

Registered number: 09041361

**LTH (TALBOT SQUARE) LIMITED**

**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**



---

**LTH (TALBOT SQUARE) LIMITED**

---

---

**COMPANY INFORMATION**

---

<b>Director</b>	Koolesh D Shah
<b>Registered number</b>	09041361
<b>Registered office</b>	8-14 Talbot Square London W2 1TS
<b>Independent auditor</b>	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW

---

**LTH (TALBOT SQUARE) LIMITED**

---

---

**CONTENTS**

---

	Page
Director's report	1 - 2
Independent auditor's report	3 - 5
Profit and loss account	6
Statement of comprehensive income	7
Balance sheet	8 - 9
Statement of changes in equity	9
Notes to the financial statements	10 - 20

---

**LTH (TALBOT SQUARE) LIMITED**

---

**DIRECTOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

The director presents his report and the financial statements for the year ended 31 December 2019.

**Director's responsibilities statement**

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

**Director**

The director who served during the year was:

Koolesh D Shah

**Disclosure of information to auditor**

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- he 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.

---

**LTH (TALBOT SQUARE) LIMITED**

---

**DIRECTOR'S REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**Post balance sheet events**

In December 2019, a novel strain of coronavirus ("COVID-19") surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization on 30 January 2020.

The COVID-19 pandemic has been duly considered by the director.

This has had an immediate impact in reducing the company's operations given the nature of much of the business, with significantly reduced activity on the hotel operations on 23 March 2020, although the situation marginally eased in June 2020 as activity now continues to improve. The director has considered that, having regard to the cash resources held by the London Town Group of Companies Limited Group and each of the companies, and that the wider Group comprising hotel and property activities and each of the companies have sufficient liquidity to manage this temporary disruption caused by the pandemic, but the director will take the necessary precautions to preserve the Group and company's cash by taking mitigating actions and reviewing their future plans to ensure that they maintain stability and optimise the business strategies of the Group and company in the current climate. The director is aware that if the current situation becomes prolonged then this may change with further mitigation actions taken.

At this stage the director has not considered it appropriate to make any adjustment (for impairment) to the valuations included within the financial statements whilst the short-term impact of COVID-19 is evaluated and the medium term implications are assessed and the return to stabilised trading is determined. There is a risk that these valuations may require future revision in the event of a prolonged impact of COVID-19 on the hotel sector.

Overall, the director has determined it continues to be appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that may be result from any significant changes in the assumptions noted above in preparing the financial statements on a going concern basis.

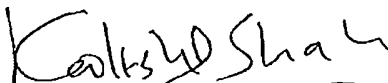
**Auditor**

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

**Small companies**

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

  
**Koolesh D. Shah**  
Director

Date: 1 October 2020

---

## LTH (TALBOT SQUARE) LIMITED

---

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LTH (TALBOT SQUARE) LIMITED

---

#### Opinion

We have audited the financial statements of LTH (Talbot Square) Limited (the 'Company') for the year ended 31 December 2019, which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity 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 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 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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.

#### Other information

The director is 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.

---

**LTH (TALBOT SQUARE) LIMITED**

---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LTH (TALBOT SQUARE) LIMITED  
(CONTINUED)**

---

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 Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's report has 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 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Director's report and from the requirement to prepare a Strategic report.

**Responsibilities of director**

As explained more fully in the Director's responsibilities statement on page 1, the director is 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 director determines 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 director is 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 director either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

---

**LTH (TALBOT SQUARE) LIMITED**

---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LTH (TALBOT SQUARE) LIMITED  
(CONTINUED)**

---

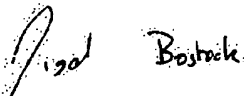
**Auditor's responsibilities for the audit of the financial statements**

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 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 for our audit work, for this report, or for the opinions we have formed.



Nigel Bostock (Senior statutory auditor)

for and on behalf of  
**Crowe U.K. LLP**

Statutory Auditor

55 Ludgate Hill  
London  
EC4M 7JW

Date: 1 October 2020



---

**LTH (TALBOT SQUARE) LIMITED**

---

---

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

	Note	2019 £	2018 £
Turnover		4,589,173	4,273,566
Cost of sales		(990,023)	(936,264)
<b>Gross profit</b>		<b>3,599,150</b>	<b>3,337,302</b>
Administrative expenses		(2,355,942)	(2,004,942)
<b>Operating profit</b>		<b>1,243,208</b>	<b>1,332,360</b>
Interest payable and similar expenses		(606,784)	(575,251)
<b>Profit before tax</b>		<b>636,424</b>	<b>757,109</b>
Tax on profit	4	(206,050)	(206,583)
<b>Profit for the financial year</b>		<b>430,374</b>	<b>550,526</b>

The notes on pages 10 to 20 form part of these financial statements.

---

**LTH (TALBOT SQUARE) LIMITED**

---

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

	Note	2019 £	2018 £
Profit for the financial year		430,374	550,526
Other comprehensive income			
Unrealised surplus on revaluation of tangible fixed assets		-	4,006,035
Deferred tax on revaluation of tangible fixed assets		-	(612,000)
Other comprehensive income for the year		-	3,394,035
Total comprehensive income for the year		430,374	3,944,561

The notes on pages 10 to 20 form part of these financial statements.


**LTH (TALBOT SQUARE) LIMITED**  
**REGISTERED NUMBER: 09041361**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	5	41,332,633	42,000,000
		<u>41,332,633</u>	<u>42,000,000</u>
<b>Current assets</b>			
Stocks		2,000	2,000
Debtors: amounts falling due after more than one year	6	21,202,724	19,168,029
Debtors: amounts falling due within one year	6	167,813	189,143
Cash at bank and in hand		537,174	433,437
		<u>21,909,711</u>	<u>19,792,609</u>
Creditors: amounts falling due within one year	7	(756,898)	(904,958)
<b>Net current assets</b>		<u>21,152,813</u>	<u>18,887,651</u>
<b>Total assets less current liabilities</b>		<u>62,485,446</u>	<u>60,887,651</u>
Creditors: amounts falling due after more than one year	8	(21,362,439)	(20,211,977)
<b>Provisions for liabilities</b>			
Deferred tax	10	(4,688,432)	(4,671,473)
<b>Net assets</b>		<u>36,434,575</u>	<u>36,004,201</u>
<b>Capital and reserves</b>			
Called up share capital		25,000,100	25,000,100
Revaluation reserve	11	12,843,540	13,063,680
Profit and loss account	11	(1,409,065)	(2,059,579)
		<u>36,434,575</u>	<u>36,004,201</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 October 2020

  
**Koolish D. Shah**  
 Director

The notes on pages 10 to 20 form part of these financial statements.

**LTH (TALBOT SQUARE) LIMITED**  
**REGISTERED NUMBER: 09041361**

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2019**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 January 2018	25,000,100	9,809,664	(2,750,124)	32,059,640
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	550,526	550,526
Revaluation of land and buildings	-	4,006,035	-	4,006,035
Deferred tax on revaluation of land and buildings	-	(612,000)	-	(612,000)
Transfer to/from profit and loss account	-	(140,019)	140,019	-
At 1 January 2019	25,000,100	13,063,680	(2,059,579)	36,004,201
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	430,374	430,374
Transfer to/from profit and loss account	-	(220,140)	220,140	-
At 31 December 2019	25,000,100	12,843,540	(1,409,065)	36,434,575

The notes on pages 10 to 20 form part of these financial statements.

---

**LTH (TALBOT SQUARE) LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**1. General information**

The principal activity of the company in the period under review was that of hoteliers and renting of properties in the United Kingdom.

The company is a private company limited by shares (registered number 09041361), which is incorporated and domiciled in the UK. The address of the registered office is 8-14 Talbot Square, London, W2 1TS.

**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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

**2.2 Going concern**

The director has considered the financial position of the group/company and the financial statements have been prepared in assuming the company will continue as a going concern. In making the assumption, the director has considered the strong net asset base of the group, the future cash generative and profitable trading of the subsidiaries, and the availability of working capital and mitigating actions that can be taken during that period.

In making the assessment of going concern the director has considered the current and developing impact on the business as a result of the COVID-19 pandemic. This has had an immediate impact in reducing the company's operations given the nature of much of the business, with significantly reduced activity on the hotel operations on 23 March 2020, although the situation marginally eased in June 2020 as activity now continues to improve. The director has considered that, having regard to the cash resources held by the London Town Group of Companies Limited Group and each of the companies, and that the wider Group comprising hotel and property activities and each of the companies have sufficient liquidity to manage this temporary disruption caused by the pandemic, but the director will take the necessary precautions to preserve the Group and company's cash by taking mitigating actions and reviewing their future plans to ensure that they maintain stability and optimise the business strategies of the Group and company in the current climate. The director is aware that if the current situation becomes prolonged then this may change with further mitigation actions taken.

At this stage the director has not considered it appropriate to make any adjustment (for impairment) to the valuations included within the financial statements whilst the short-term impact of COVID-19 is evaluated and the medium term implications are assessed and the return to stabilised trading is determined. There is a risk that these valuations may require future revision in the event of a prolonged impact of COVID-19 on the hotel sector.

Overall, the director has determined it continues to be appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that may be result from any significant changes in the assumptions noted above in preparing the financial statements on a going concern basis.

---

**LTH (TALBOT SQUARE) LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**2. Accounting policies (continued)**

**2.3 Revenue**

Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue of the hotel arose wholly in the United Kingdom and is derived primarily from the rental of rooms and sale of food and beverage. Revenue is recognised when rooms are occupied and when food and beverages are sold.

**2.4 Finance costs**

Finance costs are charged to profit or loss 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.

**2.5 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**2.6 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 profit or loss 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.

---

## LTH (TALBOT SQUARE) LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

---

#### 2. Accounting policies (continued)

##### 2.7 Current and deferred taxation

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

##### 2.8 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 or reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	-	2% on cost/revaluation
Plant and machinery	-	15% reducing balance
Fixtures and fittings	-	15% reducing balance

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 profit or loss.

---

## **LTH (TALBOT SQUARE) LIMITED**

---

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

---

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

##### **2.9 Revaluation of tangible fixed assets**

Individual freehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Profit and loss account unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

##### **2.10 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 first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet 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.

##### **2.11 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### **2.12 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.

##### **2.13 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.



---

**LTH (TALBOT SQUARE) LIMITED**

---

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

---

**2. Accounting policies (continued)****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 profit or loss 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.

**2.15 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 related parties and investments in ordinary shares.

**3. Employees**

The average monthly number of employees, including directors, during the year was 16 (2018 - 21).

**4. Taxation**

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	189,114	168,173
Adjustments in respect of previous periods	(23)	-
<b>Total current tax</b>	<u>189,091</u>	<u>168,173</u>
<b>Deferred tax</b>		
Current year - tangible fixed assets	16,959	38,410
<b>Total deferred tax</b>	<u>16,959</u>	<u>38,410</u>
<b>Taxation on profit on ordinary activities</b>	<u>206,050</u>	<u>206,583</u>

# LTH (TALBOT SQUARE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 4. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%)

	2019 £	2018 £
Profit on ordinary activities before tax	636,424	757,109
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	120,921	143,851
Effects of:		
Permanent differences	87,117	90,525
Adjustments to tax charge in respect of prior periods	(23)	-
Deferred tax movement not previously provided for & effects of changes in rate of tax	(1,965)	(4,549)
Group relief	-	(23,244)
Total tax charge for the year	206,050	206,583

#### Factors that may affect future tax charges

The tax assessed for the year is the same as (2018 - the same as) the standard rate of corporation tax in the UK of 19% (2018 - 19%).

The deferred tax liability arising on the revaluation of properties (note 10) has been provided at the rate substantially enacted at the balance sheet date of 17%. Since the balance sheet date there was a rate change from 17% to 19% that was substantially enacted on 11 March 2020. The impact of this rate change from 17% to 19%, had this been enacted at the balance sheet date, would have resulted in an increase in the deferred tax liability arising on the revaluation of properties and included in the financial statements of £481,559 from £4,093,250 (note 10) to £4,574,809.

There were no other factors of which we are presently aware that may affect future tax charges.

**LTH (TALBOT SQUARE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**5. Tangible fixed assets**

	Freehold property £	Plant & Machinery £	Fixtures & fittings £	Total £
<b>Cost or valuation</b>				
At 1 January 2019	42,715,916	41,429	1,978,757	44,736,102
Additions	-	8,653	14,576	23,229
At 31 December 2019	42,715,916	50,082	1,993,333	44,759,331
<b>Depreciation</b>				
At 1 January 2019	1,820,760	19,067	896,275	2,736,102
Charge for the year on owned assets	521,385	4,798	164,413	690,596
At 31 December 2019	2,342,145	23,865	1,060,688	3,426,698
<b>Net book value</b>				
At 31 December 2019	40,373,771	26,217	932,645	41,332,633
At 31 December 2018	40,895,156	22,362	1,082,482	42,000,000

The net book value of land and buildings may be further analysed as follows:

	2019 £	2018 £
Freehold	40,373,771	40,895,156
	40,373,771	40,895,156

Cost or valuation at 31 December 2019 is as follows:

	Land and buildings £
At cost	27,370,868
At valuation:	
Revaluations to 31 December 2019	15,345,048
	42,715,916

# LTH (TALBOT SQUARE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 5. Tangible fixed assets (continued)

The valuation in the year is based on the director's valuation.

Included in freehold property is freehold land at valuation of £19,323,909 (2018: £19,323,909) which is not depreciated.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2019 £	2018 £
Cost	27,370,868	27,370,868
Accumulated depreciation	(1,313,756)	(1,012,512)
<b>Net book value</b>	<b>26,057,112</b>	<b>26,358,356</b>

### 6. Debtors

	2019 £	2018 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	21,202,724	19,168,029
	<b>21,202,724</b>	<b>19,168,029</b>
<b>Due within one year</b>		
Trade debtors	74,173	105,555
Prepayments and accrued income	93,640	83,588
	<b>167,813</b>	<b>189,143</b>

There are no allowances for doubtful debts or reversals of allowances for doubtful debts in 2019 or 2018.

**LTH (TALBOT SQUARE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**7. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	338,977	232,947
Corporation tax	105,028	168,173
Other taxation and social security	89,880	96,670
Other creditors	22,333	28,105
Accruals and deferred income	200,680	379,063
	<u>756,898</u>	<u>904,958</u>

**8. Creditors: Amounts falling due after more than one year**

	2019 £	2018 £
Bank loans	20,862,500	19,862,500
Amounts owed to group undertakings	499,939	349,477
	<u>21,362,439</u>	<u>20,211,977</u>

**Secured loans**

The loan is secured by a fixed charge over the company's freehold property and other tangible fixed assets. During the year ended 31 December 2019 a new bank loan with Clydesdale of £21.0m was taken out and is repayable in full on the termination date of 24 September 2024. The loan accrues interest at a rate of LIBOR +2.1%. The loan is secured by a fixed charge over the company's freehold property and other tangible assets.

**9. Loans**

Analysis of the maturity of loans is given below:

	2019 £	2018 £
<b>Amounts falling due 2-5 years</b>		
Bank loans	20,862,500	19,862,500
	<u>20,862,500</u>	<u>19,862,500</u>

# LTH (TALBOT SQUARE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 10. Deferred taxation

	2019 £
At beginning of year	(4,671,473)
Charged to profit or loss	(16,959)
Charged to other comprehensive income	-
<b>At end of year</b>	<b><u>(4,688,432)</u></b>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(595,182)	(578,223)
Deferred tax on revaluation of property	(4,093,250)	(4,093,250)
	<b><u>(4,688,432)</u></b>	<b><u>(4,671,473)</u></b>

The deferred tax liability through other comprehensive income arises in respect of revaluations of the freehold property which includes the legacy deferred tax liability on amounts previously revalued within the group prior to the transfer of the property to this company in 2014.

### 11. Reserves

#### Revaluation reserve

The revaluation reserve as at 31 December 2019 is £12,843,540 (2018: £13,063,680), which relates to the net revaluation of land and buildings in the current and prior years and deferred tax on the revaluations. Any movement in this reserve is recognised in other comprehensive income and within the statement of changes in equity. This reserve which is not distributable reflects unrealised gains on revaluation.

#### Profit and loss account

The profit and loss reserve as at 31 December 2019 is £(1,409,065) (2018: £(2,059,579)). The movement relates to the profit recognised during the year.

---

## LTH (TALBOT SQUARE) LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

---

#### 12. Related party transactions

The company has taken advantage of the exemption in FRS102 Section 33.1A from the requirement to disclose the transactions between two or more members of the group, as all members are wholly owned subsidiaries of the ultimate parent company.

The immediate parent undertaking is London Town Hotels Limited, a company incorporated in England and Wales.

The ultimate parent undertaking is London Town Group of Companies Holdings Limited, a company incorporated in England and Wales.

London Town Group of Companies Holdings Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2019. The consolidated financial statements of London Town Group of Companies Holdings Limited can be obtained from 8-14 Talbot Square, London W2 1TS.

London Town Group of Companies Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2019. The consolidated financial statements of London Town Group of Companies Limited can be obtained from 8-14 Talbot Square, London W2 1TS.

In the director's opinion the ultimate controlling party is Auro Trust, a trust outside of the UK

#### 13. Post balance sheet events

In December 2019, a novel strain of coronavirus ("COVID-19") surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. COVID-19 was declared a Public Health Emergency of International Concern by the World Health Organization on 30 January 2020.

The COVID-19 pandemic has been duly considered by the director.

This has had an immediate impact in reducing the company's operations given the nature of much of the business, with significantly reduced activity on the hotel operations on 23 March 2020, although the situation marginally eased in June 2020 as activity now continues to improve. The director has considered that, having regard to the cash resources held by the London Town Group of Companies Limited Group and each of the companies, and that the wider Group comprising hotel and property activities and each of the companies have sufficient liquidity to manage this temporary disruption caused by the pandemic, but the director will take the necessary precautions to preserve the Group and company's cash by taking mitigating actions and reviewing their future plans to ensure that they maintain stability and optimise the business strategies of the Group and company in the current climate. The director is aware that if the current situation becomes prolonged then this may change with further mitigation actions taken.

At this stage the director has not considered it appropriate to make any adjustment (for impairment) to the valuations included within the financial statements whilst the short-term impact of COVID-19 is evaluated and the medium term implications are assessed and the return to stabilised trading is determined. There is a risk that these valuations may require future revision in the event of a prolonged impact of COVID-19 on the hotel sector.

Overall, the director has determined it continues to be appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that may be result from any significant changes in the assumptions noted above in preparing the financial statements on a going concern basis.