

Registered number: 05307946

**CP REGENTS PARK TWO LIMITED  
ANNUAL REPORT AND FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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# **CP REGENTS PARK TWO LIMITED**

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# **CP REGENTS PARK TWO LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	P A Filer Mrs I Gibbor M Gibbor M Hennebry E Lewis A J Schreier
<b>Company secretary</b>	E Lewis
<b>Registered number</b>	05307946
<b>Registered office</b>	CP House Otterspool Way Watford Hertfordshire WD25 8JJ
<b>Independent auditor</b>	Blick Rothenberg Audit LLP 16 Great Queen Street Covent Garden London WC2B 5AH

# **CP REGENTS PARK TWO LIMITED**

## **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **Introduction**

The directors present their strategic report for the year ended 31 December 2018. The principal activity of the company during the year was that of owning and operating a hotel.

#### **Business review**

The operating results for the year were as anticipated by the directors. Operating profit was £1,631,486 compared with £1,812,236 in the previous year. The 2018 profit before tax of £1,857,791 (2017: £603,417) has benefitted from a fair value gain of £164,717 on financial instruments (2017: £251,317) and £1,419,888 (2017: £Nil) in compensation for loss of light and air from construction of a neighbouring building. An additional provision of £150,000 (2017: £250,000) has been made for anticipated remediation costs expected to be incurred by the company on its leasehold property.

Despite the ongoing uncertainties caused by BREXIT, the directors anticipate that the company will maintain its level of operating performance in the coming year.

During the year the refurbishment programme of the hotel has continued with an additional £3,918,578 invested in capital expenditure (2017: £815,587). Further investment will be made in 2019.

The ongoing repayment of both bank and intercompany loans are comfortably met from operating cash flows.

As at 31 December 2018, the company had a strong net asset position of £2,329,598 (2017: £1,011,530).

#### **Financial key performance indicators**

The combined impact of movements in the key performance indicators of occupancy 80.2% (2017: 80.3%) and average room rates £100.84 (2017: £97.29) has resulted in an EBITDA £3.99 million (2017: £3.91 million).

#### **Financial risk management objectives and policies**

##### **Liquidity risk**

The company manages its cash and borrowing requirements to ensure that the company has sufficient liquid resources to meet the operating needs of its business.

##### **Interest rate risk**

The company has used fixed interest rate hedges to reduce its exposure to interest rate rises.

## CP REGENTS PARK TWO LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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#### Principal risks and uncertainties

The directors consider the following to be the principal operating risks and uncertainties facing the company:

- Economic recession;
- Changes in government regulations, including legislation in respect of employee matters, environmental matters, health & safety and accessibility;
- The impact upon international travel caused by natural disasters, acts of terrorism etc.;
- Competition from new and existing hotel operators.

The directors have taken measures to minimise the company's exposure to these risks and review them on an ongoing basis.

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



**P A Filer**

Director

Date: 6 June 2019

# CP REGENTS PARK TWO LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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The directors present their report and the financial statements for the year ended 31 December 2018.

### Results and dividends

The profit for the year, after taxation, amounted to £1,318,068 (2017: £207,928).

The directors do not recommend a dividend.

### Directors

The directors who served during the year were:

P A Filer  
Mrs I Gibbor  
M Gibbor  
M Hennebry  
E Lewis  
A J Schreier

### Matters covered in the strategic report

As permitted by s414c(11) of the Companies Act 2006, the directors have elected to disclose information, required to be in the directors' report by Schedule 7 of the 'Large and Medium-sized Companies and Group (Accounts and Report) Regulations 2008', in the Strategic Report.

### 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.

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



P A Filer  
Director

Date: 6 June 2019

## **CP REGENTS PARK TWO LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

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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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# **CP REGENTS PARK TWO LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CP REGENTS PARK TWO LIMITED FOR THE YEAR ENDED 31 DECEMBER 2018**

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### **Opinion**

We have audited the financial statements of CP Regents Park Two Limited (the 'company') for the year ended 31 December 2018, which comprise the profit and loss account, the balance sheet and the related notes, 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 2018 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 United Kingdom, including the Financial Reporting Council'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.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



## **CP REGENTS PARK TWO LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CP REGENTS PARK TWO LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **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.

#### **Opinion 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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the 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 or the directors' 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.

## CP REGENTS PARK TWO LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CP REGENTS PARK TWO LIMITED (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

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#### Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 5, 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 on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### 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.

*Blick Rothenberg Audit LLP*

Christopher Shepherd (senior statutory auditor)

for and on behalf of  
**Blick Rothenberg Audit LLP**

Statutory Auditor

16 Great Queen Street  
Covent Garden  
London  
WC2B 5AH

Date: *6 June 2019*

**CP REGENTS PARK TWO LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	13,011,059	12,628,184
Other operating income		109,937	111,249
Raw materials and consumables		(2,676,448)	(2,552,018)
Other external charges		(3,516,921)	(3,239,417)
Staff costs	6	(2,791,825)	(2,786,653)
Depreciation and amortisation		(2,354,316)	(2,099,109)
Other operating expenses		(150,000)	(250,000)
<b>Operating profit</b>	5	<b>1,631,486</b>	<b>1,812,236</b>
Exceptional income	7	1,419,888	-
Interest receivable and similar income	8	164,717	251,425
Interest payable and similar expenses	9	(1,358,300)	(1,460,244)
<b>Profit before taxation</b>		<b>1,857,791</b>	<b>603,417</b>
Tax on profit	10	(539,723)	(395,489)
<b>Profit for the financial year</b>		<b>1,318,068</b>	<b>207,928</b>

There are no items of other comprehensive income for either the year or the prior year other than the profit for the year. Accordingly no statement of other comprehensive income has been presented.

**CP REGENTS PARK TWO LIMITED****BALANCE SHEET  
AS AT 31 DECEMBER 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	11	43,720,113	42,155,851
		<u>43,720,113</u>	<u>42,155,851</u>
<b>Current assets</b>			
Stocks	12	25,415	18,236
Debtors: amounts falling due after more than one year	13	559,849	395,132
Debtors: amounts falling due within one year	13	1,286,912	1,114,605
Cash at bank and in hand	14	3,024,143	3,543,817
		<u>4,896,319</u>	<u>5,071,790</u>
Creditors: amounts falling due within one year	15	(2,157,266)	(1,985,779)
<b>Net current assets</b>		<u>2,739,053</u>	<u>3,086,011</u>
<b>Total assets less current liabilities</b>		<u>46,459,166</u>	<u>45,241,862</u>
Creditors: amounts falling due after more than one year	16	(43,729,568)	(43,980,332)
<b>Provisions for liabilities</b>			
Other provisions	20	(400,000)	(250,000)
		<u>(400,000)</u>	<u>(250,000)</u>
<b>Net assets</b>		<u>2,329,598</u>	<u>1,011,530</u>
<b>Capital and reserves</b>			
Called up share capital	21	5,000,004	5,000,004
Profit and loss account	22	(2,670,406)	(3,988,474)
<b>Total equity</b>		<u>2,329,598</u>	<u>1,011,530</u>

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



**P A Filer**  
Director

Date: 6 June 2019

# CP REGENTS PARK TWO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 1. General information

CP Regents Park Two Limited's principal activity is that of owning and operating a hotel.

The company is a private company limited by shares and is incorporated in England. Its principal place of business is 18 Lodge Road, St. John's Wood, London, NW8 7JT and its registered office is CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ.

The financial statements are presented in Sterling (£).

#### 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 United Kingdom and the Republic of Ireland ('FRS 102') 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 judgment in applying the company's accounting policies (see note 3).

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- Section 3 Financial Statement Presentation paragraph 3.17(d) (inclusion of statement of cash flows);
- Section 7 Statement of Cash Flows (inclusion of statement of cash flows);
- Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) (disclosures relating to financial instruments);
- Section 33 Related Party Disclosures paragraph 33.7 (disclosures of key management personnel compensation).

The company is included in the consolidated financial statements of CP Holdings Limited for the year ended 31 December 2018 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The following principal accounting policies have been applied:

##### 2.2 Going concern

After making enquiries of the company's ability to finance bank and intercompany loan repayments from operating cash flows, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

# CP REGENTS PARK TWO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2018

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#### 2. Accounting policies (continued)

##### 2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts and value added tax. The following criteria must also be met before revenue is recognised:

##### Rendering of services and goods

Revenue from hotel ownership comprises amounts earned in respect of services, facilities and goods supplied by the hotel. Revenue from the rendering of services (such as accommodation and use of facilities) is recognised when services are performed. Revenue from the sale of goods (such as food and beverage sales) is recognised at the time when the goods are delivered to customers.

##### 2.4 Tangible fixed assets

Tangible fixed assets 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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets 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:

Freehold property	- 4% straight line
Leasehold property and improvements	- 4 - 15% straight line
Fixtures & fittings	- 20 - 25% straight line

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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 within profit or loss.

##### 2.5 Stocks

Stocks are consumable items valued at cost.

# **CP REGENTS PARK TWO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **2. Accounting policies (continued)**

##### **2.6 Financial instruments**

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

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.

The company's policies for its major classes of financial assets and financial liabilities are set out below.

##### **Financial assets**

Basic financial assets, including trade and other debtors, cash and bank balances and amounts owed by group undertakings, are initially recognised at transaction price, 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

##### **Financial liabilities**

Basic financial liabilities, including trade and other creditors, bank loans and loans from group undertakings, 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

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

##### **Derivative contracts**

Derivatives contracts, including interest rate swaps and foreign exchange forward contracts, are not basic financial instruments.

Derivatives contracts 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 interest payable and similar expenses or interest receivable and similar income as appropriate.

# **CP REGENTS PARK TWO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **2. Accounting policies (continued)**

##### **Financial instruments (continued)**

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

Financial assets measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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 and financial liabilities**

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### **Offsetting of financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

#### **2.7 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.

#### **2.8 Share capital**

Ordinary shares are classified as equity.



**CP REGENTS PARK TWO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.9 Foreign currency translation**

**Functional and presentation currency**

The company's functional and presentational currency is Sterling (£).

**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 period 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

**2.10 Finance costs**

Finance costs are charged to the profit and loss account 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.

**2.11 Operating leases**

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

**2.12 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 profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

**CP REGENTS PARK TWO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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**2. Accounting policies (continued)**

**2.13 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, 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.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet 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 balance sheet 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 balance sheet date.

**2.14 Provisions for liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

# CP REGENTS PARK TWO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2018

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

In the application of the company's accounting policies, which are described in note 2, the only key judgments made by the directors are:

##### Impairment of tangible assets

In preparing these financial statements, the directors have exercised judgement in determining 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.

##### Provisions

Assessments as to whether or not to recognise provisions, and of the amounts concerned, usually involve a series of complex judgments about future events and can rely heavily on estimates and assumptions. The directors believe that the provisions recorded are adequate based on currently available information. However, given the inherent uncertainties involved in assessing the likely final costs, the company could in the future incur additional costs that could have a material adverse effect on its results in any particular period.

#### 4. Turnover

The whole of the turnover is attributable to the provision of hotel services.

All turnover arose within the United Kingdom.

#### 5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	2,354,316	2,099,109
Operating lease rentals	72,932	71,444
Provisions for remediation works (see note 20)	150,000	250,000
Fees payable to the company's auditor for the audit of the company's annual financial statements	31,300	31,300
Fees payable to the company's auditor and its associates for non-audit services	3,076	3,092
	<u>3,076</u>	<u>3,092</u>

During the year, no director received any emoluments (2017: £Nil).

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**6. Employees**

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	2,493,088	2,506,364
Social security costs	225,517	208,432
Cost of defined contribution scheme	73,220	71,857
	<u>2,791,825</u>	<u>2,786,653</u>

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

	2018 No.	2017 No.
Hotel operating staff	117	114
Administrative staff	10	10
	<u>127</u>	<u>124</u>

**7. Exceptional income**

	2018 £	2017 £
Rights of light and air settlement	1,419,888	-
	<u>1,419,888</u>	<u>-</u>

**8. Interest receivable and similar income**

	2018 £	2017 £
Bank interest receivable	-	108
Fair value gains on financial instruments - interest rate swaps	164,717	251,317
	<u>164,717</u>	<u>251,425</u>

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**9. Interest payable and similar expenses**

	2018 £	2017 £
Bank interest payable	763,060	841,990
Loans from group undertakings	595,240	618,254
	<u>1,358,300</u>	<u>1,460,244</u>

**10. Taxation**

	2018 £	2017 £
<b>Corporation tax</b>		
Current tax on profit for the financial year	573,171	400,000
Adjustments in respect of previous periods	(58,033)	(12,840)
<b>Total current tax</b>	<u>515,138</u>	<u>387,160</u>
Origination and reversal of timing differences	25,905	(46,426)
Adjustments in respect of previous periods	(1,320)	54,755
<b>Total deferred tax</b>	<u>24,585</u>	<u>8,329</u>
<b>Tax on profit</b>	<u>539,723</u>	<u>395,489</u>

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**10. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

	2018 £	2017 £
Profit before taxation	<u>1,857,791</u>	<u>603,417</u>
Profit multiplied by standard rate of corporation tax in the UK of 19.00% (2017: 19.25%)	<b>352,980</b>	116,158
<b>Effects of:</b>		
Expenses disallowed for tax purposes and depreciation on assets ineligible for capital allowances	<b>283,750</b>	280,959
Enhanced expenditure relief	<b>(3,310)</b>	(1,299)
Non-taxable income	<b>(31,296)</b>	(48,379)
Adjustments to tax charge in respect of prior periods	<b>(59,353)</b>	41,915
Other timing differences leading to an increase in taxation	<b>(3,048)</b>	6,135
<b>Total tax charge for the financial year</b>	<u><b>539,723</b></u>	<u>395,489</u>

**Factors that may affect future tax charges**

A reduction to the UK corporation tax rate to 17%, effective from 1 April 2020, was substantively enacted as part of the Finance (No. 2) Act 2016 on 6 September 2016. Deferred taxes at the balance sheet date have been measured using the enacted tax rates based on when the timing difference is expected to reverse and reflected in these financial statements.

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**11. Tangible fixed assets**

	Freehold land & property £	Long leasehold land & buildings £	Fixtures & fittings £	Total £
<b>Cost</b>				
At 1 January 2018	16,320,322	49,121,164	1,172,596	66,614,082
Additions	-	3,687,939	230,639	3,918,578
Disposals	-	(2,531,268)	-	(2,531,268)
At 31 December 2018	<u>16,320,322</u>	<u>50,277,835</u>	<u>1,403,235</u>	<u>68,001,392</u>
<b>Depreciation</b>				
At 1 January 2018	2,542,393	20,885,367	1,030,471	24,458,231
Charge for the year	276,746	2,007,966	69,604	2,354,316
Disposals	-	(2,531,268)	-	(2,531,268)
At 31 December 2018	<u>2,819,139</u>	<u>20,362,065</u>	<u>1,100,075</u>	<u>24,281,279</u>
<b>Net book value</b>				
At 31 December 2018	<u>13,501,183</u>	<u>29,915,770</u>	<u>303,160</u>	<u>43,720,113</u>
At 31 December 2017	<u>13,777,929</u>	<u>28,235,797</u>	<u>142,125</u>	<u>42,155,851</u>

Section 106 agreement costs, in the sum of £462,804, have been capitalised in connection with a proposed redevelopment of part of the company's freehold property. Should the redevelopment not proceed these monies would be recovered from Westminster City Council.

Freehold and leasehold property with a net book value of £43,416,953 (2017: £42,013,726) are pledged as security for bank loans.

**12. Stocks**

	2018 £	2017 £
Raw materials and consumables	<u>25,415</u>	<u>18,236</u>

There is no significant difference between the replacement cost of the stock and its carrying amount.

Stock recognised in cost of sales during the year as an expense was £434,692 (2017: £489,253).

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**13. Debtors**

	2018 £	2017 £
<b>Due after more than one year</b>		
Financial instruments	<b>559,849</b>	395,132
	<u>559,849</u>	<u>395,132</u>
<b>Due within one year</b>		
Trade debtors	<b>809,286</b>	619,862
Amounts owed by group undertakings	<b>3</b>	3
Prepayments and accrued income	<b>242,854</b>	235,386
Deferred taxation	<b>234,769</b>	259,354
	<u><b>1,286,912</b></u>	<u>1,114,605</u>

**14. Cash and cash equivalents**

	2018 £	2017 £
Cash at bank and in hand	<b>3,024,143</b>	3,543,817
	<u>3,024,143</u>	<u>3,543,817</u>

**15. Creditors: amounts falling due within one year**

	2018 £	2017 £
Bank loans	<b>250,763</b>	250,763
Trade creditors	<b>315,007</b>	487,906
Amounts owed to group undertakings	<b>67,342</b>	57,108
Corporation tax	<b>288,656</b>	113,860
Other taxation and social security	<b>698,135</b>	408,226
Accruals and deferred income	<b>537,363</b>	667,916
	<u><b>2,157,266</b></u>	<u>1,985,779</u>

**Secured loans**

The bank loan is secured by a fixed and floating charge over the assets of the company. The loan bears interest at a rate of 1.85% over LIBOR (the floating amount fixed through an interest rate swap of 0.74% to 23 April 2023). The loan is repayable in quarterly instalments of £75,000 with the final balance due on 26 July 2023.



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**16. Creditors: amounts falling due after more than one year**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Bank loans	<b>28,848,568</b>	29,099,332
Amounts owed to group undertakings	<b>14,881,000</b>	14,881,000
	<b><u>43,729,568</u></b>	<b><u>43,980,332</u></b>

**Secured loans**

The bank loan is secured by a fixed and floating charge over the assets of the company. The loan bears interest at a rate of 1.85% over LIBOR (the floating amount fixed through an interest rate swap of 0.74% to 23 April 2023). The loan is repayable in quarterly instalments of £75,000 with the final balance due on 26 July 2023.

**Unsecured loans**

Amounts owed to group undertakings are repayable on 1 January 2020 and bear interest at a rate of 4% per annum.

**17. Loans**

Analysis of the maturity of loans is given below:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year</b>		
Bank loans	<b>250,763</b>	250,763
<b>Amounts falling due after one year</b>		
Bank loans falling due 1-2 years	<b>250,763</b>	250,763
Bank loans falling due 2-5 years	<b>28,597,805</b>	752,290
Bank loans falling due after more than 5 years	<b>-</b>	28,096,279
	<b><u>29,099,331</u></b>	<b><u>29,350,095</u></b>

**CP REGENTS PARK TWO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**18. Commitments under operating leases**

At 31 December 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	77,176	71,738
Later than 1 year and not later than 5 years	141,454	204,270
	<u>218,630</u>	<u>276,008</u>

**19. Deferred taxation**

	2018 £
At beginning of year	259,354
(Charged) in the year	(24,585)
<b>At end of year</b>	<u><b>234,769</b></u>

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	180,450	205,037
Short term timing differences	54,319	54,317
	<u>234,769</u>	<u>259,354</u>

**20. Provisions**

	Remediation £
At 1 January 2018	250,000
Charged to profit or loss	150,000
<b>At 31 December 2018</b>	<u><b>400,000</b></u>

Provisions relate to remediation work expected to be incurred by the company on its leasehold property.

**CP REGENTS PARK TWO LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**21. Share capital**

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
5,000,004 ordinary shares of £1 each	<b>5,000,004</b>	5,000,004

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

**22. Reserves**

**Profit & loss account**

The profit and loss account includes all current and prior period retained profits and losses.

**23. Capital commitments**

At 31 December 2018 the company had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	<b>430,011</b>	-

**24. Related party transactions**

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

Transactions with other related parties are as follows:

Name (relationship)	Transaction	Amount		Amount due (to)/from related parties	
		2018 £	2017 £	2018 £	2017 £
Lady Lily Schreier (deceased) (former director of parent undertaking)	Rental income	103,360	90,703	-	-

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**25. Controlling party**

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the company is a member is CP Holdings Limited, whose registered office is CP House, Otterspool Way, Watford, Hertfordshire, WD25 8JJ. Copies of the group financial statements are available to the public from Companies House, Crown Way, Cardiff, CF14 3UZ.

The immediate controlling party is CP Holdings Limited.

*The ultimate controlling parties are the Gibbor and Schreier families.*