

Company Registration No. 04476411 (England and Wales)

**LONDON & REGIONAL HOTEL FINANCE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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# **LONDON & REGIONAL HOTEL FINANCE LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Mr R J Livingstone Mr M A Glyn
<b>Secretary</b>	Mr L Shelley
<b>Company number</b>	04476411
<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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# LONDON & REGIONAL HOTEL FINANCE LIMITED

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# LONDON & REGIONAL HOTEL FINANCE 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, fair review of the business and future developments**

The company acts as a treasury company for group undertakings. The company made a profit of £14.4m for the financial year ended 31 December 2022 (2021: profit of £5.2m). Net liabilities as at 31 December 2022 were £156.0m (2021: net liabilities of £170.4m).

The directors consider the financial position and future prospects at 31 December 2022 to be in line with expectations and the company will continue to be supported by its immediate parent company.

#### **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 place. 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.

#### **Financial risk management**

The company's activities expose it to a number of financial risks including credit, interest rate, inflation, cash flow and liquidity risk. The use of financial derivatives is governed by the group's policies approved by the board of directors. 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. The Group does not use derivative financial instruments for speculative purposes.

#### **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 Properties Ltd, and for this reason, the directors believe that further 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.

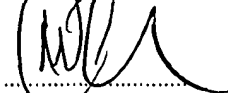
#### **Going concern**

The company was in net current liabilities and net liabilities positions as at 31 December 2022. These positions were due to amounts payable to group undertakings. The directors have received confirmation from the largest creditor, London and Regional Properties Limited, that it will not call for repayment of the outstanding debt of £149.5m for at least 12 months from the date of approving these financial statements.

Additionally, the directors have received confirmation that the intermediate parent company London and Regional Group Property Holdings Ltd intends to support the company for at least twelve months from the date of approving these financial statements.

The directors believe that preparing the financial statements on the going concern basis is appropriate.

On behalf of the board



Mr M A Glyn

Director

31/03/2023

# **LONDON & REGIONAL HOTEL FINANCE LIMITED**

## **DIRECTORS' REPORT**

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

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The directors present their report and 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 R J Livingstone  
Mr M A Glyn

#### **Results and dividends**

The results for the year are set out on page 7.

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.

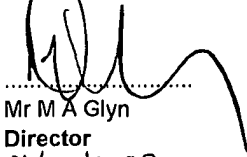
#### **Independent Auditors**

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

#### **Directors' confirmations**

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



.....  
Mr M A Glyn  
Director  
31/09/2023

# LONDON & REGIONAL HOTEL FINANCE LIMITED

## DIRECTORS' RESPONSIBILITIES STATEMENT

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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

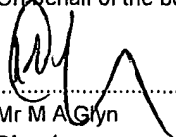
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial 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

  
.....  
Mr M A Glyn  
Director  
31/03/2023

# **LONDON & REGIONAL HOTEL FINANCE LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF LONDON & REGIONAL HOTEL FINANCE LIMITED**

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#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion, London & Regional Hotel Finance 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.

# **LONDON & REGIONAL HOTEL FINANCE LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF LONDON & REGIONAL HOTEL FINANCE LIMITED**

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#### **Reporting on other information (continued)**

If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the 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 non-compliance with UK corporation tax regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the risk that management may record inappropriate journal entries and the risk of bias in accounting estimates and judgements.



# **LONDON & REGIONAL HOTEL FINANCE LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF LONDON & REGIONAL HOTEL FINANCE 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, and inspection of policy documentation as to the company's high-level 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.

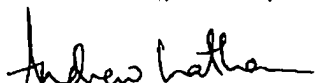
#### **Other required reporting**

##### **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

Watford

31 July 2023

# LONDON & REGIONAL HOTEL FINANCE LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
Administrative expenses		(37)	-
Operating loss	3	(37)	-
Interest receivable and similar income	5	30,340	16,085
Interest payable and similar expenses	6	(4,778)	(5,829)
Profit on ordinary activities before taxation	3	25,525	10,256
Tax charge on profit	7	(11,154)	(5,071)
Profit for the financial year		14,371	5,185
Other comprehensive income		-	-
Total comprehensive income for the year		14,371	5,185

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

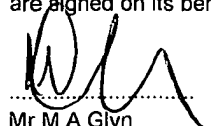
# LONDON & REGIONAL HOTEL FINANCE LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	8	2,249	48,566
Debtors: amounts falling due within one year		22	244
		2,271	48,810
<b>Creditors: amounts falling due within one year</b>	9	(156,287)	(183,094)
<b>Net current liabilities</b>		(154,016)	(134,284)
<b>Creditors: amounts falling due after more than one year</b>	10	(1,963)	(36,066)
<b>Provisions for liabilities</b>		-	-
<b>Net liabilities</b>		(155,979)	(170,350)
<b>Capital and reserves</b>			
Called up share capital		-	-
Retained deficit		(155,979)	(170,350)
<b>Total equity</b>		(155,979)	(170,350)

The financial statements were approved by the board of directors and authorised for issue on 31/09/2023... and are signed on its behalf by:



Mr M A Glyn  
Director

Company Registration No. 04476411

# **LONDON & REGIONAL HOTEL FINANCE LIMITED**

## **STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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	<b>Called up share capital £'000</b>	<b>Retained deficit £'000</b>	<b>Total £'000</b>
<b>Balance at 1 January 2021</b>	-	(175,535)	(175,535)
<b>Profit for the financial year and total comprehensive income</b>	-	5,185	5,185
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2021</b>	-	(170,350)	(170,350)
<b>Profit for the financial year and total comprehensive income</b>	-	14,371	14,371
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2022</b>	-	(155,979)	(155,979)

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# LONDON & REGIONAL HOTEL FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

#### General information

London & Regional Hotel Finance 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 principal activities of London & Regional Hotel Finance Limited is acting as a treasury company for group undertakings.

#### 1.1 Statement of compliance

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

#### 1.2 Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis and under the historical cost convention, modified to include the revaluation of certain financial instruments at fair value. The principal accounting policies adopted are set out below. The accounting policies have been consistently applied to all years presented, unless otherwise stated.

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.

#### 1.3 Exemptions for qualifying entities under FRS 102

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 transactions or balances with entities which form part of the group as required under section 331A of FRS 102.

#### 1.4 Going concern

The company was in net current liabilities and net liabilities positions as at 31 December 2022. These positions were due to amounts payable to group undertakings. The directors have received confirmation from the largest creditor, London and Regional Properties Limited, that it will not call for repayment of the outstanding debt of £149.5m for at least 12 months from the date of approving these financial statements.

Additionally, the directors have received confirmation that the intermediate parent company London and Regional Group Property Holdings Ltd intends to support the company for at least twelve months from the date of approving these financial statements.

The directors believe that preparing the financial statements on the going concern basis is appropriate.

#### 1.5 Revenue

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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# LONDON & REGIONAL HOTEL FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

#### 1.6 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.

#### 1.7 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, 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.

# LONDON & REGIONAL HOTEL FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

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### 1 Accounting policies

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future 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.

### 1.8 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.

### 1.9 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.

# LONDON & REGIONAL HOTEL FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 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.

### 2 Critical accounting judgements and 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.

#### **a) Critical judgements in applying the entity's accounting policies**

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

#### **b) 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.

#### **Recoverability of amounts due from fellow group undertakings**

##### **Valuation of interest rate swap derivatives**

There is a judgement used in valuing the derivatives. The company uses an external third party to provide an estimate for the closing value of the cash flow derivatives employed. This value utilises various forecasts and assumptions which are subject to judgement. See note 8 for the carrying values of the assets and note 1.7 for the accounting policy.

### 3 Operating loss

	2022 £'000	2021 £'000
This is stated after charging:		
Fees payable to the company's auditors for the audit of the company's financial statements	—	—

Auditors' remuneration of £8k (2021: £7k) has been borne by fellow subsidiary London and Regional Properties Limited, which made no recharge to the company.



# **LONDON & REGIONAL HOTEL FINANCE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

### **4 Directors' remuneration**

The directors did not receive any emoluments in respect of their services to the company (2021: £nil). The company has no employees (2021: none).

### **5 Interest receivable and similar income**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Interest on bank deposits	326	23
Interest receivable from swaps	-	82
Fair value gains from derivatives	30,014	15,980
	<u>30,340</u>	<u>16,085</u>

### **6 Interest payable and similar expenses**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Interest paid on swaps	4,778	5,829
	<u>4,778</u>	<u>5,829</u>

# LONDON & REGIONAL HOTEL FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 7 Tax on profit

	2022 £'000	2021 £'000
<b>Current tax</b>		
UK corporation tax on profits for the year	4,850	1,948
<b>Total current tax</b>	<u>4,850</u>	<u>1,948</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	6,304	3,123
<b>Total deferred tax</b>	<u>6,304</u>	<u>3,123</u>
<b>Total tax charge</b>	<u>11,154</u>	<u>5,071</u>

Tax assessed for the year is higher (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.

#### Factors affecting tax result for the year

The rate of corporation tax for the current year is 19% (2021: 19%).

The charge for the year can be reconciled to the expected charge for the year based on the profit and standard rate of tax as follows:

	2022 £'000	2021 £'000
Profit before taxation	<u>25,525</u>	<u>10,256</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	4,850	1,948
Deferred tax charge	<u>6,304</u>	<u>3,123</u>
<b>Tax charge for the year</b>	<u>11,154</u>	<u>5,071</u>

#### Factors that may affect future tax charges

In the Spring Budget 2021, the 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 March 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

# LONDON & REGIONAL HOTEL FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

<b>8 Debtors</b>		<b>2022</b>	<b>2021</b>
		<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year:			
Prepayments and accrued income		22	244
		<u>22</u>	<u>244</u>
Amounts falling due after more than one year:	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>£'000</b>	<b>£'000</b>
Deferred tax asset	11	198	6,502
Prepayments and accrued income		2,051	42,064
		<u>2,249</u>	<u>48,566</u>
<b>Total debtors</b>		<b><u>2,271</u></b>	<b><u>48,810</u></b>
<b>9 Creditors: amounts falling due within one year</b>		<b>2022</b>	<b>2021</b>
		<b>£'000</b>	<b>£'000</b>
Amounts due to fellow group undertakings		149,489	179,654
Corporation tax	7	6,798	1,948
Accruals and deferred income		-	1,492
		<u>156,287</u>	<u>183,094</u>

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

# LONDON & REGIONAL HOTEL FINANCE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

### 10 Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Derivative financial instruments	1,963	36,066

#### Derivative financial instruments - Interest rate swaps

During the year, the company settled the three interest rate swaps. The remaining RPI swap still stands and matures on 20 October 2027.

The fair value of the RPI swaps at the year end was a liability of £2.0m (2021: £36.0m).

### 11 Deferred tax

	Liabilities 2022 £'000	Liabilities 2021 £'000	Assets 2022 £'000	Assets 2021 £'000
Balances:				
Derivative financial instruments	-	-	198	6,502

Movements in the year:	£'000
Asset at 1 January 2022	6,502
Charged to profit or loss	(6,304)
Position at 31 December 2022	198

### 12 Related party transactions

As the company is a wholly owned subsidiary of London and Regional Group Properties Ltd, it 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.

## **LONDON & REGIONAL HOTEL FINANCE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

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

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#### **13 Ultimate controlling party**

The immediate parent undertaking is London and Regional Group Property Holdings Ltd, a company incorporated and registered in England and Wales.

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

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