

**HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2019**

**Company No: SC292735**



**HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2019**

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**HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED**

**COMPANY INFORMATION**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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<b>Directors</b>	Daniel Roger
<b>Registered number</b>	SC292735
<b>Registered office</b>	Leonardo Hotel Edinburgh City Centre 1 Morrison Street Link Edinburgh Scotland EH3 8DN
<b>Independent statutory auditor</b>	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD

# **HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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### **Introduction**

The principal activity of the company is renting out of investment property.

### **Business review**

In a competitive local market, results were as below:

	<b>2019</b>	<b>2018</b>	<b>Change</b>
	<b>£000</b>	<b>£000</b>	<b>%</b>
Turnover	825	825	-
Gross Profit	822	824	(0.2)
Profit before Tax	361	476	(24)

The main movement between the results is due to the property revaluations and any impairments going through the statement of comprehensive income.

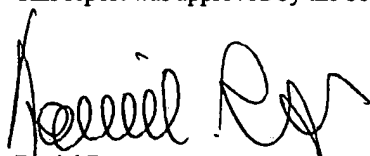
### **Principal risks and uncertainties**

Since the Company is leasing the hotel to a related company, the management sees no principal risks.

On 23 June 2016, the United Kingdom voted to formally resign its membership of the European Union and the country is currently in a stage of transition since leaving on 31 January 2020. At this point, it is unclear as to the impact Brexit would have on the performance of the hotel.

Due to the global COVID-19 pandemic, the Company is monitoring the current situation and assessing the impact on a daily basis as the situation evolves. Further details are included in our subsequent events review in Note 21.

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



Daniel Roger  
**Director**

Date: Nov 20, 2020

## **HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED**

### **DIRECTOR'S REPORT**

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

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The director presents their annual report together with the audited financial statements for the year ended 31 December 2019.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £487k (2018: profit of £427k). The directors do not recommend a dividend for the year ended 31 December 2019 (2018: £nil).

#### **DIRECTORS**

The director who served during the year and to the date of this report were:

Daniel Roger

#### **Director's responsibilities statement**

The director is responsible for preparing the Strategic and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law, the director has elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and to prepare the company financial statements in accordance with IFRS as adopted by the EU. Under company law, the director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that year. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

#### **Going Concern**

The company is in a net asset position of £4,725k (2018: £4,265k) and the parent has confirmed that they will not demand repayment of outstanding balances, until such time as the company has sufficient cash resources and the balances fall due. The Director considers that this confirmation, in addition to the projected profitability of the company means that it is appropriate for the financial statements to be prepared on a going concern basis. See Note 21 for further details.

#### **Subsequent Events**

Since the year end, the Company is facing the challenges in relation to COVID-19 which is impacting the business and trade in 2020. This has occurred post year end and is a non-adjusting post balance sheet event and more disclosure is within the notes of the accounts. There were no events subsequent to the balance sheet date that required adjustment to or disclosure in the financial statements.

**HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED**

**DIRECTOR'S REPORT (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Disclosure of information to auditor**

Each of the persons who was a director at the time when this Director's Report is approved has confirmed that:

- So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- That director has taken all of the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that company's auditor is aware of that information.

**Auditors**

It is proposed that Mazars LLP will continue in office in accordance with the Companies act 2006 section 487(2).

This report was approved by the Board and signed on its behalf by:



Daniel Roger  
**Director**

Date: Nov 20, 2020

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED**

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

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##### **Opinion**

We have audited the financial statements of Hotel Property Fund (Syndicate 2) Limited (the 'company') for the year ended 31 December 2019 which comprise the Income Statement and Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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.

##### **Emphasis of matter – impact of the outbreak of COVID-19 on the financial statements**

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 2, and the consideration in the going concern basis of preparation on page 11 and non-adjustment post balance sheet events on page 20.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19, the potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company and group's trade, customers, suppliers and the wider economy.

##### **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 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.

##### **Other information**

The directors 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, except to the extent otherwise explicitly stated in our report, 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 AUDITORS' REPORT**

### **TO THE MEMBERS OF HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED**

**FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements

#### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's Report.

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

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

#### **Responsibilities of directors**

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 and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

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

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

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

#### **Use of the audit report**

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Jonathan Seaman (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
Tower Bridge House  
St Katharine's Way  
London E1W 1DD  
23 November 2020



Date:  
**HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>Note</b>	<b>2019 £000</b>	<b>2018 £000</b>
<b>Revenue</b>	<b>3</b>	<b>825</b>	<b>825</b>
Cost of sales		(3)	(1)
<b>Gross profit</b>		<b>822</b>	<b>824</b>
Administrative expenses		(28)	(10)
Impairment of investment property		(200)	(100)
<b>Operating profit</b>	<b>4</b>	<b>594</b>	<b>714</b>
Interest income	<b>6</b>	<b>2</b>	<b>-</b>
Interest expenses	<b>7</b>	<b>(235)</b>	<b>(238)</b>
<b>Profit before tax</b>		<b>361</b>	<b>476</b>
Tax on profit	<b>8</b>	<b>99</b>	<b>(49)</b>
<b>Profit for the financial year</b>		<b>460</b>	<b>427</b>
Other comprehensive income		-	-
<b>Total Comprehensive income for the year</b>		<b>460</b>	<b>427</b>

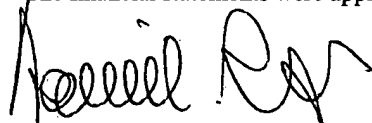
All amounts relate to continuing operations.

The accompanying accounting policies and notes form an integral part of these financial statements.

**HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2019**

	<b>Note</b>	<b>2019 £000</b>	<b>2018 £000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	9	11,100	11,300
		<u>11,100</u>	<u>11,300</u>
<b>Current assets</b>			
Trade and other receivables	10	-	-
Amounts owed by group undertakings		2,507	1,758
Cash at bank and in hand	11	245	656
		<u>2,752</u>	<u>2,414</u>
<b>TOTAL ASSETS</b>		<u><u>13,852</u></u>	<u><u>13,714</u></u>
<b>EQUITY</b>			
Share capital	18	109	109
Revaluation reserve	17	-	-
Retained earnings	17	4,643	4,156
<b>Total Shareholder's funds</b>		<u>4,725</u>	<u>4,265</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	48	76
Amounts owed to group undertakings		-	-
<b>Long term liabilities</b>			
Other creditors	13	8,624	8,884
Deferred taxes	16	455	489
<b>Total liabilities</b>		<u>9,127</u>	<u>9,449</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>13,852</u></u>	<u><u>13,714</u></u>

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



Daniel Roger  
Director

Date: Nov 20, 2020

**HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>Called up Share capital £000</b>	<b>Cash flow Hedges £000</b>	<b>Revaluation reserve £000</b>	<b>Profit and Loss account £000</b>	<b>Total Equity £000</b>
At 1 January 2019	109	-	-	4,156	4,265
<b>Comprehensive expense for the year</b>					
Profit for the year	-	-	-	460	460
<b>At 31 December 2019</b>	<u>109</u>	<u>-</u>	<u>-</u>	<u>4,616</u>	<u>4,725</u>

**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>Called up Share capital £000</b>	<b>Cash flow Hedges £000</b>	<b>Revaluation reserve £000</b>	<b>Profit and Loss account £000</b>	<b>Total Equity £000</b>
At 1 January 2018	109	-	4,916	(1,187)	3,838
<b>Comprehensive expense for the year</b>					
Profit for the year	-	-	-	427	427
Transfer of revaluation reserve	-	-	(4,916)	4,916	-
<b>At 31 December 2018</b>	<u>109</u>	<u>-</u>	<u>-</u>	<u>4,156</u>	<u>4,265</u>

**HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit after taxation		460	427
Adjustments to the profit and loss items:			
Financial expenses, net		235	238
Corporation tax (paid)		-	-
Interest paid		-	-
Taxation charge		(99)	49
Changes in asset and liability items:			
Decrease in inventories		-	-
Decrease in trade and other receivables		-	28
Decrease in trade and other payables		(53)	(159)
Changes in group undertakings balances		(954)	(39)
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>		<b>(411)</b>	<b>544</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets		-	-
<b>NET CASH INFLOW FROM INVESTING ACTIVITIES</b>		<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Amounts received from group undertakings		-	-
Loans repaid		-	-
Repayment of interest rate swap		-	-
<b>NET CASH OUTFLOW FROM FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(411)</b>	<b>544</b>
Cash and cash equivalents brought forward		656	112
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	11	<b>245</b>	<b>656</b>

The accompanying accounting policies and notes are an integral part of these financial statements.

## **HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **1. GENERAL INFORMATION**

Hotel Property Fund (Syndicate 2) Limited is a private limited company incorporated and domiciled in Scotland. The address of its registered office is Leonardo Hotel, Edinburgh City Centre, 1 Morrison Street Link, Edinburgh, EH3 8DN. The Company's principal activities at the year-end are that of a property company and its trading address is Leonardo Inn Glasgow West Ends, Great Western Road, Glasgow, G12 0XP.

#### **2. ACCOUNTING POLICIES**

##### **Basis of accounting**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below. This is the first accounting period the entity has adopted IFRS, however there were no changes noted on the adoption of IFRS.

The financial statements are presented in pounds sterling (£) which is the functional currency of the company.

An overview of standards, amendments and interpretations to IFRSs issued but not yet effective, and which have not been adopted early by the Company are presented below under 'Statement of Compliance'.

##### **Going Concern**

The company is in a net asset position of £4,725k (2018: £4,265k) and the parent has confirmed that they will not demand repayment of outstanding balances, until such time as the company has sufficient cash resources and the balances fall due. The Director considers that this confirmation, in addition to the projected profitability of the company means that it is appropriate for the financial statements to be prepared on a going concern basis. See Note 21 for further details.

##### **Critical Accounting Estimates and Judgements**

The preparation of financial statement in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. These estimates and assumptions are based upon management's knowledge and experience of the amounts, events or actions. Actual results may differ from such estimates.

The estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities relate to: valuation of investment property and impairment of receivables.

##### **Statement of compliance**

The financial statements comply with IFRS as adopted by the European Union. At the date of authorisation of these financial statements the following Standards and Interpretations affecting the Company, which have not been applied in these financial statements, were in issue, but not yet effective. The company does not plan to adopt these standards early.

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment): Definition of Material (effective for accounting years beginning on or after 1 January 2020)
- IFRS 3 Business Combinations (Amendment): Definition of a Business (effective for accounting years beginning on or after 1 January 2020)
- IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures (Amendments): Interest Rate Benchmark Reform (effective for accounting years beginning on or after 1 January 2020)
- Conceptual Framework (Amendment): Amendments to References to the Conceptual Framework in IFRS Standards (effective for accounting years beginning on or after 1 January 2020)
- IFRS 17 Insurance Contracts (effective for accounting years beginning on or after 1 January 2021)

## **HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED**

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

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

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## **2. ACCOUNTING POLICIES (continued)**

### **Segment reporting**

There is one continuing class of business, operating hotels in the UK.

All revenue arose within the UK therefore no further segmental information has been provided.

### **Revenue recognition**

Revenue comprised of rental receipts which are recognised in line with the service being provided.

### **Current and deferred taxation**

The current income tax charge is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. The deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction does not affect either the accounting or taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged on a straight line bases to profit and loss account.

### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

### **Financial assets**

The Company's financial assets comprise investment property, trade receivables and cash and cash equivalents.

### **Investment property**

Investment property is carried at fair value determined annually derived from the current market rents and investment property yields for comparable property, adjusted if necessary for any difference in the nature, location or condition of the specific asset in line with IAS 40. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

### **Inventory**

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to sell.

### **Trade and other receivables**

Trade and other receivables are recognised and carried at original invoice value less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

## **HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED**

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

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

## **2. ACCOUNTING POLICIES (continued)**

### **Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposit held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### **Financial liabilities**

The Company's financial liabilities comprise trade and other payables, accruals and amounts owed to group undertakings. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instruments.

### **Creditors**

Creditors are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Short term creditors are measure at the transition price. Long term creditors are measured at their fair value.

### **Equity**

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Cash flow hedge" represents the portion of the gain or loss net of deferred tax charges on a hedging instrument in a cash flow hedge that is determined to be an effective hedge
- "Revaluation reserve" represents the increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset.
- "Retained losses" represents retained losses.

## **3. REVENUE**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
United Kingdom	<u>825</u>	<u>825</u>

All turnover relates to one class of business.

## **4. OPERATING PROFIT**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Employee benefit expense (see below)	-	-
Impairment of investment property	200	-
Loss on disposal of tangible fixed assets	-	-
Auditors remuneration	<u>5</u>	<u>5</u>

During the year, no director received any emoluments (2018: £Nil).

**HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2019****5. EMPLOYEES**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	-	-
Social security costs	-	-
Costs of defined contribution scheme	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The average monthly number of employees, including the directors, during the period was as follows:

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
Hotel Staff and Management	<u>1</u>	<u>1</u>

**6. INTEREST INCOME**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Other interest income	<u>2</u>	<u>-</u>

**7. INTEREST EXPENSES**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Other interest expense	<u>235</u>	<u>238</u>



**HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

**8. TAXATION**

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
<b>Corporation tax</b>		
Current tax on profits for the year	(65)	64
<b>Total current tax</b>	(65)	64
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	(13)
Adjustments in respect of prior periods	(34)	(2)
<b>Total deferred tax</b>	(34)	(15)
<b>Taxation on profit on ordinary activities</b>	(99)	49

The tax assessed for the period is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below.

	Year ended 31 December 2019 £000	Year ended 31 December 2018 £000
Profit on ordinary activities before tax	361	476
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	69	91
<b>Effects of:</b>		
Fixed assets differences	52	19
Chargeable gain	-	(19)
Group relief claimed	(118)	-
Rate differences	(48)	(40)
Adjustment in respect of prior periods	(65)	(2)
Transfer pricing adjustments	11	-
<b>Total tax (credit)/charge for the period</b>	(99)	49

**Factors that may affect future tax charges**

The rate of UK corporation tax has decreased to 19% for years starting 1 April 2018 and 2019 and will reduce further to 17% from 1 April 2020.

**HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**9. INVESTMENT PROPERTY**

	<b>Freehold investment property £000</b>
<b>Valuation</b>	
At 1 January 2018	11,400
Impairment	(100)
	<u>11,300</u>
At 31 December 2018	<u>11,300</u>
At 1 January 2019	11,300
Impairment	(200)
	<u>11,100</u>
At 31 December 2019	<u>11,100</u>

The property has been valued independently as at 31 December 2019. The independent valuation company holds relevant professional qualifications and has recent experience in the location and category of property being valued.

**HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**10. TRADE AND OTHER RECEIVABLES**

	<b>2019 £000</b>	<b>2018 £000</b>
Trade debtors	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

**11. CASH AND CASH EQUIVALENTS**

	<b>2019 £000</b>	<b>2018 £000</b>
Cash at bank and in hand	245	656
	<u>245</u>	<u>656</u>

**12. TRADE AND OTHER PAYABLES**

	<b>2019 £000</b>	<b>2018 £000</b>
Trade creditors	-	4
Other taxation and social security	27	64
Accruals and deferred income	21	8
	<u>48</u>	<u>76</u>
	<u>48</u>	<u>76</u>

**13. CREDITORS MORE THAN ONE YEAR**

	<b>2019 £000</b>	<b>2018 £000</b>
Intercompany loans	8,624	8,884
	<u>8,624</u>	<u>8,884</u>
	<u>8,624</u>	<u>8,884</u>

**HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**14. LOANS**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Analysis of the maturity of loans is given below:		
<b>Amounts falling due within one year</b>		
Bank loans	-	-
<b>Amounts falling due 1-2 years</b>		
Bank loans	-	-
<b>Amounts falling due 2-5 years</b>		
Bank loans	-	-
Intercompany loan	8,624	8,884
<b>Amounts falling due after more than 5 years</b>		
Bank loans	-	-

**15. FINANCIAL INSTRUMENTS**

The company's activities give rise to a number of financial risks: market risk, credit risk and liquidity risk. Market risk includes foreign exchange risk and cash flow and fair value interest rate risk. The company has in place risk management policies that seek to limit the adverse effects on the financial performance.

**Financial instruments**

The company does not use derivative financial instruments. The company finances its operations using bank balances and overdraft facilities, plus debtors and creditors. The cash flow is regularly monitored.

**Capital risk management**

The company manages capital and for the purpose of proper capital structure, in accordance with the economic conditions present on the market, and decides if the retained earnings should be distributed to shareholders. The company's principal capital management objective is that of maximisation of returns to shareholders. Management seek to manage capital in order to meet this objective through organic growth and other strategies as deemed appropriate. The company's objectives, policies and processes have not been changed during the period ended 31 December 2019.

**Liquidity risk**

At 31 December 2019 the cash position was £245k. The available cash is managed by the Financial Controller who decides the optimum use of available cash.

**Credit risk management**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the company. Credit exposure is controlled by counterparty limits that are reviewed and approved by the company's management. The Company considers that trade receivables are exposed to limited credit risk.

**HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2018****16. DEFERRED TAXATION**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
At 1 January 2018	(489)	(502)
Charged to the profit or loss	34	(13)
Charged to other comprehensive income	-	-
	<u>(455)</u>	<u>(489)</u>
At 31 December 2018	<u>(455)</u>	<u>(489)</u>
The provision for deferred taxation is made up as follows:		
Accelerated capital allowances	-	-
Short term timing differences	-	-
Revaluation	(455)	(489)
	<u>(455)</u>	<u>(489)</u>

**17. EQUITY****Retained earnings**

The balance held on this reserve is the accumulated retained profits of the company.

**Revaluation reserve**

This reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset.

**Share capital**

The balance on the share capital account represents the aggregate nominal value of all ordinary and preference shares in issue.

**18. SHARE CAPITAL**

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
<b>Shares classified as equity</b>		
<b>Authorised, allotted, called up and fully paid</b>		
109,100 Ordinary Shares of £1 each	<u>109</u>	<u>109</u>

## **HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED**

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

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **19. RELATED PARTY TRANSACTIONS**

The company was due £2,507k (2018: 1,758k) by other companies within the group at 31 December 2019 and owed £8,624k (2018: £8,884k) to other companies within the group at 31 December 2019. The company received rent of £825k (2018: £825k) from another company in the group and incurred £235k of interest expense (2018: £238k) on loans from other companies in the group.

#### **20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The ultimate parent entity is Fattal Holdings (1998) Limited, a publicly listed company registered in Israel, by virtue of its indirect 100% shareholding.

The largest and smallest group into which the results of the company are consolidated is that headed by the ultimate parent company.

The directors consider David Fattal to be the ultimate controlling party.

#### **21. SUBSEQUENT EVENTS**

In March 2020, a global pandemic occurred regarding the spread of the Covid-19 virus, which infected >5 million people globally and has resulted in many deaths. Due to this pandemic, the UK government took measures to safeguard the public's health to stop the spread of the virus. These measures had a direct impact on the hospitality sector, and the Director and Senior Leadership took the decision to close the hotel from mid-March for a period of time.

During this period no revenue would be generated from the hotel and so cost control is a key focus for management going forward within the hotel property. At the time of signing the financial statements, the timeline for the end of this pandemic is unknown however management continue to monitor the situation to ensure employee and guest safety, whilst controlling costs in all instances during this period to ensure the continued success and growth of the Company subsequent to this pandemic. The company will continue to receive rental income from the related party during the pandemic (rental term of 18 years) and therefore is not expected to impact the going concern of the entity. This has occurred post year end and is a non-adjusting post balance sheet event. There were no events subsequent to the balance sheet that require adjustment to or disclosure in the financial statements.