)
Short-term leasehold property	- Over the term of the lease (16 years)
Plant and machinery	- 15% reducing balance
Motor vehicles	- 15% reducing balance
Fixtures and fittings	- 15% reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.10 Creditors

Short term creditors are measured at the transaction price.

LONDON TOWN HOTELS (OPERATIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.11 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

3. Other operating income

	2021 £	2019 £
Other operating income	-	3,134
Net rents	10,092	21,071
Fees	259,636	606,963
	<u>269,728</u>	<u>631,168</u>

4. Taxation

	2021 £	2019 £
Corporation tax		
Current tax on profits for the year	(3,863)	5,899
Adjustments in respect of previous periods	-	4,615
Total current tax	<u>(3,863)</u>	<u>10,514</u>
Deferred tax		
Accelerated capital losses	(25,892)	(1,114)
Restated opening balance due to change in rate of tax	8,612	-
Total deferred tax	<u>(17,280)</u>	<u>(1,114)</u>
Taxation on (loss)/profit on ordinary activities	<u>(21,143)</u>	<u>9,400</u>

LONDON TOWN HOTELS (OPERATIONS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021**

4. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%).

	2021 £	2019 £
Loss on ordinary activities before tax	<u>(1,699,518)</u>	<u>(114,765)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(322,908)	(21,805)
Effects of:		
Permanent differences	300,726	26,386
Deferred tax movement not previously provided for and effects of changes in the rate of tax	1,039	204
Adjustments to tax charge in respect of prior periods	-	4,615
Total tax charge for the period/year	<u><u>(21,143)</u></u>	<u><u>9,400</u></u>

Factors that may affect future tax charges

The deferred tax liability arising on the revaluation of properties (note 10) has been provided at the rate substantially enacted at the balance sheet date of 25% (2019: 17%).

There were no other factors of which we are presently aware that may affect future tax charges.

LONDON TOWN HOTELS (OPERATIONS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021**

5. Tangible fixed assets

	Long-term leasehold property £	Short-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation						
At 1 January 2020	936,264	2,097,748	6,434	-	42,574	3,083,020
Additions	-	-	-	4,709	3,228	7,937
Disposals	(936,264)	(2,097,748)	(6,434)	-	(45,802)	(3,086,248)
At 30 June 2021	-	-	-	4,709	-	4,709
Depreciation						
At 1 January 2020	34,523	1,292,448	2,947	-	25,271	1,355,189
Charge for the period on owned assets	9,890	196,664	744	624	4,139	212,061
Disposals	(44,413)	(1,489,112)	(3,691)	-	(29,410)	(1,566,626)
At 30 June 2021	-	-	-	624	-	624
Net book value						
At 30 June 2021	-	-	-	4,085	-	4,085
At 30 June 2019	901,741	805,300	3,487	-	17,303	1,727,831

The net book value of land and buildings may be further analysed as follows:

	2021 £	2019 £
Long leasehold	-	901,741
Short leasehold	-	805,300
	-	1,707,041

LONDON TOWN HOTELS (OPERATIONS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021**

6. Debtors

	2021 £	2019 £
Due after more than one year		
Amounts owed by group undertakings	<u>2,312,061</u>	<u>2,203,408</u>
Due within one year		
Amounts owed by group undertakings	<u>145,777</u>	<u>77,618</u>

There are no allowances for doubtful debts or reversals of allowances for doubtful debts in the 18 months ended 30 June 2021 and 2019.

7. Creditors: Amounts falling due within one year

	2021 £	2019 £
Trade creditors	84	6,306
Corporation tax	2,036	5,899
Other taxation and social security	1,384	4,188
Accruals	8,520	7,500
	<u>12,024</u>	<u>23,893</u>

8. Creditors: Amounts falling due after more than one year

	2021 £	2019 £
Amounts owed to group undertakings	<u>1,711,866</u>	<u>1,583,826</u>

LONDON TOWN HOTELS (OPERATIONS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2021**

9. Deferred taxation

	2021 £
At beginning of year	(353,378)
Charged to profit or loss	352,357
At end of year	<u>(1,021)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2019 £
Accelerated capital allowances	(1,021)	(18,301)
At the beginning of the year	-	(335,077)
	<u>(1,021)</u>	<u>(353,378)</u>

10. Reserves

Revaluation reserve

The revaluation reserve as at 30 June 2021 is £nil (31 December 2019: £1,149,750), which relates to the revaluation of land and buildings in prior years. Any movement in this reserve is recognised in other comprehensive income and within the statement of changes in equity. This reserve which is not distributable reflects unrealised gains on revaluation.

Profit and loss account

The profit and loss reserve as at 30 June 2021 is £(236,358) (31 December 2019: £429,906). The movement relates to the loss recognised during the year and transfer from the revaluation reserve.

LONDON TOWN HOTELS (OPERATIONS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

11. Related party transactions

The company has taken advantage of the exemption in FRS102 Section 33.1A from the requirement to disclose the transactions between two or more members of the group, as all members are wholly owned subsidiaries of the ultimate parent company.

The immediate parent undertakings is London Town Group of Companies Limited, a company incorporated in England and Wales.

The ultimate parent undertakings is London Town Group of Companies Holdings Limited, a company incorporated in England and Wales.

London Town Group of Companies Holdings Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 June 2021. The consolidated financial statements of London Town Group of Companies Holdings Limited can be obtained from 8-14 Talbot Square, London W2 1TS.

London Town Group of Companies Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 30 June 2021. The consolidated financial statements of London Town Group of Companies Limited can be obtained from 8-14 Talbot Square, London W2 1TS.

In the director's opinion the ultimate controlling party is Auro Trust, a trust outside of the UK.

12. Post balance sheet events

Post year end on 30 September 2021, the Company surrendered its lease of the Mercure Kensington hotel. The Landlord released the Company from all the covenants, agreements and conditions contained in or otherwise arising under the Lease whether past, present or future and from all liabilities, damages, actions, proceedings costs, claims, demands and expenses except for outstanding charges or charges yet to be levied for rates up to the date of the deed.

13. Auditor's information

The auditor's report on the financial statements for the period ended 30 June 2021 was unqualified.

The audit report was signed on 28 June 2022 by Nigel Bostock (Senior statutory auditor) on behalf of Crowe U.K. LLP.