

**Atlas Hotels (Group 4 Property 2)
Limited**

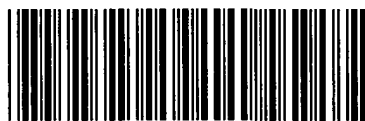
Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 03328699

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Atlas Hotels (Group 4 Property 2) Limited

Company Information

Directors	S J Lowe A P Bradley
Registered number	03328699
Registered office	Bridgeway House Bridgeway Stratford-Upon-Avon Warwickshire England CV37 6YX

Atlas Hotels (Group 4 Property 2) Limited

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Atlas Hotels (Group 4 Property 2) Limited

Directors' Report For the Year Ended 31 December 2019

The directors present their report and the audited financial statements for the year ended 31 December 2019. The prior comparatives represent a 15 month period to 31 December 2018.

Principal activities

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

Going concern

Subsequent to the year end, COVID-19 has had a significant impact on the UK economy with Hospitality and Leisure being affected through Government intervention, directly through imposition of trading restrictions and indirectly through limiting consumers ability to travel.

The Company's assets are secured against a bank loan taken out by its intermediary parent company, Titan Acquisition Limited ("TAL"). As a direct result of COVID-19 and the consequence of the varying government lockdowns across the UK since March 2020, TAL has been in breach of its loan covenants and no waiver has been received from the lender. The directors are in discussion with the Special Servicer (lender's agent) to find a workable practical resolution and agree an amendment for future covenant tests. Whilst the directors have reasonable expectations, based on discussions with the Special Servicer so far, that a resolution will be agreed upon, as at the date of signing these financial statements there is some uncertainty as to how the discussions will end and the impact on the Company if an agreement with the Special Servicer is not reached.

These circumstances indicate the existence of a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might arise should the Company cease to be a going concern.

The Company's directors have received confirmation from Titan Acquisition Limited that it currently intends to provide the necessary financial support to the Company for at least 12 months from the date of signing to enable the Company to continue as a going concern. As disclosed in the financial statements of TAL, it also requires financial support from its ultimate beneficial owner. Neither confirmation is binding and therefore receipt of the financial support is not certain.

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 (appointed 19 March 2019)

Atlas Hotels (Group 4 Property 2) Limited

Directors' Report (continued) For the Year Ended 31 December 2019

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", 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 audited financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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.

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.

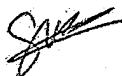
Atlas Hotels (Group 4 Property 2) Limited

Directors' Report (continued) For the Year Ended 31 December 2019

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 26 February 2021 and signed on its behalf.



S J Lowe
Director

Atlas Hotels (Group 4 Property 2) Limited

Independent Auditors' Report to the Members of Atlas Hotels (Group 4 Property 2) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Atlas Hotels (Group 4 Property 2) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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, comprising 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 Statement of Financial Position as at 31 December 2019; the Income Statement, the Statement of Total Comprehensive Income, 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.3 to the financial statements concerning the company's ability to continue as a going concern. The Company's assets are secured against a bank loan taken out by its intermediary parent company, Titan Acquisition Limited ("TAL"). As a direct result of COVID-19, TAL has been in breach of its loan covenants and no waiver has been received from the lender. The directors are in discussion with the Special Servicer (lender's agent) to find a workable practical resolution and agree an amendment for future covenant tests. Whilst the directors have reasonable expectations, based on discussions with the Special Servicer so far, that a resolution will be agreed upon, as at the date of signing these financial statements there is no agreement. There is uncertainty as to the outcome of those discussions and the impact of the outcome on the Company. These conditions, along with the other matters explained in note 2.3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

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.

Atlas Hotels (Group 4 Property 2) Limited

Independent Auditors' Report to the Members of Atlas Hotels (Group 4 Property 2) Limited (continued)

Reporting on other information (continued)

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 2019 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 set out on page 2, 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.

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.

Atlas Hotels (Group 4 Property 2) Limited

Independent Auditors' Report to the Members of Atlas Hotels (Group 4 Property 2) Limited (continued)

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 received 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; 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
28 February 2021

Atlas Hotels (Group 4 Property 2) Limited

Income Statement For the Year Ended 31 December 2019

	Note	Year ended 31 December 2019 £	Period ended 31 December 2018 £
Turnover	4	1,816,269	2,626,000
Fair value movement on investment property valuation	10	5,868,533	404,548
Operating profit	5	7,684,802	3,030,548
Loss on disposal of investments		(2)	-
Interest receivable and similar income	6	355,666	425,126
Interest payable and similar expenses	7	(183,697)	(199,917)
Profit on ordinary activities before taxation		7,856,769	3,255,757
Tax on profit on ordinary activities	8	(1,374,891)	134,924
Profit for the financial year/period		6,481,878	3,390,681

The Income Statement has been prepared on the basis that all operations are continuing operations.

The notes on pages 11 to 24 form part of these financial statements.

Atlas Hotels (Group 4 Property 2) Limited

Statement of Total Comprehensive Income For the Year Ended 31 December 2019

	Year ended 31 December 2019 £	Period ended 31 December 2018 £
Profit for the financial year/period	6,481,878	3,390,681
Other comprehensive income	-	-
Total comprehensive income for the year/period	6,481,878	3,390,681

The notes on pages 11 to 24 form part of these financial statements.

Atlas Hotels (Group 4 Property 2) Limited

Registered number: 03328699

Statement of Financial Position As at 31 December 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Investments	9		1		6
Investment property	10		36,290,630		30,422,097
			<u>36,290,631</u>		<u>30,422,103</u>
Current assets					
Debtors	11	22,349,078		7,498,925	
		<u>22,349,078</u>		<u>7,498,925</u>	
Current liabilities					
Creditors: amounts falling due within one year	12	(4,162,634)		(3,526,404)	
Net current assets			<u>18,186,444</u>		<u>3,972,521</u>
Total assets less current liabilities			<u>54,477,075</u>		<u>34,394,624</u>
Creditors: amounts falling due after more than one year	13	(12,598,453)			-
Provisions for liabilities					
Deferred tax	14	(3,158,588)		(2,156,468)	
Net assets			<u><u>38,720,034</u></u>		<u><u>32,238,156</u></u>
Capital and reserves					
Called up share capital	15		2		2
Retained earnings	16		38,720,032		32,238,154
Total equity			<u><u>38,720,034</u></u>		<u><u>32,238,156</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 February 2021.



S J Lowe
Director

The notes on pages 11 to 24 form part of these financial statements.

Atlas Hotels (Group 4 Property 2) Limited

Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital £	Retained earnings £	Total equity £
At 1 October 2017	2	28,847,473	28,847,475
Profit for the financial period and total comprehensive income	-	3,390,681	3,390,681
At 31 December 2018	2	32,238,154	32,238,156
Profit for the financial year and total comprehensive income	-	6,481,878	6,481,878
At 31 December 2019	2	38,720,032	38,720,034

The notes on pages 11 to 24 form part of these financial statements.

Atlas Hotels (Group 4 Property 2) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1. General information

Atlas Hotels (Group 4 Property 2) Limited is a private company limited by shares and incorporated in England and Wales. 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" (FRS102) 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 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 3.

The Company is exempt from the preparation of consolidated financial statements, because it is included in the group financial statements of Titan Financing Holdco Limited. Details of the parent in whose consolidated financial statements the Company is included are shown in note 19 to the financial statements. These financial statements are separate financial statements, presenting information about the Company as an individual entity and not about its group.

2.2 Exemptions for qualifying entities under FRS 102

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" because equivalent disclosures are included in the consolidated financial statements of Titan Financing Holdco Limited. The financial statements of London and Regional Group Hotels Ltd can be obtained from the address provided in note 19.

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

Atlas Hotels (Group 4 Property 2) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.3 Going concern

Subsequent to the year end, COVID-19 has had a significant impact on the UK economy with Hospitality and Leisure being affected through Government intervention, directly through imposition of trading restrictions and indirectly through limiting consumers ability to travel.

The Company's assets are secured against a bank loan taken out by its intermediary parent company, Titan Acquisition Limited ("TAL"). As a direct result of COVID-19 and the consequence of the varying government lockdowns across the UK since March 2020, TAL has been in breach of its loan covenants and no waiver has been received from the lender. The directors are in discussion with the Special Servicer (lender's agent) to find a workable practical resolution and agree an amendment for future covenant tests. Whilst the directors have reasonable expectations, based on discussions with the Special Servicer so far, that a resolution will be agreed upon, as at the date of signing these financial statements there is some uncertainty as to how the discussions will end and the impact on the Company if an agreement with the Special Servicer is not reached.

These circumstances indicate the existence of a material uncertainty that may cast significant doubt over the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might arise should the Company cease to be a going concern.

The Company's directors have received confirmation from Titan Acquisition Limited that it currently intends to provide the necessary financial support to the Company for at least 12 months from the date of signing to enable the Company to continue as a going concern. As disclosed in the financial statements of TAL, it also requires financial support from its ultimate beneficial owner. Neither confirmation is binding and therefore receipt of the financial support is not certain.

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

2.4 Turnover

Turnover represents rental income and receivable property expenses, net of value added tax. Rental income is recognised over the term of the lease on a straight line basis.

2.5 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 the Income Statement.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.7 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.

Atlas Hotels (Group 4 Property 2) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.8 Financial instruments

The Company has elected to apply 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 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.

Impairment of financial assets

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.

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.

Atlas Hotels (Group 4 Property 2) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.8 Financial instruments (continued)

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.

2.9 Finance costs

Finance costs are charged to the Income Statement 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.

2.10 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 4 Property 2) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

2.11 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.

2.12 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

2.13 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 4 Property 2) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

3. Critical accounting estimates and judgements

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.

Critical judgements in applying the entity's accounting policies:

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

Critical accounting estimates and assumptions:

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

(a) Hotel property valuations

For the purposes of calculating the fair value of its properties, the Company uses valuations carried out by independent valuers on the basis of fair value. The valuations are based upon assumptions including the future trading performance of the hotels and investment properties.

(b) Recoverability of amounts owed by group undertakings

The Company makes an estimate of the recoverable value of the amounts owed by group undertakings. When carrying out the assessment the directors consider factors including the aging profile of the debtors, historical experience and performance of the debtors business.

(c) Finance lease obligations

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

4. Turnover

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

	Year ended 31 December 2019 £	Period ended 31 December 2018 £
Investment property rental income	<u>1,816,269</u>	<u>2,626,000</u>

All turnover arose within the United Kingdom.

Atlas Hotels (Group 4 Property 2) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

5. Operating profit

The operating profit is stated after (crediting):

	Year ended 31 December 2019 £	Period ended 31 December 2018 £
Fair value movement on investment property valuation (note 10)	<u>(5,868,533)</u>	<u>(404,548)</u>

Auditors' remuneration

Fees payable to the Company's auditors and their associates for the audit of the Company's annual financial statements were £2,325 (period ended 31 December 2018: £2,072).

Directors' emoluments

The directors received no remuneration for their services as directors of this Company (period ended 31 December 2018: £nil).

The Company has no employees other than the directors (period ended 31 December 2018: none).

6. Interest receivable and similar income

	Year ended 31 December 2019 £	Period ended 31 December 2018 £
Loans to group undertakings	<u>355,666</u>	<u>425,126</u>

Atlas Hotels (Group 4 Property 2) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

7. Interest payable and similar expenses

	Year ended 31 December 2019 £	Period ended 31 December 2018 £
Loans from group undertakings	169,267	199,917
Finance leases and hire purchase contracts	14,430	-
	<u>183,697</u>	<u>199,917</u>

8. Tax on profit on ordinary activities

	Year ended 31 December 2019 £	Period ended 31 December 2018 £
Corporation tax		
Current tax on profits for the period/year	372,771	-
Adjustments in respect of previous periods	-	(401,642)
Total current tax	<u>372,771</u>	<u>(401,642)</u>
Deferred tax		
Origination and reversal of timing differences	1,002,120	266,718
Total deferred tax	<u>1,002,120</u>	<u>266,718</u>
Tax on profit on ordinary activities	<u>1,374,891</u>	<u>(134,924)</u>

Atlas Hotels (Group 4 Property 2) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

8. Tax on profit on ordinary activities (continued)

Factors affecting tax charge/(credit) for the year/period

The tax assessed for the year is lower than (period ended 31 December 2018: lower than) the standard rate of corporation tax in the UK of 19% (period ended 31 December 2018: 19%). The differences are explained below:

	Year ended 31 December 2019 £	Period ended 31 December 2018 £
Profit on ordinary activities before taxation	7,856,769	3,255,757
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (period ended 31 December 2018: 19%)	1,492,786	618,594
Effects of:		
Income not taxable	(1,115,021)	(76,864)
Change in tax rates	(117,895)	(31,379)
Chargeable gains	1,115,021	290,398
Group relief (claimed)/surrendered	-	(534,031)
Adjustments in respect of previous years/periods	-	(401,642)
Total tax charge/(credit) for the year/period	1,374,891	(134,924)

Factors that may affect future tax charges

There are no factors that may affect the future tax charge. The March 2015 budget announced a reduction in the UK corporate tax rate from 19% to 17% from 1 April 2020, however this has subsequently been amended by a policy paper published in March 2020, which will maintain the UK corporation tax rate at 19%.

Atlas Hotels (Group 4 Property 2) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

9. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	6
Disposals	(5)
At 31 December 2019	<u>1</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of Shares	Principal activity
Atlas Hotels (Birmingham NT 1) Limited	Ordinary	% Dormant

On 12 December 2019, the Company disposed of Atlas Hotels (Birmingham NT 2) Limited, Atlas Hotels (Birmingham NT 3) Limited, Atlas Hotels (Stafford NT 1) Limited, Atlas Hotels (Swindon NT 1) Limited and Atlas Hotels (Wembley NT) Limited. All entities were sold to London and Regional Group Hotel Holdings Limited, a fellow group undertaking. All entities were dormant during the year and at the point of disposal. Total consideration of £3 was received, resulting in a loss on disposal of £2.

The registered address of the remaining subsidiary is Bridgeway House, Bridgeway, Stratford-Upon-Avon, Warwickshire CV37 6YX.

Atlas Hotels (Group 4 Property 2) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

10. Investment property

	Investment properties £
Valuation	
At 1 January 2019	30,422,097
Surplus on revaluation	5,868,533
At 31 December 2019	36,290,630

The directors valued the hotel and investment properties as at 31 December 2019 at £xx in line with the valuation carried out by external valuers to support the Group refinance. The valuation was performed on a post Ground Rent basis.

On 12 December 2019, the Company entered into a sale and leaseback agreement for the Hotel Property ('Sale and Leaseback') with an independent third party. Under the terms of the Sale and Leaseback, the Hotel is leased for 125 years with a £1 buy-back option for each property at the end of year 65. The Sale and Leaseback is considered to be a financing transaction and no disposal or reacquisition of the Property has been recognised in these financial statements. When an asset is sold and then leased back, this constitutes a sale and leaseback transaction. Under FRS 102 when this results in a finance lease, no loss is recognised unless the asset is impaired.

At 31 December 2019, the property has been valued on the basis of freehold interests. Included within the property valuation is £12,692,647 (2018: £nil) relating to the present value of the ground rents payable. Details are set out in note 13.

In the directors' opinion the portfolio value basis is considered to be materially the same as the fair value. The freehold property has been charged to secure the bank loan of a fellow group company.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2019 £	2018 £
Historic cost	<u>11,558,150</u>	<u>11,558,150</u>

11. Debtors

	2019 £	2018 £
Amounts owed by group undertakings	<u>22,349,078</u>	<u>7,498,925</u>

The amounts owed by group undertakings are due on demand, unsecured and carry an interest rate of 4.8% (2018: 4.8%).

Atlas Hotels (Group 4 Property 2) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

12. Creditors: Amounts falling due within one year

	2019 £	2018 £
Amounts owed to group undertakings	3,695,669	3,526,404
Corporation tax	372,771	-
Obligations under finance lease and hire purchase contracts	94,194	-
	<u>4,162,634</u>	<u>3,526,404</u>

The amounts owed to group undertakings are due on demand, unsecured and carry an interest rate of 4.8% (2018: 4.8%).

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

	2019 £	2018 £
Net obligations under finance leases and hire purchase contracts	<u>12,598,453</u>	<u>-</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:

	2019 £	2018 £
Within one year	356,848	-
Between 1-5 years	1,427,394	-
Over 5 years	21,308,986	-
	<u>23,093,228</u>	<u>-</u>

Atlas Hotels (Group 4 Property 2) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

14. Deferred tax

	2019 £
At beginning of year	2,156,468
Charged to profit or loss	1,002,120
At end of year	3,158,588

The provision for deferred taxation is made up as follows:

	2019 £
Capital gains	3,172,924
Fixed asset timing differences	(14,336)
	3,158,588

15. Called up share capital

	2019 £	2018 £
Allotted, called up and fully paid		
2 (2018: 2) Ordinary shares of £1 each	2	2

16. Reserves

Retained earnings

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

17. Commitments under operating leases

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

	2019 £	2018 £
Not later than 1 year	392,533	2,100,800
Later than 1 year and not later than 5 years	1,570,132	8,403,200
Later than 5 years	3,925,330	16,806,400
	5,887,995	27,310,400

Atlas Hotels (Group 4 Property 2) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

18. 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.

19. 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 4 Property 2) 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.

At 1 January 2019, the Company's ultimate parent was London and Regional Group Hotels Ltd, a company incorporated in England and Wales.

From the 12 December 2019, the Company's ultimate parent became Titan Investment Limited, a company incorporated in Jersey, following its acquisition of Titan Financing Holdco Limited from London and Regional Group Hotels Ltd.

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

20. Post balance sheet events

Subsequent to the year end the impact of COVID-19 on the UK economy took hold towards the end of March 2020 and it has subsequently had a significant impact on the wider economy as well as the Company's areas of operations.

COVID-19 is viewed as a non-adjusting event for the purposes of these financial statements.