

Coal Exchange Hotel LLP

Members' report and financial statements

For the year ended 5 April 2018

Registered number: OC407336

TUESDAY



L7G6E1W9

LD4

09/10/2018

#60

COMPANIES HOUSE

Coal Exchange Hotel LLP

Information

Designated Members	P M Ingman A Rai
LLP registered number	OC407336
Registered office	128 Buckingham Palace Road London SW1W 9SA
Independent auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Coal Exchange Hotel LLP

Contents

	Page
Members' report	1 - 2
Independent auditor's report	3 - 4
Statement of comprehensive income	5
Statement of financial position	6
Reconciliation of members' interests	7
Notes to the financial statements	8 - 12

Coal Exchange Hotel LLP

Members' report

For the year ended 5 April 2018

The members present their annual report together with the audited financial statements of Coal Exchange Hotel LLP (the LLP) for the year ended 5 April 2018.

Principal activity

The principal object of the LLP is the redevelopment and subsequent leasing of the property known as The Coal Exchange, Mount Stuart Square, Cardiff, CF10 5FQ.

Review of business

Coal Exchange Hotel LLP was set up to allow a syndicate of like-minded individuals to invest in the regeneration of an empty prime site in Cardiff, formerly used as a coal exchange and music venue, with a view to making both revenue returns and capital appreciation. The Coal Exchange Hotel LLP entered into agreements with Signature Living Hotels Ltd to acquire and convert the former coal exchange into a new feature hotel.

The basic structure is that Coal Exchange Hotel LLP have taken a new 999 year ground lease on the hotel whilst at the same time, entering into a development funding agreement to contribute up to £15,714,953 to the conversion and renovation of the building.

Simultaneously Signature Living Hotels Ltd have entered into a 998 year occupational lease on the property paying an annual rent to Coal Exchange Hotel LLP which is linked to fixed and then RPI increases during its life.

There is a statutory holding period under BPRA rules of 5 years from commencement of the business and thus Coal Exchange Hotel LLP cannot sell until that period has expired. At that time, Signature Living Hotels Ltd has an option agreement to acquire the 999 year lease from Coal Exchange Hotel LLP at a discount to market value. If that option is not exercised, then Coal Exchange Hotel LLP can sell in the open market for full value.

Under the loan agreements, Coal Exchange Hotel LLP can borrow against its assets and Signature Living Hotels Ltd will underwrite that ability to borrow. Thus, if suitable commercial bank lending is not available, Coal Exchange Hotel LLP can call upon Signature Living Hotels Ltd to lend them the desired amount. During the year, £nil (2017 - £2,250,000) was drawdown by Coal Exchange Hotel LLP, no additional drawdowns are expected.

Members' responsibilities statement

The members are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law, (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008), requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) the members 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 LLP and of the profit or loss of the LLP for that period.

In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and to enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008). They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Members' report (continued)

For the year ended 5 April 2018

Designated Members

P M Ingman and A Rai were designated members of the LLP throughout the period.

Policy on Members' capital

If the Designated Members determine that the LLP required additional funds (in excess of the above capital contributions) for the purposes of the Business, it shall consider the most appropriate source of funding including the use of third party financing and/or additional funding provided by some or all of the Members.

Details of changes in members' capital in the ended 5 April 2018 are set out in the Reconciliation of members' interests.

The Members acknowledge that third party finance is required for the acquisition and refurbishment of the Property and that the third party finance may be subject to a refinancing at any time, and such financing and refinancing shall be determined and arranged by the Designated Members as detailed above.

Policy on Members' drawings and distributions to Members

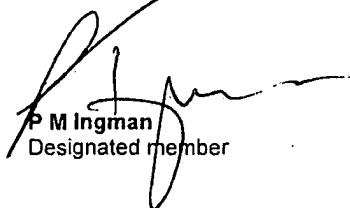
All distributions shall be paid to the Members pro rata to their respective capital contribution as at the date of such distribution, save as varied in accordance with the Members' Agreement. The timing of the distributions shall be at the discretion of the Designated Members.

Notwithstanding the above no sums shall be distributed from the LLP which would result in the LLP being unable to meet its obligations to third parties (in the ordinary course of business) and pursuant to any third party finance entered into from time to time or which would render the LLP insolvent.

Where some but not all of the Members have contributed additional capital, the Members' rights to profits and distributions shall be adjusted to reflect the proportionate contributions of Members.

Where some but not all of the Members have contributed their capital contribution, the Members' rights to profits and distributions shall, at the Designated Members' discretion, be adjusted to reflect the actual amounts contributed by Members rather than the amounts the Members have committed to contribute.

This report was approved by the members on 1 October 2018 and signed on their behalf by:


P M Ingman
Designated member

Independent auditor's report to the members of Coal Exchange Hotel LLP
For the year ended 5 April 2018

Opinion

We have audited the financial statements of Coal Exchange Hotel LLP (the 'LLP') for the year ended 5 April 2018, which comprise the Statement of comprehensive income, the Statement of financial position, the Reconciliation of members' interests and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 5 April 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to limited liability partnerships by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The members are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Coal Exchange Hotel LLP (continued)
For the year ended 5 April 2018

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006, as applied to limited liability partnerships, requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare the financial statements in accordance with the small limited liability partnerships regime.

Responsibilities of members

As explained more fully in the Members' responsibilities statement on page 1, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members 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 members are responsible for assessing the LLP'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 members either intend to liquidate the LLP 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 Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the LLP's members in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied by Part 12 of The Limited Liability Partnerships (Accounts and Audit) (Applications of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members for our audit work, for this report, or for the opinions we have formed.



Simon Wax (Senior statutory auditor)
for and on behalf of
Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

1 October 2018

Statement of comprehensive income

For the year ended 5 April 2018

	2018 £	2017 £
Administrative expenses	(65,502)	(64,223)
Depreciation	(330,341)	(39,192)
Operating loss	(395,843)	(103,415)
Interest payable and expenses	(133,540)	-
Loss before tax	(529,383)	(103,415)
Loss for the year before members' remuneration and profit shares available for discretionary division among members	(529,383)	(103,415)

There were no recognised gains and losses for 2018 or 2017 other than those included in the Statement of comprehensive income.

There was no other comprehensive income for 2018 and 2017.

The notes on pages 8 to 12 form part of these financial statements.

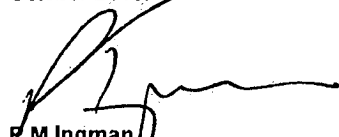
Statement of financial position

As at 5 April 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	4	8,770,474	5,460,814
Current assets			
Debtors	5	68,261	1,277,658
Cash at bank and in hand		5,335	4,715,642
		<u>73,596</u>	<u>5,993,300</u>
Creditors: amounts falling due within one year	6	(210,207)	(2,290,868)
Net current (liabilities)/assets		(136,611)	3,702,432
Creditors: amounts falling due after more than one year	7	(2,225,668)	(2,225,668)
Net assets		6,408,195	6,937,578
Represented by:			
Loans and other debts due to members within one year			
Members' capital classified as a liability		7,051,643	7,051,643
Members' other interests			
Other reserves classified as equity		(643,448)	(114,065)
		<u>6,408,195</u>	<u>6,937,578</u>
Total members' interests			
Other Amounts		-	(445,000)
Loans and other debts due to members		7,051,643	7,051,643
Members' other interests		(643,448)	(114,065)
		<u>6,408,195</u>	<u>6,492,578</u>

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small LLPs regime.

The financial statements were approved and authorised for issue by the members and were signed on their behalf on 1 October 2018.


P M Ingman
 Designated member

The notes on pages 8 to 12 form part of these financial statements.

Reconciliation of members' interests

For the year ended 5 April 2018

	Equity Members' other interests	Debt Loans and other debts due to members less any amounts due from members in debtors	Members' capital (classified as debt)	Other amounts	Total	Total members' interests
	Other reserves £	£	£	£	£	£
Amounts due from members			(1,420,000)	(1,420,000)		
Balance at 17 April 2016	(10,650)	7,051,643	(1,420,000)	5,631,643		5,620,993
Loss for the year available for discretionary division among members	(103,415)	-	-	-		(103,415)
Members' interests after profit for the year	(114,065)	7,051,643	(1,420,000)	5,631,643		5,517,578
Drawings	-	-	(445,000)	(445,000)		(445,000)
Amounts unpaid	-	-	1,420,000	1,420,000		1,420,000
Amounts due from members			(445,000)	(445,000)		
Balance at 5 April 2017	(114,065)	7,051,643	(445,000)	6,606,643		6,492,578
Loss for the year available for discretionary division among members	(529,383)	-	-	-		(529,383)
Members' interests after loss for the year	(643,448)	7,051,643	(445,000)	6,606,643		5,963,195
Amounts paid by members	-	-	445,000	445,000		445,000
Balance at 5 April 2018	(643,448)	7,051,643	-	7,051,643		6,408,195

The notes on pages 8 to 12 form part of these financial statements.

Notes to the financial statements

For the year ended 5 April 2018

1. General information

Coal Exchange Hotel LLP is a limited liability partnership incorporated in England and Wales. The registration number is OC407336 and the registered office of the LLP is 128 Buckingham Palace Road, London, SW1W 9SA.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102 Section 1A, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting by Limited Liability Partnerships".

The following principal accounting policies have been applied:

2.2 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on the following basis:

Long-term leasehold property - 26 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

2.3 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.4 Going concern

The LLP can currently cover its commitments with additional member contributions and via a loan facility made available to it. There is no interest due on any facility drawn down until the development is complete and the hotel is operational at which time sufficient income will be available to the LLP by way of lease payments. On this basis the designated members consider it appropriate to prepare the financial statements on the going concern basis.

2.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Notes to the financial statements

For the year ended 5 April 2018

2. Accounting policies (continued)

2.6 Financial instruments

The LLP only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

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

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.8 Lease premium

On 5 April 2016, a 999 year Long Leasehold was granted to the LLP by Signature Living Hotel Ltd. No premium was paid on the acquisition of this lease and the LLP now leases the premises back to Signature Living Hotels Ltd.

2.9 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

Notes to the financial statements

For the year ended 5 April 2018

3. Employees

The entity has no employees other than members, who did not receive any remuneration.

4. Tangible fixed assets

	Leasehold improvements £
Cost	
At 6 April 2017	5,500,006
Additions	3,640,001
At 5 April 2018	<u>9,140,007</u>
Depreciation	
At 6 April 2017	39,192
Charge for the year	330,341
At 5 April 2018	<u>369,533</u>
Net book value	
At 5 April 2018	<u>8,770,474</u>
At 5 April 2017	<u>5,460,814</u>

5. Debtors

	2018 £	2017 £
Other debtors	68,261	832,658
Amounts due from members	-	445,000
	<u>68,261</u>	<u>1,277,658</u>

Notes to the financial statements

For the year ended 5 April 2018

6. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	30,000	2,281,018
Accruals and deferred income	180,207	9,850
	<u>210,207</u>	<u>2,290,868</u>

7. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Other loans	2,225,668	2,225,668
	<u>2,225,668</u>	<u>2,225,668</u>

Secured loans

Included within other creditors is an amount of £2,225,668 (2017 - £2,225,668) which is secured on the fixed assets of the LLP.

8. Financial instruments

	2018 £	2017 £
Financial assets		
Financial assets measured at fair value through profit or loss	5,335	4,715,642

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand only.

9. Winding up

Upon the sale of the property and following the satisfaction or discharge of all liabilities of the LLP in relation to the property, the LLP shall be wound-up or dissolved.

In the event of any winding-up or dissolution of the LLP (other than in circumstances of insolvency), the net assets of the LLP (or the proceeds of sale of such assets) shall be distributed to Members in the proportions of their capital contributions at the date of commencement of any such winding-up or dissolution.

Coal Exchange Hotel LLP

Notes to the financial statements

For the year ended 5 April 2018

10. Capital commitments

At 5 April 2018, the LLP had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	<u>6,574,946</u>	<u>6,168,280</u>

11. Related party transactions

During the year, entities under common control paid legal fees totalling £75,331, in relation to LLP, on behalf of Signature Living Hotel Limited.

The amounts due from the LLP to the entities under common control was written off at the year end, as was the amount owed from Signature Living Hotel Limited.

The outcome of this action was that Signature Living Hotel Limited effectively paid the legal fees.

There were no other related party transactions or balances which the company is required to disclose in accordance with section 1AC.35 of FRS 102 Section 1A.

12. Controlling party

In the opinion of the Designated Members, there was no ultimate controlling party of the LLP during the year.