

**HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED**  
**31 DECEMBER 2017**

**Company No: SC292735**



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

**REPORT AND FINANCIAL STATEMENTS**

**PERIOD ENDED 31 DECEMBER 2016**

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

## **COMPANY INFORMATION**

**FOR THE PERIOD ENDED 31 DECEMBER 2017**

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<b>Directors</b>	D Roger (appointed 31 July 2017)
<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>	haysmacintyre Chartered Accountants & Statutory Auditor 10 Queen Street London EC4R 1AG

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

## **STRATEGIC REPORT**

**FOR THE PERIOD ENDED 31 DECEMBER 2017**

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### **Introduction**

The principal activity of the company during the period was that of the operation of a hotel, and from 31 July 2017 the company changed its principle activity to renting out investment property.

### **Business review**

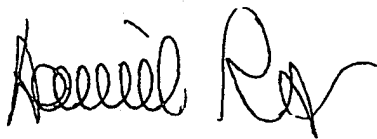
In a competitive local market, results were as below:

	Period from 29 January 2017 to 31 December 2017 £000	Period from 1 February 2016 to 29 January 2017 £000	Change %
Turnover	1,988	3,431	(42)
Gross Profit	1,096	3,091	(65)
(Loss)/profit before Tax	(756)	504	(250)

### **Principal risks and uncertainties**

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

This report was approved by the board on 28 September 2018 and signed on its behalf.



**D Roger**  
**Director**

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

## **DIRECTORS' REPORT**

### **FOR THE PERIOD ENDED 31 DECEMBER 2017**

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The directors present their annual report together with the audited financial statements for the period ended 31 December 2017.

#### **RESULTS AND DIVIDENDS**

The loss for the period, after taxation, amounted to £756k (January 2017- profit of £360k). The directors do not recommend a dividend for the period ended 31 December 2017 (January 2017- £nil).

On 31 July 2017 the company and certain related companies were purchased by the Fattal group of hotels, an Israeli hotel group. Upon the purchase, an internal restructure occurred effective 31 July 2017 whereby the trade and certain assets of the hotel within the Company were transferred into a related UK company, Leonardo Portland Operations Limited, with the property remaining in the Company. From this date, the Company earns rental income on the lease of the property to Leonardo Portland Operations Limited.

The year end was shortened to 31 December resulting in an 11 month period from 30 January 2017 to 31 December 2017.

#### **DIRECTORS**

The directors who served during the period were:

D Roger (appointed 31 July 2017)  
J A Brown (resigned 31 July 2017)  
C E Dickson (resigned 31 July 2017)  
A Higgins (resigned 31 July 2017)  
W Paisley (resigned 31 July 2017)  
S F Valentine (resigned 31 July 2017)

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

### **DIRECTORS' REPORT (continued)**

**FOR THE PERIOD ENDED 31 DECEMBER 2017**

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#### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International 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 directors 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 directors are 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

#### **Disclosure of information to auditor**

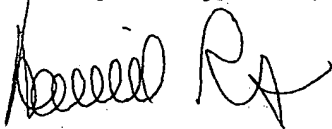
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- The 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.

#### **Auditor**

The auditor, haysmacintyre, will be proposed for reappointed in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 28 September 2018 and signed on its behalf



**D Roger**  
**Director**

# **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF**

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

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### **Opinion**

We have audited the financial statements of Hotel Property Fund (Syndicate 2) Limited for the period ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation of the company financial statements 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 2017 and of its loss for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; 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.

### **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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

### **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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the 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 directors' report.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED (continued)**

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**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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 2, 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.

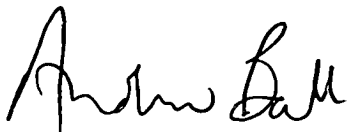
**Auditor's responsibilities for the audit of the financial statements**

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 our 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.



**Andrew Ball**  
**Senior Statutory Auditor**  
**for and on behalf of haysmacintyre**  
**Statutory Auditors**  
**28 September 2018**

**10 Queen Street Place**  
**London**  
**EC4R 1AG**



**HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED****STATEMENT OF COMPREHENSIVE INCOME****FOR THE PERIOD ENDED 31 DECEMBER 2017**

		<b>Period ended 31 December 2017 £000</b>	<b>Period to 29 January 2017 £000</b>
	<b>Note</b>		
<b>Revenue</b>	3	1,988	3,431
Cost of sales		(892)	(340)
<b>Gross profit</b>		1,096	3,091
Administrative expenses		(431)	(2,486)
Impairment of fixed assets		(575)	-
Fair value movements		-	76
<b>Operating profit</b>	4	90	681
Interest income	6	15	2
Interest expenses	7	(833)	(179)
<b>(Loss)/profit before tax</b>		(728)	504
Tax on loss	8	(28)	(144)
<b>(Loss)/profit for the financial period</b>		(756)	360

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


## HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED

## STATEMENT OF FINANCIAL POSITION

FOR THE PERIOD ENDED 31 DECEMBER 2017

	Note	Period to 31 December 2017 £000	Period to 29 January 2017 £000	Period to 31 January 2016 £000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Tangible assets	9	-	7,468	7,699
Investment property	10	11,400	-	-
		<u>11,400</u>	<u>7,468</u>	<u>7,699</u>
<b>Current assets</b>				
Inventories	11	-	16	23
Trade and other receivables	12	28	143	107
Deferred taxes		-	140	192
Amounts owed by group undertakings		1,960	1,013	860
Cash at bank and in hand	13	112	1,058	867
		<u>2,100</u>	<u>2,370</u>	<u>2,049</u>
<b>TOTAL ASSETS</b>		<u>13,500</u>	<u>9,838</u>	<u>9,748</u>
<b>EQUITY</b>				
Share capital	19	109	109	109
Cash flow Hedge	20	-	(512)	(471)
Revaluation reserve		4,916	-	-
Retained earnings		(1,187)	(431)	(791)
<b>Total equity</b>		<u>3,838</u>	<u>(834)</u>	<u>(1,153)</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	14	369	579	676
Amounts owed to group undertakings		-	28	102
<b>Long term liabilities</b>				
Other creditors	15	8,791	10,065	10,123
Deferred taxes	18	502	-	-
<b>Total liabilities</b>		<u>9,662</u>	<u>10,672</u>	<u>10,901</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>13,500</u>	<u>9,838</u>	<u>9,748</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2018.



D Roger

# HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2017

	Called up Share capital £000	Cash flow Hedges £000	Revaluation reserve £000	Profit and Loss account £000	Total Equity £000
At 29 January 2017	109	(512)	-	(431)	(834)
<b>Comprehensive expense for the period</b>					
Loss for the period	-	-	-	(756)	(756)
Revaluation of tangible fixed assets	-	-	5,422	-	5,422
Deferred tax on revaluation of tangible fixed assets	-	-	(506)	-	(506)
Fair value movements on financial instruments	-	620	-	-	620
Deferred tax on movement on financial instruments	-	(108)	-	-	(108)
<b>At 31 December 2017</b>	<b>109</b>	<b>-</b>	<b>4,916</b>	<b>(1,187)</b>	<b>3,838</b>

## STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 29 JANUARY 2017

	Called up Share capital £000	Cash flow Hedges £000	Profit and Loss account £000	Total Equity £000
At 1 February 2016	109	(471)	(791)	(1,153)
<b>Comprehensive income for the period</b>				
Profit for the period	-	-	360	360
Taxation in respect of items of other comprehensive income	-	(14)	-	(14)
Fair value movements on financial instruments	-	(27)	-	(27)
<b>At 29 January 2017</b>	<b>109</b>	<b>(512)</b>	<b>(431)</b>	<b>(834)</b>

**HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED****STATEMENT OF CASH FLOWS****FOR THE PERIOD ENDED 31 DECEMBER 2017**

	Note	2017 £000	2016 £000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit after taxation		(756)	360
Adjustments to the profit and loss items:			
Depreciation		166	340
Financial expenses, net		792	177
Impairment of tangible fixed assets		575	14
Corporation tax (paid)		(106)	114
Interest paid		(127)	(177)
Taxation charge		(4)	(144)
Changes in asset and liability items:			
Decrease in inventories		16	7
Decrease in trade and other receivables		115	16
Decrease in trade and other payables		(104)	(67)
Changes in group undertakings balances		(975)	(227)
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>		<b>(408)</b>	<b>413</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets		(298)	(123)
Transfer of fixed assets to group undertakings		1,047	-
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>		<b>749</b>	<b>(123)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Amounts received from group undertakings		8,691	-
Loans repaid		(9,344)	(58)
Repayment of interest rate swap		(634)	(41)
<b>NET CASH OUTFLOW FROM FINANCING ACTIVITIES</b>		<b>(12,872)</b>	<b>(99)</b>
<b>NET(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(946)</b>	<b>191</b>
Cash and cash equivalents brought forward		1,058	867
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	13	<b>112</b>	<b>1,058</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 PERIOD ENDED 31 DECEMBER 2017**

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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 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'.

#### **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: depreciation of tangible fixed assets 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.

- Amendments to IFRS 2 Share Based Payment (effective for accounting periods beginning on or after 1 January 2018)
- IFRS 15 Clarification of Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2018)
- IFRS 16 Leases (effective for accounting periods beginning on or after 1 January 2019)

#### **Segment reporting**

There is one continuing class of business, operating hotels in the UK until 31 July 2017 whereby the business changed to the rental of the hotel to other companies within the group.

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

#### **Revenue recognition**

Revenue until 31 July 2017 comprises of room, food and beverage income net of value added tax, rebates and discounts. Revenue is recognised when the company has a right to that income, the transfer of risks to the customer has taken place and that income can be reliably measured. From 1 August 2017 revenue comprised of rental receipts which are recognised in line with the service being provided.

## HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2017

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#### 2. ACCOUNTING POLICIES (continued)

##### **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 substantially 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.

##### **Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation in line with IAS 16. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives.

Depreciation is provided on the following basis:

Freehold property	- freehold land and core buildings are not depreciated, non-core buildings at 2% straight line.
Fixtures & fittings	- 10% - 20% straight line

##### **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 PERIOD ENDED 31 DECEMBER 2017

### 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 measured 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

	31 December 2017 £000	29 January 2017 £000
United Kingdom	1,988	3,431

All turnover relates to one class of business, until 31 July 2017 when the business changed to leasing the hotel to other group companies.

### 4. OPERATING PROFIT

	31 December 2017 £000	29 January 2017 £000
Employee benefit expense (see below)	475	985
Depreciation of tangible fixed assets	166	340
Loss on disposal of tangible fixed assets	575	14
Auditors remuneration	4	8

During the period, no director received any emoluments (January 2017 - £Nil).

**HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE PERIOD ENDED 31 DECEMBER 2017****5. EMPLOYEES**

	31 December 2017 £000	29 January 2017 £000
Wages and salaries	440	926
Social security costs	32	55
Costs of defined contribution scheme	3	4
	<u>475</u>	<u>985</u>

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

	31 December 2017 No.	29 January 2017 No.
Hotel Staff and Management	<u>34</u>	<u>62</u>

**6. INTEREST INCOME**

	31 December 2017 £000	29 January 2017 £000
Other interest income	<u>15</u>	<u>2</u>

**7. INTEREST EXPENSES**

	31 December 2017 £000	29 January 2017 £000
Bank interest expense	625	179
Other interest expense	<u>208</u>	<u>-</u>

**8. TAXATION**

	31 December 2017 £000	29 January 2017 £000
<b>Corporation tax</b>		
Current tax on profits for the year	-	106
<b>Total current tax</b>	<u>-</u>	<u>106</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	28	38
<b>Total deferred tax</b>	<u>28</u>	<u>38</u>
<b>Taxation on profit on ordinary activities</b>	<u>28</u>	<u>144</u>



# HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE PERIOD ENDED 31 DECEMBER 2017

#### 8. TAXATION (continued)

The tax assessed for the period is lower than (January 2017 – higher than) the standard rate of corporation tax in the UK of 19.18% (January 2017 – 20%). The differences are explained below.

	31 December 2017 £000	29 January 2017 £000
(Loss)/profit on ordinary activities before tax	(728)	504
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.18% (January 2017 – 20%)	(140)	101
<b>Effects of:</b>		
Fixed assets differences	152	46
Group relief claimed	19	(29)
Adjustments to tax charge in respect of prior periods – deferred tax	-	21
Rate differences	(4)	5
Non-deductible expenditure	1	-
<b>Total tax charge for the period</b>	<b>28</b>	<b>144</b>

#### 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 PERIOD ENDED 31 DECEMBER 2017

### 9. TANGIBLE FIXED ASSETS

	Freehold Property £000	Fixtures & Fittings £000	Total £000
<b>Cost or valuation</b>			
At 1 February 2016	6,112	3,953	10,065
Additions	-	123	123
Disposals	-	(100)	(100)
At 29 January 2017	6,112	3,976	10,088
Additions	-	298	298
Impairment	-	(575)	(575)
Transfer to related entity	-	(3,699)	(3,699)
Revaluation	5,422	-	5,422
Transfer to investment property	(11,534)	-	(11,534)
At 31 December 2017	-	-	-
<b>Depreciation</b>			
At 1 February 2016	116	2,250	2,366
Charge for the period on owned assets	12	238	340
Disposals	-	(86)	(86)
At 29 January 2017	128	2,492	2,620
Charge for the period on owned assets	6	160	166
Transfer to related entity	-	(2,652)	(2,652)
Transfer to investment property	(134)	-	(134)
At 31 December 2017	-	-	-
<b>Net book value</b>			
At 31 December 2017	-	-	-
At 29 January 2017	5,984	1,484	7,468
At 31 January 2016	5,996	1,703	7,699

### 10. INVESTMENT PROPERTY

	Freehold investment property £000
<b>Valuation</b>	
Transfer from tangible fixed assets	11,400
At 31 December 2017	11,400

The property has been valued independently as at 31 July 2017. The independent valuation company holds relevant professional qualifications and has recent experience in the location and category of property being valued. The directors consider there to be no material difference in the value of the property as at 31 December 2017.

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

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

**FOR THE PERIOD ENDED 31 DECEMBER 2017**

### **11. INVENTORIES**

	31 December 2017 £000	29 January 2017 £000	31 January 2016 £000
Finished goods and goods for resale	-	16	23
	<u>-</u>	<u>16</u>	<u>23</u>

### **12. TRADE AND OTHER RECEIVABLES**

	31 December 2017 £000	29 January 2017 £000	31 January 2016 £000
Trade debtors	28	86	68
Prepayments and accrued income	-	57	39
	<u>28</u>	<u>143</u>	<u>107</u>

### **13. CASH AND CASH EQUIVALENTS**

	31 December 2017 £000	29 January 2017 £000	31 January 2016 £000
Cash at bank and in hand	112	1,058	867
	<u>112</u>	<u>1,058</u>	<u>867</u>

### **14. TRADE AND OTHER PAYABLES**

	31 December 2017 £000	29 January 2017 £000	31 January 2016 £000
Bank loans	-	85	87
Trade creditors	24	84	67
Corporation tax	-	44	74
Other taxation and social security	239	90	93
Other creditors	60	128	118
Accruals and deferred income	46	148	161
Financial instruments	-	-	76
	<u>369</u>	<u>579</u>	<u>676</u>

### **15. CREDITORS MORE THAN ONE YEAR**

	31 December 2017 £000	29 January 2017 £000	31 January 2016 £000
Bank loans	-	9,431	9,516
Financial instruments	-	634	607
Intercompany loans	8,791	-	-
	<u>8,791</u>	<u>10,065</u>	<u>10,123</u>

## HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 DECEMBER 2017

16. LOANS	31 December 2017 £000	29 January 2017 £000	31 January 2016 £000
Analysis of the maturity of loans is given below:			
<b>Amounts falling due within one year</b>			
Bank loans	-	85	87
<b>Amounts falling due 1-2 years</b>			
Bank loans	-	85	88
<b>Amounts falling due 2-5 years</b>			
Bank loans	-	261	272
Intercompany loan	8,791	-	-
<b>Amounts falling due after more than 5 years</b>			
Bank loans	-	9,085	9,156

## 17. 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 and the overdraft is occasionally extended to meet requirements as they arise.

### 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 2017.

### Liquidity risk

At 31 December 2017 the cash position was £112k and there is currently no procedure to centralise and manage cash by a treasury manager. 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 review 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 PERIOD ENDED 31 DECEMBER 2017****18. DEFERRED TAXATION**

	31 December 2017 £000	29 January 2017 £000	31 January 2016 £000
At 1 January 2017	140	192	82
Charged to the profit or loss	(28)	(52)	(10)
Charged to other comprehensive income	(614)	-	20
	<u>(502)</u>	<u>140</u>	<u>192</u>
At 31 December 2017	<u>(502)</u>	<u>140</u>	<u>192</u>
The provision for deferred taxation is made up as follows:			
Accelerated capital allowances	-	138	55
Short term timing differences	2	2	-
Deferred tax on hedging instruments	-	-	137
Revaluation	(504)	-	-
	<u>(502)</u>	<u>140</u>	<u>192</u>

**19. EQUITY****Retained earnings**

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

**Cash flow hedges**

This reserve records 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**

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.

**20. SHARE CAPITAL**

	31 December 2017 £000	29 January 2017 £000	31 January 2016 £000
<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>	<u>109</u>

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

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

#### **FOR THE PERIOD ENDED 31 DECEMBER 2017**

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#### **21. RELATED PARTY TRANSACTIONS**

The company was due £1,960k (January 2017: 1,013k) by other companies within the group at 31 December 2017 owed £8,791 (January 2017: 28k) to other companies within the group at 31 December 2017. During the period, the company paid £120k (January 2017: 246k) a fellow subsidiary in respect of management service provided to it during the period. The company also received rent of £344k (January 2017: £Nil) from another company in the group and incurred £100k of interest expense (January 2017: £Nil) on loans from other companies in the group.

#### **22. ULTIMATE PARENT UNDERTAING 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.

#### **23. TRANSITION TO IFRS**

This is the first year that the Company has presented its results under IFRS. The last financial statements, prepared under previously extant UK GAAP, were for the year ended 29 January 2017. The date of transition to IFRS was 30 January 2015. The directors have considered the impact of IFRS on the financial statements and have concluded that the policies applied under the Company's previous accounting frameworks are not materially different to IFRS and have no impact on equity or profit or loss.