

**HPL MEZZ BORROWER LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**



# HPL MEZZ BORROWER LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr L Sebastian Mr R J Livingstone
<b>Company number</b>	11043061
<b>Registered office</b>	Quadrant House, Floor 6 4 Thomas More Square London E1W 1YW
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

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# **HPL MEZZ BORROWER LIMITED**

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# HPL MEZZ BORROWER LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present the strategic report for the year ended 31 December 2019.

In the current year the company's results are presented for the year from 1 January 2019 to 31 December 2019.

The comparative results presented in these financial statements are for a 14 month period from 2 November 2017 to 31 December 2018.

#### **Principal activities, review of the business and future developments**

The company acts as a financing and holding company.

The company made a loss of £4.1m for the financial year ended 31 December 2019 (2018: loss of £3.6m). Net assets as at 31 December 2019 were £559.4m (2018: net assets of £563.5m).

The directors consider the financial position and future prospects of the company to be in line with expectations and the company will continue to be supported by its intermediate 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. The directors of the company have reviewed the group's exposure to credit risk, liquidity risk and cashflow risk. These risks and uncertainties 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 risk, cash flow risk and liquidity risk. 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.

#### **Key performance indicators**

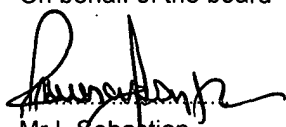
The company is managed by the director in accordance with the strategies of its ultimate parent company, London and Regional Group Properties Ltd. For this reason, the directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the 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.

#### **Subsequent events**

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

COVID-19 is viewed as a non-adjusting event for the purposes of these financial statements however the directors have had to consider its potential impact on the business when considering the ability of the company to operate as a going concern.

On behalf of the board

  
Mr L Sebastian  
Director  
28/08/2020

# HPL MEZZ BORROWER LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2019

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

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr L Sebastian

Mr R J Livingstone

#### Results and dividends

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

The business review, future developments and financial risk management are included in the strategic report.

No ordinary dividends were paid during the year (2018: £nil). The directors do not recommend the payment of a final dividend (2018: £nil).

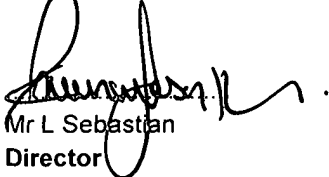
#### Independent Auditors

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

#### Statement of disclosure to Independent Auditors

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 Independent 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 Independent Auditors are aware of that information.

On behalf of the board



Mr L Sebastian  
Director

Date: 28/08/2020

# HPL MEZZ BORROWER LIMITED

## DIRECTORS' RESPONSIBILITIES STATEMENT

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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

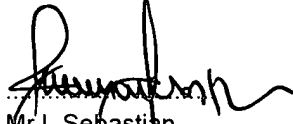
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial 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 keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board



Mr L Sebastian  
Director  
28/08/2020

# **HPL MEZZ BORROWER LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF HPL MEZZ BORROWER LIMITED**

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

##### **Opinion**

In our opinion, HPL Mezz Borrower Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

We have nothing to report in respect of the following matters in relation to which 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

##### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

# **HPL MEZZ BORROWER LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE MEMBERS OF HPL MEZZ BORROWER 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 the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### **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 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the 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 set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

##### **Auditors' responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](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.



# **HPL MEZZ BORROWER LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE MEMBERS OF HPL MEZZ BORROWER LIMITED**

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#### **Other required reporting**

#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Andrew Latham (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
29 August 2020

**HPL MEZZ BORROWER LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

		<b>Year ended 31 December 2019 £</b>	<b>Period ended 31 December 2018 £</b>
	<b>Note</b>		
Administrative expenses		(2,737)	(339)
<b>Operating loss</b>	<b>3</b>	(2,737)	(339)
Interest receivable and similar income	<b>5</b>	-	814
Interest payable and similar expenses	<b>6</b>	(4,119,931)	(3,626,960)
<b>Loss on ordinary activities before taxation</b>		(4,122,668)	(3,626,485)
Tax on loss on ordinary activities	<b>7</b>	-	-
<b>Loss for the financial year/period</b>		(4,122,668)	(3,626,485)
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive expense for the year/period</b>		(4,122,668)	(3,626,485)

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

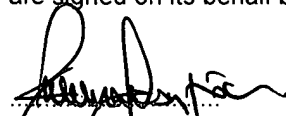
# HPL MEZZ BORROWER LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2019

	Note	2019		2018	
		£	£	£	£
<b>Fixed assets</b>					
Investments	8		567,175,766		567,175,766
<b>Current assets</b>					
Debtors	10	67,712,853		71,715,120	
Cash at bank and in hand		324		61	
		<u>67,713,177</u>		<u>71,715,181</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(851,228)</u>		<u>(855,738)</u>	
<b>Net current assets</b>			66,861,949		70,859,443
<b>Total assets less current liabilities</b>			634,037,715		638,035,209
<b>Creditors: amounts falling due after more than one year</b>	12		<u>(74,611,102)</u>		<u>(74,485,928)</u>
<b>Net assets</b>			<u>559,426,613</u>		<u>563,549,281</u>
<b>Capital and reserves</b>					
Called up share capital	14		567,175,766		567,175,766
Retained deficit			<u>(7,749,153)</u>		<u>(3,626,485)</u>
<b>Total equity</b>			<u>559,426,613</u>		<u>563,549,281</u>

The financial statements were approved by the board of directors and authorised for issue on 28/08/2020 and are signed on its behalf by:

  
 Mr L Sebastian  
 Director

Company Registration No. 11043061

**HPL MEZZ BORROWER LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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	<b>Called up share capital</b>	<b>Retained deficit</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance at 1 November 2017</b>	-	-	-
Loss and total comprehensive expense for the financial period	-	(3,626,485)	(3,626,485)
Issue of share capital	567,175,766	-	567,175,766
<b>Balance at 31 December 2018</b>	567,175,766	(3,626,485)	563,549,281
Loss and total comprehensive expense for the financial year	-	(4,122,668)	(4,122,668)
<b>Balance at 31 December 2019</b>	567,175,766	(7,749,153)	559,426,613

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# HPL MEZZ BORROWER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **1 Accounting policies**

#### **Company information**

HPL Mezz Borrower Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House, Floor 6, 4 Thomas More Square, London, E1W 1YW.

The company acts as a financing and holding company.

#### **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. The principal accounting policies adopted are set out below.

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 £.

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; and
- 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.
- from the requirement to disclose transactions or balances with entities which form part of the group as required under section 33.1A of FRS 102.

#### **1.4 Exemption from consolidation**

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated financial statements. The financial statements present information about the company as an individual entity and not about its group.

HPL Mezz Borrower Limited is a wholly owned subsidiary of HPL Mezz Holdco Limited, a company incorporated in England and Wales. The results of HPL Mezz Borrower Limited are included in the consolidated financial statements of London and Regional Group Properties Ltd, which are available from Quadrant House, Floor 6, 4 Thomas More Square, London, E1W 1YW.

#### **1.5 Investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

# HPL MEZZ BORROWER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 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.

# HPL MEZZ BORROWER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 Accounting policies

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

Financial assets, other than those held at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

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

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

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

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

##### ***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.

# HPL MEZZ BORROWER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 1 Accounting policies

#### 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.

### 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.

#### *Impairment of investments*

The company makes an estimate of the recoverable value of its investments. Where an indication of impairment is identified the estimation of the recoverable value is made by reference to the estimated future cash flows from the investment and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

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

The company makes an estimate of the recoverable value of the amounts due from fellow group undertakings. When carrying out the assessment directors consider factors including the ageing profile of the debt, historic experience and performance of debtor's business.

### 3 Operating loss

	Year ended 31 December 2019	Period ended 31 December 2018
Operating loss for the year/period is stated after charging:	£	£
Fees payable to the company's Independent Auditors for the audit of the company's financial statements	-	-

Auditors' remuneration has been borne by fellow subsidiary London and Regional Properties Limited.



# HPL MEZZ BORROWER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 4 Directors' remuneration

The directors did not receive any emoluments in respect of their services to the company (2018: £nil). The company has no employees other than the directors (2018: none).

#### 5 Interest receivable and similar income

	Year ended 31 December 2019 £	Period ended 31 December 2018 £
Interest on bank deposits	-	814

#### 6 Interest payable and similar expenses

	Year ended 31 December 2019 £	Period ended 31 December 2018 £
Interest on bank overdrafts and loans	3,994,757	3,516,532
Amortisation of finance costs	125,174	110,428
	<u>4,119,931</u>	<u>3,626,960</u>

#### 7 Tax on loss on ordinary activities

No tax is chargeable in the year/period due to there being no taxable profits (2018: £nil).

The actual result for the year/period can be reconciled to the expected credit for the year/period based on the loss and the standard rate of tax as follows:

	Year ended 31 December 2019 £	Period ended 31 December 2018 £
Loss on ordinary activities before taxation	<u>(4,122,668)</u>	<u>(3,626,485)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(783,307)	(689,032)
Surrender of tax losses	<u>783,307</u>	<u>689,032</u>
Tax result for the year/period	<u>-</u>	<u>-</u>

# HPL MEZZ BORROWER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

#### 7 Tax on loss on ordinary activities

The company surrendered the benefit of tax losses amounting to £783,307 (2018: £689,032) to fellow subsidiary undertakings without receiving any payment.

Factors that may affect future tax charges

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

#### 8 Investments

	Note	2019 £	2018 £
Investments in subsidiaries	9	567,175,766	567,175,766

The directors believe that the carrying value of investments is supported by their underlying net assets. The shares have been charged to secure the borrowings of subsidiaries.

#### 9 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of	% Held
			shares held	DirectIndirect
Hotel (PL Property) Ltd	England and Wales	Property investment	Ordinary	100.00
HPL Senior Holdco Ltd	England and Wales	Holding company	Ordinary	100.00

The registered address of both subsidiaries is Quadrant House, Floor 6, 4 Thomas More Square, London, E1W 1YW.

#### 10 Debtors

	2019 £	2018 £
Amounts owed by group undertakings	67,712,853	71,715,120

Amounts owed by group undertakings are interest free, unsecured, and repayable on demand.

# HPL MEZZ BORROWER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 11 Creditors: amounts falling due within one year

	2019 £	2018 £
Other creditors	12,666	12,666
Accruals and deferred income	838,562	843,072
	<u>851,228</u>	<u>855,738</u>

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

	Note	2019 £	2018 £
Bank loans and overdrafts	13	<u>74,611,102</u>	<u>74,485,928</u>

Bank loans and overdrafts are stated net of finance charges of £388,898 (2018: £514,072) to be allocated to future periods.

### 13 Bank loans and overdrafts

	2019 £	2018 £
Bank loans	<u>74,611,102</u>	<u>74,485,928</u>
Payable between 2-5 years	<u>74,611,102</u>	<u>74,485,928</u>

The long-term loans are secured over the investment property of the indirect subsidiary company, Hotel (PL Property) Limited.

The bank loans comprise one loan which bears interest at a fixed rate of 5.30% per annum and is repayable in full in February 2023.

### 14 Called up share capital

	2019 £	2018 £
Ordinary share capital Issued and fully paid 567,175,766 (2018: 567,175,766) ordinary shares of £1 each	<u>567,175,766</u>	<u>567,175,766</u>

### 15 Related party transactions

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

# **HPL MEZZ BORROWER LIMITED**

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

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **16 Ultimate controlling party**

The immediate parent undertaking is HPL Mezz Holdco 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 2019. London and Regional Group Properties Ltd 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 and Regional Group Properties Ltd can be obtained from the company secretary at Quadrant House, Floor 6, 4 Thomas More Square, London E1W 1YW.

The ultimate controlling parties are I.M. Livingstone and R.J. Livingstone through their joint ownership of London and Regional Group Properties Ltd.

#### **17 Subsequent events**

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

COVID-19 is viewed as a non-adjusting event for the purposes of these financial statements however the directors have had to consider its potential impact on the business when considering the ability of the company to operate as a going concern.