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Chester International Hotel Limited

Annual report and financial statements

Year ended 31 December 2021

Company registration number: 01999608

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Chester International Hotel Limited

Annual report and financial statements

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Directors and other information

Directors	W Suksuwan H Susayan W Punawakul
Company secretary	Oakwood Corporate Services Limited Third Floor 1 Ashley Road Altrincham Cheshire WA14 2DT
Registered office	Queens Court 9-17 Eastern Road Romford Essex RM1 3NG
Auditor	KPMG The Soloist Building 1 Lanyon Place Belfast BT1 3LP
Registered number	01999608

Chester International Hotel Limited

Strategic report

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

Principal activity

The principal activity of the Company is the ownership and management of a hotel.

Business review

The results for the year are set out in the statement of profit and loss and other comprehensive income on page 12 and in the related notes.

The directors note that all hotels operated by the Group remained open throughout 2021 to support key workers and opened to the wider general public when the easing off coronavirus ("COVID-19") pandemic restrictions allowed them to do so. This continually changing operating environment has had a negative impact on results for the financial year, when compared to those in respect of a stabilised financial year. However, the directors continued to avail of government assistance and other self-help measures throughout the course of the financial year, including amended facility terms, covenant waivers from external lenders and additional funding injections from the shareholder, to manage liquidity in the immediate short-term.

Turnover increased by £2,841k (116%) in the year to December 2021 and operating profit increased from a loss of £633k in 2020 to a profit of £1,089k in 2021. The Company reported an overall profit of £1,003k for the financial year, which coupled with a revaluation uplift of £2,590k on the Company's property which is stated at fair value, resulted in an overall increase in net assets from £26,100k at 31 December 2020 to £29,693k at 31 December 2021.

The business has significantly benefitted from the continued support of shareholders and external lenders throughout 2021. This, coupled with the significant improvement in trade since the easing of restrictions in Summer 2021, support the directors' view that the business is well placed to recover and return to profitability. Further details are included in the future outlook section of this report.

Principal risks and uncertainties

The Company is a subsidiary of DTP Regional Hospitality Group Limited and as such, the principal risks and uncertainties of the Company are the same as those facing the wider Group.

Management of the Group's business and execution of the Group's strategy are subject to a number of risks. The key risks and uncertainties currently judged to have the greatest impact on the Group's performance include:

- Cost inflation and the effect on consumer spending power;
- Further COVID-19 variants and government restrictions;
- Employee retention;
- Competition from other hotels;
- Fluctuations in property valuations; and
- Other market risks – hotels may be adversely impacted by changes in or failure to comply with regulations. The hotels operate under franchise agreements which require adherence to quality standards and criteria.

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Financial risk management

The Company's operations expose it to a variety of financial risks which include liquidity and credit risk. Working capital requirements are financed with retained earnings and borrowings from other Group companies. Credit risk is managed via a formal credit policy.

Liquidity strategy, capital management and treasury activities are co-ordinated centrally across the Group. Funding includes external cross-collateralised borrowings held in the name of DTP Regional Hospitality Group Limited and DTP Subholdco Limited, on behalf of, and secured by way of fixed charge over the assets of, the consolidated Group, details of which are included in note 16 to the financial statements. At all times since the emergence of the pandemic, management of liquidity has been a key priority of the board. As part of managing its liquidity risk, the Group agreed amended facility terms with its external lenders and received additional working capital funding from its shareholder to support cashflows throughout 2021. The Group recently executed a 3-year extension of its debt facilities with external lenders and further funding commitments from its shareholder, details of which are set out in the going concern section of the directors' report and note 1 to the financial statements.

Given the size of the Company and wider Group, the directors have not delegated responsibility for monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Group's finance department.

Key performance indicators

The directors are of the opinion that analysis using KPIs assists with their understanding of the development, performance and position of the business. Key performance indicators used by management include occupancy statistics, average daily rates, revenue per available room and operating margins. Such indicators are not presented as the directors consider their disclosure to be prejudicial to the Company's interests.

Future outlook

The directors have noted a significant improvement in trade since the easing of restrictions in Summer 2021, initially driven by the UK domestic market and more recently, the return of corporate demand, group bookings, major city events, meetings, and social banqueting. A number of large-scale events and strong programmes have been scheduled at key event venues in 2022 and beyond which are expected to go ahead. The directors expect this will create further demand in the portfolio's key cities, although event attendance may initially be lower than pre pandemic times.

The directors engaged an independent external valuer, JLL, to complete valuations of the Group's hotel assets as at 31 December 2021. This valuation exercise indicated an uplift in the market value of the portfolio, primarily as a result of the increase in demand and a recovery in transaction activity. The directors believe that the portfolio valuation will continue to increase on the back of improved trading and completion of on-going capital works.

This positive outlook could be tempered by the risk of eroding consumer confidence caused by the inflationary cost headwinds and any new COVID-19 restrictions, which could reduce office based corporate demand. Traveller confidence could also be impacted by any new variants increasing the fear of transmission whilst travelling, thus suppressing in-bound demand.

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Chester International Hotel Limited

Strategic report *(continued)*

Future outlook *(continued)*

Whilst the near-term outlook still holds a degree of uncertainty, the directors believe that the business is well placed to recover from these challenges. The business entered this period with adequate short-term liquidity and the directors have taken decisive action thereafter to protect cashflows. These measures, combined with extended facilities approved by the Group's lenders in December 2021 and the power of the hotel brands operated across the portfolio, will ensure the Company, and wider Group, are in the best possible position for growth over the next few years.

On behalf of the board

W Suksuwan
Director

ST

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29 June 2022

Directors' report

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

Dividends

No dividends were paid in the year *(2020: £Nil).*

Directors

The directors who held office during the year were as follows:

W Suksuwan
H Susayan
W Punawakul

Political contributions

The Company made no political donations nor incurred any political expenditure during the year *(2020: £Nil).*

Financial instruments

The Company is exposed to credit and cash flow risks associated with selling on credit and manages this risk through its credit policy. This policy is to finance working capital requirements with retained earnings and borrowings from other Group companies.

Employee involvement

A formal employee representative is elected at each hotel which enables the Group to have a formal vehicle through which it can communicate and consult with employees. Ongoing effort is made to keep employees informed via an online communications hub, regular team briefings and employee engagement surveys.

Employees with disabilities

The Group recognises its obligations towards people with disabilities and its policy is to encourage and assist the employment of people with disabilities, having regard to the demands of the Group's operations and abilities to fulfil such demands. If existing employees become disabled, reasonable adjustments are made to allow appropriate work to be carried out and any necessary training provided. Employees with disabilities are encouraged and assisted in developing their careers and skills within the Group.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the reporting date have been included in the strategic report on pages 2 to 4.

Going concern

The Company is part of the DTP Hospitality Group ("the Group"), the principal activity of which is the ownership and management of hotels.

Capital management and treasury activities are co-ordinated centrally across the Group by way of cross-collateralised borrowings held in the name of DTP Regional Hospitality Group Limited and DTP Subholdco Limited, on behalf of, and secured by way of fixed charge over the assets of, the consolidated Group.

The Group executed a 3-year extension of its debt facilities with external lenders in December 2021. In addition, the shareholder committed, under the terms of the extended facilities to inject further funding of £15m in January 2022 which has now been paid and, coupled with the significant funding already received, demonstrates their continued support for the business for the foreseeable future.

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Chester International Hotel Limited

Directors' report *(continued)*

Going concern *(continued)*

The directors have prepared cashflow forecasts reflecting latest facility terms and their best estimate of trading activity for the cross-collateralised Group for the period up to December 2023, informed by significant improvements in the trading environment since the easing of restrictions in Summer 2021, which indicate that the Group is expected to have sufficient funds available to meet all operating and debt service commitments over that period. The directors acknowledge that their forecasts include a number of critical assumptions and are, in particular, highly sensitive to assumptions about market demand.

Having assessed these matters, the directors continue to have a reasonable expectation that the Company will have adequate liquidity to continue its activities for a period of not less than 12 months from the date of approval of these financial statements.

Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Subsequent events

There are no significant subsequent events requiring adjustment to, or disclosure in, the financial statements for the year ended 31 December 2021.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG will therefore continue in office.

On behalf of the board

W Suksuwan
Director   ST

29 June 2022

Queens Court
9-17 Eastern Road
Romford
Essex
RM1 3NG

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Chester International Hotel Limited

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the directors' report, the strategic 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 they have elected to prepare the financial statements in accordance with UK adopted international accounting standards and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing the financial statements, the directors are required to:

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- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the board

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W Suksuwan
Director

ST

29 June 2022

KPMG

KPMG
Audit
The Soloist Building
1 Lanyon Place
Belfast BT1 3LP
Northern Ireland

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Independent auditor's report to the members of Chester International Hotel Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Chester International Hotel Limited ("the Company") for the year ended 31 December 2021 which comprise the statement of profit and loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the cash flow statement and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and UK adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

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.

Independent auditor's report to the members of Chester International Hotel Limited *(continued)*

Report on the audit of the financial statements *(continued)*

Conclusions relating to going concern *(continued)*

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 the date 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.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Company is subject to laws and regulations that directly affect the financial statements including companies, taxation and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

The Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, and employment law.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. We also identified a fraud risk in relation to the valuation of property, plant and equipment. On this audit we do not believe there is a fraud risk related to revenue recognition.

KPMG

Independent auditor's report to the members of Chester International Hotel Limited *(continued)*

Report on the audit of the financial statements *(continued)*

Detecting irregularities including fraud *(continued)*

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic report and the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information undertaken during the course of the audit:

- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

KPMG

Independent auditor's report to the members of Chester International Hotel Limited *(continued)*

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they 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, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

30 June 2022

Colm O'Sé ***(Senior Statutory Auditor)***
for and on behalf of KPMG, Statutory Auditor
The Soloist Building
1 Lanyon Place
Belfast
BT1 3LP

Chester International Hotel Limited

Statement of profit and loss and other comprehensive income

for the year ended 31 December 2021

rjc	*Note*	**2021** **£'000**	2020 £'000
Revenue	*2*	**5,287**	2,446
Cost of sales		**(2,143)**	(1,357)
Gross profit		**3,144**	1,089
Administrative expenses		**(2,055)**	(1,722)
Operating profit/(loss)		**1,089**	(633)
Finance expenses	*6*	**(86)**	(86)
Profit/(loss) before tax		**1,003**	(719)
Taxation	*7*	**-**	-
Profit/(loss) for the year		**1,003**	(719)
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss:			
Revaluation of land and buildings	*8*	**2,590**	(5,527)
Other comprehensive income/(loss) for the year, net of income tax		**2,590**	(5,527)
Total comprehensive income/(loss) for the year		**3,593**	(6,246)

The notes on pages 16 to 34 form an integral part of these financial statements.

Chester International Hotel Limited

Statement of financial position
as at 31 December 2021

	Note	2021 £'000	2020 £'000
Assets			
Non-current assets			
Property, plant and equipment	*8*	**20,145**	17,658
Total non-current assets		**20,145**	17,658
Current assets			
Inventories	*9*	**38**	25
Trade and other receivables	*10*	**15,772**	14,513
Cash and cash equivalents	*11*	**203**	1
Total current assets		**16,013**	14,539
Total assets		**36,158**	32,197
Equity			
Share capital	*14*	**5,500**	5,500
Revaluation reserve		**11,540**	8,949
Retained earnings		**12,653**	11,651
Total equity		**29,693**	26,100
Liabilities			
Current liabilities			
Trade and other payables	*13*	**5,294**	4,922
Non-current liabilities			
Other interest bearing loans and borrowings	*12*	**1,171**	1,175
Total liabilities		**6,465**	6,097
Total equity and liabilities		**36,158**	32,197

These financial statements were approved by the board of directors on 29 June 2022 and signed on its behalf by:

rjc

W Suksuwan
Director

ST

Company registration number: 01999608

The notes on pages 16 to 34 form an integral part of these financial statements.

Chester International Hotel Limited

Statement of changes in equity
for the year ended 31 December 2021

	Share capital £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2021	5,500	8,949	11,651	26,100
Comprehensive income				
Income for the financial year	-	-	1,003	1,003
Other comprehensive income:				
Revaluation of land and buildings	-	2,590	-	2,590
Total comprehensive income for the year	-	2,590	1,003	3,593
Balance at 31 December 2021	**5,500**	**11,539**	**12,654**	**29,693**

	Share capital £'000	Revaluation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2020	5,500	14,476	12,370	32,346
Comprehensive loss				
Loss for the financial year	-	-	(719)	(719)
Other comprehensive loss:				
Revaluation of land and buildings	-	(5,527)	-	(5,527)
Total comprehensive loss for the year	-	(5,527)	(719)	(6,246)
Balance at 31 December 2020	**5,500**	**8,949**	**11,651**	**26,100**

The notes on pages 16 to 34 form an integral part of these financial statements.

Chester International Hotel Limited

Cash flow statement
for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities			
Profit/(loss) for the year		**1,003**	(719)
Adjustments for:			
Depreciation	8	**321**	386
Finance expenses	6	**86**	86
Taxation	7	**-**	-
		1,410	(247)
(Increase)/decrease in trade and other receivables	10	**(1,260)**	867
(Increase)/decrease in inventories	9	**(13)**	16
Increase/(decrease) in trade and other payables	13	**373**	(339)
Net cash from operating activities		**510**	297
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	**(218)**	(251)
Net cash from investing activities		**(218)**	(251)
Cash flows from financing activities			
Payment of lease liabilities	12	**(90)**	(90)
Net cash from investing activities		**(90)**	(90)
Net increase/(decrease) in cash and cash equivalents		**202**	(44)
Cash and cash equivalents at beginning of year		**1**	45
Cash and cash equivalents at end of year	11	**203**	1

The notes on pages 16 to 34 form an integral part of these financial statements.

Chester International Hotel Limited

Notes
forming part of the financial statements

1 Accounting policies

Chester International Hotel Limited ("the Company") is a private company incorporated, domiciled and registered in the United Kingdom. The registered number is 01999608 and the registered address is Queens Court, 9 - 17 Eastern Road, Romford, Essex, RM1 3NG.

The Company financial statements have been prepared and approved by the directors in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year relate to the valuation of property assets.

The financial statements are presented in sterling, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

1.1 Newly adopted standards

The following standards were effective for the Company for the first time from 1 January 2021 and have been adopted in these financial statements:

- Amendments to IFRS 9: *Interest Rate Benchmark Reform Phase 2*
- Amendments to IFRS 16: *Leases Covid-19 Related Rent Concessions*

The aforementioned standards have not had a material impact on the Company's financial statements.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis except for property assets which are stated at fair value.

Certain of the Company's accounting policies and disclosures require the measurement of fair values. When measuring the fair value of an asset or liability the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Chester International Hotel Limited

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Going concern

The Company's business activities, together with the factors likely to affect future development, performance and position are set out in the strategic report.

The Company is part of the DTP Hospitality Group ("the Group"), the principal activity of which is the ownership and management of hotels.

As noted in the strategic report, the business continues to recover from the impact of COVID-19.

As set out in note 15, capital management and treasury activities are co-ordinated centrally across the Group by way of cross-collateralised borrowings held in the name of DTP Regional Hospitality Group Limited and DTP Subholdco Limited, on behalf of, and secured by way of fixed charge over the assets of, the consolidated Group.

The Group executed a 3-year extension of its debt facilities with external lenders in December 2021. In addition, the shareholder committed, under the terms of the extended facilities to inject further funding of £15m in January 2022 which has now been paid and, coupled with the significant funding already received, demonstrates their continued support for the business for the foreseeable future.

The directors have prepared cashflow forecasts reflecting latest facility terms and their best estimate of trading activity for the cross-collateralised Group for the period up to December 2023, informed by significant improvements in the trading environment since the easing of restrictions in Summer 2021, which indicate that the Group is expected to have sufficient funds available to meet all operating and debt service commitments over that period. The directors acknowledge that their forecasts include a number of critical assumptions and are, in particular, highly sensitive to assumptions about market demand.

Having assessed these matters, the directors continue to have a reasonable expectation that the Company will have adequate liquidity to continue its activities for a period of not less than 12 months from the date of approval of these financial statements.

Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Chester International Hotel Limited

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification
On initial recognition, a financial asset is classified as measured at: (i) amortised cost; (ii) FVOCI – debt investment; (iii) FVOCI – equity investment; or (iv) FVTPL.

Financial assets are not reclassified subsequent to initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Chester International Hotel Limited

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Financial instruments *(continued)*

(ii) Classification and subsequent measurement *(continued)*

Financial assets (continued)

(b) Subsequent measurement and gains and losses
Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is held-for-trading, is a derivative or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value with net gains and losses, including any interest expense, recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such times as it becomes probable that the Company will be required to make a payment under the guarantee.

Chester International Hotel Limited

Notes *(continued)*

1 Accounting policies *(continued)*

1.4 Financial instruments *(continued)*

(iii) Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECLs.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Chester International Hotel Limited

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 Impairment of non-financial assets excluding inventories and deferred tax assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, with the exception of land and buildings which are stated at fair value.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Buildings	60 years
Fixtures and fittings	4 to 7 years
Plant and equipment	3 to 15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Land and buildings are revalued by qualified valuers on a sufficiently regular basis using open market value (which reflects a highest and best use basis) so that the carrying value of an asset does not materially differ from its fair value at the reporting date. External revaluations of land and buildings are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards and IFRS 13.

Surpluses on revaluation are recognised in other comprehensive income and accumulated in equity in the revaluation reserve, except to the extent that they reverse impairment losses previously charged to profit or loss, in which case the reversal is recorded in profit or loss. Decreases in value are charged against other comprehensive income and the revaluation reserve to the extent that a previous gain has been recorded there, and thereafter are charged through profit or loss.

1 Accounting policies *(continued)*

1.7 Inventories

Inventories are stated at the lower of cost and net realisable value.

1.8 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of profit and loss in the periods during which services are rendered by employees.

1.9 Revenue

Revenue represents sales (excluding VAT) of goods and services provided in the normal course of business and is recognised when services have been rendered.

Revenue is derived from hotel operations and includes the rental of rooms, food and beverage sales, leisure centre sales and membership. Revenue is recognised when rooms are occupied and food and beverages are sold. Leisure centre membership revenue is recognised over the term of the membership.

1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

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1 Accounting policies *(continued)*

1.11 Leases

On inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

On commencement or modification of a contract that contains a lease component, the Company accounts for each lease component separately from the non-lease components. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets
The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Chester International Hotel Limited

Notes *(continued)*

1 Accounting policies *(continued)*

1.12 Government grants

Government grants are included within deferred government grants in the statement of financial position and credited to the profit and loss account on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. The Company has elected to present grants related to income as a reduction to the related expense line.

1.13 IFRS not yet applied

The following UK adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material impact on the financial statements:

- IFRS 17 *Insurance Contracts* (effective date 1 January 2023).
- Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* (effective date 1 January 2024).
- Amendments to IAS 37: *Onerous Contracts - Cost of Fulfilling a Contract* (effective date 1 January 2022).
- Amendments *to References to the Conceptual Framework* in IFRS 3 (effective date 1 January 2022).
- Amendments to IAS 16: *Property, Plant and Equipment - Proceeds before Intended Use* (effective date 1 January 2022).
- Annual Improvements to IFRS Standards 2018-2020 (effective date 1 January 2022).
- Amendments to IAS 1 *Presentation of Financial Statements* and IFRS *Practice Statement 2: Disclosure of Accounting Policies* (effective date 1 January 2023).
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* (effective date 1 January 2023).
- Amendments to IAS 12 *Income Taxes – deferred tax related to assets and liabilities arising from a single transaction* (effective date 1 January 2023).

2 Revenue

	2021	2020
	£'000	£'000
Provision of hotel services and supply of goods	**5,287**	2,446

All revenue derives from the Company's principal activity which is carried out in the United Kingdom.

Chester International Hotel Limited

Notes *(continued)*

3 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year analysed by category was as follows:

	2021	2020
	No.	No.
Management, sales and administration staff	**52**	49

The aggregate payroll costs of these persons were as follows:

	2021	2020
	£'000	£'000
Wages and salaries	**1,138**	927
Social security costs	**100**	76
Contributions to defined contribution plans	**26**	22
	1,264	1,025

Wages and salaries are presented net of government grants relating to the job retention scheme totalling £173k *(2020: £425k).*

4 Directors' remuneration

The directors did not receive any emoluments for services provided to the Company during the year *(2020: £Nil).*

5 Expenses and auditor's remuneration

	2021	2020
	£'000	£'000
Included in profit/(loss) are the following:		
Depreciation of tangible fixed assets	**321**	386
Redundancy costs expensed as incurred – included in administrative expenses	**-**	57

Auditor remuneration is borne by DTP Hospitality UK Limited, a fellow group undertaking.

6 Finance expenses

	2021	2020
	£'000	£'000
Interest expense on lease liability	**86**	86

Chester International Hotel Limited

Notes *(continued)*

7 Taxation

	2021 £'000	2020 £'000
(a) Recognised in the profit and loss account		
Current tax		
Current year	-	-
Current tax expense	-	-
Deferred tax		
Origination and reversal of temporary differences	-	113
Impact of change in tax rates	-	(113)
Deferred tax charge	-	-
Total tax charge	-	-

(b) Reconciliation of effective tax rate	**2021 £'000**	2020 £'000
Profit/(loss) before tax	**1,003**	(719)
Tax using the UK corporation tax rate of 19% *(2020: 19%)*	**190**	(137)
Effects of:		
Non-deductible expenses	**22**	80
Group relief received not paid for	**(61)**	345
Deferred tax not previously recognised	**(151)**	(175)
Impact of change in tax rates	-	(113)
Total tax charge	-	-

(c) Unrecognised deferred tax assets

The Company has not recognised a deferred tax asset in respect of the accelerated capital allowances totalling £757k *(2020: £902k)*. Subject to changes in tax legislation, the directors are not certain that there will be sufficient taxable profits arising in the foreseeable future to utilise these unclaimed allowances. The directors have concluded that there is currently insufficient evidence to support recognition of a deferred tax asset in this regard.

7 Taxation *(continued)*

(d) Factors which may affect future tax charges

Following Finance Act 2020, the UK corporate tax rate continued at 19% and the intended reduction to 17% from 1 April 2020 no longer applies. Following Finance Act 2021, the corporation tax rate will increase from 19% to 25% with effect from 1 April 2023 and this will have a consequential effect on the company's future tax charge.

8 Property, plant and equipment

	Long leasehold land and buildings £'000	Fixtures, fittings and equipment £'000	Assets under construction £'000	Total £'000
Cost or valuation				
Balance at 1 January 2020	22,462	2,641	254	25,357
Additions	-	251	-	251
Revaluations	(5,655)	-	-	(5,655)
Balance at 31 December 2020	16,807	2,892	254	19,953
Balance at 1 January 2021	16,807	2,892	254	19,953
Additions	-	218	-	218
Revaluations	2,495	-	-	2,495
Balance at 31 December 2021	**19,302**	**3,110**	**254**	**22,666**
Depreciation and impairment				
Balance at 1 January 2020	12	1,771	254	2,037
Depreciation charge for the year	140	246	-	386
Elimination of depreciation on revaluation	(128)	-	-	(128)
Balance at 31 December 2020	24	2,017	254	2,295
Balance at 1 January 2021	24	2,017	254	2,295
Depreciation charge for the year	108	213	-	321
Elimination of depreciation on revaluation	(95)		-	(95)
Balance at 31 December 2021	**37**	**2,230**	**254**	**2,521**
Net book value				
At 1 January 2020	22,450	870	-	23,320
At 31 December 2020	16,783	875	-	17,658
At 31 December 2021	**19,265**	**880**	**-**	**20,145**

The carrying value of land and buildings is stated after the elimination of depreciation on revaluation.

8 Property, plant and equipment *(continued)*

Included in land and buildings at 31 December 2021 is land with a carrying value of £6,550k *(2020: £5,312k)* which is not depreciated.

At year end property, plant and equipment includes right-of-use assets as follows:

	Land and buildings £'000	Total £'000
At 31 December 2020	1,158	1,158
At 31 December 2021	**1,145**	**1,145**

Security

At 31 December 2021, the property held by the Company was pledged as security for loans held by DTP Regional Hospitality Group Limited and DTP Subholdco Limited which totalled £63,945,917 *(2020: £65,250,936)* and £265,395,270 *(2020: £270,890,251)* respectively.

Impairment of assets under construction

Assets under construction comprise professional fees in relation to the rebuild of the hotel. Following a decision not to proceed with the project, this balance was written off in full at 31 December 2019.

Measurement of fair values

The carrying value of land and buildings at 31 December 2021 reflects the results of a valuation exercise carried out by an independent external valuer, JLL, whom the directors regard as having a recognised professional qualification and recent experience in the location and type of property being valued. The external valuation was performed in accordance with the Royal Institute of Chartered Surveyors (RICS) valuation standards.

As a result of COVID-19, similar to other real estate markets, the market for hotel assets experienced significantly lower levels of transactional activity during the prior year and the valuations at 31 December 2020 were reported as subject to *"material valuation uncertainty"* as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty and a higher degree of caution was attached to the valuations than would normally have been the case at that date. No *"material valuation uncertainty"* has been reported at 31 December 2021.

The valuation technique adopted is discounted cash flow. Under this model, the present value of cash flows expected to be generated by the properties over a 10 year period is calculated, taking into account projected net operating income and capital expenditure over that period, together with an assumed terminal value and associated disposal costs at the end of the period. The expected cash flows are discounted using a risk adjusted discount rate, reflective of the property, its quality and location. A discount rate of 11% *(2020: 11.65%)* was used for this purpose.

The directors consider the properties to fall within the Level 3 fair value category under IFRS 13 based on unobservable inputs to the valuation model. Significant unobservable inputs include forecast net operating income, terminal value and costs, discount and capitalisation rates.

There is a positive relationship between net operating income and fair value, such that an increase in net operating income increases the property valuation. However, the relationship between discount/capitalisation rate and property values is inverse such that an increase in discount/capitalisation rate reduces the property valuation.

8 Property, plant and equipment *(continued)*

The valuation exercise triggered a net gain of £2,591k *(2020: £5,527k impairment charge)* which is reflected in the financial statements as follows:

	2021 £'000	2020 £'000
Recognised in other comprehensive income/(loss)		
Revaluation (gain)/loss on land and buildings	**(2,590)**	5,527

The revaluation gain of £2,590k *(2020: £5,527k loss)* on land and buildings is recognised in other comprehensive income *(2020: loss)* for the financial year.

9 Inventories

	2021 £'000	2020 £'000
Consumables	**38**	25

10 Trade and other receivables

	2021 £'000	2020 £'000
Trade receivables	**10**	20
Amounts owed by fellow group undertakings	**15,716**	14,436
Prepayments	**45**	47
Other receivables	**1**	-
Other tax and social security	**-**	10
	15,772	14,513

Amounts owed by fellow group undertakings are unsecured, interest free and repayable on demand.

All balances in trade and other receivables fall due within one year.

11 Cash and cash equivalents

	2021 £'000	2020 £'000
Cash and cash equivalents per statement of financial position	**203**	1
Cash and cash equivalents per cash flow statement	**203**	1

12 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing borrowings, which are measured at amortised cost.

	2021 **£'000**	2020 £'000
Non-current liabilities		
Lease liabilities	**1,171**	1,175
Current liabilities		
Current portion of lease liabilities	**-**	-

Terms and debt repayment schedule

	Currency	**Nominal interest rate**	**Year of maturity**	**Face value 2021 £'000**	**Carrying amount 2021 £'000**	Face value 2020 £'000	Carrying amount 2020 £'000
Lease liabilities	GBP	7.60%	2114	**8,454**	**1,171**	8,364	1,175

12 Other interest-bearing loans and borrowings *(continued)*

	Lease liabilities £'000
Changes in liabilities from financing activities	
Balance at 1 January 2021	1,175
Changes from financing cash flows	
Payment of lease liabilities	(90)
Total changes from financing cash flows	**(90)**
Other changes	
Interest payable	86
Total other changes	**86**
Balance at 31 December 2021	**1,171**

	Lease liabilities £'000
Balance at 1 January 2020	1,179
Changes from financing cash flows	
Payment of lease liabilities	(90)
Total changes from financing cash flows	(90)
Other changes	
Interest payable	86
Total other changes	86
Balance at 31 December 2020	1,175

Notes *(continued)*

13 Trade and other payables

	rjc	2021 £'000	2020 £'000
Current liabilities			
Trade payables		**153**	69
Amounts owed to fellow group undertakings		**4,586**	4,579
Accrued expenses		**422**	188
Deferred income		**73**	44
Other payables		**4**	42
Other taxation and social security		**56**	-
		5,294	4,922

Amount owed to fellow group undertakings are unsecured, interest free and repayable on demand.

14 Capital and reserves

	2021 £'000	2020 £'000
Share capital		
Allotted, called up and fully paid		
5,500,003 ordinary shares of £1 each	**5,500**	5,500
Shares classified in shareholders' funds	**5,500**	5,500

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Nature and purpose of reserves

Revaluation reserve

Where land and buildings are revalued, the cumulative increase in the fair value of the property at the date of revaluation in excess of any previous impairment losses is included in the revaluation reserve.

15 Contingencies

The Company is party to a composite guarantee provided to third party lenders in connection with loans held by DTP Regional Hospitality Group Limited and DTP Subholdco Limited which at 31 December 2021 totalled £63,945,917 *(2020: £62,250,936)* and £265,395,270 *(2020: £270,890,251)* respectively. Security is provided by way of fixed charge over the Company's assets, together with those of certain other Group undertakings, in this regard.

16 Commitments

Capital commitments

At 31 December 2021, the Company had no contracts to purchase property, plant and equipment *(2020: £Nil)*. However, the DTP Hospitality Group has committed to specific capital works estimated at £22m as a condition of the sale in 2019, certain of which relate to property held by this Company.

17 Leases

Leases as a lessee (IFRS 16)

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 8):

	Land and buildings £'000	**Total £'000**
Balance at 1 January 2020	1,170	1,170
Depreciation charge for the year	(12)	(12)
Balance at 31 December 2020	1,158	1,158
Balance at 1 January 2021	1,158	1,158
Depreciation charge for the year	(13)	(13)
Balance at 31 December 2021	**1,145**	**1,145**

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss in respect of leases for which the Company is a lessee:

	2021 £'000	2020 £'000
Interest expense on lease liabilities	**86**	86

Amounts recognised in statement of cash flows

	2021 £'000	2020 £'000
Total cash outflow for leases	**90**	90

Chester International Hotel Limited

Notes *(continued)*

18 Related party transactions

Under IAS 24 *Related Party Disclosures* the Company has a related party relationship with shareholders and key management personnel, including directors of the Company.

Parent and ultimate controlling party

The Company is a subsidiary undertaking of DTP Finance Number 1 Limited, a company incorporated in the United Kingdom, which in turn is an indirect wholly owned subsidiary of DTP Infinities Corporation Limited. The ultimate controlling parties are the shareholders of DTP Infinities Corporation Limited.

The largest group in which the results of the Company are consolidated is that headed by DTP Inter Holdings Corporation Pte. Ltd, registered at One Raffles Place, 1 Raffles Place, Singapore. The smallest group in which results are consolidated is that headed by DTP Regional Hospitality Group Limited, registered at Queens Court, 9-17 Eastern Road, Romford, Essex, RM1 3NG. The consolidated financial statements of this group are available to the public and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Related party transactions

The following transactions were conducted with related parties during the year:

	2021 **£'000**	2020 £'000
Management fees payable to DTP Hospitality Ltd	**48**	31
Management fees payable to fellow subsidiary undertakings of DTP Regional Hospitality Group Ltd	**190**	125
Recharge of expenses from fellow subsidiary undertakings of DTP Regional Hospitality Group Ltd	**71**	85

The following balances remain outstanding at year end:

	2021 **£'000**	2020 £'000
Receivables:		
Amounts owed by fellow subsidiary undertakings of DTP Regional Hospitality Group Ltd	**15,716**	14,436
Payables:		
Amounts owed to DTP Hospitality Ltd	**(60)**	(60)
Amounts owed to DTP Finance Number 1 Ltd	**(3,844)**	(3,844)
Amounts owed to fellow subsidiary undertakings of DTP Regional Hospitality Group Ltd	**(682)**	(675)

Remuneration of key management

Key management is defined as the directors of the Company in addition to the senior management team of Valor Hospitality Europe Limited, the appointed asset manager of the DTP Hospitality Group.

Details of remuneration paid are outlined in note 4 above. Fees payable to Valor Hospitality Europe Limited are borne by DTP Hospitality UK Limited, a fellow group undertaking.

20 Subsequent events

There are no significant subsequent events requiring adjustment to, or disclosure in, the financial statements for the year ended 31 December 2021.