

HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022

Company No: SC292735



HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2022

Directors	Darren Guy Ronen Nissenbaum
Registered number	SC292735
Registered office	Leonardo Hotel Edinburgh City Centre 1 Morrison Street Link Edinburgh Scotland EH3 8DN
Independent statutory auditor	Mazars LLP 30 Old Bailey London EC4M 7AU

HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

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

Business review

In a competitive local market, results were as below:

	2022	2021	Change
	£000	£000	%
Turnover	912	863	5.7
Gross Profit	912	863	5.7
Profit before Tax	2,135	1,032	106.9

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.

The Company continued to receive rental income throughout the Covid-19 pandemic from the hotel operator and no issues noted during this time. The results of the Company fluctuated due to the Property held by the Company and the impact of the valuation of this in which the Covid-19 pandemic reduced the value of the hotel at the end of 2020. This has been the main impact noted by the Company from the pandemic. Since the pandemic, the valuation of the hotel has improved and so have results.

The Directors have considered the current events with Russian forces entering Ukraine and considered there to be no impact on the business and to the Company.

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



Darren Guy
Director

Date: 22.09.2023

HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2022.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,760k (2021: £1,475k). The Directors do not recommend a dividend for the year ended 31 December 2022 (2021: £nil).

DIRECTORS

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

Daniel Roger (resigned on 28 June 2022)

Darren Guy (appointed on 28 June 2022)

Ronen Nissenbaum (appointed on 28 June 2022)

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report 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 UK-adopted international accounting standards. 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 accordance with UK-adopted international accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impacted particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 Directors have made an assessment on the Company and the future trading and following this assessment, has concluded that preparing the accounts on a going concern basis is appropriate. The Company is in a strong net asset position of £7,160k (2021: £5,400k) and has been profitable in the year and expected to be based on future forecasts. They continue to adopt the going concern basis in preparing the Company's financial statements.

Subsequent Events

There were no events subsequent to the balance sheet date that require adjustment to or disclosure in the financial statements.

HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED

DIRECTOR'S REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

Disclosure of information to auditor

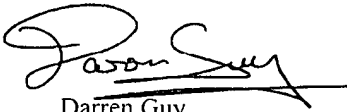
Each of the persons who were Directors at the time when this Directors' Report is approved has confirmed that:

- So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- That Directors have taken all of the steps that ought to have been taken as Directors in order to be aware of any relevant audit information and to establish that the 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:



Darren Guy
Director

Date: 22.09.2023

INDEPENDENT AUDITOR'S REPORT

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

FOR THE YEAR ENDED 31 DECEMBER 2022

Opinion

We have audited the financial statements of Hotel Property Fund (Syndicate 2) Limited (the 'Company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, 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 UK-adopted international accounting standards.

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended; and
- have been properly prepared in accordance with UK-adopted international accounting 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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 contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements

INDEPENDENT AUDITOR'S REPORT

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

FOR THE YEAR ENDED 31 DECEMBER 2022

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 Directors' 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 Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Director

As explained more fully in the Directors' responsibilities statement set out on page 3, the Director is 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 Director 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 Director 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as: tax legislation, pension legislation, the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT

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

FOR THE YEAR ENDED 31 DECEMBER 2022

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to: posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to completeness and cut off) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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 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.



Richard Metcalfe (Sep 27, 2023 14:13 GMT+1)

Richard Metcalfe (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU

Date: 27 September 2023

HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED**STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Revenue	3	912	863
Cost of sales		-	-
Gross profit		912	863
Administrative expenses		(12)	(24)
Revaluation of investment property	9	1,500	400
Operating profit	4	2,400	1,239
Interest income	6	-	-
Interest expenses	7	(265)	(207)
Profit before tax		2,135	1,032
Tax on profit	8	(375)	443
Profit for the financial year		1,760	1,475
Other comprehensive income		-	-
Total Comprehensive income for the year		1,760	1,475

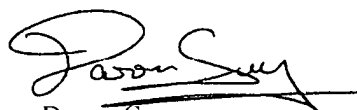
All amounts relate to continuing operations.

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 2022****Company number: SC292735**

	Note	2022 £000	2021 £000
ASSETS			
Non-current assets			
Investment property	9	12,200	10,700
		<u>12,200</u>	<u>10,700</u>
Current assets			
Trade and other receivables	10	-	-
Amounts owed by group undertakings		4,061	3,677
Cash at bank and in hand	11	528	6
		<u>4,589</u>	<u>3,683</u>
TOTAL ASSETS		<u><u>16,789</u></u>	<u><u>14,383</u></u>
EQUITY			
Share capital	18	109	109
Revaluation reserve	17	-	-
Retained earnings	17	7,051	5,291
Total Shareholder's funds		<u>7,160</u>	<u>5,400</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	37	33
Long term liabilities			
Other creditors	13	8,645	8,380
Deferred taxes	16	947	570
Total liabilities		<u>9,629</u>	<u>8,983</u>
TOTAL EQUITY AND LIABILITIES		<u><u>16,789</u></u>	<u><u>14,383</u></u>

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


 Darren Guy
 Director

Date: 22.09.2023

HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up Share capital £000	Profit and Loss account £000	Total Equity £000
At 1 January 2022	109	5,291	5,400
Comprehensive income for the year			
Profit for the year	-	1,760	1,760
At 31 December 2022	<u>109</u>	<u>7,051</u>	<u>7,160</u>

STATEMENT OF CHANGES IN EQUITY**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up Share capital £000	Profit and Loss account £000	Total Equity £000
At 1 January 2021	109	3,816	3,925
Comprehensive expense for the year			
Loss for the year	-	1,475	1,475
At 31 December 2021	<u>109</u>	<u>5,291</u>	<u>5,400</u>

HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £000	2021 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit after taxation		1,760	1,475
Adjustments to the profit and loss items:			
Financial expenses, net		265	207
Revaluation of investment property		(1,500)	(400)
Corporation tax (paid)		-	-
Interest paid		-	-
Taxation charge		375	(443)
Changes in asset and liability items:			
Decrease in inventories		-	-
Increase in trade and other receivables		-	-
Decrease in trade and other payables		4	45
Changes in group undertakings balances		(382)	(968)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		522	(84)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		-	-
NET CASH INFLOW FROM INVESTING ACTIVITIES		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Amounts received from group undertakings		-	-
Loans repaid		-	-
Repayment of interest rate swap		-	-
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		522	(84)
Cash and cash equivalents brought forward		6	90
CASH AND CASH EQUIVALENTS CARRIED FORWARD	11	528	6

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 2022

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 United Kingdom. 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.

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 Director has made an assessment on the Company and the future trading and following this assessment, has concluded that preparing the accounts on a going concern basis is appropriate. The Company is in a strong net asset position of £7,160k (2021: £5,400k) and has been profitable in the year and expected to be based on future forecasts. They continue to adopt the going concern basis in preparing the Company's financial statements.

Critical Accounting Estimates and Judgements

The preparation of financial statements 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.

Revaluation

At the year end, the properties are reviewed and revalued in line with an external valuation or a desktop valuation. The external valuation was completed to 30 September 2022 and a desktop valuation completed by external valuers to the year end. The valuation is based on the investment potential of the property and the valuation of similar properties in the area. Fair value gains are recognised through profit and loss.

Statement of compliance

The following standards have been adopted in the current financial year, these standards have not caused any material effects on the financial statements for the financial year ended 31 December 2022.

- IAS 16 Property, Plant and Equipment (Amendment): Proceeds Before Intended Use
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets: (Amendment): Onerous Contracts – Cost of Fulfilling a Contract
- IFRS 3 Business Combinations (Amendment): Reference to the Conceptual Framework
- Annual Improvements to IFRSs (2018 – 2020 cycle)

HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

2. ACCOUNTING POLICIES (continued)

Forthcoming requirements

As at 31 December 2022, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2022.

- IFRS 17 Insurance Contracts and Amendments to IFRS 17
- IFRS 17 Insurance Contracts (Amendment): Initial Application of IFRS 17 and IFRS 9 – Comparative Information
- IAS 1 Presentation of Financial Statements (Amendment): Classification of Liabilities as Current or Non-current and Classification of Non-current Liabilities with covenants
- IFRS 16 Leases (Amendment): Lease Liability in a Sale and Leaseback

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 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.

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 2022

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

	2022 £000	2021 £000
United Kingdom	912	863

All turnover relates to one class of business.

4. OPERATING PROFIT

	2022 £000	2021 £000
Revaluation of investment property	(1,500)	(400)
Auditors remuneration	5	4

During the year, no Director received any emoluments (2021: £nil).

HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE YEAR ENDED 31 DECEMBER 2022****5. EMPLOYEES**

	2022	2021
	£000	£000
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 year was as follows:

	2022	2021
	No.	No.
Hotel Staff and Management	2	1
	<u>2</u>	<u>1</u>

6. INTEREST INCOME

	2022	2021
	£000	£000
Other interest income	-	-
	<u>-</u>	<u>-</u>

7. INTEREST EXPENSES

	2022	2021
	£000	£000
Other interest expense	265	207
	<u>265</u>	<u>207</u>

HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

8. TAXATION

	2022	2021
	£000	£000
Corporation tax		
Current tax on profits for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	375	(443)
Adjustments in respect of prior years	-	-
Total deferred tax	375	(443)
Taxation on profit on ordinary activities	375	(443)

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

	2022	2021
	£000	£000
Profit on ordinary activities before tax	2,135	1,032
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	406	196
Effects of:		
Income not taxable for tax purposes	(285)	-
Chargeable gain	285	(580)
Group relief claimed	(121)	(114)
Rate differences	90	64
Total tax charge/(credit) for the year	375	(443)

Factors that may affect future tax charges

The rate of UK corporation tax is to remain at 19% until 31 March 2023. The Finance Act 2021, which was published on 11 March 2021 and received Royal Assent in May 2021, states that this rate is to be increased from 19% to 25% from 1 April 2023. These proposed changes had not been substantively enacted at the balance sheet date and consequently their effects are not included in these financial statements.

HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

9. INVESTMENT PROPERTY

	Freehold investment property £000
Valuation	
At 1 January 2021	10,300
Impairment	400
	<u>10,700</u>
At 31 December 2021	<u>10,700</u>
At 1 January 2022	10,700
Revaluation	1,500
	<u>12,200</u>
At 31 December 2022	<u>12,200</u>

The property has been valued independently as at 31 December 2022. 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 2022

10. TRADE AND OTHER RECEIVABLES

	2022 £000	2021 £000
Other receivables	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

11. CASH AND CASH EQUIVALENTS

	2022 £000	2021 £000
Cash at bank and in hand	528	6
	<u>528</u>	<u>6</u>

12. TRADE AND OTHER PAYABLES

	2022 £000	2021 £000
Accruals and deferred income	37	33
	<u>37</u>	<u>33</u>
	<u>37</u>	<u>33</u>

13. CREDITORS MORE THAN ONE YEAR

	2022 £000	2021 £000
Intercompany loans	8,645	8,380
	<u>8,645</u>	<u>8,380</u>
	<u>8,645</u>	<u>8,380</u>

HOTEL PROPERTY FUND (SYNDICATE 2) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

14. LOANS

	2022 £000	2021 £000
Analysis of the maturity of loans is given below:		
Amounts falling due within one year		
Bank loans	-	-
Amounts falling due 1-2 years		
Bank loans	-	-
Amounts falling due 2-5 years		
Bank loans	-	-
Intercompany loan	8,645	8,380
Amounts falling due after more than 5 years		
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 year ended 31 December 2022.

Liquidity risk

At 31 December 2022 the cash position was £528k. 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 2022

16. DEFERRED TAXATION

	2022 £000	2021 £000
At 1 January	(570)	(1,013)
(Charged)/credited to the profit or loss	(375)	443
Adjustment	(2)	-
Charged to other comprehensive income	-	-
	<u>(947)</u>	<u>(570)</u>
At 31 December	<u>(947)</u>	<u>(570)</u>
The provision for deferred taxation is made up as follows:		
Capital gains	(947)	(570)
	<u>(947)</u>	<u>(570)</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

	2022 £000	2021 £000
Shares classified as equity		
Authorised, allotted, called up and fully paid		
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 2022

19. RELATED PARTY TRANSACTIONS

The Company was due £4,061k (2021: £3,681k) by other companies within the group at 31 December 2022 as follows - £nil (2021: £3,001k) from Leonardo John Dalton House Ltd, £680k (2021: £680k) from Speedbird Developments Limited and £3,381k (2021: £nil) from Grand Harbour Hotel (Southampton) Limited.

The Company owed £8,645k to other group companies at 31 December 2022 (2021: £8,380k) which is wholly owed to its holding Company, Etchecan Limited.

The Company received rent of £912k (2021: £863k) from another Company in the group and incurred £265k of interest expense (2021: £207k) 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

There were no events subsequent to the balance sheet date that require adjustment to or disclosure in the financial statements.