

Cockpit Hotel (London) Limited

Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 03405105

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Cockpit Hotel (London) Limited

Company Information

Directors	Teo Kok Woon Teo Cheng Woon
Company secretary	Tan Shang Teow
Registered number	03405105
Registered office	47 Lillie Road London SW6 1UD
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU
Bankers	National Westminster Bank Plc 9th Floor 280 Bishopsgate London EC2M 4RB HSBC Bank Plc 8 Canada Square London E14 5HQ
Solicitors	Baker & McKenzie 100 New Bridge Street London EC4V 6JA

Cockpit Hotel (London) Limited

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Cockpit Hotel (London) Limited

Strategic report For the year ended 31 December 2019

Introduction

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activity, business review and key performance indicators

The company has continued to operate a hotel in London in the year.

Principal risks and uncertainties

The hotel is operating in a competitive market environment and is subject to business risks facing other hoteliers in London. The company's key risks identified by the directors are the general economy, attractiveness of the UK as a visitor location, its competitiveness against its main rivals and the maintenance of high standards including complying with all laws and regulations.

The directors review the company's exposures to these risks regularly.

The Directors consider that the principal risk to the business currently is new restrictions on our ability to trade such as enforced closures, or restrictions on travel in response to the ongoing COVID-19 pandemic.

Key performance indicators

Turnover has increased by 7% over the past year. The company's EBITDA, as a measure of its key performance indicator for the year was £1,388,726 (2018 - £1,031,713).

The company's other key performance indicators include hotel occupancy, average achieved room rates and profit margins.

Occupancy rates have increased by 2.2% (89.7% in 2019 vs 87.5% in 2018).

Average room rate has broadly remained in line with the prior year (£72.40 in 2019 vs £68.79 in 2018, an increase of 5.3%).

The directors consider the results of the year to be satisfactory.

Results and dividends

The profit for the year, after taxation, amounted to £910,055 (2018 - £728,596).

The directors do not recommend the payment of a dividend (2018 - £Nil).

Cockpit Hotel (London) Limited

Strategic report (continued)
For the year ended 31 December 2019

Financial instruments

The company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow associated with selling on credit and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to price risk or liquidity risk.

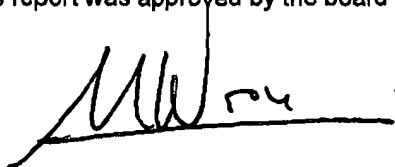
Future Outlook

The company will continue to maintain the hotel's high standards to maintain its trading levels.

Since the year end, the existence of a new coronavirus (COVID-19) was identified and on 30th Jan 2020, the World Health Organization announced it as a global health emergency. The virus has a devastating impact on ordinary lives and efforts to contain it continue to weigh on economic activities. Due to measures taken by the UK government the hotel was forced to close between 27 March 2020 and 14 September 2020. Occupancy rates remain significantly below historic levels since reopening due to ongoing restrictions in the UK and globally.

Based upon periods of lock down and restriction easing management expect the economy to rebound quickly in part thanks to stimulus measures from authorities. News of effective COVID-19 vaccines have been well received and potentially provide a foundation for economic growth ahead and recovery to historic operational levels during 2021 and 2022.

This report was approved by the board and signed on its behalf.



Teo Kok Woon
Director

Date: 04-08-21

Cockpit Hotel (London) Limited

Directors' report For the year ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors

The directors who served during the year were:

Teo Kok Woon
Teo Cheng Woon

Results and dividends

The profit for the year, after taxation, amounted to £910,055 (2018 - £728,596).

The directors do not recommend the payment of a dividend (2018 - £Nil).

Going concern

The global and UK outbreak of COVID-19 during the year and its impact on the Company represents a material uncertainty with regards to going concern. The Board of Directors and management continue to closely monitor the situation and its impact on operations, taking steps deemed necessary to mitigate potential or realised negative consequences. Further information in this regard is provide in Note 2.2 to these financial statements, including the basis on which the board have concluded that it remains appropriate to adopt the going concern basis of preparation.

Matters covered in the strategic report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic report on page 1 - 2. These matters relate to the principal activity of the company, the principal risks that it faces and future developments.

Disclosure of information to auditor

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 auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post balance sheet events

Please see note 26 for details of post balance sheet events.

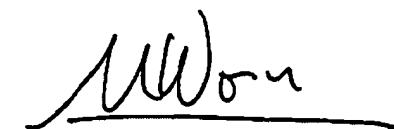
Cockpit Hotel (London) Limited

Directors' report (continued)
For the year ended 31 December 2019

Auditor

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

This report was approved by the board and signed on its behalf.



Teo Kok Woon
Director

Date: 04-08-21

Cockpit Hotel (London) Limited

Directors' responsibilities statement For the year ended 31 December 2019

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Cockpit Hotel (London) Limited

Independent auditor's report to the members of Cockpit Hotel (London) Limited

Opinion

We have audited the financial statements of Cockpit Hotel (London) Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty in relation to going concern

We draw attention to note 2.2 in the financial statements which indicates that the entities cash reserves are forecasted to come under significant strain depending on the speed of recovery and the occurrence of further restrictions on trade of the hotel which are each uncertain. Additionally, circumstances outside of management's control could change that negatively impact on covenant compliance and remedies to any breaches are uncertain. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Cockpit Hotel (London) Limited

Independent auditor's report to the members of Cockpit Hotel (London) Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report,

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

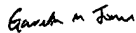
A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Cockpit Hotel (London) Limited

Independent auditor's report to the members of Cockpit Hotel (London) Limited (continued)

Use of our report

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

DocuSigned by:

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Gareth M Jones (Senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 04 August 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Cockpit Hotel (London) Limited

Statement of comprehensive income For the year ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	16,685,074	15,631,693
Cost of sales		(884,875)	(862,853)
Gross profit		15,800,199	14,768,840
Administrative expenses		(14,609,342)	(14,001,593)
Other operating income	5	51,909	53,941
Operating profit	6	1,242,766	821,188
Other non-operating income		5,927	-
Interest receivable and similar income	9	-	21
Interest payable and similar expenses	10	(21,792)	(44,958)
Profit before tax		1,226,901	776,251
Tax on profit	11	(316,846)	(47,655)
Profit for the financial year		910,055	728,596

There was no other comprehensive income for 2019 (2018 - £Nil).

The notes on pages 13 to 25 form part of these financial statements.

Cockpit Hotel (London) Limited
Registered number: 03405105

Statement of financial position
As at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	12	4	4
Tangible fixed assets	13	350,829	457,537
		<u>350,833</u>	<u>457,541</u>
Current assets			
Stocks	14	30,947	30,496
Debtors: amounts falling due within one year	15	3,303,743	3,073,767
Cash at bank and in hand		2,385,901	1,808,145
		<u>5,720,591</u>	<u>4,912,408</u>
Creditors: amounts falling due within one year	16	(2,899,112)	(2,355,872)
Net current assets		<u>2,821,479</u>	<u>2,556,536</u>
Total assets less current liabilities		<u>3,172,312</u>	<u>3,014,077</u>
Creditors: amounts falling due after more than one year	17	(21,791)	(773,611)
Net assets		<u><u>3,150,521</u></u>	<u><u>2,240,466</u></u>
Capital and reserves			
Share capital	20	8,000,000	8,000,000
Retained earnings	21	(4,849,479)	(5,759,534)
Total equity		<u><u>3,150,521</u></u>	<u><u>2,240,466</u></u>

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


Teo Kok Woon
Director

Date: 04-08-21

The notes on pages 13 to 25 form part of these financial statements.

Cockpit Hotel (London) Limited

Statement of changes in equity For the year ended 31 December 2019

	Share capital £	Retained earnings £	Total equity £
At 1 January 2019	8,000,000	(5,759,534)	2,240,466
Comprehensive income for the year			
Profit for the year	-	910,055	910,055
At 31 December 2019	<u>8,000,000</u>	<u>(4,849,479)</u>	<u>3,150,521</u>

Statement of changes in equity For the year ended 31 December 2018

	Share capital £	Retained earnings £	Total equity £
At 1 January 2018	8,000,000	(6,488,130)	1,511,870
Comprehensive income for the year			
Profit for the year	-	728,596	728,596
At 31 December 2018	<u>8,000,000</u>	<u>(5,759,534)</u>	<u>2,240,466</u>

The notes on pages 13 to 25 form part of these financial statements.

Cockpit Hotel (London) Limited

Statement of cash flows For the year ended 31 December 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	910,055	728,596
Adjustments for:		
Depreciation of tangible assets	140,033	210,528
Interest paid	21,792	44,958
Interest received	-	(21)
Taxation charge	316,846	47,655
Increase in stocks	(451)	(3,712)
Increase in debtors	(459,907)	(156,822)
(Decrease)/increase in creditors	456,325	267,956
Net cash generated from operating activities	1,384,693	1,139,138
Cash flows from investing activities		
Purchase of tangible fixed assets	(33,325)	(50,761)
Interest received	-	21
Net cash from investing activities	(33,325)	(50,740)
Cash flows from financing activities		
Repayment of borrowings	(773,612)	(728,653)
Net cash used in financing activities	(773,612)	(728,653)
Net increase in cash and cash equivalents	577,756	359,745
Cash and cash equivalents at beginning of year	1,808,145	1,448,400
Cash and cash equivalents at the end of year	2,385,901	1,808,145
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,385,901	1,808,145
	2,385,901	1,808,145

The notes on pages 13 to 25 form part of these financial statements.

Cockpit Hotel (London) Limited

Notes to the financial statements For the year ended 31 December 2019

1. General information

Cockpit Hotel (London) Limited is a private limited company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the Strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

At the reporting date the Company reports net current assets of £2,821,479 (2018: £2,556,536) and net assets of £3,150,521 (2018: £2,240,466). The financial statements have been prepared on a going concern basis.

The risks associated with the COVID-19 pandemic are ongoing and the Directors and management of the hotel are aware of, and are constantly monitoring, its impact on trading performance. Restrictions in the UK are beginning to be lifted as a vaccine programme is rolled out, which will provide much needed positivity in the sector and the beginning of a possible recovery towards historic operating levels and cash flows. However, the speed of this recovery is uncertain. Additionally, the risk of further lock downs or restrictions cannot be ruled out as the effectiveness of vaccines against new variants of the virus cannot be known.

Management have prepared cash flow forecasts that contain inherent uncertainties. Management expect that there will be a significant strain placed on the company's cash reserves within a period of 12 months from the approval of these financial statements. Additionally, circumstances outside of management's control could negatively impact on covenant compliance and remedies to any breaches are uncertain. While the Directors expect that in such circumstances further or alternative financing facilities could be obtained, the timing and amount of these is uncertain. As such a material uncertainty does exist that may cast significant doubt on 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.

2.3 Turnover

Hotel and leisure turnover, including rental income, represents amounts receivable for accommodation, food and beverage sales and ancillary services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Turnover is recognised at the point at which goods and services are delivered to the customer.

Cockpit Hotel (London) Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

2.4 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life.

Other Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.5 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Furniture, fittings and building renovations - 5 - 33%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.6 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Cockpit Hotel (London) Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

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

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2.10 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to and from related parties and investments in non-puttable ordinary shares.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Cockpit Hotel (London) Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

2.13 Finance costs

Finance costs are charged to the Statement of comprehensive income 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.

2.14 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.15 Interest income

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

2.16 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.17 Current and deferred taxation

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

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

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

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

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

Cockpit Hotel (London) Limited

Notes to the financial statements For the year ended 31 December 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

4. Turnover

The whole of the turnover is attributable to one class of business.

All turnover arose within the United Kingdom.

5. Other operating income

	2019 £	2018 £
Rentals receivable	45,387	46,007
Exchange gains	6,522	7,934
	<u>51,909</u>	<u>53,941</u>

6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	140,033	210,528
Exchange losses	1,330	2,269
Operating lease rentals	5,154,000	5,154,000
Defined contribution pension cost	62,450	33,840
	<u></u>	<u></u>

7. Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	<u>23,000</u>	<u>20,000</u>

Cockpit Hotel (London) Limited

Notes to the financial statements For the year ended 31 December 2019

8. Employees

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	2,487,902	2,289,911
Social security costs	228,632	205,152
Cost of defined contribution scheme	62,450	33,840
	<u>2,778,984</u>	<u>2,528,903</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Operational	82	79
Administrative	19	19
	<u>101</u>	<u>98</u>

9. Interest receivable

	2019 £	2018 £
Other interest receivable	-	21
	<u>-</u>	<u>21</u>

10. Interest payable and similar expenses

	2019 £	2018 £
Other loan interest payable	21,792	44,958
	<u>21,792</u>	<u>44,958</u>

Cockpit Hotel (London) Limited

Notes to the financial statements For the year ended 31 December 2019

11. Taxation

	2019 £	2018 £
Corporation tax		
Total current tax	86,914	-
Total current tax	<u>86,914</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	138,823	136,843
Adjustment in respect of prior periods	91,109	(89,188)
Total deferred tax (Note 19)	<u>229,932</u>	<u>47,655</u>
Taxation on profit on ordinary activities	<u>316,846</u>	<u>47,655</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>1,226,901</u>	<u>776,251</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%)	233,111	147,488
Effects of:		
Expenses not deductible for tax purposes	5,835	1,730
Capital allowances for year in excess of depreciation	3,123	3,725
Effect of tax rate changes	(16,332)	(16,100)
Adjustment in respect of prior periods - deferred tax	91,109	(89,188)
Total tax charge for the year	<u>316,846</u>	<u>47,655</u>

Factors that may affect future tax charges

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. This will impact the company's future tax charge accordingly.

Cockpit Hotel (London) Limited

Notes to the financial statements For the year ended 31 December 2019

12. Intangible assets

	Goodwill £
Cost	
At 1 January 2019	4
At 31 December 2019	<u>4</u>
Net book value	
At 31 December 2019	<u>4</u>
At 31 December 2018	<u>4</u>

13. Tangible fixed assets

	Furniture, fittings and building renovation £
Cost or valuation	
At 1 January 2019	11,877,117
Additions	33,325
At 31 December 2019	<u>11,910,442</u>
Depreciation	
At 1 January 2019	11,419,580
Charge for the year	140,033
At 31 December 2019	<u>11,559,613</u>
Net book value	
At 31 December 2019	<u>350,829</u>
At 31 December 2018	<u>457,537</u>

Cockpit Hotel (London) Limited

Notes to the financial statements For the year ended 31 December 2019

14. Stocks

	2019 £	2018 £
Food and beverage	30,947	30,496

Stock recognised in cost of sales during the year amounted to £806,364 (2018 - £763,392).

15. Debtors

	2019 £	2018 £
Trade debtors	376,634	301,123
Amounts owed by group undertakings	2,593,118	2,196,975
Amounts owed by related parties	5,261	525
Other debtors	15,191	53,064
Prepayments and accrued income	189,126	167,735
Deferred taxation (Note 19)	124,413	354,345
	<u>3,303,743</u>	<u>3,073,767</u>

Amounts owed by group undertakings are unsecured, non-interest bearing and are repayable on demand.

16. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	518,393	453,197
Corporation tax	86,914	-
Other taxation and social security	472,283	327,904
Other creditors	49,324	21,369
Accruals and deferred income	1,772,198	1,553,404
	<u>2,899,112</u>	<u>2,355,874</u>

Cockpit Hotel (London) Limited

Notes to the financial statements For the year ended 31 December 2019

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

	2019 £	2018 £
Amounts owed to group undertakings	<u>21,791</u>	<u>773,611</u>

Amounts owed to group undertakings are unsecured, non-interest bearing and repayable after one year on demand.

The gross value (2019: £22,814, 2018: £796,462) represents the total value of loans received less any repayments made in respect of the loans. The cumulative notional interest (2019: £1,023, 2018: £22,851) represents the effective interest charged on the loans. No interest is payable on the loans. The net value (2019: £21,791, 2018: £773,611) is the gross value less the cumulative notional interest on the loans and is the value recognised in the financial statements at the balance sheet date.

18. Financial Instruments

	2019 £	2018 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>5,376,105</u>	<u>4,359,832</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(2,361,706)</u>	<u>(2,801,581)</u>

Financial assets that are measured at amortised cost comprise cash at bank and in hand, amounts owed by group undertakings and trade and other debtors.

Financial liabilities measured at amortised cost comprise trade and other creditors, intercompany loans and accrued expenses.

19. Deferred taxation

	2019 £	2018 £
At beginning of year	354,345	402,000
Charged/(utilised) in year (Note 11)	(229,932)	(47,655)
At end of year (Note 15)	<u>124,413</u>	<u>354,345</u>

Cockpit Hotel (London) Limited

Notes to the financial statements For the year ended 31 December 2019

19. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	120,292	136,935
Tax losses	-	217,410
Short term timing differences	4,121	-
	<u>124,413</u>	<u>354,345</u>

20. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
8,000,000 Ordinary Shares shares of £1 each	<u>8,000,000</u>	<u>8,000,000</u>

21. Reserves

Retained earnings

Retained earnings represent cumulative profits and losses, net of dividends paid and other adjustments.

22. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Within 1 year	5,100,000	5,100,000
Between 1 and 5 years	20,400,000	20,400,000
Later than 5 years	-	5,100,000
	<u>25,500,000</u>	<u>30,600,000</u>

Cockpit Hotel (London) Limited

Notes to the financial statements For the year ended 31 December 2019

23. Related party transactions

The following are related party transactions by virtue of the other party to the transaction being in the same group. No amounts due from any related parties have been written off during the year.

Tambusu Holdings Limited has provided an interest free loan to the company with the balance outstanding at the year end being £21,791 (2018 - £773,612).

The company leases the majority of the hotel property from Lillie Investments Limited, a fellow group undertaking. During the year the company was charged rent of £5,100,000 (2018 - £5,100,000) by Lillie Investments Limited. The year end balance due from Lillie Investments Limited was £939,467 (2018 - £731,979). Other movements in this balance represented net loans to Lillie Investments Limited.

The company leases the remaining part of the hotel property from Favor Well Limited, a fellow group undertaking. During the year the company was charged rent of £54,000 (2018 - £54,000) by Favor Well Limited. The year end balance due from Favor Well Limited was £836,842 (2018 - £687,418). Other movements in this balance represented net loans to Favor Well Limited.

Loans made to Favor Well Limited, a fellow group undertaking, during the year were £149,424 (2018 - £242,383). The year end balance due from Favor Well Limited was £836,842 (2018 - £687,418).

The company loaned £3,953 (2018 - £1,995) to Goodearth Hotels Limited, a fellow group undertaking. The year end balance due from Goodearth Hotels Limited was £223,658 (2018 - £219,705).

The company loaned £11,997 (2018 - £nil) to Strandline Investments Limited, a fellow group undertaking. The year end balance due from Strandline Investments Limited was £11,997 (2018 - £nil).

The company loaned £4,736 (2018 - £525) to Phix (Newmarket) Limited, a related party company. The year end balance due from Phix (Newmarket) Limited was £5,261 (2018 - £525).

The company loaned £23,281 (2018 - £30,142) to Kozan Investments Limited, a fellow group undertaking. The year end balance due from Kozan Investments Limited was £581,154 (2018 - £557,873).

The registered addresses of Lillie Investments Limited, Favor Well Limited and Kozan Investments Limited are at Vistra Corporate Services Centre, Wickham Cay 11, Road Town, Tortola, British Virgin Islands.

The registered addresses of Tambusu Holdings Limited and Goodearth Hotels Limited are at Craigmuir Chambers, Road Town, Tortola, British Virgin Islands.

24. Contingent liabilities

In May 2017, the company provided a guarantee to the lenders of Lillie Investments Limited in respect of bank facilities, which had outstanding balances as at 31 December 2019 of £48.875m (2018 - £50m). Those facilities were also secured by fixed and floating charges over the company's assets.

25. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking are Tambusu Holdings Limited (incorporated in the British Virgin Islands) and Tambusu Group Holdings Limited (incorporated in the Cayman Islands) respectively.

Mr Teo Kok Woon is the ultimate controlling party.

Cockpit Hotel (London) Limited

Notes to the financial statements For the year ended 31 December 2019

26. Post balance sheet events

Since the year end, the existence of a new coronavirus (COVID-19) was identified and on 30th Jan 2020, the World Health Organization announced it as a global health emergency. The virus has a devastating impact on ordinary lives and efforts to contain it continue to weigh on economic activities. Due to measures taken by the UK government the hotel was forced to close between 27 March 2020 and 13 September 2020. Occupancy rates remain significantly below historic levels since reopening due to ongoing restrictions in the UK and globally.

Based upon periods of lock down and restriction easing management expect the economy to rebound quickly in part thanks to stimulus measures from authorities. News of effective COVID-19 vaccines have been well received and potentially provide a foundation for economic growth ahead and recovery to historic operational levels during 2021 and 2022.

Based upon this management consider the ongoing COVID-19 pandemic to be a non-adjusting post balance sheet event as there is no indication at this stage that there will be any material impairments of the financial and non-financial assets presented in the financial statements as at 31 December 2019, which includes investment in subsidiaries and recoverability of intra-group and related party balances.

In November 2020, the company agreed a funding package of £5,000,000 with HSBC Bank Plc and the main terms of the Coronavirus Business Interruption loan (CBILS) are as follows:

- The government-backed CBILS scheme loan has a term of 6 years and is interest bearing at the rate of 3.99% over the Bank of England Base Rate.
- It benefits from an initial capital repayment holiday and interest is subsidised by the government for the first 12 months from drawdown.