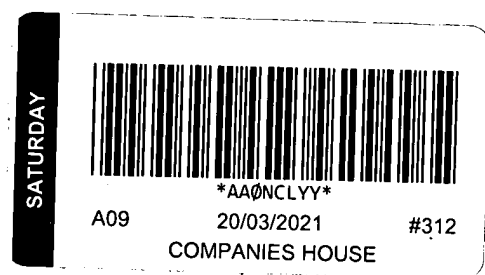


# Drift Properties Limited

## REPORT AND FINANCIAL STATEMENTS

31 December 2019



Company Registration No. 709849

# Drift Properties Limited

## DIRECTORS AND OFFICERS

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### DIRECTORS

H.E. MM Al Tajir  
MS Al Tajir  
AMM Al Tajir  
KMM Al Tajir

### COMPANY SECRETARY

Taylor Wessing Secretaries Limited

### REGISTERED OFFICE

5 New Street Square  
London EC4A 3TW

### AUDITOR

RSM UK Audit LLP  
Chartered Accountants  
25 Farringdon Street  
London EC4A 4AB

# Drift Properties Limited

## DIRECTORS' REPORT

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The directors submit their report and the financial statements of Drift Properties Limited for the year ended 31 December 2019.

### PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of property investment.

### DIRECTORS

The following directors have held office since 1 January 2019:

H.E. MM Al Tajir  
MS Al Tajir  
AMM Al Tajir  
KMM Al Tajir

### GOING CONCERN

The performance of the company is dependent on the results of the group of which it is a member. As a result, the director's going concern assessment incorporates the wider group headed by Park Tower Investments Limited.

The financial statements have been prepared on the going concern basis, as the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. In particular, the owners of the business and the group's bankers remain committed to supporting the business.

The COVID-19 outbreak is currently having an adverse impact on the group, with the Park Tower Hotel having to close for long periods of time, following government mandatory guidelines.

The directors are aware of the risks to the group in terms of liquidity and have put in place substantial measures, including cost cutting and accessing Government reliefs including the Coronavirus Job Retention Scheme, business rates relief and HMRC time to pay arrangements.

During 2020 the owners of the business have provided several cash injections to support the group during the pandemic and have pledged further cash injections to follow in 2021.

The group benefits from a good relationship with its bankers, HSBC. To assist with the group's cashflow, the existing loan facility has been increased by £5,150,000 in November 2020. In addition, the group's bankers have provided a temporary overdraft facility, waivers to existing financial covenants during the period of disruption caused by COVID-19, and granted consent for the release of funds from the replacement reserve account to cover operating expenditure.

In order to assess the going concern assumption, the group has prepared and considered trading and cashflow forecasts for the period covering at least 12 months from the date of approval of these financial statements.

Having taken into account the information available to them to the date of signing the financial statements, the directors are satisfied that the group remains a going concern.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken

# Drift Properties Limited

## DIRECTORS' REPORT

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as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### AUDITOR

The auditor, RSM UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

By order of the board



H.E. MM Al Tajir  
Director

19 March 2021

# Drift Properties Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the 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 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent; and
- c. 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRIFT PROPERTIES LIMITED

### Opinion

We have audited the financial statements of Drift Properties Limited (the 'company') for the year ended 31 December 2019 which comprise Statement of Comprehensive Income and Retained Earnings, Statement of Financial Position 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;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRIFT PROPERTIES LIMITED

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

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

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

### 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 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DRIFT PROPERTIES LIMITED

### 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.

RSM UK Audit LLP

CHRISTOPHER TATE (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street, London,  
EC4A 4AB

Date 19 March 2021



# Drift Properties Limited

## STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS for the year ended 31 December 2019

	Notes	2019 £	2018 £
Turnover	2	1,915,000	1,915,000
Administrative expenses		(81,506)	(70,944)
OPERATING PROFIT		<u>1,833,494</u>	<u>1,844,056</u>
Interest payable	4	-	-
Interest receivable	5	-	-
Fair value gains on investment property		15,000,000	9,100,000
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	<u>16,833,494</u>	<u>10,944,056</u>
Taxation	7	<u>(4,822,189)</u>	<u>(4,599,547)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND PROFIT FOR THE FINANCIAL YEAR		12,011,305	6,344,509
RETAINED EARNINGS AT 1 JANUARY		262,236,207	255,891,697
RETAINED EARNINGS AT 31 DECEMBER		<u><u>274,247,512</u></u>	<u><u>262,236,206</u></u>

The turnover and operating profit for the year arise from the company's continuing operations.

**Drift Properties Limited**  
**STATEMENT OF FINANCIAL POSITION**  
**31 December 2019**

Company Registration No. 709849

	Notes	2019 £	2018 £
<b>FIXED ASSETS</b>			
Tangible assets	8	348,400,000	333,400,000
		<u>                    </u>	<u>                    </u>
<b>CURRENT ASSETS</b>			
Debtors	9	12,158,482	11,820,063
Cash at bank and in hand		908,181	815,592
		<u>13,066,663</u>	<u>12,635,655</u>
<b>CREDITORS: Amounts falling due within one year</b>	10	(30,497,669)	(29,927,966)
<b>NET CURRENT LIABILITIES</b>		<u>(17,431,006)</u>	<u>(17,292,311)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		330,968,994	316,107,689
Provision for liabilities	11	(55,221,482)	(52,371,482)
<b>NET ASSETS</b>		<u>275,747,512</u>	<u>263,736,207</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	1,500,000	1,500,000
Profit and loss account		274,247,512	262,236,207
<b>SHAREHOLDERS' FUNDS</b>		<u>275,747,512</u>	<u>263,736,207</u>

The financial statements on pages 7 to 18 were approved by the board of directors and authorised for issue on 19 March 2021 and signed on its behalf by:



H.E. MM Al Tajir  
 Director

# Drift Properties Limited

## ACCOUNTING POLICIES

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### STATUTORY INFORMATION

Drift Properties Limited is a private company, limited by shares, incorporated and registered in England and Wales. The company's registered office address can be found on page 1 of these financial statements. The Company's principal activity is disclosed in the directors' report.

Monetary amounts in the financial statements are rounded to the nearest whole £1, except where otherwise indicated.

### BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with FRS102 'the Financial Reporting Standard Applicable in the UK and Republic of Ireland' and the requirements of the Companies Act 2006 and under the historical cost convention, modified to include investment properties at fair value.

### REDUCED DISCLOSURES

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 "Statement of Cash Flows" – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & 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 33 'Related Party Disclosures' – Compensation for key management personnel

### GOING CONCERN

The performance of the company is dependent on the results of the group of which it is a member. As a result, the director's going concern assessment incorporates the wider group headed by Park Tower Investments Limited.

The financial statements have been prepared on the going concern basis, as the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. In particular, the owners of the business and the group's bankers remain committed to supporting the business.

The COVID-19 outbreak is currently having an adverse impact on the group, with the Park Tower Hotel having to close for long periods of time, following government mandatory guidelines.

The directors are aware of the risks to the group in terms of liquidity and have put in place substantial measures, including cost cutting and accessing Government reliefs including the Coronavirus Job Retention Scheme, business rates relief and HMRC time to pay arrangements.

During 2020 the owners of the business have provided several cash injections to support the group during the pandemic and have pledged further cash injections to follow in 2021.

The group benefits from a good relationship with its bankers, HSBC. To assist with the group's cashflow, the existing loan facility has been increased by £5,150,000 in November 2020. In addition, the group's bankers have provided a temporary overdraft facility, waivers to existing financial covenants during the period of disruption caused by COVID-19, and granted consent for the release of funds from the replacement reserve account to cover operating expenditure.

# Drift Properties Limited

## ACCOUNTING POLICIES

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In order to assess the going concern assumption, the group has prepared and considered trading and cashflow forecasts for the period covering at least 12 months from the date of approval of these financial statements.

Having taken into account the information available to them to the date of signing the financial statements, the directors are satisfied that the group remains a going concern.

### TANGIBLE FIXED ASSETS

Investment properties (including properties held under an operating lease) are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The directors consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the profit for the financial year would have been reduced by depreciation. However the amount of depreciation cannot reasonably be quantified, because depreciation is only one of many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Company estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in profit and loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in profit or loss or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

### TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

# Drift Properties Limited

## ACCOUNTING POLICIES

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Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Company to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### TURNOVER

Turnover is recognised at the fair value of the consideration received or receivable for the rent and related services in the ordinary nature of business. Turnover is shown net of Value Added Tax, in respect of services provided.

### LESSOR ACCOUNTING FOR LEASED ASSETS

Rental income arising from operating leases is recognised on a straight line basis over the period of the lease.

### 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, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument, and are offset only when the company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### *Financial assets*

##### *Trade debtors*

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

# Drift Properties Limited

## ACCOUNTING POLICIES

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A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

### *Financial liabilities and equity*

Financial instruments are classified as liabilities and equity instruments 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.

### *Equity instruments*

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

### *Trade creditors*

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

### *Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, 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. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

# Drift Properties Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

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### 1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Critical accounting estimates and assumptions*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### *Critical areas of judgement*

The following are the critical judgements apart from those involving estimations (see above) that the directors have made in the process of applying the entity's accounting policies and that have a significant effect on the amount recognised in the financial statements:

The investment property is shown at the directors' valuation at open market value at 31 December 2019 of £348,400,000 (2018: £333,400,000). The directors' valuation for 2018 was based on advice from professional valuers. The Directors consider this valuation to be appropriate as at 31 December 2019. On an historical cost basis the investment property would be stated at £7,352,663 (2018: £7,352,663).

### 2 TURNOVER

The company's turnover was derived from its principal activity wholly undertaken in the United Kingdom.

3	FAIR VALUE GAINS ON INVESTMENT PROPERTY	2019 £	2018 £
	Property value at 1 January	333,400,000	324,300,000
	Fair value gain	15,000,000	9,100,000
	At 31 December	<u>348,400,000</u>	<u>333,400,000</u>

4	INTEREST PAYABLE	2019 £	2018 £
	Other interest payable	-	-
		<u>-</u>	<u>-</u>

5	INTEREST RECEIVABLE	2019 £	2018 £
	Other interest receivable	-	-
		<u>-</u>	<u>-</u>

# Drift Properties Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

### 6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The audit fee of £2,500 (2018: £2,500) has been borne by another group company.

Other than its directors, the business did not have any employees in the year.

Directors' remuneration for 2019 and 2018 were borne by other group companies. It is not practical to calculate the amount of remuneration that relates to services for this company.

No director is a member of a money purchase scheme.

7	TAXATION	2019 £	2018 £
	Current tax:		
	UK corporation tax on profits of the period	922,974	1,657,351
	Payment for current year group relief	1,033,546	1,398,080
	Adjustment to tax charge in respect of previous year	15,669	(2,884)
	Total current tax	1,972,189	3,052,547
	Deferred tax:		
	Origination and reversal of timing difference	2,850,000	1,547,000
	Tax charge on profit on ordinary activities	4,822,189	4,599,547
		2019 £	2018 £
	Factors affecting tax charge for period:		
	The tax assessed for the period is higher/lower than the average effective rate of corporation tax in the UK (19%). The differences are explained below:		
	Profit on ordinary activities before tax	16,833,495	10,944,056
	Profit on ordinary activities multiplied by the average effective rate of corporation tax in the UK 19% (2018: 19%)	3,198,365	2,079,371
	Effects of:		
	Expenses not deductible for tax purposes	-	786
	Imputed rental charge on related party rentals	1,588,970	2,688,500
	Imputed interest on related party balances	19,185	15,774
	Impact on brought forward position of change in rate at which deferred tax recognised	-	(182,000)
	Adjustments to tax charge in respect of previous year	15,669	(2,884)
	Tax charge on profit for the year	4,822,189	4,599,547



# Drift Properties Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2019

8	TANGIBLE FIXED ASSETS	Investment property £
	Valuation:	
	1 January 2019	333,400,000
	Revaluation in the year	15,000,000
	At 31 December 2019	<u>348,400,000</u>

The investment property is shown at the directors' valuation at open market value at 31 December 2019 of £348,400,000 (2018: £333,400,000). The directors' valuation for 2019 was based on advice from professional valuers and the directors consider this valuation to be appropriate as at 31 December 2019. On an historical cost basis the investment property would be stated at £7,352,663 (2018: £7,352,663).

9	DEBTORS: Due within one year	2019 £	2018 £
	Amount owed from group undertakings	11,881,522	11,720,361
	Amount owed from related undertakings	264,027	96,717
	Other debtors	12,932	2,985
		<u>12,158,482</u>	<u>11,820,063</u>

10	CREDITORS: Amounts falling due within one year	2019 £	2018 £
	Amounts owed to parent undertaking	20,111,995	19,805,714
	Amounts owed to related undertaking	7,931,831	7,530,247
	Corporation tax	1,675,189	1,657,351
	Other creditors	562,500	718,500
	Accruals and deferred income	216,154	216,154
		<u>30,497,669</u>	<u>29,927,966</u>

11	DEFERRED TAX		Deferred tax £
	1 January 2019 (provision)		52,371,482
	Deferred tax credit to profit and loss account		2,850,000
			<hr/>
	31 December 2019 (provision)		55,221,482
			<hr/> <hr/>
		2019 £	2018 £
	Deferred tax on revaluation surplus	55,221,482	52,371,482

# Drift Properties Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2019

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12	SHARE CAPITAL	2019 £	2018 £
	Allotted, issued and fully paid:		
	1,500,000 ordinary shares of £1 each	1,500,000	1,500,000
		<u>          </u>	<u>          </u>

Reserves of the company represent the following:

*Profit and loss account*

Cumulative profit and loss net of distribution to owners

### 13 COMMITMENTS UNDER OPERATING LEASES

The company as a lessor:

At the year end, the company had contracted tenants, under non-cancellable operating leases, for the following future minimum lease payments:

	2019 £	2018 £
Amounts receivable		
Less than one year	1,915,000	1,915,000
Between one and five years	7,660,000	7,660,000
After five years	10,643,750	12,558,750
	<u>20,218,750</u>	<u>22,133,750</u>

The operating leases represent the lease of one property to a fellow subsidiary and another lease to third party. The lease expires on 30 June 2034 and 24 March 2026 respectively.

### 14 CONTINGENT LIABILITIES

At 31 December 2019 the company had guaranteed, together with other related companies, bank loans to its immediate parent company of £170,000,000 (2018: £160,561,250). The guarantee is supported by a mortgage debenture over all the company's property and assets.

At 31 December 2019 the company had guaranteed a management contract to its fellow subsidiary of £7,500,000 (2018: £7,500,000) in an event of the termination of the contract before the due date.

### 15 ULTIMATE PARENT COMPANY

The company's ultimate parent company is Park Tower Holdings Establishment, which is incorporated in Liechtenstein. The immediate parent company is Park Tower Investments Limited which is registered in England and Wales, and for which group financial statements are prepared. Copies of the group financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF1 3UZ.

The company is under the control of Park Tower Investments Limited, which owns 100% of the issued share capital.

The company is under the control of H.M MM Al Tajir and MS Al Tajir.

# Drift Properties Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 31 December 2019

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#### 16 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption within FRS102 Section 33 whereby the company is exempt from disclosing transactions with fellow group undertakings in respect of subsidiaries within a 100% group.

Relationship	Description of transaction	Value of transactions in the year		Balance at year end	
		2019 £	2018 £	2019 £	2018 £
Fellow group companies	Payment for group relief	(401,585)	(10,126)	(3,658,526)	(3,256,941)
Fellow group companies	Loan	-	-	(12,790)	(12,790)

During the year, group companies entered into the following transactions with related parties who are not members of the group.

Relationship	Description of transaction	Value of transactions in the year		Balance at year end	
		2018 £	2018 £	2019 £	2018 £
Other related parties	Loans	-	-	(4,260,516)	(4,260,516)

The above represents transactions between the company and fellow group companies controlled by the ultimate parent company, Park Tower Holdings Establishment. All of the above balances are payable within 12 months.

The amounts outstanding are unsecured, non-interest bearing and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the year (2018: £Nil) in respect of bad debts from related parties.

#### 17 POST BALANCE SHEET EVENTS

At present, there are uncertainties in the economy related to the COVID-19 outbreak that emerged in early 2020, which have resulted in the hotel being closed for much of the post balance sheet period.

The period over which the pandemic will have an effect on the group's ability to trade or the value of its assets is difficult to predict as the situation is still evolving. The directors are confident that the measures that have been implemented, as outlined in the going concern note, together with the continuing availability of bank funding, will allow the group to continue trading for the foreseeable future.

In addition, in November 2020 the group restructured its debt facility with HSBC. The bank increased the existing loan facility by £5,150,000, provided a temporary overdraft facility, waived covenants for the period of disruption caused by COVID-19 and granted consent for the release of funds from the replacement reserve account to cover operating expenditure.