Company Registration No. 11045249 (England and Wales)

HOTEL (PL PROPERTY) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

HOTEL (PL PROPERTY) LIMITED

COMPANY INFORMATION

Directors	Mr M A Glyn Mr R J Livingstone Mr I M Livingstone
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 YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Principal activities, fair view of the business and future developments

The company acts as a property investment company. The company made an operating profit of £16.9m in 2021 (2020: £16.8m) and a loss after taxation of £25.6m in the year (2020: profit of £8.1m) primarily due to the change in tax rate of 25% significantly impacting the deferred tax on the investment property. Net assets as at 31 December 2021 were £691.6m (2020: net assets of £712.1m).

The directors consider the financial position and future prospects at 31 December 2021 to be satisfactory. The company's performance is no longer expected to be impacted by COVID-19.

The bank loan matures in February 2023. While the directors are very confident that a refinancing will take place, based on the quality of the asset, nature of the lease and the strong cashflows it generates, there is no commitment as at the date of approving these financial statements.

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 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

The company is managed by the directors in accordance with the group strategies of its ultimate parent company, London and Regional Group Properties Ltd, and for this reason, the directors believe that key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. These strategies and key performance indicators are discussed in the company's ultimate parent's group annual report which does not form part of this report.

Going concern

The company's outstanding loan is due for full repayment in February 2023. The directors are confident that the loan will be refinanced before the due date, however this has not been confirmed as at the date of approving these financial statements. In the unlikely event that the loan is not refinanced before the due date in February 2023 and if the loan becomes due for full repayment, the company would be reliant upon support from the group companies to continue as a going concern. The intermediate parent company London and Regional Group Property Holdings Limited has indicated its current intention to provide any required support to the company for a period of twelve months following the approval of these financial statements. These circumstances indicate the existence of a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern.

The financial statements do not include any adjustments that might arise, should the company be unable to refinance the debt.

On behalf of the board

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Mr M A Glyn

Director

29 July 2022......

HOTEL (PL PROPERTY) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and audited financial statements for the year ended 31 December 2021.

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

Mr I M Livingstone	
Mr M A Glyn	(Appointed 31 December 2021)
Mr R J Livingstone	
Mr L Sebastian	(Resigned 31 December 2021)

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 (2020: £nil). The directors do not recommend the payment of a final dividend (2020: £nil).

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

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

Directors' confirmations
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

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Mr M A Glyn
Director
29 July 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

On behalf of the board

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Mr M A Glyn
Director
29 July 2022......

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 2021 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 2021; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.4 to the financial statements concerning the company's ability to continue as a going concern. The company's bank loan is due for repayment in February 2023. The directors expect the debt to be refinanced before February 2023, however this has not been confirmed at the date of approving these financial statements. There is uncertainty as to whether the debt will be refinanced and what the impact will be on the company's operations if the debt is not refinanced. These conditions, along with the other matters explained in note 1.4 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concem are described in the relevant sections of this report.

Reporting on other information

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

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

Reporting on other information (continued)

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

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

Auditors' responsibilities for the audit of the financial statements (continued)

Audit procedures performed by the engagement team included:

- Enquiring of management and those charged with governance, and inspection of policy documentation as to the company's high-level policies and procedures to prevent and detect fraud as well as enquiries around actual and potential litigation and claims;
- Enquiring of those charged with governance as to whether management have knowledge of any actual, suspected or alleged fraud;
- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; and
- Assessing the reasonableness of key accounting estimates (because of the risk of management bias), including challenging assumptions and judgements made by management in their significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. 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 directors as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Andrew Latham

Andrew Latham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 July 2022

HOTEL (PL PROPERTY) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £'000	2020 £'000
Turnover	3	18,069	17,895
Administrative expenses		(1,192)	(1,125)
Operating profit	4	16,877	16,770
Interest payable and similar expenses	6	(9,492)	(8,683)
Profit before taxation		7,385	8,087
Tax on profit	7	(32,941)	-
(Loss)/profit for the financial year		(25,556)	8,087
Other comprehensive income/(expense)			
Cash flow hedges - change in value of hedging instruments		6,351	(3,016)
Tax (charge)/credit relating to other comprehensive income/(expense)		(1,206)	573
Total comprehensive (expense)/ income for the year		(20,411)	5,644

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 2021

		2021		2020	
	Note	**£'000**	**£'000**	**£'000**	**£'000**
Fixed assets					
Investment properties	**8**		810,000		810,000
Current assets					
Debtors	**9**	300,690		292,618	
Creditors: amounts falling due within one year	**10**	(8,230)		(9,335)	
Net current assets			292,460		283,283
Total assets less current liabilities			1,102,460		1,093,283
Creditors: amounts falling due after more than one year	**11**		(268,653)		(274,501)
Provisions for liabilities	**13**		(142,168)		(106,732)
Net assets			691,639		712,050
Capital and reserves					
Called up share capital	**15**		567,176		567,176
Hedging reserve			(1,951)		(7,096)
Retained earnings			126,414		151,970
Total equity			691,639		712,050

The financial statements on pages 7 to 20 were approved by the board of directors and authorised for issue on 29 July 2022 and are signed on its behalf by:

Mr M A Glyn
Director

Company Registration No. 11045249

HOTEL (PL PROPERTY) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Hedging reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000
Balance at 1 January 2020	567,176	(4,653)	143,883	706,406
Profit for the financial year	-	-	8,087	8,087
Other comprehensive expense:				
- Cash flow hedges - change in value of hedging instruments	-	(3,016)	-	(3,016)
- Tax relating to other comprehensive expense	-	573	-	573
Total comprehensive (expense)/income for the year	-	(2,443)	8,087	5,644
Balance at 31 December 2020	567,176	(7,096)	151,970	712,050
Loss for the financial year	-	-	(25,556)	(25,556)
Other comprehensive income:				
- Cash flow hedges - change in value of hedging instruments	-	6,351	-	6,351
Tax relating to other comprehensive income	-	(1,206)	-	(1,206)
Total comprehensive income/(expense) for the year	-	5,145	(25,556)	(20,411)
Balance at 31 December 2021	567,176	(1,951)	126,414	691,639

1 Accounting policies

General information

Hotel (PL Property) Limited is a private company limited by shares incorporated in the United Kingdom and registered in England. The registered office is Quadrant House, Floor 6, 4 Thomas More Square, London, E1W 1YW.

The principal activity of the company is the ownership of the investment property, Hilton Park Lane.

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 £'000 unless otherwise stated.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

1.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions.

As a qualifying entity, the company has taken advantage of the following exemptions:

- from the requirement to prepare a statement of cash flows as required by paragraph 3.17 (d) of FRS 102; 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.
- 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 Going concern

The company's outstanding loan is due for full repayment in February 2023. The directors are confident that the loan will be refinanced before the due date, however this has not been confirmed as at the date of approving these financial statements. In the unlikely event that the loan is not refinanced before the due date in February 2023 and if the loan becomes due for full repayment, the company would be reliant upon support from the group companies to continue as a going concern. The intermediate parent company London and Regional Group Property Holdings Limited has indicated its current intention to provide any required support to the company for a period of twelve months following the approval of these financial statements. The financial statements do not include any adjustments that might arise, should the company be unable to refinance the debt. These circumstances indicate the existence of a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern.
The directors continue to adopt the going concern basis of preparing the financial statements.

1.5 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 Accounting policies

1.6 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.

1.7 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.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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

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

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

1 Accounting policies

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

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

1.10 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 Accounting policies

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.11 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. 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 Critical accounting judgements and estimation uncertainty

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.

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 utilising discounted cash flow 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. See note 8 for the carrying values of the assets and note 1.6 for the accounting policy.

2 Critical accounting judgements and estimation uncertainty

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 ageing profile of the debt, historic experience and performance of the debtor's business. See note 9 for the carrying values of the assets and note 1.8 for the accounting policy.

3 Turnover

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

4 Operating profit

Operating profit for the year is stated after charging:	2021 £'000	2020 £'000
Fees payable to the company's auditors for the audit of the company's financial statements	-	-

Auditors' remuneration of £5k (2020: £5k) has been borne by fellow subsidiary London and Regional Properties Limited which made no recharge to the company.

5 Directors' remuneration

The directors did not receive any remuneration in respect of their services to the company (2020: £nil). The company has no employees (2020: none).

The above details of directors' emoluments do not include the emoluments which are paid by a fellow subsidiary and recharged to the company as part of a management charge. This management charge, which in 2021 amounted to £524k (2020: £519k), also includes a recharge of administration costs borne by the fellow subsidiary on behalf of the company and it is not possible to identify separately the amount of the directors' emoluments. Mr R J Livingstone & Mr I M Livingstone are directors of the ultimate parent company and a number of fellow subsidiary companies, and their total emoluments are included in the aggregate of directors' emoluments included in the financial statements of the ultimate parent company. Mr L Sebastian was a director of the intermediate parent company and a number of fellow subsidiary companies. The emoluments of Mr L Sebastian are included in the aggregate directors' emoluments of the financial statements of the intermediate parent company.

6 Interest payable and similar expenses

	2021 £'000	2020 £'000
Interest on bank overdrafts and loans	8,989	8,180
Amortisation of loan fees	503	503
	9,492	8,683

7 Tax on profit

	2021	2020
	£'000	£'000
Current tax		
Adjustments in respect of prior periods	(1,289)	-
Deferred tax		
Origination and reversal of timing differences	34,230	-
Total tax charge	32,941	-

Factors affecting tax charge for the year

The rate of corporation tax for the current year is 19.00% (2020: 19.00%).

Tax assessed for the year is higher (2020: lower) than the standard rate of corporation tax in the UK for the year ended 31 December 2021 of 19% (2020: 19%). The differences are explained below.

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

	2021	2020
	£'000	£'000
Profit before taxation	7,385	8,087
Profit multiplied by the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1,403	1,537
Adjustments in respect of prior periods	(1,289)	-
Effect of change in corporation tax rate	34,230	-
Utilisation of tax losses	(1,403)	(1,537)
Tax charge/result for the year	32,941	-

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:

	2021	2020
	£'000	£'000
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	1,206	(573)

7 Tax on profit

In the current year, the corporation tax charge was reduced by £1,403k (2020: £1,537k) as a result of losses surrendered by fellow subsidiary undertakings. No payment for this surrender is to be made by the company (2020: £nil).

Factors that may affect future tax charges
In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

8 Investment properties

	£'000
Fair value	
At 1 January 2021 and 31 December 2021	810,000

The investment property was valued by the directors on an open market value basis at 31 December 2021. 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. In particular in the context of the current year valuation the directors had regard to the fact that the Covid-19 pandemic had no noticeable impact on the company with the tenant paying all rentals due under the terms of the lease on time. The directors note that the property remains let to a tenant with a strong covenant and occupies a prime location in central London which the directors believe will continue to be in strong demand.

9 Debtors

	2021 £'000	2020 £'000
Trade debtors	5,551	5,551
Amounts due from fellow group undertakings	294,783	285,693
Prepayments and accrued income	356	1,374
	300,690	292,618

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

10 Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Trade creditors	39	39
Corporation tax	-	1,289
Other taxation and social security	989	925
Other creditors	2	2
Accruals and deferred income	7,200	7,080
	8,230	9,335

11 Creditors: amounts falling due after more than one year

		2021	2020
	Note	£'000	£'000
Bank loans and overdrafts	12	266,243	265,740
Derivative financial instruments		2,410	8,761
		268,653	274,501

Bank loans and overdrafts are stated net of finance charges of £557k to be allocated to future years (2020: £1,060k).

Derivative financial instruments
The company borrows at a fixed spread rate of 1.9% plus a floating reference rate of interest based on 3 months GBP LIBOR. The company then employs derivative financial instruments in the form of an interest rate swap to receive interest at 3 months GBP LIBOR and pay a fixed reference rate of interest of 1.48% 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 floating rate component of the outstanding bank loans of £266,243k. The fair value of the interest rate swap at the year end was a liability of £2,410k (2020: liability of £8,761k). 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 recognised 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.

Subsequent to the year end date, the floating rate loans and floating interest rate swaps have been transitioned to SONIA with no material effect to ongoing interest levels.

12 Bank loans and overdrafts

	2021	2020
	£'000	£'000
Bank loans	266,243	265,740
Payable between 1-2 years	266,243	-
Payable between 2-5 years	-	265,740

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

The bank loans bear interest at a fixed spread rate of 1.9% plus a fixed reference rate of 1.48% which totals to 3.38% per annum and is repayable in full in February 2023. The company entered into an interest rate swap from inception of the loan to hedge the exposure to fluctuating variable interest rates and its exposure on the reference rate.

13 Provisions for liabilities

	Note	2021 £'000	2020 £'000
Deferred tax liabilities (net)	14	142,168	106,732

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:

Balances:	Liabilities 2021 £'000	Liabilities 2020 £'000	Assets 2021 £'000	Assets 2020 £'000
Investment property	142,626	108,396	-	-
Derivative financial instruments	-	-	458	1,664
	142,626	108,396	458	1,664

Movements in the year:	**£'000**
Liability as at 1 January 2021	106,732
Charged to profit & loss	34,230
Charged to other comprehensive income	1,206
Liability as at 31 December 2021	142,168

15 Called up share capital

	2021	2020
	£'000	£'000
Ordinary share capital		
Allotted, called up and fully paid		
567,175,766 (2020: 567,175,766) ordinary shares of £1 each	567,176	567,176

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 HPL Senior Holdco Limited, 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 2021. London and Regional Group Properties Ltd is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2021. 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.