

Registered number: 01988291

HORECO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022



HORECO LIMITED

COMPANY INFORMATION

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

HORECO LIMITED

CONTENTS

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditors' report	5 - 8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Notes to the financial statements	12 - 23

HORECO LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present their Strategic report for the year ended 31 December 2022.

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 loss of £1,404,184 (2021: profit before tax £514,048). The principal reason for the company recording a loss this year compared to last year is the result of the impact of foreign exchange differences on outstanding balances with other group companies.

As at 31 December 2022, the company had net current assets of £5,950,874 (2021: £7,251,671) and total net assets of £10,775,884 (2021: £12,180,068).

The activity of the Group in 2022 is marked by the following events :

A rising level of inflation on a global scale, in particular the cost of materials, energy, and labor.

The Group has taken measures to mitigate the impact of inflation by acting on several levers :

- Continued flexibility and cost control
- Discussions with the Group's suppliers aimed at limiting the impact of inflation and other plans.
- Despite a first quarter 2022 affected by the spread of the Omicron Variant of the Covid 19 virus, the year 2022 announces the return of activity almost to the level of 2019, the Group's reference period.
- The rise of interest rates

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.

Future Developments

No future investments are envisaged in the foreseeable future.

HORECO LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

This report was approved by the board on 25 July 2023 and signed on its behalf.



G O A Tscherning
Director

HORECO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

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 (2021: £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.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

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.

Going concern

The financial statements show a net loss for the year. Nevertheless, the financial statements have been prepared on a going concern basis as the parent company, Shanghai Jin Jiang, has agreed to provide such financial support as may be necessary in order to enable the company to meet its financial obligations as they fall due in the foreseeable future.

Based on this assessment 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

Grenfell fire

Following the Grenfell Tower fire and subsequent inquiries to the cause and scale of the incident, the UK government has introduced a series of building regulations and Fire Safety orders in England, which among other things, include the ban on certain cladding materials for mid-rise buildings (between 11m and 18m tall) including hotels. The directors have completed an analysis of the impact of these changes of rules and regulations for the hotels owned by the company and have not identified any proven risk or necessary remediation for which a provision should be booked on the financial statements as of December 31, 2022.

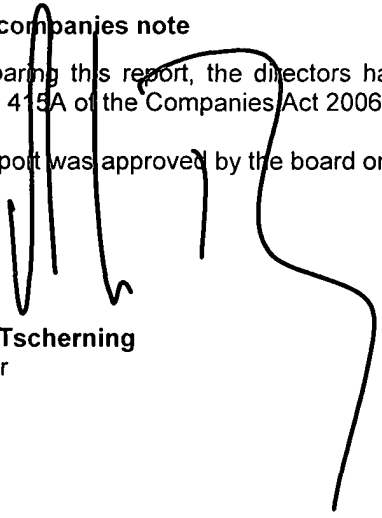
Auditors

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 25 July 2023 and signed on its behalf.



G O A Tscherning
Director

HORECO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HORECO LIMITED

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 31/12/2022 and of its loss 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 18 (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.

HORECO LIMITED

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

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 Auditors' 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. This description forms part of our auditor's report.

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 irregularities.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These

HORECO LIMITED

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

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.

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.

HORECO LIMITED

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

Use of 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 & Statutory Auditor

25 Hosier Lane
London
EC1A 9LQ

25 July 2023

HORECO LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Administrative expenses		(125,623)	(299,057)
Exceptional administrative expenses		(179,666)	-
Foreign exchange differences		(1,070,671)	824,816
Operating (loss)/profit		(1,375,960)	525,759
Interest receivable and similar income	8	1,153,725	154,658
Interest payable and similar expenses	9	(1,181,949)	(166,369)
(Loss)/profit before tax		(1,404,184)	514,048
(Loss)/profit for the financial year		(1,404,184)	514,048
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Total comprehensive income for the year		(1,404,184)	514,048

The notes on pages 12 to 23 form part of these financial statements.

**BALANCE SHEET
AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
Fixed assets			
Investments	11	4,825,010	4,928,397
		<u>4,825,010</u>	<u>4,928,397</u>
Current assets			
Debtors: amounts falling due within one year	12	85,238,702	82,035,341
Cash at bank and in hand	13	2,343,377	1,012,095
		<u>87,582,079</u>	<u>83,047,436</u>
Creditors: amounts falling due within one year	14	(81,631,205)	(75,795,765)
Net current assets		<u>5,950,874</u>	<u>7,251,671</u>
Total assets less current liabilities		<u>10,775,884</u>	<u>12,180,068</u>
Net assets		<u>10,775,884</u>	<u>12,180,068</u>
Capital and reserves			
Called up share capital	15	14,850,000	14,850,000
Profit and loss account		(4,074,116)	(2,669,932)
		<u>10,775,884</u>	<u>12,180,068</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 on 25 July 2023.

G O A Tscherning
Director

The notes on pages 12 to 23 form part of these financial statements.

HORECO LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	14,850,000	(3,183,980)	11,666,020
Comprehensive income for the year			
Profit for the year	-	514,048	514,048
Total comprehensive income for the year	-	514,048	514,048
Total transactions with owners	-	-	-
At 1 January 2022	14,850,000	(2,669,932)	12,180,068
Comprehensive income for the year			
Loss for the year	-	(1,404,184)	(1,404,184)
Total comprehensive income for the year	-	(1,404,184)	(1,404,184)
Total transactions with owners	-	-	-
At 31 December 2022	14,850,000	(4,074,116)	10,775,884

The notes on pages 12 to 23 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 2.

The name of the parent entity and address where group accounts may be obtained is disclosed in Note 18.

2. Adoption of new and revised standards

The following new standards or amendments to existing standards were applicable for the first time and have not had an impact on the financial statements.

Amendments to IAS 16 Property, Plant and Equipment- Proceeds before Intended Use

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets– Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to IFRS Accounting Standards 2018-2020

Amendments to IFRS 3 Business Combinations- Reference to the Conceptual Framework

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 17 Insurance Contracts (including the June 2020 and December 2021 amendments to IFRS 17) (Effective 1 January 2023).

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 (Amendments – Disclosure of Accounting Policies) (Effective 1 January 2023).

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors (Amendments – Definition of Accounting Estimates) (Effective 1 January 2023).

Amendments to IAS 12 Income Taxes (Amendments – Deferred Tax related to Assets and Liabilities arising from a Single Transaction) (Effective 1 January 2023).

Amendments to Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17). (Effective 1 January 2023).

Amendments to IAS 1 Presentation of Financial Statements (Amendments— Classification of Liabilities as Current or Non-current) (Effective 1 January 2024).

Amendments to IFRS 16 Leases (Amendments- Lease Liability in a Sale and Leaseback) (Effective 1 January 2024).

Amendments to IAS 1 Presentation of Financial Statements (Amendments— Non-current Liabilities with Covenants) (Effective 1 January 2024).

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:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. Accounting policies (continued)

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 2022 and these financial statements may be obtained from www.jinjianghotels.com.cn.

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 and the impact of subsequent events in making their assessment.

The financial statements show a net loss for the year, nevertheless, the financial statements have been prepared on a going concern basis as the parent company, Shanghai Jin Jiang, has agreed to provide such financial support as may be necessary in order to enable the company to meet its financial obligations as they fall due in the foreseeable future.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. Accounting policies (continued)

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 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

4.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

4.7 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.

4.8 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. Accounting policies (continued)

4.9 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.

4.10 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. Accounting policies (continued)

4.11 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. Accounting policies (continued)

4.11 Financial instruments (continued)

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 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.

HORECO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

6. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2022 £	2021 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	5,000	5,000

7. Information regarding directors and employees

The company has no employees (2021: 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.

8. Interest receivable

	2022 £	2021 £
Interest receivable from group companies	1,140,252	152,799
Other interest receivable	13,473	1,859
	<u>1,153,725</u>	<u>154,658</u>

9. Interest payable and similar expenses

	2022 £	2021 £
Loans from group undertakings	1,181,949	166,369
	<u>1,181,949</u>	<u>166,369</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Taxation

	2022 £	2021 £
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Tax on (loss)/profit	-	-

Factors affecting tax charge for the year

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

	2022 £	2021 £
(Loss)/profit on ordinary activities before tax	(1,404,184)	514,048
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	(266,795)	97,669
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	34,144	53,200
Utilisation of tax losses	-	(34,937)
Movement in deferred tax not recognised	232,651	-
Group relief	-	(115,932)
Total tax charge for the year	-	-

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 financials statements.

HORECO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

11. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2022	6,953,397
At 31 December 2022	6,953,397
Impairment	
At 1 January 2022	2,025,000
Charge for the period	103,387
At 31 December 2022	2,128,387
Net book value	
At 31 December 2022	4,825,010
At 31 December 2021	4,928,397

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Holding
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%

HORECO LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Debtors

	2022 £	2021 £
Trade debtors	-	12,117
Amounts owed by group undertakings	84,131,827	80,997,597
Other debtors	1,035,465	954,209
Tax recoverable	71,410	71,418
	<u>85,238,702</u>	<u>82,035,341</u>

Included in amounts owed by group undertakings is an intercompany loan of £9,109,763 (2021: £18,864,600) 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 (2021: £2,802,391) against the amounts owed by Runbaro Limited.

13. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	2,343,377	1,012,095
	<u>2,343,377</u>	<u>1,012,095</u>

14. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	2,326	-
Amounts owed to group undertakings	81,458,670	75,783,654
Accruals and deferred income	170,209	12,111
	<u>81,631,205</u>	<u>75,795,765</u>

Included in amounts owed to group undertakings is an intercompany loan of £21,441,200 (2021: £17,039,451) repayable on demand. Interest is charged on intercompany loans at LIBOR + 0.125%

HORECO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

15. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
50,000 (2021 - 50,000) Ordinary shares of £1.00 each	50,000	50,000
14,800,000 (2021 - 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.

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.