

ATLAS HOTELS (GROUP 3 PROPERTY) LIMITED

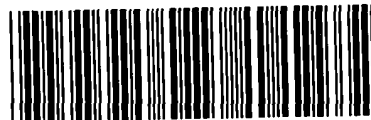
Annual Report and Financial Statements

Year Ended

31 December 2020

Company Number 02567988

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ATLAS HOTELS (GROUP 3 PROPERTY) LIMITED

Company Information

Directors	S J Lowe A P Bradley
Registered number	02567988
Registered office	4 Romulus Court Meridian Business Park Leicester LE19 1YG

ATLAS HOTELS (GROUP 3 PROPERTY) LIMITED

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ATLAS HOTELS (GROUP 3 PROPERTY) LIMITED

Directors' Report For the Year Ended 31 December 2020

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

Principal activities

The principal activity of the Company is that of owning and leasing hotels.

Going concern

The Company's assets are secured against a bank loan taken out by a fellow group undertaking, Titan Acquisition Limited. As a direct result of Covid-19, the loan covenants were breached at 30th September 2020. Since the year end, a cure for the covenant breach has been agreed. Further disclosure is given in the financial statements of Titan Acquisition Limited.

Cash flow management and forecasting are controlled at a Group level and indicates the Group has sufficient liquidity to pay external obligations as they fall due. Further disclosure is given in the consolidated financial statements of Titan Financing Holdco Limited, the ultimate parent in the UK.

The directors continue to adopt the going concern basis of preparing the financial statements.

Directors

The directors who served during the year and/or up to the date of signing these financial statements were:

S J Lowe
A P Bradley

Statement of directors' responsibilities

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" Section 1A, 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;
- state whether applicable UK Accounting Standards, comprising FRS 102 Section 1A, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

ATLAS HOTELS (GROUP 3 PROPERTY) LIMITED

Directors' Report (continued) For the Year Ended 31 December 2020

Qualifying third party indemnity provisions

The Group headed by Titan Financing Holdco Limited, on behalf of the Company, maintains appropriate Directors' and Officers' Liability Insurance on behalf of the directors and General Counsel and Company Secretary. In addition, individual qualifying third-party indemnities are given to the directors and General Counsel and Company Secretary which comply with the provisions of Section 234 of the Companies Act 2006, and were in force throughout the year and up to the date of signing the Annual Report.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.


Independent Auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006 and the company is therefore exempt from the requirement to prepare a Strategic Report.

This report was approved by the board on 29-9-21 and signed on its behalf.


S J Lowe
Director

ATLAS HOTELS (GROUP 3 PROPERTY) LIMITED

Independent Auditors' Report to the Members of Atlas Hotels (Group 3 Property) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Atlas Hotels (Group 3 Property) Limited's 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, 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 Statement of Financial Position as at 31 December 2020; 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.

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

ATLAS HOTELS (GROUP 3 PROPERTY) LIMITED

Independent Auditors' Report to the Members of Atlas Hotels (Group 3 Property) Limited (continued)

Reporting on other information (continued)

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.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2020 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 Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, 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 non-compliance with health and safety regulations, Companies Act 2006 requirements, UK tax regulations 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.

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.

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;
- Auditing the risk of management override of controls by 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.

ATLAS HOTELS (GROUP 3 PROPERTY) LIMITED

Independent Auditors' Report to the Members of Atlas Hotels (Group 3 Property) Limited (continued)

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

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. 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.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. 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

30 September 2021

ATLAS HOTELS (GROUP 3 PROPERTY) LIMITED

Statement of Comprehensive Income For the Year Ended 31 December 2020

	Note	2020 £	2019 £
Turnover	3	1,087,521	3,584,023
Gross profit		1,087,521	3,584,023
Fair value movements on investment properties	8	(10,873,904)	9,547,072
Operating (loss)/profit	4	(9,786,383)	13,131,095
Interest receivable and similar income	5	4,367,950	2,660,249
Interest payable and similar expenses	6	(2,196,757)	(1,191,020)
(Loss)/profit before tax		(7,615,190)	14,600,324
Tax on (loss)/profit	7	2,073,557	(2,579,587)
(Loss)/profit for the financial year		(5,541,633)	12,020,737
Other comprehensive income for the year		-	-
Total comprehensive (expense)/income for the year		(5,541,633)	12,020,737

The notes on pages 9 to 18 form part of these financial statements.

ATLAS HOTELS (GROUP 3 PROPERTY) LIMITED

Registered number: 02567988


Statement of Financial Position As at 31 December 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Investment properties	8		78,918,483		89,174,179
			<u>78,918,483</u>		<u>89,174,179</u>
Current assets					
Debtors	9	95,857,394		92,739,716	
Creditors: amounts falling due within one year	10	(26,174,863)		(26,326,370)	
Net current assets			<u>69,682,531</u>		<u>66,413,346</u>
Total assets less current liabilities			<u>148,601,014</u>		<u>155,587,525</u>
Creditors: amounts falling due after more than one year	11		(30,625,568)		(30,859,153)
Provisions for liabilities					
Deferred taxation	12		(5,381,799)		(6,593,092)
Net assets			<u><u>112,593,647</u></u>		<u><u>118,135,280</u></u>
Capital and reserves					
Called up share capital	13		13,568,154		13,568,154
Retained earnings	14		99,025,493		104,567,126
Total equity			<u><u>112,593,647</u></u>		<u><u>118,135,280</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 were approved and authorised for issue by the board and were signed on its behalf on

29-9-21


S J Lowe
Director

The notes on pages 9 to 18 form part of these financial statements.

ATLAS HOTELS (GROUP 3 PROPERTY) LIMITED

Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital £	Retained earnings £	Total equity £
At 1 January 2019	13,568,154	92,546,389	106,114,543
Profit for the year and total comprehensive income	-	12,020,737	12,020,737
At 31 December 2019	13,568,154	104,567,126	118,135,280
Loss for the year and total comprehensive expense	-	(5,541,633)	(5,541,633)
At 31 December 2020	13,568,154	99,025,493	112,593,647

The notes on pages 9 to 18 form part of these financial statements.

ATLAS HOTELS (GROUP 3 PROPERTY) LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2020

1. General information

Atlas Hotels (Group 3 Property) Limited is a private company limited by shares and incorporated in the United Kingdom and registered in England. The address of the registered office is given on the Company Information page. The nature of the Company's operations and its principal activities are set out in the Directors' Report.

These financial statements are presented in Sterling which is the currency of the primary economic environment in which the Company operates.

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), including FRS 102 Section 1A Small Entities, and the requirements of the Companies Act 2006.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention, modified to include the revaluation of investment properties.

The preparation of financial statements in compliance with FRS 102 Section 1A Small Entities 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.

2.2 Going concern

The Company's assets are secured against a bank loan taken out by a fellow group undertaking, Titan Acquisition Limited. As a direct result of Covid-19, the loan covenants were breached at 30th September 2020. Since the year end, a cure for the covenant breach has been agreed. Further disclosure is given in the financial statements of Titan Acquisition Limited.

Cash flow management and forecasting are controlled at a Group level and indicates the Group has sufficient liquidity to pay external obligations as they fall due. Further disclosure is given in the consolidated financial statements of Titan Financing Holdco Limited, the ultimate parent in the UK.

The directors continue to adopt the going concern basis of preparing the financial statements.

2.3 Turnover

Turnover represents rental income and receivable property expenses exclusive of Value Added Tax, on an accruals basis. Fixed rental incomes are recognised on a straight line basis over the term of the lease. Variable rental income, such as those linked to the lessee performance, are recognised in the period to which they relate. Rental increases due to external factors, such as RPI uplifts, are recognised in the Statement of Comprehensive Income in the period in which they are determinable and reasonably certain.

ATLAS HOTELS (GROUP 3 PROPERTY) LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.4 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.5 Sale and leaseback

When an asset is sold and then leased back, this constitutes a sale and leaseback transaction. When this results in a finance lease, no disposal is recognised on the Statement of Financial Position but the asset is remeasured to the lower of the present value of minimum lease payments under the lease or the fair value of the asset subject to the lease. Any excess in disposal proceeds over the carrying value is amortised over the lease term and recognised as a realised gain in the Income Statement.

2.6 Financial instruments

Financial instruments are recognised in the Company's Statement of Financial Position where 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 assets and settle the liabilities simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Financial assets, other than those held at fair value through profit or 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.

ATLAS HOTELS (GROUP 3 PROPERTY) LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.6 Financial instruments (continued)

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 creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

2.7 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.

2.8 Operating leases: the Company as lessor

Rentals income from operating leases is credited to the Income Statement on a straight line basis over the term of the relevant lease.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard, 1 January 2016, to continue to be charged over the period to the first market rent review rather than the term of the lease.

ATLAS HOTELS (GROUP 3 PROPERTY) LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2020

2. Accounting policies (continued)

2.9 Leased assets: the Company as lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease.

The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

2.10 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.11 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 Income Statement 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 year when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Income Statement, 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.

ATLAS HOTELS (GROUP 3 PROPERTY) LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2020

3. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Investment property rental income	1,087,521	3,584,023
	<u>1,087,521</u>	<u>3,584,023</u>

All turnover arose within the United Kingdom.

4. Operating (loss)/profit

Auditors' remuneration

Fees payable to the Company's auditors and their associates for the audit of the Company's annual financial statements were £3,750 (2019: £2,325).

Employees and Directors' emoluments

The company has no employees (2019: nil).

The directors received no remuneration for their services as directors of this Company (2019: £nil).

5. Interest receivable and similar income

	2020 £	2019 £
Interest receivable from group undertakings	4,367,950	2,660,249
	<u>4,367,950</u>	<u>2,660,249</u>

6. Interest payable and similar expenses

	2020 £	2019 £
Interest payable to group undertakings	1,553,848	1,155,717
Finance leases and hire purchase contracts	642,909	35,303
	<u>2,196,757</u>	<u>1,191,020</u>

ATLAS HOTELS (GROUP 3 PROPERTY) LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2020

7. Taxation

	2020 £	2019 £
Current tax for the year	-	862,264
Adjustments in respect of previous periods	(862,264)	-
Total current tax	(862,264)	862,264
Deferred tax		
Origination and reversal of timing differences	(1,986,473)	1,710,556
Adjustments in respect of prior periods	(428)	6,767
Effect of tax rate change	775,608	-
Total deferred tax	(1,211,293)	1,717,323
Taxation for the year	(2,073,557)	2,579,587

Factors affecting tax for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
(Loss)/profit before tax	(7,615,190)	14,600,324
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(1,446,886)	2,774,062
Effects of:		
Income not taxable	-	(1,813,944)
Chargeable gains	-	1,813,944
Change in tax rates	775,608	(201,242)
Group relief	(535,455)	-
Adjustments in respect of previous periods	(862,692)	6,767
Transfer pricing	(4,132)	-
Total tax for the year	(2,073,557)	2,579,587

ATLAS HOTELS (GROUP 3 PROPERTY) LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2020

7. Taxation (continued)

Factors that may affect future tax charges

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% as previously enacted). This new law was substantively enacted on 17 March 2020 and has resulted in deferred tax assets and liabilities, which were previously measured at 17% being remeasured at 19% as part of the current year movement, as detailed above.

8. Investment properties

	Freehold investment property £	Long term leasehold investment property £	Total £
Valuation			
At 1 January 2020	61,818,783	27,355,396	89,174,179
Additions at cost	618,208	-	618,208
Movement on revaluation	(5,942,874)	(4,931,030)	(10,873,904)
At 31 December 2020	56,494,117	22,424,366	78,918,483

The directors valued the hotel and investment properties as at 31 December 2020 at £48,061,943 (2019: £58,084,079) in line with the valuation carried out by external valuers, Cushman and Wakefield, in January 2021 to support the year end valuation for the purpose of the loan covenants. The valuation was performed on a post Ground Rent basis.

At 31 December 2020, the property has been valued on the basis of freehold interests. Included within the property valuation is £30,856,540 (2019: £31,090,100) relating to the present value of the ground rents payable. Details are set out in note 11.

9. Debtors

	2020 £	2019 £
Amounts owed by group undertakings	94,747,580	92,717,422
Other debtors	22,293	22,293
Prepayments and accrued income	1,087,521	1
	95,857,394	92,739,716

ATLAS HOTELS (GROUP 3 PROPERTY) LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2020

9. Debtors (continued)

The amounts owed by group undertakings are due on demand, unsecured and carry an interest rate of between 0% and 3.86% (2019: 4.8%).

10. Creditors: Amounts falling due within one year

	2020 £	2019 £
Amounts owed to group undertakings	19,035,928	18,328,129
Amounts owed to related undertakings	6,905,030	6,905,030
Corporation tax	-	862,264
Obligations under finance lease and hire purchase contracts	230,972	230,947
Accruals and deferred income	2,933	-
	<u>26,174,863</u>	<u>26,326,370</u>

The amounts owed to group undertakings and amounts owed to related undertakings are due on demand, unsecured and carry an interest rate of between 0% and 3.86% (2019: 4.8%).

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

	2020 £	2019 £
Net obligations under finance leases and hire purchase contracts	<u>30,625,568</u>	<u>30,859,153</u>

Finance lease obligations relate to the present value of the lease obligations in respect of certain leasehold interest the Company holds. The lease to which this obligation relates ends April 2121. The discount rate applied to the future payments under the leases to obtain a present value is 2.1%.

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Within one year	885,266	873,535
Between 1-5 years	3,541,065	3,494,140
Over 5 years	51,978,289	52,162,607
	<u>56,404,620</u>	<u>56,530,282</u>

ATLAS HOTELS (GROUP 3 PROPERTY) LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2020

12. Deferred tax

	2020 £
At beginning of year	6,593,092
Credited to profit or loss	(1,211,293)
At end of year	5,381,799

Deferred tax liabilities have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax liabilities where the directors believe it is probable that these liabilities will be due.

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Fixed asset timing differences	(2,109)	(72,653)
Capital gains	5,383,908	6,665,745
	5,381,799	6,593,092

13. Called up share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1,356,815,400 (2019 - 1,356,815,400) Ordinary shares of £0.01 each	13,568,154	13,568,154

14. Reserves

Retained earnings

All other net gains and losses and transactions with owners, such as dividends, that are not recognised elsewhere.

ATLAS HOTELS (GROUP 3 PROPERTY) LIMITED

Notes to the Financial Statements For the Year Ended 31 December 2020

15. Commitments under operating leases

The minimum rent receivables under non-cancellable operating leases are as follows:

	2020 £	2019 £
Not later than 1 year	1,101,316	1,615,303
Later than 1 year and not later than 5 years	4,405,263	6,461,212
Later than 5 years	9,078,378	13,744,870
	<u>14,584,957</u>	<u>21,821,385</u>

16. Related party transactions

As the Company is a wholly owned subsidiary of Titan Financing Holdco Limited, the Company has taken advantage of the exemption under section 1AC.35 of FRS 102 from disclosing transactions or balances with entities which form part of the Group.

17. Controlling party

The Company's immediate parent undertaking is Atlas Hotels Group Limited, a company incorporated in England and Wales.

The largest and smallest group for which financial statements are drawn up which incorporate the results of Atlas Hotels (Group 3 Property) Limited is that headed by Titan Financing Holdco Limited, a company incorporated in England and Wales.

The consolidated financial statements of Titan Financing Holdco Limited can be obtained from the Company Secretary at Quadrant House, Floor 6, 4 Thomas More Square, London E1W 1YW.

The Company's ultimate parent is Titan Investment Limited, a company incorporated in Jersey.

The ultimate controlling parties are Elcan Nominees Ltd and Mohul Nominees Ltd through their ownership of Titan Investment Limited.