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Company Registration No. 03165882 (England and Wales)

**STRAND PALACE HOTEL & RESTAURANTS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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## STRAND PALACE HOTEL & RESTAURANTS LIMITED

### COMPANY INFORMATION

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<b>Directors</b>	Mr I M Livingstone Mr D Taljaard
<b>Secretary</b>	Mr L Shelley
<b>Company number</b>	03165882
<b>Registered office</b>	8th Floor, South Block 55 Baker Street London W1U 8EW
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

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## STRAND PALACE HOTEL & RESTAURANTS LIMITED

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## **STRAND PALACE HOTEL & RESTAURANTS LIMITED**

### **STRATEGIC REPORT**

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

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

##### **Principal activities, review of the business and future developments**

The company owns and operates the Strand Palace Hotel, London.

The company made an operating profit of £11.2m in the financial year ended 31 December 2022 (2021: loss of £5.7m) and profit after tax of £8.6m (2021: loss of £2.2m). Net assets as at 31 December 2022 were £90.0m (2021: net assets of £81.3m).

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

##### **Principal risks and uncertainties**

The key business risks and uncertainties affecting the company are considered to relate to the fact that the company operates within a highly competitive market, in an industry that is heavily influenced by economic conditions. Further discussion of the risks and uncertainties, in the context of the group as a whole, are discussed in the company's ultimate parent's group annual report which does not form part of this report.

The company has a floating interest rate loan and therefore the company is exposed to interest rate risk. In order to manage its interest rate risk, the company has entered into a fixed for floating interest rate swap coterminous with the loan.

##### **Financial risk management**

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. Further discussion of the financial risk management objectives and policies, in the context of the group as a whole, are discussed in the company's ultimate parent's group annual report which does not form part of this report.

##### **Key performance indicators**

The company is managed by the directors in accordance with the group strategies of its ultimate parent company, London and Regional Group Hotels Ltd, and for this reason, the directors believe that key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. These strategies and key performance indicators are discussed in the company's ultimate parent's group annual report which does not form part of this report.

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## **STRAND PALACE HOTEL & RESTAURANTS LIMITED**

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

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

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##### **Section 172 statement**

With regard to the stakeholders and matters set out in s172(1)(a-f) of the Act, the board of directors of Strand Palace Hotel & Restaurants Limited consider both individually and collectively that they have acted in good faith, in a manner likely to promote the success of the company for the benefit of its members in the decisions taken during the year.

The company considers that the key stakeholder groups that have been impacted by its business activities and decisions taken, include its employees, customers, lenders, suppliers, and communities. We recognise the importance of our stakeholders in the success of the business.

We engage with our employees as they are fundamental in delivering the best possible service to our customers. There are monthly meetings held with staff representatives from each department to ensure that all teams are engaged with and their views are considered in the decisions taken by the business. This is in addition to holding staff events to improve staff morale and build teamwork.

The customer experience is integral to the Hotel brand and drives the success of the business through providing the best possible experience to customers. The Hotel tracks customer satisfaction and feedback, including thorough review on various key online review sites to ensure that feedback is factored into improving the customer experience through the way the business is run.

Suppliers are engaged with regularly as they are key to the business being able to operate. There are regular meetings held to build and maintain relationships, including the annual supplier event held to foster these relationships. The directors agree terms with and establish policies to ensure that supplier payment terms are adhered to.

The company endeavours to have a positive impact on the local community and environment as it is important to the staff, customers and members of the business. Examples of this include charitable events supporting charities which are important in the community the business operates – this includes events for homeless and medical charities which are also promoted to staff.

##### **Principal decisions**

The board meets regularly, and the Directors are fully involved in the key strategic decisions of the business.

Where a strategic decision is to be made, an assessment of the impact of that strategic decision on key stakeholders will be considered and will include details of any risks identified and resulting actions proposed to be taken to monitor and mitigate those risks. Long-term reputational risks always form part of these considerations.

The directors consider that the strategic decisions, i.e. those decisions which are commercially material and impact the key stakeholders, include:

- Financing strategy
- Capital expenditure
- Appointment of key management personnel
- Health and safety

##### **Financing strategy**

The relationship with the company's external lender is a key business relationship. The company engages with the lender where required. A key decision for the business is on the financing strategy, which the Board is actively involved in establishing, including discussions with lenders, seeking to obtain the best outcome for the business. This relationship is key to the long-term success of the company due to the ongoing requirement for liquidity and to facilitate a suitable return to the shareholders through responsible financial leveraging of assets.

The Board is involved in any significant capital expenditure, sets the budgets and reviews performance against budgets on a monthly basis through reporting packs delivered to senior management. In a competitive environment, maintaining suitable controls around decision making on capital spend is important to the company delivering profitability in accordance with the agreed delegation of authority.

## STRAND PALACE HOTEL & RESTAURANTS LIMITED

### STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **Capital expenditure**

The Board is very involved in any significant capital expenditure, sets the budgets and reviews performance against budgets on a monthly basis through reporting packs delivered to senior management. In a competitive environment, maintaining suitable controls around decision making on capital spend is important to the company delivering profitability in accordance with the agreed delegation of authority.

#### **Appointment of key management personnel**

The appointment of key staff is an important decision as day-to-day decision making is undertaken by key local management with appropriate regular oversight by the directors on a monthly basis through the monthly management reporting provided to directors. To help ensure the quality and integrity of this information, the directors have invested in a comprehensive data reporting system, segregation of duties and regular oversight, including a robust budgeting process.

#### **Health and safety**

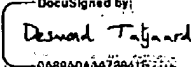
Maintaining the highest standards of health and safety is critical to the directors in how they run the individual hotels within the group. Management is responsible for developing robust health and safety policies and procedures to minimise the risk of future litigation. Any serious breaches that have occurred need to be reported to the directors to ensure that the appropriate remedial action can be subsequently taken.

#### **Going concern**

In 2022 following the lifting of Covid-19 restrictions, the performance of the hotel has significantly improved and the hotel has generated a positive cashflow for the year.

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

On behalf of the board

DocuSigned by:  
  
0A88A0A1A78841E  
Mr D Taljaard  
Director  
29/06/2023

## STRAND PALACE HOTEL & RESTAURANTS LIMITED

### DIRECTORS' REPORT

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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

#### Directors

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

Mr I M Livingstone  
Mr D Taljaard

#### Results and dividends

The results for the year are set out on page 9.

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

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

#### Qualifying third party indemnity provisions

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

#### Independent Auditors

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

#### Statement of disclosure to Independent Auditors

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

On behalf of the board

DocuSigned by:

Desmond Taljaard

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Mr D Taljaard  
Director

Date: 29/06/2023

**STRAND PALACE HOTEL & RESTAURANTS LIMITED**  
**DIRECTORS' RESPONSIBILITIES STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland, and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

On behalf of the board

Designated by:

**David Tallard**

AMM00002045

Mr D Tallard

Director

Date: **29/06/2023**



# STRAND PALACE HOTEL & RESTAURANTS LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF STRAND PALACE HOTEL & RESTAURANTS LIMITED

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#### Opinion

In our opinion, Strand Palace Hotel & Restaurants Limited's financial statements:

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

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

#### Basis for opinion

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

#### Independence

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

#### Conclusions relating to going concern

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

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

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

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

#### Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information.

# STRAND PALACE HOTEL & RESTAURANTS LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF STRAND PALACE HOTEL & RESTAURANTS LIMITED

#### Reporting on other information (continued)

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

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

#### Strategic report and Directors' Report

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

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

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

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

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

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

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

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK corporation tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 requirements. 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.

# STRAND PALACE HOTEL & RESTAURANTS LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF STRAND PALACE HOTEL & RESTAURANTS LIMITED

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

Audit procedures performed by the engagement team included:

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

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

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

#### Use of this report

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

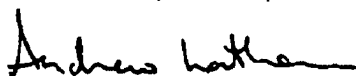
#### Other required reporting

#### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Andrew Latham (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
29 June 2023

**STRAND PALACE HOTEL & RESTAURANTS LIMITED****STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £'000	2021 £'000
Turnover	3	41,412	12,657
Cost of sales		(5,170)	(6,342)
<b>Gross profit</b>		<b>36,242</b>	<b>6,315</b>
Administrative expenses		(25,396)	(12,773)
Other operating income		388	753
<b>Operating profit/(loss)</b>	<b>5</b>	<b>11,234</b>	<b>(5,705)</b>
Interest payable and similar expenses	8	(1,414)	(1,079)
Exceptional income	4	-	4,629
<b>Profit/(loss) before taxation</b>		<b>9,820</b>	<b>(2,155)</b>
Tax on profit/(loss)	9	(1,174)	-
<b>Profit/(loss) for the financial year</b>		<b>8,646</b>	<b>(2,155)</b>
<b>Other comprehensive income</b>			
Cash flow hedges gain arising in the year			141
Tax relating to other comprehensive income			(27)
<b>Total comprehensive income/(expense) for the year</b>		<b>8,646</b>	<b>(2,041)</b>

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

**STRAND PALACE HOTEL & RESTAURANTS LIMITED****BALANCE SHEET****AS AT 31 DECEMBER 2022**

		2022		2021	
	Note	£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Tangible assets	10		75,090		78,742
<b>Current assets</b>					
Stocks	11	45		32	
Debtors	12	58,667		44,325	
Cash at bank and in hand		1,992		2,154	
		60,704		46,511	
<b>Creditors: amounts falling due within one year</b>	13	(18,401)		(12,236)	
<b>Net current assets</b>			42,303		34,275
<b>Total assets less current liabilities</b>			117,393		113,017
<b>Creditors: amounts falling due after more than one year</b>	14		(27,412)		(31,682)
<b>Net assets</b>			89,981		81,335
<b>Capital and reserves</b>					
Called up share capital	17		46,978		46,978
Capital redemption reserve			7,337		7,337
Retained earnings			35,666		27,020
<b>Total equity</b>			89,981		81,335

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

DocuSigned by:  
Desmond Taljaard

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Mr D Taljaard  
Director

Company Registration No. 03165882

**STRAND PALACE HOTEL & RESTAURANTS LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2022**

	Share capital	Hedging reserve	Capital redemption reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 January 2021</b>	<b>46,978</b>	<b>(114)</b>	<b>7,337</b>	<b>29,175</b>	<b>83,376</b>
<b>Year ended 31 December 2021:</b>					
Loss for the year				(2,155)	(2,155)
Other comprehensive income					
Cash flow hedges gains	-	141			141
Tax relating to other comprehensive income	-	(27)			(27)
Total comprehensive expense for the year		114		(2,155)	(2,041)
<b>Balance at 31 December 2021</b>	<b>46,978</b>	<b></b>	<b>7,337</b>	<b>27,020</b>	<b>81,335</b>
<b>Year ended 31 December 2022:</b>					
Profit and total comprehensive income for the year				8,646	8,646
<b>Balance at 31 December 2022</b>	<b>46,978</b>	<b></b>	<b>7,337</b>	<b>35,666</b>	<b>89,981</b>

# STRAND PALACE HOTEL & RESTAURANTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

### 1 Accounting policies

#### Company information

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

The company owns and operates the Strand Palace Hotel, London.

#### 1.1 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.

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

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

The financial statements have been prepared on a going concern basis and under the historical cost convention modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

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

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

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

#### 1.2 Going concern

In 2022 following the lifting of Covid-19 restrictions, the performance of the hotel has significantly improved and the hotel has generated a positive cashflow for the year.

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

#### 1.3 Turnover

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

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

Any deposits are recognised over the period that accommodation services are provided.

## STRAND PALACE HOTEL & RESTAURANTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

##### 1.4 Tangible assets

Tangible 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 or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	over the lease term on a straight-line basis
Plant, machinery, fixtures and fittings	15% per annum on a reducing balance basis

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.

No depreciation is provided in respect of tangible assets acquired during the financial year.

##### 1.5 Impairment of assets

At each reporting period 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.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### 1.6 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the first in, first out, principle and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing stocks to their existing location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Where necessary provision is made for obsolete, slow moving and defective stocks.

##### 1.7 Cash and cash equivalents

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



## STRAND PALACE HOTEL & RESTAURANTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Accounting policies

##### 1.8 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 in the company's balance sheet 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.

##### **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.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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

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

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

## STRAND PALACE HOTEL & RESTAURANTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Accounting policies

##### **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 payments 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.

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

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

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

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

#### 1.9 Equity instruments

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

#### 1.10 Derivatives

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

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

## STRAND PALACE HOTEL & RESTAURANTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 1 Accounting policies

##### 1.11 Hedge accounting

The company applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

At the inception of the hedge relationship, the company documents the relationship between the hedging instrument and the hedged item along with risk management objectives and strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

##### Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.

The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line in this item.

The gain or loss recognised in other comprehensive income is reclassified to profit or loss when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

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

For derivatives that are designated and qualify as cash flow hedges, the effective portion of changes in the fair value of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Any gain or loss previously recognised in other comprehensive income is reclassified to profit or loss when the hedge relationship ends. This occurs when the hedging instrument expires or no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised, or the hedging instrument is terminated.

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

## STRAND PALACE HOTEL & RESTAURANTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

##### **Deferred tax**

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

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

##### **1.13 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 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.

##### **1.14 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### **1.15 Leases**

Rentals payable under operating leases, including any lease incentives received, are recognised as an expense 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 lease asset are consumed.

##### **1.16 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the statement of comprehensive income.

##### **1.17 Accrued income**

Income is allocated in the period to which it relates, with amounts due but not invoiced at the period end held as accrued income and released to the statement of comprehensive income when invoices are raised.

##### **1.18 Deferred income**

Income is allocated in the period to which it relates, with payments received in advance held as deferred income and credited to the statement of comprehensive income when earned.

# STRAND PALACE HOTEL & RESTAURANTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 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. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. Estimates are amended when necessary, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying values of the assets and note 14 for the accounting policy.

#### Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtors, the aging profile of debtors and historic experience. See note 12 for the carrying values of the assets and note 18 for the accounting policy.

### 3 Turnover

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

### 4 Exceptional items

	2022 £'000	2021 £'000
Release of provision		4,629

### 5 Operating profit/(loss)

	2022 £'000	2021 £'000
Operating profit/(loss) for the year is stated after charging/(crediting)		
Exchange losses	2	
Bad debt provision/(reversal)	6	(19)
Depreciation of owned tangible assets	4,374	4,580
Furlough government credit		(478)
Operating lease charges	4,989	4,989

Auditors' remuneration of £23k (2021: £20k) has been borne by fellow group undertaking, London and Regional Group Hotel Holdings Ltd which made no recharge to the company.

**STRAND PALACE HOTEL & RESTAURANTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****6 Employees**

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

	2022 Number	2021 Number
Rooms	71	36
Catering	73	34
Other	56	43
	<u>200</u>	<u>113</u>

Their aggregate remuneration comprised:

	2022 £'000	2021 £'000
Wages and salaries	4,972	3,196
Social security costs	540	355
Pension costs	155	112
	<u>5,667</u>	<u>3,663</u>

**7 Directors' remuneration**

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

**8 Interest payable and similar expenses**

	2022 £'000	2021 £'000
Interest on bank overdrafts and loans	1,326	971
Other interest	88	108
	<u>1,414</u>	<u>1,079</u>

**9 Tax on profit/(loss)**

	2022 £'000	2021 £'000
Current tax		
UK corporation tax on profits for the current year	1,174	
	<u>1,174</u>	<u></u>

**STRAND PALACE HOTEL & RESTAURANTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****9 Tax on profit/(loss)**

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

The actual tax charge/result for the year can be reconciled to the expected tax charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £'000	2021 £'000
Profit/(loss) before taxation	9,820	(2,155)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	1,866	(409)
Tax effect of expenses that are not deductible in determining taxable profit	1	2
Losses on discontinued operations not recognised	-	305
Permanent capital allowances in excess of depreciation	(693)	102
Tax charge/result for the year	1,174	-

In addition to the amount charged against profit/(loss) for the financial year, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2022 £'000	2021 £'000
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	-	27

**Factors which may affect future tax charges**

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

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

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

**STRAND PALACE HOTEL & RESTAURANTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****10 Tangible assets**

	Leasehold land and buildings	Plant, machinery, fixtures and fittings	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 January 2022	113,717	37,289	151,006
Additions	722	-	722
At 31 December 2022	114,439	37,289	151,728
<b>Accumulated depreciation and impairment</b>			
At 1 January 2022	43,590	28,674	72,264
Depreciation charged in the year	3,082	1,292	4,374
At 31 December 2022	46,672	29,966	76,638
<b>Carrying amount</b>			
At 31 December 2022	67,767	7,323	75,090
At 31 December 2021	70,127	8,615	78,742

**11 Stocks**

	2022	2021
	£'000	£'000
Finished goods and goods for resale	45	32

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

There are no significant disclosures between the replacement costs of the stocks and their carrying amounts.

**12 Debtors**

	2022	2021
	£'000	£'000
Trade debtors	1,726	949
Amounts owed by group undertakings	54,970	41,899
Prepayments and accrued income	1,971	1,477
	58,667	44,325

Trade debtors are stated after provisions for impairment of £nil (2021: £nil).

Amounts owed by group undertakings are repayable on demand, unsecured and interest free.



**STRAND PALACE HOTEL & RESTAURANTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****13 Creditors: amounts falling due within one year**

	Note	2022 £'000	2021 £'000
Bank loans and overdrafts	15	4,706	3,835
Trade creditors		289	1,575
Amounts owed to group undertakings		4,789	3,917
Corporation tax		1,174	-
Other taxation and social security		3,201	677
Other creditors		47	74
Accruals and deferred income		4,195	2,158
		<u>18,401</u>	<u>12,236</u>

Amounts owed to group undertakings are repayable on demand, unsecured and interest free.

**14 Creditors: amounts falling due after more than one year**

	Note	2022 £'000	2021 £'000
Bank loans and overdrafts	15	<u>27,412</u>	<u>31,682</u>

The bank loan is stated net of finance charges of £213k (2021: £213k) to be allocated to future periods.

**15 Bank loans and overdrafts**

	2022 £'000	2021 £'000
Bank loans	<u>32,118</u>	<u>35,517</u>
Payable within one year	4,706	3,835
Payable between 2-5 years	<u>27,412</u>	<u>31,682</u>

The bank loan is secured over the leasehold property and the income derived therefrom and by fixed and floating charges over the assets of the company. It is repayable in full on 28 May 2024. The loan and swap in aggregate result in interest at an effective fixed rate of 3.113% per annum.

**16 Retirement benefit schemes**

	2022 £'000	2021 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>155</u>	<u>112</u>

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.

The total pension contributions outstanding as at 31 December 2022 was £23k (2021: £23k).

**STRAND PALACE HOTEL & RESTAURANTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****17 Called up share capital**

	2022 £'000	2021 £'000
<b>Ordinary share capital</b>		
Allotted, called-up and fully paid		
187,913,304 (2021: 187,913,304) ordinary shares of 25p each	46,978	46,978

**18 Operating lease commitments****Lessee**

At the reporting date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022 £'000	2021 £'000
Within one year	5,793	5,793
Between two and five years	23,172	23,172
In over five years	62,499	68,292
	<u>91,464</u>	<u>97,257</u>

**19 Related party transactions**

As the company is a wholly owned subsidiary of London and Regional Group Hotel Holdings Ltd, the company has taken advantage of the exemption under section 33(1A) of FRS102 from disclosing transactions or balances with entities which form part of the group.

**20 Ultimate controlling party**

The immediate parent undertaking is LR (SPH) Holding No. 2 Ltd, a company incorporated and registered in England and Wales.

The ultimate parent undertaking is London and Regional Group Hotels Ltd, a company incorporated in England and Wales.

London and Regional Group Hotel Holdings Ltd is the parent undertaking of the smallest group of undertakings to consolidate these financial statements as at 31 December 2022. London and Regional Group Hotels Ltd is the parent undertaking of the largest group of undertakings to consolidate these financial statements as at 31 December 2022. The consolidated financial statements of London and Regional Group Hotel Holdings Ltd and London and Regional Group Hotels Ltd can be obtained from the company secretary at: 8th Floor, South Block, 55 Baker Street, London, W1U 8EW.

The ultimate controlling parties are I M Livingstone and R J Livingstone through their equal joint ownership of London and Regional Group Hotels Ltd.