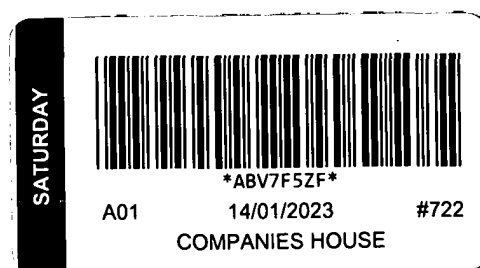


Registered number: 01988291

## **HORECO LIMITED**

### **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**



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**HORECO LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	G O A Tscherning E B B De Castro
<b>Company secretary</b>	G O A Tscherning
<b>Registered number</b>	01988291
<b>Registered office</b>	66 Lincoln's Inn Fields London WC2A 3LH
<b>Independent auditors</b>	Constantin Chartered Accountants & Statutory Auditor 25 Hosier Lane London EC1A 9LQ
<b>Bankers</b>	JP Morgan Chase Bank N A Northeast Market PO Box 260180 London Baton Rouge LA 70826-0180
<b>Solicitors</b>	Farrer & Co 66 Lincoln's Inn Fields London WC2A 3LH

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**HORECO LIMITED**

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## **HORECO LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Introduction**

The directors present their Strategic report for the year ended 31 December 2021.

The directors, in preparing this Strategic report, have complied with s414C of the Companies Act 2006.

#### **Review of the business**

There have not been any significant changes in the company's principal activities in the period under review. The directors are not aware, at the date of this report, of any major changes in the company's activities in the next year.

The company incurred a profit before tax of £514,048 (2020: loss before tax of £569,163). The directors are satisfied with the result for the year. They consider that the company has built a sound base for future activities and that it will prosper in the future.

As at 31 December 2021, the company had net current assets of £7,251,671 (2020: £6,457,623) and total net assets of £12,180,068 (2020: £11,666,020).

#### **Principal risks and uncertainties**

The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the directors consider only interest rate risk and credit risk to be relevant to the company.

##### **Interest rate risk**

Interest rate risk is considered low, because borrowings are with other group undertakings. Funding for all members of the Horeco Limited group is arranged centrally. The group regularly monitors interest rate risk and does not trade or speculate in any financial instruments.

##### **Credit risk**

Credit risk arises on the company's cash and debtors balances. The risk relating to cash balances is considered low, because cash is held with financial institutions with high credit ratings.

The risk relating to debtors balances is considered low, because most balances are held with other group undertakings.

##### **COVID-19**

The global spread of COVID-19 since the beginning of 2020 has had and continues to have a major impact on the global hotel industry. After the drastic reduction in occupancy of the company's hotels and hotels initi network due to constraints on the flow of travellers around the world, the company was loss making in the year.

The group has already taken a number of strong measures to limit the effects of COVID-19 on its business and continues to closely monitor and assess the situation. These include, among others, the renegotiations with its suppliers, prioritisation of projects, recourse to the various State aids, securing cash flow and various measures to generate savings. A return to normal is expected from 2023 with a rebound in activity from 2024.

#### **Future Developments**

The directors believe that this business is likely to remain static for the forthcoming year, due to the current economic climate.

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**HORECO LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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This report was approved by the board on

and signed on its behalf.

  
**G O A Tscherning**  
Director

14/12-22

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## **HORECO LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021**

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The directors present their report and the financial statements for the year ended 31 December 2021.

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

The directors are responsible for preparing the Strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

#### **Principal activity**

The company acts as a holding company with subsidiary undertakings involved in the ownership and management of hotels in the United Kingdom.

#### **Dividends**

The directors do not recommend the payment of a dividend (2020: £nil).

#### **Directors**

The directors who served during the year were:

G O A Tscherning - company secretary and director  
E B B De Castro

#### **Directors' indemnities**

During the year, the company has maintained cover for its directors and officers under a directors' and officers' liability insurance policy and the third party indemnity was in force during the period and also at the date of approval of the financial statements.

#### **Future developments and financial risk management**

The company has chosen, in accordance with s414C(11) of the Companies Act, to present future developments and principle financial risks within the Strategic Report.

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**HORECO LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Disclosure of information to auditors**

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

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

**Auditors**

The auditors, Constantin, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on

and signed on its behalf.

  
G O A Tscherning  
Director

14/12.22

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## **HORECO LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HORECO LIMITED**

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#### **Opinion**

In our opinion the financial statements of Horeco Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31/12/2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 17 (Which include a statement of accounting policies)

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### **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 Auditors' 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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

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

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**HORECO LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HORECO LIMITED (CONTINUED)**

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**Other information**

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

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

We have nothing to report in this regard.

**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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HORECO LIMITED (CONTINUED)**

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**Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

**Report on other legal and regulatory requirements**

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

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

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

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 any material misstatements in the strategic report or the directors' report.

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**HORECO LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HORECO LIMITED (CONTINUED)**

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

**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 Auditors' 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.



**Mark Bathgate, FCA (Senior Statutory Auditor)**

For and on behalf of Constantin  
Chartered Accountants and Statutory Auditor

25 Hosier Lane  
London  
EC1A 9LQ  
Date: 15 December 2022

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**HORECO LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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	Note	2021 £	2020 £
Administrative expenses		(299,057)	(16,842)
Other operating income		824,816	(520,323)
<b>Operating profit/(loss)</b>		<b>525,759</b>	<b>(537,165)</b>
Interest receivable and similar income	8	154,658	306,323
Interest payable and similar expenses	9	(166,369)	(338,321)
<b>Profit/(loss) before tax</b>		<b>514,048</b>	<b>(569,163)</b>
Tax on profit/(loss)	10	-	343,813
<b>Profit/(loss) for the financial year</b>		<b>514,048</b>	<b>(225,350)</b>

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 12 to 22 form part of these financial statements.

**HORECO LIMITED**  
**REGISTERED NUMBER: 01988291**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Investments	11	4,928,397	5,208,397
		<u>4,928,397</u>	<u>5,208,397</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	82,035,341	78,411,808
Cash at bank and in hand	13	1,012,095	749,495
		<u>83,047,436</u>	<u>79,161,303</u>
Creditors: amounts falling due within one year	14	(75,795,765)	(72,703,680)
<b>Net current assets</b>		<u>7,251,671</u>	<u>6,457,623</u>
<b>Total assets less current liabilities</b>		<u>12,180,068</u>	<u>11,666,020</u>
<b>Net assets excluding pension asset</b>		<u>12,180,068</u>	<u>11,666,020</u>
<b>Net assets</b>		<u>12,180,068</u>	<u>11,666,020</u>
<b>Capital and reserves</b>			
Called up share capital	15	14,850,000	14,850,000
Profit and loss account		(2,669,932)	(3,183,980)
		<u>12,180,068</u>	<u>11,666,020</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

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

G O A Tscherning  
 Director  
 Date:

14/12-22

The notes on pages 12 to 22 form part of these financial statements.

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**HORECO LIMITED**

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

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	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 January 2020</b>	<b>14,850,000</b>	<b>(2,958,630)</b>	<b>11,891,370</b>
Loss for the year	-	(225,350)	(225,350)
<b>At 1 January 2021</b>	<b>14,850,000</b>	<b>(3,183,980)</b>	<b>11,666,020</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	514,048	514,048
<b>At 31 December 2021</b>	<b>14,850,000</b>	<b>(2,669,932)</b>	<b>12,180,068</b>

The notes on pages 12 to 22 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1. General information**

Horeco Limited ("the company") is a private company limited by share capital incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:  
66 Lincoln's Inn Fields  
London  
WC2A 3LH

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

The nature of the company's operations and its principal activities are set out in the Directors' report on page 3.

The name of the parent entity and address where group accounts may be obtained is disclosed in Note 17.

**2. Adoption of new and revised standards**

The directors' consider there are no other new or revised standards relevant to the company which should be adopted or reported in these financial statements.

**3. New standards and interpretations not yet adopted**

The Company has adopted early the following amendments to standards which are not yet mandatory.

Amendments to IFRS 3: Amendments references to the Conceptual Framework in IFRS standards (Effective 1 January 2022).

Amendments to IAS 16: Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use (Effective 1 January 2022).

Amendments to IAS 37: Amendments regarding the costs to include when assessing whether a contract is onerous (Effective 1 January 2022).

Amendments to IAS 1 and IAS 8: Amendments regarding the disclosure of accounting policies and amendments regarding the definition of accounting estimates (Effective 1 January 2023).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**4. Accounting policies**

**4.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK-adopted international accounting standards), but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

On 31 December 2020, the EU-adopted IFRS was brought into UK law and became UK adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board. In preparing these financial statements in accordance with FRS 101, the Company Financial Statements transitioned to UK-adopted international accounting standards (as described above) on 1 January 2021. There is no impact on recognition, measurement or disclosure in the period reported as a result of this change.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 5).

The following principal accounting policies have been applied:

**4.2 Financial Reporting Standard 101 - reduced disclosure exemptions**

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
- the requirements of IAS 7 Statement of Cash Flows
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

This information is included in the consolidated financial statements of Shanghai Jin Jiang International Hotels (Group) Company Limited. as at 31 December 2021 and these financial statements may be obtained from [www.jinjianghotels.com.cn](http://www.jinjianghotels.com.cn).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**4. Accounting policies (continued)**

**4.3 Going concern**

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows, *continued financial support from the parent company and the impact of subsequent events in making their assessment.*

In response to the COVID-19 pandemic, the Directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact

The group has already taken a number of strong measures to limit the effects of COVID-19 on its business and continues to closely monitor and assess the situation. These include, among others, the renegotiations with its suppliers, prioritisation of projects, recourse to the various State aids, securing cash flow and various measures to generate savings.

In this context, Groupe du Louvre and its subsidiaries have obtained from Shanghai Jin Jiang, the parent company, the financial support for their operating, financing, and investment activities until 30 June 2023.

Based on these assessments and having regard to the resources available to the entity, the Directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the annual report and accounts.

**4.4 Taxation**

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**4.5 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**4. Accounting policies (continued)**

**4.6 Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**4.7 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the balance sheet, bank overdrafts are shown within borrowings in creditors: amounts falling due within one year.

**4.8 Creditors**

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**4.9 Share Capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

**4.10 Financial instruments**

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

**Financial assets**

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

**Fair value through profit or loss**

All of the Company's financial assets other than those which meet the criteria to be measured at amortised cost or fair value through other comprehensive income are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**4. Accounting policies (continued)**

**4.10 Financial instruments (continued)**

**Debt instruments at amortised cost**

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

**Debt instruments at fair value through other comprehensive income**

Debt instruments are subsequently measured at fair value through other comprehensive income where they are financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Equity instruments at fair value through other comprehensive income**

On initial recognition of an investment in equity instrument, the Company may make an irrevocable election to designate the financial assets as at fair value through other comprehensive income, providing that it is not held for trading nor is it contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

**Impairment of financial assets**

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised or at FVOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

**Financial liabilities**

**Fair value through profit or loss**

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined

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**NOTES TO THE FINANCIAL STATEMENTS  
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**4. Accounting policies (continued)****4.10 Financial instruments (continued)**

contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

**At amortised cost**

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

**5. Judgements in applying accounting policies and key sources of estimation uncertainty**

In the application of the company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors consider that the most significant areas of accounting estimates and judgements relate to the useful economic lives of fixed assets.

**6. Auditors' remuneration**

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>5,000</u>	<u>-</u>

**7. Information regarding directors and employees**

The company has no employees (2020: nil) and the directors were paid for their services to this company by Louvre Hotels Group S.A.S., in both the current and prior year. Full emolument disclosures are given in the accounts of Louvre Hotels Group S.A.S.. It is not possible to allocate their remuneration between the services rendered to different group companies.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**8. Interest receivable**

	2021 £	2020 £
Interest receivable from group companies	152,799	304,550
Other interest receivable	1,859	1,773
	<u>154,658</u>	<u>306,323</u>

**9. Interest payable and similar expenses**

	2021 £	2020 £
Loans from group undertakings	166,369	338,321
	<u>166,369</u>	<u>338,321</u>

**10. Taxation**

	2021 £	2020 £
<b>Corporation tax</b>		
Adjustments in respect of previous periods	-	(343,813)
	<u>-</u>	<u>(343,813)</u>
<b>Total current tax</b>	<u>-</u>	<u>(343,813)</u>

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**10. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2020 - the same as) the standard rate of corporation tax in the UK of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit/(loss) on ordinary activities before tax	<u>514,048</u>	<u>(569,163)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	<u>97,669</u>	<u>(108,141)</u>
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	53,200	-
Utilisation of tax losses	(34,937)	-
Adjustments to tax charge in respect of prior periods	-	(343,813)
Non-trade loan relationship debits not taxable	-	105,984
Unrelieved tax losses carried forward	-	32,831
Other differences leading to an increase (decrease) in the tax charge	-	(30,674)
Group relief	(115,932)	-
<b>Total tax charge for the year</b>	<u>-</u>	<u>(343,813)</u>

**Factors that may affect future tax charges**

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

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FOR THE YEAR ENDED 31 DECEMBER 2021**

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**11. Fixed asset investments**

	<b>Investments in subsidiary companies £</b>
<b>Cost</b>	
At 1 January 2021	<b>6,953,397</b>
At 31 December 2021	<b>6,953,397</b>
<b>Impairment</b>	
At 1 January 2021	<b>1,745,000</b>
Charge for the period	<b>280,000</b>
At 31 December 2021	<b>2,025,000</b>
<b>Net book value</b>	
At 31 December 2021	<b>4,928,397</b>
At 31 December 2020	<b>5,208,397</b>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Holding</b>
Louvre Hotels Group (UK)	Construction, project and hotel management	United Kingdom	100%
Finaco Limited	Hotel developer	United Kingdom	100%
Basildon Hotel Limited	Dormant	United Kingdom	100%
Milcardar Limited	Hotel Management	United Kingdom	100%
Saliwawadon Limited	Hotel Management	United Kingdom	100%
Liverpool Hotel Limited	Dormant	United Kingdom	100%
Runcorn Hotel Limited	Dormant	United Kingdom	100%
Dartford Hotel Limited	Dormant	United Kingdom	100%
Sheffield Hotel Limited	Dormant	United Kingdom	100%
Newotel Limited	Dormant	United Kingdom	100%
Runbaro Limited	Hotel Management	United Kingdom	100%
Tyne & Wear Hotel Limited	Dormant	United Kingdom	100%
Aston Lock Hotel Limited	Hotel Management	United Kingdom	100%
Salford Hotel Limited	Dormant	United Kingdom	100%
Camp-Hull Limited	Hotel Management	United Kingdom	100%
Wrexham Limited	Dormant	United Kingdom	100%

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FOR THE YEAR ENDED 31 DECEMBER 2021**

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**12. Debtors**

	2021 £	2020 £
Trade debtors	12,117	56,848
Amounts owed by group undertakings	80,997,597	76,948,176
Other debtors	954,209	1,167,562
Tax recoverable	71,418	239,222
	<u>82,035,341</u>	<u>78,411,808</u>

Included in amounts owed by group undertakings is an intercompany loan of £ 18,864,600 (2020: £23,664,600) repayable on demand. Interest is charged on intercompany loans at LIBOR + 0.125%.

Included in amounts owed by group undertakings is a provision of £2,802,391 (2020: £2,802,391) against the amounts owed by Runbaro Limited.

**13. Cash and cash equivalents**

	2021 £	2020 £
Cash at bank and in hand	1,012,095	749,495
	<u>1,012,095</u>	<u>749,495</u>

**14. Creditors: Amounts falling due within one year**

	2021 £	2020 £
Amounts owed to group undertakings	75,783,654	72,694,816
Accruals and deferred income	12,111	8,864
	<u>75,795,765</u>	<u>72,703,680</u>

Included in amounts owed to group undertakings is an intercompany loan of £17,039,451 (2020: £10,001,581) repayable on demand. Interest is charged on intercompany loans at LIBOR + 0.125%.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**15. Share capital**

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
50,000 (2020 - 50,000) Ordinary shares of £1.00 each	50,000	50,000
14,800,000 (2020 - 14,800,000) Redeemable shares of £1.00 each	14,800,000	14,800,000
	<u>14,850,000</u>	<u>14,850,000</u>

Redeemable shares of £1 each are allotted to Louvre Hotels Group S.A.S.

The ordinary shares and the redeemable shares rank pari passu in all respects. The redeemable shares may be redeemed at the option of the company. There is no premium payable on redemption.

**16. Profit and loss account**

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

**17. Related party transactions**

The company has taken advantage of the exemption available under FRS 101, not to disclose transactions with other members of the group.

**18. Controlling party**

The directors consider the ultimate parent company and controlling entity to be Shanghai Jin Jiang International Hotels (Group) Company Limited, a company incorporated in China. The parent company of the largest group of which the company is a part and for which group accounts are prepared is Shanghai Jin Jiang International Hotels (Group) Company Limited.

A copy of the published accounts of Shanghai Jin Jiang International Hotels (Group) Company Limited can be obtained from the company's website [www.jinjianghotels.com.cn](http://www.jinjianghotels.com.cn).

The parent company of the smallest group of which the company is a part and for which group accounts are prepared is Louvre Hotels Group S.A.S., a company incorporated in France.

A copy of the published accounts of Louvre Hotels Group S.A.S. can be obtained from the Greffe du Tribunal de Commerce de Nanterre, 4 Rue Pablo Neruda, 92020 Nanterre, France.