

Company Registration No. 04407190 (England and Wales)

**Gatwick Investment Limited**

**Annual report and financial statements  
for the year ended 31 December 2019**

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## **Gatwick Investment Limited**

### **Company information**

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<b>Directors</b>	Mr A Kassam Mr K Kassam Mr N Bandali
<b>Secretary</b>	Mr A Kassam
<b>Company number</b>	04407190
<b>Registered office</b>	144-146 Kings Cross Road London WC1X 9DU
<b>Independent auditor</b>	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE
<b>Bankers</b>	Allied Irish Bank plc 33-35 Wembley Hill Road Wembley Middlesex HA9 8AS  Bank of Scotland plc The Mound Edinburgh EH1 1YZ
<b>Solicitors</b>	Chan Neill Solicitors LLP 36 Upper Brook Street Mayfair London W1K 7QJ

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## **Gatwick Investment Limited**

### **Strategic report**

**For the year ended 31 December 2019**

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The directors present the strategic report for the year ended 31 December 2019.

#### **Principal activity**

The company owns Crowne Plaza Hotel, which is located near Gatwick airport. The hotel boasts 294 bedrooms with fully equipped conference rooms and restaurant facilities. Its prominence in the vicinity has made it a destination and popular venue. It has attracted both corporate and tourist clientele and in view of its close proximity to the Gatwick airport has also benefitted from some tourist trade.

#### **Trading results**

The company's turnover for the year was £8,478,108 (2018: £8,296,626) which is a increase of 2.2% compared to last year. It has posted an operating profit, before tax, impairment and pre adjustment for the change in fair value of interest rate swap, of £1,267,883 (2018: £1,327,969) which is a decrease of 4.5% compared to last year.

#### **Principal risks & uncertainties**

The company possesses the necessary management expertise to monitor and manage its business risks. The risks faced by the company are economic risks, price risks, financial risks and credit risks. The UK's economy has seen a remarkable growth and its emergence from the recession has helped the company in maintaining its steady growth rate. The company has managed a sustained growth as a solid foundation for future years. Price risks arise when similar facilities are offered at below sustainable prices for the company's products. The hotel's brand is a world recognised premier brand and therefore commands premier price. In addition, the company has an efficient marketing department which constantly monitors price fluctuations in the market to remain competitive. The company's credit risk is minimised by ensuring that credit terms are only granted to customers who meet the company's stringent credit checks and have established business track record with the company.

The company has secured financial facilities from its bankers which provides future financial stability for its operations and therefore does not have major concerns about the financial risks to the company.

#### **Future developments**

The directors will continue their efforts to integrate additional revenue streams and cost savings measures in its operations to maximise profitability. New arrangements to promote the hotels offering through innovative national and global media will also be undertaken to keep the hotel's position as a premier venue for local and corporate events.

On behalf of the board



Mr A Kassam

**Director**

29 June 2020

**Gatwick Investment Limited**

**Directors' report**

**For the year ended 31 December 2019**

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The directors present their annual report and financial statements for the year ended 31 December 2019.

**Directors**

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

Mr A Kassam

Mr K Kassam

Mr N Bandali

**Results and dividends**

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

**Post balance sheet events**

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. In the UK, market activity is being impacted in all sectors and the current response to COVID 19 means that we are faced with an unprecedented set of circumstances. At the approval date of these financial statements the future impact to the hotel industry and the hotel property market is unknown. The directors confirm that the carrying value of property presented in the financial statements is not impaired at the balance sheet date. A formal strategy has been implemented in respect of cost savings, utilisation of the government support packages and have agreed capital repayment holidays with lenders where appropriate.

In light of the current uncertainties the directors have assessed that the company has sufficient resources to allow it to trade through this with the reserves it has available and the additional funding it has secured, and that in advanced discussions, since the balance sheet date. Please refer to note 16 as to the position of the certain working capital funding which is in the final stages of approval as at the date of signing.

**Auditor**

Saffery Champness LLP have expressed their willingness to continue in office.

**Statement of disclosure to auditor**

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

On behalf of the board



Mr A Kassam

**Director**

29 June 2020

**Directors' responsibilities statement  
For the year ended 31 December 2019**

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The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

## **Gatwick Investment Limited**

### **Independent auditor's report**

#### **To the members of Gatwick Investment Limited**

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#### **Opinion**

We have audited the financial statements of Gatwick Investment Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity 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 United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **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.

#### **Material uncertainty relating to going concern**

We draw your attention to note x in the financial statements which indicates the company is in the final stage of credit approval for Covid-19 related additional working capital facilities. These facilities have been approved by the local lending department however as at the date of signing they had not yet received final sign off by the central credit committee. Whilst it is the Directors expectation that the facility will be granted, until it is formally approved a material uncertainty exists. If the finance cannot be renewed the company would not be able to continue to service all of its obligations casting significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### **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.

## **Gatwick Investment Limited**

### **Independent auditor's report (continued) To the members of Gatwick Investment Limited**

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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 our 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.

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

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 strategic report and the directors' report.

We have nothing to report in respect of the following matters where 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, 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



**Gatwick Investment Limited**

**Independent auditor's report (continued)**

**To the members of Gatwick Investment Limited**

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**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.



**Roger Wareham (Senior Statutory Auditor)**  
**for and on behalf of Saffery Champness LLP**

29 June 2020

**Chartered Accountants**  
**Statutory Auditors**

71 Queen Victoria Street  
London  
EC4V 4BE

**Gatwick Investment Limited**

**Statement of comprehensive income  
For the year ended 31 December 2019**

	Notes	2019 £	2018 £
<b>Turnover</b>	<b>3</b>	8,478,108	8,296,626
Cost of sales		(4,241,807)	(3,938,596)
<b>Gross profit</b>		4,236,301	4,358,030
Administrative expenses		(2,307,089)	(2,358,644)
Impairment losses	<b>4</b>	-	(2,234,680)
<b>Operating profit/(loss)</b>	<b>5</b>	1,929,212	(235,294)
Interest payable and similar expenses	<b>8</b>	(661,330)	(671,417)
Change in fair value of interest rate derivative	<b>9</b>	(60,501)	(12,480)
<b>Profit/(loss) before taxation</b>		1,207,381	(919,191)
Taxation	<b>10</b>	(228,403)	278,437
<b>Profit/(loss) for the financial year</b>	<b>21</b>	978,978	(640,754)
<b>Other comprehensive income</b>			
Tax relating to other comprehensive income		32,611	-
<b>Total comprehensive income for the year</b>		1,011,589	(640,754)

The income statement has been prepared on the basis that all operations are continuing operations.

**Gatwick Investment Limited**

**Statement of financial position**

**As at 31 December 2019**

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	11	37,673,797		38,000,000	
<b>Current assets</b>					
Stocks	12	42,923		39,694	
Debtors	13	7,452,231		7,498,122	
Cash at bank and in hand		180,832		108,347	
		<u>7,675,986</u>		<u>7,646,163</u>	
<b>Creditors: amounts falling due within one year</b>	14	<u>(3,791,360)</u>		<u>(3,620,024)</u>	
<b>Net current assets</b>			3,884,626		4,026,139
<b>Total assets less current liabilities</b>			<u>41,558,423</u>		<u>42,026,139</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(16,763,419)		(18,214,608)
<b>Provisions for liabilities</b>	17		<u>(2,317,516)</u>		<u>(2,345,632)</u>
<b>Net assets</b>			<u><u>22,477,488</u></u>		<u><u>21,465,899</u></u>
<b>Capital and reserves</b>					
Called up share capital	20		11		11
Share premium account	21		6,949,990		6,949,990
Revaluation reserve	21		14,294,298		14,261,687
Profit and loss reserves	21		<u>1,233,189</u>		<u>254,211</u>
<b>Total equity</b>			<u><u>22,477,488</u></u>		<u><u>21,465,899</u></u>

The financial statements were approved by the board of directors and authorised for issue on 29 June 2020 and are signed on its behalf by:



Mr A Kassam  
Director

Company Registration No. 04407190

**Gatwick Investment Limited**

**Statement of changes in equity  
For the year ended 31 December 2019**

	Share capital	Share premium account	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£	£
<b>Balance at 1 January 2018</b>	11	6,949,990	16,211,561	(1,054,909)	22,106,653
<b>Year ended 31 December 2018:</b>					
Loss and total comprehensive income for the year	-	-	-	(640,754)	(640,754)
Transfers	-	-	(1,949,874)	1,949,874	-
<b>Balance at 31 December 2018</b>	11	6,949,990	14,261,687	254,211	21,465,899
<b>Year ended 31 December 2019:</b>					
Profit for the year	-	-	-	978,978	978,978
Other comprehensive income:					
Tax relating to other comprehensive income	-	-	32,611	-	32,611
<b>Total comprehensive income for the year</b>	-	-	32,611	978,978	1,011,589
<b>Balance at 31 December 2019</b>	11	6,949,990	14,294,298	1,233,189	22,477,488

**1 Accounting policies**

**Company information**

Gatwick Investment Limited is a private company limited by shares incorporated in England and Wales. The registered office is 144-146 Kings Cross Road, London, WC1X 9DU.

**1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of KAS No. 2 Limited, the ultimate parent company. These consolidated financial statements are available from its registered office, 144-146 Kings Cross Road, London, WC1X 9DU.

**1 Accounting policies (continued)**

**1.2 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company will be able to obtain additional working capital facilities (as stated in note 15) and have enough resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes.

Hotel and restaurant revenue is recognised when the rooms are occupied and services performed. Deferred revenue consisting of deposits paid in advance are recognised on the day that services are performed.

**1.4 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

In accordance with section 35.10 paragraph (c)(i) of FRS 102, the company has elected to measure its freehold property at the deemed cost as at 1 January 2014, the date of transition to FRS 102.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Over a period of 50 years
Fixtures and fittings	Over a period of 4 to 10 years
Computer equipment	Over a period of 3 years

Freehold land and assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

**1.5 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**1 Accounting policies (continued)**

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a previously revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**1.6 Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

**1.7 Financial instruments**

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

***Basic financial assets***

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

**1 Accounting policies (continued)**

***Other financial assets***

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

***Impairment of financial assets***

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

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

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

***Derecognition of financial assets***

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

***Classification of financial liabilities***

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



**1 Accounting policies (continued)**

***Basic financial liabilities***

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

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

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

***Other financial liabilities***

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments (see 1.9).

***Derecognition of financial liabilities***

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

**1.8 Equity instruments**

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

**1.9 Derivatives**

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

**1.10 Taxation**

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

**1 Accounting policies (continued)**

***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

**1.11 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**1.12 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

**1 Accounting policies (continued)**

**1.13 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

**2 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

***Depreciation of freehold property***

Freehold property represents the company's most significant asset and is assessed to have a useful life of 50 years and is depreciated at deemed cost less residual value on a straight line basis. The useful life and residual value of the company's property are determined by management and reviewed annually for appropriateness.

***Interest rate risk***

The company borrows from its bankers using either overdrafts or term loans whose tenure depends on the nature of the asset and management's view of future direction of the interest rate. The company enters into interest rate swaps in order to manage its exposure to interest rate volatility.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2019	2018
	£	£
<b>Turnover analysed by class of business</b>		
Accommodation and room hire	6,144,622	6,124,489
Food and beverages	2,033,198	1,866,925
Other	300,289	305,212
	<u>8,478,108</u>	<u>8,296,626</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

### 4 Impairment losses

Impairment losses of £0 (2018 - £2,234,680) have been recognised in the profit and loss accounts in respect of freehold land and buildings carried at deemed cost.

The recoverable amount of freehold land and buildings has been determined based on a valuation performed on 2 August 2018 by Cushman and Wakefield, independent valuers not connected with the company, on the basis of market value. The valuation conforms to the RICS Valuation - Global Standards and is based on an income approach having regard to the property's trading potential.

### 5 Operating profit/(loss)

	2019	2018
	£	£
Operating profit/(loss) for the year is stated after charging:		
Depreciation of owned tangible fixed assets	495,192	464,603
Impairment of owned tangible fixed assets	-	2,234,680
Cost of stocks recognised as an expense	763,162	741,618
Operating lease charges	<u>46,443</u>	<u>45,500</u>

Notes to the financial statements (continued)

For the year ended 31 December 2019

**6 Auditor's remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	10,250	17,000
<b>For other services</b>		
Taxation compliance services	3,500	12,000
All other non-audit services	6,250	6,500
	<u>9,750</u>	<u>18,500</u>

**7 Employees**

The average monthly number of persons (including directors) employed by the company during the year was:

	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Administrative staff	10	10
Maintenance staff	4	4
Service and other staff	79	90
	<u>93</u>	<u>104</u>

Their aggregate remuneration comprised:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,490,735	1,579,195
Social security costs	111,022	112,289
Pension costs	24,941	19,552
	<u>1,626,698</u>	<u>1,711,036</u>

Employees on the company's payroll may perform services for other connected hotels. These services are recharged on a cost basis. Employee costs may also be recharged to the company from related parties under a reciprocal arrangement. All such recharges are excluded for disclosure purposes.

**Gatwick Investment Limited****Notes to the financial statements (continued)****For the year ended 31 December 2019****8 Interest payable and similar expenses**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Interest on bank overdrafts and loans	612,519	634,695
Other finance costs	48,811	36,722
	<u>661,330</u>	<u>671,417</u>

**9 Other gains and losses**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Fair value gains/(losses) on financial instruments</b>		
Change in value of financial derivatives held at fair value through profit or loss	(60,501)	(12,480)
	<u>(60,501)</u>	<u>(12,480)</u>

**10 Taxation**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	220,036	198,415
Adjustments in respect of prior periods	3,873	(70,665)
	<u>223,909</u>	<u>127,750</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	4,494	(406,187)
	<u>4,494</u>	<u>(406,187)</u>
<b>Total tax charge/(credit)</b>	<u>228,403</u>	<u>(278,437)</u>

Notes to the financial statements (continued)

For the year ended 31 December 2019

10 Taxation (continued)

The actual charge/(credit) for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit/(loss) before taxation	1,207,381	(919,191)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	229,402	(174,646)
Tax effect of expenses that are not deductible in determining taxable profit	947	4,243
Adjustments in respect of prior years	3,873	(70,665)
Group relief	(83,466)	(107,324)
Permanent capital allowances in excess of depreciation	(59,547)	(71,476)
Depreciation on assets not qualifying for tax allowances	94,086	512,864
Relief re transitional adjustment re swap	(21,015)	(21,015)
Other tax adjustments	57,348	55,769
Origination and reversal of timing differences	4,495	(406,187)
Provisions - general bad debt	2,280	-
Taxation charge/(credit) for the year	228,403	(278,437)

In addition to the amount charged/(credited) to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2019 £	2018 £
Deferred tax arising on:		
Revaluation of property	(32,611)	-

Notes to the financial statements (continued)

For the year ended 31 December 2019

**11 Tangible fixed assets**

	Freehold land and buildings	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2019	40,599,986	1,347,072	124,399	42,071,457
Additions	-	151,717	17,272	168,989
Disposals	-	(320,486)	(12,470)	(332,956)
At 31 December 2019	40,599,986	1,178,303	129,201	41,907,490
<b>Depreciation and impairment</b>				
At 1 January 2019	3,290,617	758,065	22,775	4,071,457
Depreciation charged in the year	191,827	261,801	41,564	495,192
Eliminated in respect of disposals	-	(320,486)	(12,470)	(332,956)
At 31 December 2019	3,482,444	699,380	51,869	4,233,693
<b>Carrying amount</b>				
At 31 December 2019	37,117,542	478,923	77,332	37,673,797
At 31 December 2018	37,309,369	589,007	101,624	38,000,000

Tangible fixed assets with a carrying amount of £37.7m (2018 - £38m) have been pledged to secure borrowings of the company.

**12 Stocks**

	2019	2018
	£	£
Finished goods and goods for resale	42,923	39,694



**Gatwick Investment Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2019**

**13 Debtors**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	488,785	655,230
Amount due from parent undertakings	6,892,747	6,726,684
Derivative financial instruments	2,232	62,733
Prepayments and accrued income	68,467	53,475
	<u>7,452,231</u>	<u>7,498,122</u>

**14 Creditors: amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
	<b>Notes</b>	
Bank loans	<b>16</b>	1,453,056
Trade creditors		451,912
Corporation tax		418,597
Other taxation and social security		383,424
Other creditors		717,814
Accruals and deferred income		366,557
		<u>3,791,360</u>
		<u>3,620,024</u>

**15 Creditors: amounts falling due after more than one year**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
	<b>Notes</b>	
Bank loans and overdrafts	<b>16</b>	16,763,419
		<u>18,214,608</u>

Notes to the financial statements (continued)  
For the year ended 31 December 2019

**16 Loans and overdrafts**

	2019 £	2018 £
Bank loans	18,375,000	19,875,000
Finance costs to be amortised in equal annual installments	(158,525)	(207,336)
	<u>18,216,475</u>	<u>19,667,664</u>
Payable within one year	1,453,056	1,453,056
Payable between two and five years	16,763,419	18,214,608
	<u>18,216,475</u>	<u>19,667,664</u>

The bank loan is secured by a legal charge over the freehold property. Repayment of the bank loan is by instalments over the period to May 2023 and interest is payable at variable rates linked to LIBOR plus bank's margin. The average effective interest rate paid on these loans can be determined using information provided in note 8.

The company has in place interest rate hedging products to cover a proportion of its bank funding. These were entered into at a fixed rate and are due to expire in September 2021. The interest rate cap settles on a quarterly basis. The floating rate on the interest rate cap is three months' LIBOR. The company will settle the difference between the fixed and floating rates on a net basis. Interest rate caps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Post year end in light of the financial impact on the company as a consequence of Covid-19, the bank has agreed a capital repayment holiday for the March and June 2020 instalments. These will be spread over the remainder of the instalment term.

Subsequent to the balance sheet date the company has received local credit approval for additional working capital facilities as a result of the impact from Covid-19. As at the date of approving these financial statements final approval has not been received from the central credit committee formally implementing these facilities. The Directors are of the opinion that full credit approval will be granted with the bank having set a formal date for when final credit committee review will take place. These facilities are required in order for the company to service all of its financial obligations in the short term

**17 Provisions for liabilities**

	Notes	2019 £	2018 £
Deferred tax liabilities	18	<u>2,317,516</u>	<u>2,345,632</u>

Notes to the financial statements (continued)

For the year ended 31 December 2019

**18 Deferred taxation**

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2019 £	Liabilities 2018 £
<b>Balances:</b>		
Accelerated capital allowances	603,617	617,926
Revaluations	1,807,918	1,840,528
Derivative financial instruments	(94,019)	(112,822)
	<u>2,317,516</u>	<u>2,345,632</u>
		<b>2019</b>
<b>Movements in the year:</b>		<b>£</b>
Liability at 1 January 2019		2,345,632
Charge to profit or loss		4,495
Credit to equity		(32,611)
Liability at 31 December 2019		<u>2,317,516</u>

**19 Retirement benefit schemes**

	2019 £	2018 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>24,941</u>	<u>19,552</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

**Gatwick Investment Limited**

**Notes to the financial statements (continued)**

**For the year ended 31 December 2019**

**20 Share capital**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
11 Ordinary shares of £1 each	11	11
	<u>11</u>	<u>11</u>

There is a single class of ordinary shares. There are no restrictions on the distributions of dividends and the repayment of capital.

**21 Reserves**

**Share premium**

This reserve represents the amounts received above the nominal value of issued shares.

**Revaluation reserve**

This includes all fixed asset revaluations prior to transition to FRS 102.

**Profit and loss reserves**

This includes all current and prior period retained profit and losses.

**22 Operating lease commitments**

**Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Within one year	20,768	31,152
Between two and five years	-	20,768
	<u>20,768</u>	<u>51,920</u>

Notes to the financial statements (continued)  
For the year ended 31 December 2019

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**23 Capital commitments**

Amounts contracted for but not provided in the financial statements:

	2019	2018
	£	£
Acquisition of fixtures and fittings	-	16,374
	<u>          </u>	<u>          </u>

**24 Post balance sheet events**

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. In the UK, market activity is being impacted in all sectors and the current response to COVID 19 means that we are faced with an unprecedented set of circumstances. At the approval date of these financial statements the future impact to the hotel industry and the hotel property market is unknown. The directors confirm that the carrying value of property presented in the financial statements is not impaired at the balance sheet date. A formal strategy has been implemented in respect of cost savings, utilisation of the government support packages and have agreed capital repayment holidays with lenders where appropriate.

In light of the current uncertainties the directors have assessed that the company has sufficient resources to allow it to trade through this with the reserves it has available and the additional funding secured, and that in advanced discussions, since the balance sheet date. Please refer to note 16 as to the position of the certain working capital funding which is in the final stages of approval as at the date of signing.

**25 Related party transactions**

Under section 33.11 of FRS 102, the company has taken exemption from disclosure of transactions with wholly-owned subsidiaries.

During the year the company made sales of £428,800 (2018: £397,900) to a company which is a related party but is not controlled by Mr A Kassam, a director of the company.

During the year management and cross charges totalling £329,989 (2018: £334,249) were payable to companies controlled by Mr A Kassam.

During the year cross charges totalling £161,857 (2018: £nil) were receivable from companies controlled by Mr A Kassam.

At the year end, included in other creditors were amounts totalling £717,814 (2018: £565,027) due to companies controlled by Mr A Kassam.

**26 Ultimate controlling party**

The immediate parent company is Tenbase Limited, a company registered in England and Wales. The ultimate parent company, for which group accounts are prepared is KAS No. 2 Limited, whose registered office is 144-146 Kings Cross Road, London WC1X 9DU.

Mr A Kassam and Mr N Bandali are the ultimate controlling parties jointly.

**Gatwick Investment Limited**

**Detailed trading and profit and loss account**

**For the year ended 31 December 2019**

		2019	2018
	£	£	£
<b>Turnover</b>			
Accommodation and room hire		6,144,621	6,124,489
Food and beverages		2,033,198	1,866,925
Other sales		300,289	305,212
		<u>8,478,108</u>	<u>8,296,626</u>
<b>Cost of sales</b>			
Opening stock of finished goods	39,694		43,257
Purchases	577,430		558,664
Crockery, cutlery and china	(3,809)		1,004
Cleaning materials and supplies	38,013		41,863
Guest supplies	154,757		136,524
Wages and salaries - accommodation and room hire	521,868		624,932
Wages and salaries - food and beverage	683,576		643,003
Social security costs	85,381		85,772
Agency staff	696,942		414,922
Commissions payable	899,938		845,092
Linen and laundry	216,232		209,856
Staff uniforms and laundry	2,647		4,596
Equipment repairs	33,014		31,382
Hire of equipment	46,443		45,500
Guest transport	91,426		170,208
Bookouts	4,609		7,766
Stocktake fees	3,300		3,300
Printing and stationery	20,353		15,191
Other departmental expenses	172,916		95,458
	<u>4,284,730</u>		<u>3,978,290</u>
Closing stock of finished goods	(42,923)		(39,694)
		<u>(4,241,807)</u>	<u>(3,938,596)</u>
<b>Gross profit</b>		<u>4,236,301</u>	<u>4,358,030</u>
<b>Administrative expenses</b>		(2,307,089)	(2,358,644)
<b>Exceptional items</b>			
Impairment losses	-	(2,234,680)	-
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Operating profit/(loss)</b>		<u>1,929,212</u>	<u>(235,294)</u>

**Gatwick Investment Limited**

**Detailed trading and profit and loss account (continued)**  
**For the year ended 31 December 2019**

		<b>2019</b>		<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Interest payable and similar expenses</b>				
Bank interest on loans and overdrafts	612,519		634,695	
Other finance costs	48,811		36,722	
		(661,330)		(671,417)
<b>Other gains and losses</b>				
Change in fair value of interest rate derivative		(60,501)		(12,480)
<b>Profit/(loss) before taxation</b>		<b>1,207,381</b>		<b>(919,191)</b>

This page does not form part of the financial statements on which the auditors have reported.



**Gatwick Investment Limited****Schedule of administrative expenses  
For the year ended 31 December 2019**

	2019	2018
	£	£
<b>Administrative expenses</b>		
Wages and salaries - administrative	210,863	218,467
Wages and salaries - sales and marketing	20,270	42,148
Wages and salaries - maintenance	75,561	77,577
Social security costs	28,219	30,189
Staff welfare, training and recruitment	50,161	52,668
Staff pension costs defined contribution	24,941	19,552
Management charge	169,035	165,873
Rates and water	398,183	411,936
Power, light and heat	326,551	317,929
Property repairs and maintenance	56,046	64,765
Insurance	53,483	43,254
Equipment repairs	96,633	111,542
Computer running costs	21,784	21,704
Motor running expenses	9,806	10,811
Travelling expenses	5,746	5,314
Subscriptions	5,834	4,899
Legal and professional fees	5,190	28,082
Non audit remuneration paid to auditors	9,250	-
Audit fees	10,250	17,000
Bank charges	2,119	2,857
Commission and credit card charges	131,511	149,901
Bad and doubtful debts	12,000	12,000
Printing and stationery	14,031	13,792
Advertising	36,103	37,787
Telephone	14,311	15,164
Licences	7,034	5,359
Entertaining	4,985	3,834
Sundry expenses	11,997	9,637
Depreciation	495,192	464,603
	<u>2,307,089</u>	<u>2,358,644</u>

This page does not form part of the financial statements on which the auditors have reported.