

Company Registration No. 11045249 (England and Wales)

HOTEL (PL PROPERTY) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018



HOTEL (PL PROPERTY) LIMITED

COMPANY INFORMATION

Directors	Mr I M Livingstone Mr L Sebastian
Company number	11045249
Registered office	Quadrant House, Floor 6 4 Thomas More Square London E1W 1YW
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

HOTEL (PL PROPERTY) LIMITED

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HOTEL (PL PROPERTY) LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2018

The directors present the strategic report for the period ended 31 December 2018.

Principal activities, fair view of the business and future developments

The company was incorporated on 2 November 2017 and acts as a commercial property investment company. The company made a profit of £138.4m for the period ended 31 December 2018, largely reflecting the net uplift in valuation of the company's investment property in the period, see note 8. Net assets were £703.1m as at period end.

The directors consider the financial position and future prospects at 31 December 2018 to be satisfactory.

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 fluctuating market place, which can result in large movements in foreign exchange and investment valuations. Further discussion of the risks and uncertainties, in the context of the group as a whole, are discussed in the company's ultimate parent's group annual report which does not form part of this report.

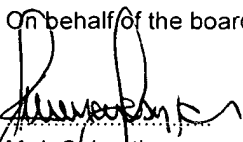
Financial risk management

The company's activities expose it to a number of financial risks including credit 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

Hotel (PL Property) Limited is managed by the directors in accordance with the group strategies of its ultimate parent company, London and Regional Group Properties Ltd, and for this reason, the directors believe that 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.

On behalf of the board



Mr L Sebastian
Director
31 July 2019

HOTEL (PL PROPERTY) LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2018

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

Directors

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

Mr R N Luck	(Appointed 2 November 2017 and resigned 30 May 2018)
Mr I M Livingstone	(Appointed 22 June 2018)
Mr L Sebastian	(Appointed 22 January 2018)

Results and dividends

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

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the period. These provisions remain in force at the reporting date.

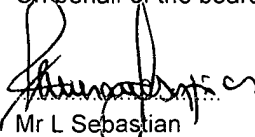
Independent Auditors

PricewaterhouseCoopers LLP were appointed as Independent Auditors to the company during the period and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Disclosure of information 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 auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board


Mr L Sebastian
Director
31 July 2019

HOTEL (PL PROPERTY) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2018

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

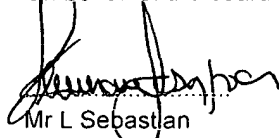
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial 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
31 July 2019

HOTEL (PL PROPERTY) LIMITED INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOTEL (PL PROPERTY) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Hotel (PL Property) Limited's 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 14 month period (the "period") 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 2018; the statement of comprehensive income and the statement of changes in equity for the 14 month period 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

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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.

HOTEL (PL PROPERTY) LIMITED INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOTEL (PL PROPERTY) LIMITED (CONTINUED)

Reporting on other information (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 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 period ended 31 December 2018 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. 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.

**HOTEL (PL PROPERTY) LIMITED
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HOTEL (PL PROPERTY) LIMITED (CONTINUED)**

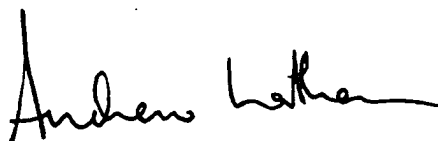
Other required reporting

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
31 July 2019

HOTEL (PL PROPERTY) LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2018

	Note	2018 £
Turnover	3	15,625,182
Administrative expenses		(1,063,222)
Fair value gains on investment properties	8	240,730,500
Operating profit	4	<u>255,292,460</u>
Interest payable and similar expenses	6	(8,509,452)
Profit on ordinary activities before taxation		<u>246,783,008</u>
Tax on profit on ordinary activities	7	(108,396,000)
Profit for the financial period		<u>138,387,008</u>
Other comprehensive income/(expense)		
Cash flow hedges - change in value of hedging instruments		(3,044,318)
Tax relating to other comprehensive income		578,420
Total comprehensive income for the period		<u><u>135,921,110</u></u>

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

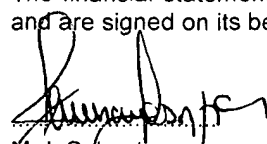
HOTEL (PL PROPERTY) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Note	2018 £	£
Fixed assets			
Investment properties	8		810,000,000
Current assets			
Debtors	9	268,796,138	
Cash at bank and in hand		7,818,212	
		<u>276,614,350</u>	
Creditors: amounts falling due within one year	10	<u>(7,922,223)</u>	
Net current assets			<u>268,692,127</u>
Total assets less current liabilities			<u>1,078,692,127</u>
Creditors: amounts falling due after more than one year	11		(267,777,671)
Provisions for liabilities	13		<u>(107,817,580)</u>
Net assets			<u><u>703,096,876</u></u>
Capital and reserves			
Called up share capital	15		567,175,766
Hedging reserve			(2,465,898)
Retained earnings			<u>138,387,008</u>
Total equity			<u><u>703,096,876</u></u>

The financial statements were approved by the board of directors and authorised for issue on 31 July 2019 and are signed on its behalf by:


Mr L Sebastian
Director

Company Registration No. 11045249

HOTEL (PL PROPERTY) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2018

	Note	Called up share capital £	Hedging reserve £	Retained earnings £	Total £
Balance at 2 November 2017		-	-	-	-
Profit for the financial period		-	-	138,387,008	138,387,008
<i>Other comprehensive expense:</i>					
- Cash flow hedges - change in value of hedging instruments		-	(3,044,318)	-	(3,044,318)
- Tax relating to other comprehensive expense		-	578,420	-	578,420
Total comprehensive income for the period		-	(2,465,898)	138,387,008	135,921,110
Issue of share capital	15	567,175,766	-	-	567,175,766
Balance at 31 December 2018		<u>567,175,766</u>	<u>(2,465,898)</u>	<u>138,387,008</u>	<u>703,096,876</u>

HOTEL (PL PROPERTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2018

1 Accounting policies

General information

Hotel (PL Property) Limited acts as a commercial investment property investor and 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.

1.1 Statement of compliance

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

1.2 Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis and under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. 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 £.

1.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions if certain conditions have been complied with, including notification of and no objection to, the use of exemptions by the company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The company is a qualifying entity as its results are consolidated into the financial statements of London and Regional Group Properties Ltd which are publicly available.

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 instrument disclosures, as required by FRS 102 paragraphs 11.39 to 11.48A, paragraph 12.26 and 12.29.

1.4 Turnover

Turnover represents rental income, net of value added tax, which is recognized over the term of the lease on a straight-line basis.

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Any surplus or deficit on revaluation is recognised in the statement of comprehensive income.

Where fair value cannot be determined without undue cost or effort, investment property is accounted for as tangible assets.

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.

HOTEL (PL PROPERTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

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.

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.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

HOTEL (PL PROPERTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2 Judgements and key sources of 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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Valuation of investment property

The company owns the freehold of one property asset, the Hilton Park Lane. This asset occupies a unique location in the core west end location of London and is viewed as a Trophy asset. The rarity factor and high profile nature of the asset implies some inherent challenges in valuing it. The directors are however of the opinion that the asset will command a premium value. The valuation attributed to the asset in the year is based on an experienced directors valuation having regard to external valuations used for bank financing purposes, indicative offers which have been received on occasions for the freehold, development potential and discounted cash flow which investment properties are professionally valued annually using a yield methodology. This uses market rental values capitalised at a rate pertinent to this asset. There is however an inevitable degree of judgement involved in valuing this asset in particular and value can only ultimately be reliably tested in the market itself.

HOTEL (PL PROPERTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

2 Judgements and key sources of estimation uncertainty (Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Recoverability of amounts due from fellow 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 aging profile of the debtors, historic experience and performance of debtors business.

3 Turnover

The total turnover of the company for the period has been derived from its principal activity of property investment, wholly undertaken in the UK.

4 Operating profit

Operating profit for the period is stated after charging: 2018
£

Fees payable to the company's Independent Auditors for the audit of the company's financial statements -

Auditor's remuneration has been borne by London and Regional Properties Ltd.

5 Directors' remuneration

The directors did not receive any remuneration in respect of their services to the company. The company has no other employees other than the directors.

6 Interest payable and similar expenses

	2018 £
Interest on bank overdrafts and loans	8,060,001
Amortisation of loan fees	449,451
	<u>8,509,452</u>

7 Tax on profit on ordinary activities

	2018 £
Deferred tax	
Origination and reversal of timing differences	108,396,000

HOTEL (PL PROPERTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

7 Tax on profit on ordinary activities (Continued)

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

	2018 £
Profit on ordinary activities before taxation	246,783,008
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00%	46,888,772
Tax effect of income not taxable in determining taxable profit	(45,738,795)
Origination and reversal of timing differences	108,396,000
Utilisation of tax losses	(1,149,977)
Tax charge for the period	108,396,000

In addition to the amount charged to the statement of comprehensive income, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2018 £
Deferred tax arising on:	
Revaluation of financial instruments treated as cash flow hedges	(578,420)

The corporation tax charge for the year has been reduced by £1,149,977 because of losses surrendered by fellow subsidiary undertakings. No payment for this surrender is to be made by the company.

Factors that may affect future tax charges

With effect from 1 April 2020, the UK corporation tax rate will be reduced to 17%. This change, which was announced in the March 2015 budget and affirmed in the March 2016 budget, will have no significant impact on these financial statements.

8 Investment properties

	2018 £
Fair value	
At 2 November 2017	-
Additions through acquisition	569,269,500
Net gains through fair value adjustments	240,730,500
At 31 December 2018	810,000,000

HOTEL (PL PROPERTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

8 Investment properties

(Continued)

During the period the investment property was transferred from, Hotel (PL Property) Holding Limited, a fellow group undertaking.

The investment property was valued by the directors on an open market value basis at 31 December 2018. The valuation has had due regard to the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom but as noted in note 2 has a significant degree of judgement involved.

9 Debtors

2018
£

Amounts due from fellow group undertakings	265,472,424
Prepayments and accrued income	3,323,714
	<u>268,796,138</u>

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

10 Creditors: amounts falling due within one year

2018
£

Trade creditors	38,662
Other taxation and social security	866,152
Other creditors	1,801
Accruals and deferred income	7,015,608
	<u>7,922,223</u>

HOTEL (PL PROPERTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

11 Creditors: amounts falling due after more than one year

	Note	2018 £
Bank loans and overdrafts	12	264,733,353
Derivative financial instruments		3,044,318
		<u>267,777,671</u>

Bank loans and overdrafts are stated net of finance charges of £2,066,647 to be allocated to future periods.

Derivative financial instruments

The company borrows at floating rates of interest and then employs derivative financial instruments in the form of an interest rate swap to receive interest at 3 months GDP LIBOR and pay fixed interest of 1.38% per annum. The swap is based on the principal amounts of the company's outstanding bank loans and matures on 7 February 2023.

The instrument is used to hedge the company's exposure to interest rate movements on the outstanding bank loans. The fair value of the interest rate swap at the period end was a liability of £3,044,318. The company has elected to apply hedge accounting. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income.

Cash flows on both the loans and the interest rate swaps are paid quarterly until maturity of the swaps and loans.

12 Bank loans and overdrafts

	2018 £
Bank loans	<u>264,733,353</u>
Payable within two to five years	<u>264,733,353</u>

The long-term loans are secured over the investment property of the company.

The bank loans bear interest at a fixed rate of 3.381% per annum and is repayable in full in February 2023.

13 Provisions for liabilities

	Note	2018 £
Deferred tax liabilities	14	<u>107,817,580</u>

HOTEL (PL PROPERTY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2018

14 Deferred tax

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2018 £
Balances:	
Investment property	108,396,000
Derivative financial instruments	(578,420)
	<u>107,817,580</u>

15 Called up share capital

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

16 Related party transactions

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

17 Controlling party

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

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

London and Regional Group Property Holdings Ltd is the parent undertaking of the smallest group of undertakings to consolidate these financial statements as at 31 December 2018. London and Regional Properties Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2018. The consolidated financial statements of London and Regional Group Property Holdings Ltd and London and Regional Group Properties Ltd can be obtained from the company secretary at 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.