Registered number: 04170018

MARRIOTT EUROPEAN HOTEL OPERATING COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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COMPANY INFORMATION

Directors	Sheikh M Y A Al-Khereiji S M Zeid C P Read J Gil P A Simmons
Company secretary	Citco Management (UK) Limited
Registered number	04170018
Registered office	7 Albemarle Street London W1S 4HQ
Independent auditor	BDO LLP Chartered Accountants & Statutory Auditor 55 Baker Street London W1U 7EU

CONTENTS

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Results

The trading results for the year and the group's financial position at the end of the year are shown in the attached financial statements. The consolidated profit after taxation for the year amounted to €6,984,649 (2020: loss €7,249,421) and the foreign exchange loss of €771,078 (2020: gain of €844,175) resulted in a total comprehensive profit for the year of €6,213,571 (2020: total comprehensive loss €6,405,246).

The results for 2021 take into account the start of the recovery from the pandemic during the second half of the year. Recovery continued in 2022 and we saw occupancy levels returning to 82% of historic pre-pandemic levels by the end of 2022 and room rates exceeding pre-pandemic levels in two out of three of our hotels in Germany by 18.5% and 4.7% respectively.

In November 2021 the group exited its unprofitable UK hotel operation which has had a positive effect on the group's net cash generation as no further shortfall funding was required by the parent. A termination fee of £5,000,000 plus unpaid rent for 2020 of £760,000 and 2021 of £250,000 and the company was released from all remaining lease obligations, which was treated as a finance lease. As a result, a credit to the income statement of approximately £7.4M is recorded in the company's income statement for the year ended 31 December 2021.

The results also include the positive impact from access to further government grant funding in France and Germany during 2021 as a result of the pandemic. We received a total of €11.5M in COVID grant funding during 2021.

Principal risks and uncertainties

Credit risk
Credit risks are managed by the application of credit approvals and monitoring procedures.

Operational Risks
The Hotel industry is vulnerable to any unexpected developments which can have a significant impact on forecast results.

The hotel industry saw a stronger than expected demand in 2022 showing rapid growth from Q2 2022 post COVID. However, this rapid growth is expected to stall in 2023 as the hotel industry is not only facing ongoing volatility in trading conditions after COVID, but also rising operational costs, energy costs and inflation as well as staffing shortages and supply chain disruptions. We can also see the impact of the cost of living crisis on consumer confidence in 2023, but forecasts predict inflation to drop significantly by the end of 2023 which should ease some of that pressure.

Staff
Hiring new Staff and staff retention posed a critical risk during the recovery. During the pandemic, many employees had to be furloughed or made redundant or were forced to work from home during lockdowns. As restrictions are being lifted and staff slowly having to return to the office, employers feel the pressure of staff not wanting to return to the office full-time as they enjoy the flexibility of remote working, also saving time and money by not commuting and therefore achieving a much better life-work balance. Furthermore, many Hotel operational staff furloughed during the pandemic are not returning to their roles due to concern over job security, longevity and pay in the hotel industry sector as many are seeking roles outside the hotel industry. We need to address any staff satisfaction and wage level issues to ensure our existing staff remains motivated and content. Flexibility emerging as the core value when it comes to staff retention and staff acquisition. This could result in additional payroll and training costs in our hotel operations.

Business travel
For Business travellers an exceptional hotel experience has become crucial when deciding on where to stay. Hotels have had to adapt their guest rooms to work-friendly rooms with free WiFi and a comfortable workspace area, offer free breakfast, personal wellness and a fitness centre. Companies prefer their corporate travellers to stay at hotels that offer a good working environment for the duration of their business travel.

Business travellers are also looking for recognition and personalisation which means that they expect the hotel to pick up their preferences through their automated hotel booking services which will have an influence on the hotel of their choice and determine their loyalty to the hotel's client base.

Cyber and data security
We collect, store, use, and transmit large volumes of data regarding associates, guests, customers, owners, landlords and our own business operations, including credit card numbers, loyalty data, and other personal information and it is, therefore, of utmost importance to us to protect this data in particular after a series of high-profile breaches in the hotel industry globally. It may take time and investment to maintain and keep up with the ever-changing legal and regulatory requirements and obligations which may result in additional costs in the future.

Future Developments:
The hotel industry was among the hardest hit sectors during the pandemic and it is still very difficult to assess the full impact on our recovery. However, as most restrictions were lifted at the end of Q1 2022, we could see a significant and rapid increase in domestic as well as international travel with rates also increasing significantly. However, the hotel industry is now facing additional pressures post Covid due to the increase in energy and operational costs, staffing shortages and supply chain disruption. We will need to think creatively about our operations and evaluate the change in consumer behaviour post COVID and how consumer spending habits are changing due to the cost of living crisis.

Financial key performance indicators

Substantially all of the company's revenue is derived from the operation of its leased hotels. Occupancy and Average Daily Room Rate ("ADR") are the major drivers of Rooms Revenue. The performance indicator used to explain changes is the net revenue per available room ("RevPAR"), which is the product of ADR and average daily occupancy.

Fluctuations in revenues are driven largely by general economic and local market conditions. Guest demographics also affect the hotel revenues. In addition to the economic conditions, supply is another factor to consider. An increase in supply will have a direct impact on the RevPAR as competitive pressures force the hotel operators to lower rates in order compete during weak periods.

Section 172(1) statement

Information required under s172(1) of the Companies Act 2006 which is not documented below is shown within the strategic report and directors report. The S172 statement focuses on matters of strategic importance to Marriott European Hotel Operating Company Limited.

The Board believes that, individually and collectively, it acts in a way that it considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, while having regard to other stakeholders and factors set out in section 172 (1) (a-f) ('S172') of the Companies Act 2006.

In order for the Company and Group to comply with its section 172 obligations, the Board considers relevant stakeholders to include not only the members themselves, but also customers, employees and key suppliers, including landlords.

The four hotels of the group are managed by Marriott International in accordance with the management agreements each hotel has entered into. As the manager, Marriott International has established a high level of commitment to employees, customers and owners and encourages employee involvement and strives to ensure equal opportunities for all staff through its employee engagement surveys twice a year.

The hotels of the group place a strong emphasis on the importance of engaging with customers throughout their experience. They ensure offerings are up to date and attractive to customers by ensuring hotel refurbishments take place. They solicit and value all feedback received from customers through customer satisfaction surveys.

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

The hotels have implemented various programmes to minimise the impact of their operations on the environment. These include waste management, recycling programmes and energy management.

All decisions made by directors are in line with the group's growth strategy and aim to create economic opportunities. The Board ensures that all decisions are taken for the long term, and collectively and individually aims to always uphold the highest standard of conduct.

The key decisions made during 2021 centred on:

1. The continuation of strict COVID-19 hygiene measures in all hotels to protect the health of their staff and customers.

2. Preservation of cashflows- The board continued throughout 2021 to negotiate with landlords to find an appropriate short and medium-term commercial solution in the best interests of all stakeholders.

3. Preservation of employee positions where possible mainly through furlough subsidies from local government to ensure that the hotels will have the required staffing to provide the service to customers when business levels return.

4. The termination of the UK lease on 26 November 2021. In February 2021, formal negotiations commenced with the landlord of the UK hotel to mutually agree to the termination of the company's lease of the UK hotel. All directors of the company agreed that it would be in the best commercial interest of the company given the ongoing losses since the hotel opening in 2001 and the subsequent closure during the pandemic, to terminate the lease agreement. An agreement was reached on 26 November 2021 and the UK company ceased to trade. A termination fee of £5,000,000 plus unpaid rent for 2020 of £760,000 and 2021 of £250,000 was agreed.

This report was approved by the board on 16 March 2023 and signed on its behalf.

Jeremy Gil
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

The principal activity of Marriott European Hotel Operating Company Limited ("the company") is to provide asset management and administrative services to the company's immediate parent, Marriott European Holdings Limited (MEH), a company incorporated in Jersey and the MEH group of operating companies, including monitoring the performance of the hotels developed, owned, leased and operated by the MEH group.

The Marriott European Hotel Operating Company group is comprised principally of the company and its subsidiaries which operate hotels in Germany and France.

The directors consider that the company and its subsidiaries will continue in operational existence for the foreseeable future and consequently the financial statements have been prepared on a going concern basis.

The main focus of the Marriott hotels in the group has been to preserve profit margins by:

- driving revenue
- increasing market share
- managing costs

Given the current economic climate very tight cost controls are maintained and the hotels continue to maintain high standards through maximising efficiencies in every department.

Results and dividends

The profit for the year, after taxation, amounted to €6,984,649 *(2020 - loss €7,249,421)*.

The directors do not recommend the payment of a dividend *(2020: €Nil)*.

Directors

The directors who served during the year were:

Sheikh M Y A Al-Khereiji Saudi Arabia
S M Zeid Egypt
C P Read Great Britain (resigned 1 July 2022)
J Gil Great Britain

Employee involvement

The group has maintained its policy of using staff publications, personal briefings and regular meetings to provide information to all its employees and to encourage their involvement.

Equal opportunities

The group strives to ensure that there is no discrimination on the grounds of sex, race, religion, disability or ethnic origin. This policy relates to recruitment, promotion and all matters relating to employment. It is supported through proactive internal publicity, through the quality support network and enforced through the discipline code. It is also the Group's policy to offer equal opportunities to disabled persons and to provide them with the same opportunities for training, career development and promotion that are available to all employees with regard to their qualifications and abilities.

Qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in respect of proceedings brought by third parties and subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

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 and the Group'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 and the Group's auditors are aware of that information.

Streamlined energy and carbon reporting

Streamlined energy and carbon reporting (SECR) The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (the 2018 Regulations) implement the government's policy on Streamlined Energy and Carbon Reporting (SECR). 'The 2018 Regulations' require large unquoted companies that have consumed (in the UK), more than 40,000 kilowatt-hours (kWh) of energy in the reporting period to include energy and carbon information within their directors' report, for any period beginning on or after 1 April 2019.

None of the Group's subsidiaries meet the definition of a large company nor are there any UK subsidiaries which traded in the year ended 31 December 2021 or subsequently. The Group's parent company is also a low energy user. This means that neither the parent company nor its subsidiaries are obliged to include energy and carbon information in the Director's Report.

The directors have taken advantage of this exemption in the preparation of these financial statements.

Auditors

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

This report was approved by the board on 16 March 2023 and signed on its behalf.

Jeremy Gil
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARRIOTT EUROPEAN HOTEL OPERATING COMPANY LIMITED

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Marriott European Hotel Operating Company Limited ("the Parent Company") and its subsidiaries ("the Group") for the ended 31 December 2021, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (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 Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 Group's and Parent 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARRIOTT EUROPEAN HOTEL OPERATING COMPANY LIMITED (CONTINUED)

Other information

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

Opinion 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 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 Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARRIOTT EUROPEAN HOTEL OPERATING COMPANY LIMITED (CONTINUED)

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 4, 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Group financial statements.

Extent to which the audit was 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:

Based on our understanding and accumulated knowledge of the Company and the sector in which it operates we considered the risks of acts by the Company which were contrary to applicable laws and regulations, including fraud, and whether such actions or non-compliance might have a material effect on the financial statements. These included but are not limited to those that relate to the form and content of the financial statements, such as accounting policies, UK GAAP, the Companies Act 2006, relevant taxation legislation, Health and Safety and the Bribery Act 2010.

In addition, changes to legislation affecting all UK companies such as tax legislation (e.g. The Corporate Criminal Offence Act or 'CCO'), GDPR and other developments can give rise to contingent or actual liabilities in the event of non-compliance.

We made enquiries of those charged with governance and management, including obtaining and reviewing supporting documentation, concerning the company's internal policies and procedures relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARRIOTT EUROPEAN HOTEL OPERATING COMPANY LIMITED (CONTINUED)

We determined that the principal risks were related to inappropriate journal entries, management bias in accounting estimates and revenue recognition. Our audit procedures included but were not limited to:

- challenging assumptions and judgements made by management in their significant accounting estimates;
- identifying and testing journal entries, in particular journal entries posted with unusual account combinations;
- review of minutes of board meetings from throughout the year; and
- review of the consolidation including manual adjustments at the consolidation level.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed..

DocuSigned by:

Ian Clayden

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Ian Clayden (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

55 Baker Street, London W1U 7EU

Date: 17 March 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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

	Note	2021 €	2020 €
Turnover	3	**24,898,845**	*23,691,938*
Cost of sales		**(13,938,700)**	*(13,847,708)*
Gross profit		**10,960,145**	*9,844,230*
Administrative expenses		**(26,202,171)**	*(24,951,630)*
Other operating income	4	**22,700,893**	*8,895,457*
Provision for impairment		**-**	*(46,771)*
Operating profit/(loss)	5	**7,458,867**	*(6,258,714)*
Interest receivable and similar income	9	**114,901**	*50,148*
Interest payable and expenses	10	**(599,126)**	*(1,191,605)*
Profit/(loss) before taxation		**6,974,642**	*(7,400,171)*
Tax on (profit)/loss	11	**10,007**	*150,750*
Profit/(loss) for the financial year		**6,984,649**	*(7,249,421)*
Foreign exchange translation (loss)/gain		**(771,078)**	*844,175*
Other comprehensive (loss)/income for the year		**(771,078)**	*844,175*
Total comprehensive income/(loss) for the year		**6,213,571**	*(6,405,246)*

The notes on pages 17 to 40 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note		2021 €		2020 €
Fixed assets					
Tangible assets	13		**6,370,816**		*6,297,035*
			6,370,816		*6,297,035*
Current assets					
Stocks	15	**199,163**		*148,921*	
Debtors: amounts falling due within one year	16	**6,736,290**		*9,966,999*	
Cash at bank and in hand	17	**19,821,394**		*11,054,707*	
		26,756,847		*21,170,627*	
Creditors: amounts falling due within one year	18	**(37,809,740)**		*(29,816,318)*	
Net current liabilities			**(11,052,893)**		*(8,645,691)*
Total assets less current liabilities			**(4,682,077)**		*(2,348,656)*
Creditors: amounts falling due after more than one year	19		**(3,901,520)**		*(12,410,649)*
Provisions for liabilities					
Deferred Taxation		**(2,604,529)**		*(2,642,392)*	
			(2,604,529)		*(2,642,392)*
Net liabilities			**(11,188,126)**		*(17,401,697)*
Capital and reserves					
Called up share capital	24		**2**		*2*
Retained Earnings			**(11,188,128)**		*(17,401,699)*
Equity attributable to owners of the parent Company			**(11,188,126)**		*(17,401,697)*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 March 2023.

Jeremy Gil
Director

The notes on pages 17 to 40 form part of these financial statements.

The company has taken full advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note		2021 €		2020 €
Fixed assets					
Investments	14		**2,867,002**		*2,867,002*
			2,867,002		*2,867,002*
Current assets					
Debtors: amounts falling due within one year	16	**154,902**		*106,678*	
Cash at bank and in hand	17	**99,601**		*368,354*	
		254,503		*475,032*	
Creditors: amounts falling due within one year	18	**(23,335,432)**		*(15,581,073)*	
Net current liabilities			**(23,080,929)**		*(15,106,041)*
Total assets less current liabilities			**(20,213,927)**		*(12,239,039)*
Creditors: amounts falling due after more than one year	19		**(2,900,000)**		-
Net assets excluding pension asset			**(23,113,927)**		*(12,239,039)*
Net liabilities			**(23,113,927)**		*(12,239,039)*
Capital and reserves					
Called up share capital	24		**2**		*2*
Profit and loss account carried forward			**(23,113,929)**		*(12,239,041)*
			(23,113,927)		*(12,239,039)*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 March 2023

Jeremy Gil
Director

The notes on pages 17 to 40 form part of these financial statements.

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

	Share capital	Retained earnings	Total equity
	€	€	€
At 1 January 2021	2	(17,401,699)	(17,401,697)
Comprehensive income for the year			
Profit for the year	-	6,984,649	6,984,649
Foreign currency translation gain	-	(771,078)	(771,078)
Total comprehensive loss for the year	-	6,213,571	6,213,571
At 31 December 2021	2	(11,188,128)	(11,188,126)

The notes on pages 17 to 40 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Retained earnings	Total equity
	€	€	€
At 1 January 2020	2	(10,996,453)	(10,996,451)
Comprehensive income for the year			
Loss for the year	-	(7,249,421)	(7,249,421)
Foreign currency translation (loss)	-	844,175	844,175
Total comprehensive income for the year	-	(6,405,246)	(6,405,246)
At 31 December 2020	2	(17,401,699)	(17,401,697)

The notes on pages 17 to 40 form part of these financial statements.

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

	Called up share capital	Profit and loss account	Total equity
	€	€	€
At 1 January 2021	2	(12,239,041)	(12,239,039)
Comprehensive income for the year			
Loss for the year	-	(10,874,888)	(10,874,888)
Total comprehensive loss for the year	-	(10,874,888)	(10,874,888)
At 31 December 2021	2	(23,113,929)	(23,113,927)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Profit and loss account	Total equity
	€	€	€
At 1 January 2020	2	(9,865,128)	(9,865,126)
Comprehensive income for the year			
Loss for the year	-	(2,373,913)	(2,373,913)
Total comprehensive loss for the year	-	(2,373,913)	(2,373,913)
At 31 December 2020	2	(12,239,041)	(12,239,039)

The notes on pages 17 to 40 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 €	2020 €
Cash flows from operating activities		
Profit/(loss) for the financial year	**6,984,649**	*(7,249,421)*
Adjustments for:		
Depreciation of tangible assets	**1,850,496**	*1,861,400*
Loss on disposal of fixed assets	**-**	*46,771*
Interest payable	**2,426**	*9,498*
Interest receivable	**(114,901)**	*(50,148)*
Taxation (credit)/charge	**(10,007)**	*(150,750)*
(Increase)/decrease in stocks	**(50,242)**	*101,034*
Decrease/(increase) in debtors	**3,239,410**	*(5,455,919)*
Increase in creditors	**5,013,944**	*1,307,836*
Foreign exchange charge	**(690,090)**	*3,810*
Taxation repaid/(paid)	**(127,150)**	*656,547*
Gain on release of finance liability	**(9,039,169)**	*-*
Net cash generated from operating activities	**7,059,366**	*(8,919,342)*
Cash flows from investing activities		
Purchase of tangible fixed assets	**(1,924,277)**	*(2,562,416)*
Interest received	**114,901**	*50,148*
HP interest paid	**(2,426)**	*(9,498)*
Net cash from investing activities	**(1,811,802)**	*(2,521,766)*
Cash flows from financing activities		
Other loans received	**2,900,000**	*-*
Repayment of new finance leases	**(7,109,549)**	*(1,363,918)*
Loans received from participating interest	**7,728,672**	*-*
Net cash used in financing activities	**3,519,123**	*(1,363,918)*
Net increase/(decrease) in cash and cash equivalents	**8,766,687**	*(12,805,026)*
Cash and cash equivalents at beginning of year	**11,054,707**	*23,859,733*
Cash and cash equivalents at the end of year	**19,821,394**	*11,054,707*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**19,821,394**	*11,054,707*
	19,821,394	*11,054,707*

1. Accounting policies

1.1 Statutory information

Marriott European Hotel Operating Company Limited is a private company, limited by shares, incorporated in England & Wales, registration number 04170018. The registered office is 7 Albemarle Street, London, W1S 4HQ.

1.2 Basis of preparation of financial statements

The financial statements, which have been denominated in Euro, have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The Group financial statements consolidate the financial statements of Marriott European Hotel Operating Company Limited and its subsidiary undertakings drawn up to 31 December 2021. The results of subsidiaries acquired are consolidated for the period from the date on which control passed. The acquisition method of accounting has been adopted.

In preparing the separate financial statements of the parent Company, advantage has been taken of the following disclosure exemptions as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":
- the requirements of Section 7 Statement of Cash Flows
- the requirements of Section 3 Financial Statement Presentation paragraph 317(d).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.3 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2015.

1. Accounting policies (continued)

1.4 Going concern

In order to form their conclusions relating to the going concern basis of preparation, the directors have prepared forecast cashflow information to cover a period until December 2023, have tested certain sensitivities and have considered the extent and sources of funding which are available to the company.

The forecast cashflow information takes into account the recovery from the pandemic. The recovery has showed clear signs of becoming established, with occupancy levels expected to return to 84% of historic pre-pandemic levels by the end of 2023. Further, in November 2021 the group exited its unprofitable UK hotel operation which has had a positive effect on the group's net cash generation.

Rent renegotiations, which were necessary as a result of the impact of the Covid-19 pandemic on the group's revenues, have now been completed on terms satisfactory to the group for three out of the four continuing hotel operations, with the final renegotiation to be finalised by the end of March 2022. Furthermore, the group has been able to access further government grant funding for all its continuing hotel operations during 2021.

Rapid growth in Q2 2022 and a stronger than expected rebound in demand in 2022 resulted in hotel revenues increase by €31M over 2021 and an increase in a Hotel Net Operating Profit (before Covid subsidies) of € 13.3M. A total of €2M in COVID subsidies was received in 2022.

As a result, in early 2022, the group's cash balances have stabilised. Nonetheless, in view of its profit for the year ended 31 December 2021 of €6,213,571 (2020: loss of €6,405,246) and its continuing net liabilities position 31 December 2021: €11,188,126; 31 December 2020: €17,401,697), and continued difficult trading conditions throughout 2021, in Q4 2021 the directors of the company sought and received confirmation from the parent undertaking that sufficient financial support will be forthcoming over the going concern period.

The directors of the company have made the enquiries they considered to be necessary in relation to the available financial support. In doing so, the directors of the company have had particular regard to the contractual agreement that the parent undertaking has to further funding from new equity subscriptions from existing shareholders, should that be required.

Taking this together with the group's available financial resources and the stabilisation and subsequent improvement in operating cash generation in 2022, the directors consider it appropriate to prepare the financial statements on a going concern basis.

1.5 Turnover

Turnover represents amounts receivable for goods and services in the normal course of business, net of trade discounts and exclusive of value added tax and other sales related taxes. Turnover is recognised at the point of sale of goods or as the service is provided.

1. Accounting policies (continued)

1.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold property	- over the term of the lease
Fixtures & fittings	- over 5 to 8 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

1.7 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

1. Accounting policies (continued)

1.9 Stocks

Stocks comprise of consumable inventories used in the hotel operations. Stocks are stated at the lower of cost and net realisable value. At each balance sheet date, stocks are assessed for impairment. The impairment loss is recognised in the profit and loss.

1.10 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.

1.11 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 Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Cash and cash equivalents also includes cash which is subject to restrictions on the purpose for which it is used, as further explained in note 17.

1.12 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

1. Accounting policies (continued)

1.12 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.14 Government grants

Government grants are accounted under the accruals model as permitted by FRS 102. During the period, the Group has received governmental support for the three hotels based in Germany from the German Aid scheme and in Roissy from the French Covid Aid scheme. The government grants received in the year are recognised as other income in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

1.15 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Euros.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

The financial statements of the subsidiary undertakings which have a functional currency other than Euro are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising on the retranslation of opening net assets are taken directly to reserves.

1.16 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1. Accounting policies (continued)

1.17 Leasing and hire purchase

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis.

1.18 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

1.19 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

1.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

1. Accounting policies (continued)

1.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

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

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates based on the economic utilisation and the physical condition of the assets and/or additional impairments are recognised. See note 13 for they carrying amount of property plant and equipment.

Management is required to assess whether it is appropriate to recognise a deferred tax asset relating to taxable losses available to the Group and Company. In making this assessment, management takes into consideration the likelihood of future taxable profits being available to utilise against taxable losses. See note 11 for details of the deferred tax asset not recognised in these financial statements.

The decision over whether the leases entered into should be operating or finance leases has been made by management. The decisions have been made based on assessment of the risks and rewards of ownership.

Foreign currency amounts have been translated at year end rates of EUR/GBP 1.1907 (2020: 1.1118) and USD/GBP 1.3477 (2020: 1.3649) and the average rate of EUR/GBP 1.1633 (2020: 1.1250) and USD/GBP 1.3757 (2020: 1.2837).

3. Turnover and segmental analysis

Contribution to turnover are analysed as follows:

	2021	2020
	€	€
Rooms	**17,776,311**	*16,045,463*
Food and Beverage	**5,578,302**	*5,183,405*
Other	**1,544,232**	*2,463,070*
	24,898,845	*23,691,938*

3. Turnover and segmental analysis (continued)

A geographical breakdown of performance is detailed below.

	2021 Turnover
	€
United Kingdom	**11,696**
France	**7,198,619**
Germany	**17,688,530**
	24,898,845

	2020 *Turnover*
	€
United Kingdom	733,273
France	7,355,153
Germany	15,603,512
	23,691,938

4. Other operating income

	2021	*2020*
	€	€
Other operating income	**1,542,810**	*1,519,070*
Covid relief from German and French governments	**12,118,914**	*7,376,387*
Release of finance lease liability (net of termination fee) - see note 5	**9,039,169**	-
	22,700,893	*8,895,457*

The other operating income (not related to covid related relief or the release of the finance lease liability) relates to cluster services. Cluster services are services provided by employees shared with other hotels in the same location.

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2021 €	*2020 €*
Depreciation of tangible fixed assets	**1,850,496**	*1,861,400*
Impairment provision	**-**	*46,771*
Operating lease rentals - land and buildings	**10,636,887**	*10,942,934*
Operating lease rentals - other	**71,850**	*82,326*
Realised foreign exchange gains and losses	**16,197**	*(4,344)*
Release of finance lease liability	**(14,953,935)**	*-*
Finance Lease - Termination fee	**5,914,766**	*-*

6. Auditors' remuneration

	2021 €	*2020 €*
Fees payable to the Group's auditor and its associates in respect of:		
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	**27,219**	*26,972*
Fees payable to the company's auditor and its associates for the audit of the company's subsidiaries	**139,231**	*173,149*
	166,450	*200,121*

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

7. Staff Costs

	Group 2021 €	*Group 2020 €*	**Company 2021 €**	*Company 2020 €*
Wages and salaries	**13,389,354**	*12,230,075*	**115,339**	*95,089*
Social security costs	**1,873,242**	*2,700,531*	**16,702**	*11,757*
Cost of defined contribution scheme	**238,802**	*250,579*	**15,454**	*11,396*
	15,501,398	*15,181,185*	**147,495**	*118,242*

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	*2020 No.*
Rooms	**113**	*109*
Food and Beverage	**108**	*131*
Other	**110**	*125*
	331	*365*

8. Directors' Remuneration

The directors received no remuneration in respect of their services to the group for the year (2020: *€Nil*).

9. Interest receivable and similar income

	2021 €	*2020 €*
Interest receivable and similar income	**114,901**	*50,148*
	114,901	*50,148*

10. Interest payable and expenses

	2021 €	*2020 €*
Interest payable and similar charges	**2,426**	*9,498*
Finance lease and hire purchase contracts	**596,700**	*1,182,107*
	599,126	*1,191,605*

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

11. Taxation

	2021 €	*2020 €*
Foreign tax		
Foreign tax on income for the year	27,855	*93,593*
Total current tax	27,855	*93,593*
Deferred tax		
Origination and reversal of timing differences	(37,862)	*(244,343)*
Total deferred tax	(37,862)	*(244,343)*
Taxation charge/(credit) on profit/(loss) on ordinary activities	(10,007)	*(150,750)*

(b) Factors affecting tax charge for the year

The tax assessed for the year is the same as *(2020 - the same as)* the standard rate of corporation tax in the UK of 19% *(2020 - 19%)* as set out below:

	2021 €	*2020 €*
(Loss)/Profit on ordinary activities before tax	6,974,642	*(7,400,171)*
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	1,325,182	*(1,406,032)*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,137,496	*415,518*
Income not taxable for tax purposes	(2,864,126)	*-*
Other timing differences leading to an increase (decrease) in taxation	-	*134,402*
Other permanent differences	(246,565)	*(244,344)*
Deferred tax not recognised	(4,181,908)	*1,932,709*
Net adjustment to changes in deferred tax rates	(251,635)	*(536,758)*
Losses eliminated	5,244,781	*-*
Use of brought forward losses	(173,232)	*-*
Adjustment in respect of foreign tax rates	-	*(446,245)*
Total tax (credit)/charge for the year	(10,007)	*(150,750)*

11. Taxation (continued)

(c) Factors affecting future tax charges

UK

Under the Finance Act 2015, the main rate of corporation tax reduced from 20% to 19% effective from 1 April 2017. The Finance Act 2016, which was substantively enacted on 6 September 2016, provided a further reduction to the main rate of corporation tax to 17% from 1 April 2020, however this reduction to 17% was reversed back to 19% and substantively enacted on 17 March 2020. Therefore the tax rate remained at 19% for the Balance Sheet date of 31 December 2020. Deferred tax balances at this date have been measured at 19%, the rate at which the deferred tax asset was expected to reverse at that time.

It was announced on 3 March 2021 that the main rate of corporation tax will increase from 19% to 25% from 1 April 2023. For profits up to £50,000, the corporation tax rate will remain at 19% and for profits over £250,000, the corporation tax rate will be 25%. Marginal relief provisions will also be introduced for profits between the lower and upper limits.

The Government included the above changes in the Finance Bill 2021 that had its third reading on 24 May 2021 and is now *(subsequent to the year end)* considered substantively enacted.

11. Taxation (continued)

France:

The corporate income tax rate will remain at 25% in 2023.

The finance bill for 2023 has enacted the cancellation of the contribution on added value (CVAE tax) over the next two years (50 % of reduction in 2023 and 50% in 2024).

While the government was planning to eliminate the CVAE completely in 2023, it is now planning to eliminate the CVAE in phases over two years with the CVAE to be further reduced in 2023 as part of the Finance Bill for 2023 and to be completely eliminated in 2024. This measure will lower production taxes for all French businesses that make annual revenues of more than €500,000 before tax.

Germany:

There were no factors that may affect future tax charges.

Corporation tax (CIT) is levied at a uniform rate of 15% which is then subject to a surcharge of 5.5% (solidarity surcharge). This results in a total tax rate of 15.825%

The trade tax (Gewerbesteuer) rate is a combination of a uniform tax rate of 3.5% (base rate) and a municipal tax rate (Hebesatz) depending on where the PEs of the business are located.

Therefore, the effective Corporate income tax rate remains at 37-38%. This is a combined rate consisting of 15% CIT, a solidarity surcharge that applies as a percentage of the CIT (5.5 %of 15 %= 0.825 percent) plus 7-21%trade tax depending on local trade tax multiplier and add backs to be considered in accordance with the Corporate tax legislation.

12. Deferred taxation

	2021 **€**	*2020* €
Group		
At 1 January 2021	**(2,642,392)**	-
Charged to profit or loss	**37,863**	-
At 31 December 2021	**(2,604,529)**	-

The deferred tax assets arising in respect of decelerated capital allowances, tax losses and other timing differences of €4,746,518 (2020: €4,731,648) have not been recognised as there is insufficient evidence that the asset will be recovered, against future taxable profits. These deferred tax assets would be recovered if suitable future profits were available against which these assets could be utilised.

13. Tangible fixed assets

Group

	L/Term Leasehold Property €	Fixtures & fittings €	Total €
Cost or valuation			
At 1 January 2021	**9,672,660**	**38,868,899**	**48,541,559**
Additions	**-**	**1,924,277**	**1,924,277**
Disposal of subsidiary	**-**	**(6,418,193)**	**(6,418,193)**
Exchange adjustments	**686,430**	**425,035**	**1,111,465**
At 31 December 2021	**10,359,090**	**34,800,018**	**45,159,108**
Depreciation and impairment			
At 1 January 2021	**9,672,660**	**32,571,864**	**42,244,524**
Charge for the year on owned assets	**-**	**1,850,496**	**1,850,496**
Disposal of subsidiary	**-**	**(6,418,193)**	**(6,418,193)**
Exchange adjustments	**686,430**	**425,035**	**1,111,465**
At 31 December 2021	**10,359,090**	**28,429,202**	**38,788,292**
Net book value			
At 31 December 2021	**-**	**6,370,816**	**6,370,816**
At 31 December 2020	-	*6,297,035*	*6,297,035*

All leasehold property is held under finance leases, and €2,143,260 *(2020: €2,001,240)* for the fixtures, fittings and equipment are held under a finance lease. All assets held under finance lease are fully impaired. The depreciation charged to the financial statements in the year in respect of such assets amounted to €Nil *(2020: €Nil)*.

In February 2021, formal negotiations commenced with the landlord of the UK hotel to mutually agree to the termination of the company's lease of the UK hotel. An agreement was reached on 26 November 2021 and the UK company ceased to trade. A termination fee of £5,000,000 plus unpaid rent for 2020 of £760,000 and 2021 of £250,000 was agreed and the company was released from all remaining lease obligations, which is treated as a finance lease (see note 22).

14. Fixed asset investments

Company

	Investments in subsidiary companies €
Cost or valuation	
At 1 January 2021	8,017,002
Additions	10,679,552
At 31 December 2021	18,696,554
Impairment	
At 1 January 2021	5,150,000
Charge for the period	10,679,552
At 31 December 2021	15,829,552
Net book value	
At 31 December 2021	2,867,002
At 31 December 2020	*2,867,002*

The Group's investment in the Cheshunt and Roissy hotels during the year have been written down to £Nil at the year end. The hotel in Roissy has made significant losses in the current year and forecasts show losses for the foreseeable future. The directors resolved in July 2021 to terminate the lease of the Cheshunt hotel and the hotel has ceased operations. The Group does not expect any of the investment value to be recoverable.

14. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Chesnut Hotel Operating Company Limited	England and Wales	Ordinary	100%
Roissy CYBM SAS	France	Ordinary	100%
Hamburg Marriot Hotel Management GmbH	Germany	Ordinary	100%
Frankfurt RH Operating Company GmbH	Germany	Ordinary	100%
Munich CY Schwanthaler Operating Company GmbH	Germany	Ordinary	100%
Cologne MH Operating Company GmbH	Germany	Ordinary	100%

The principal activity of all subsidiaries in the group is that of a hotel operating company.

15. Stocks

	Group 2021 €	*Group 2020 €*
Consumables	**199,163**	*148,921*
	199,163	*148,921*

The difference between purchase price or production cost of stocks and their replacement cost is not material.

16. Debtors

	Group 2021 €	*Group 2020 €*	Company 2021 €	*Company 2020 €*
Trade debtors	**1,933,132**	*734,680*	**-**	*-*
Amounts owed by group undertakings	**-**	*-*	**134,581**	*59,409*
Other debtors	**2,764,217**	*8,177,947*	**3,464**	*7,305*
Prepayments and accrued income	**220,402**	*611,187*	**-**	*-*
VAT recoverable	**1,818,539**	*443,185*	**16,857**	*39,964*
	6,736,290	*9,966,999*	**154,902**	*106,678*

A provision was made regarding the loan due from Cheshunt hotel Operating Company Limited to Marriott European Hotels Operating Company Limited at yearend as the loan was deemed irrecoverable. This was formalised in 2022.

17. Cash and cash equivalents

	Group 2021 €	*Group 2020 €*	**Company 2021 €**	*Company 2020 €*
Cash at bank and in hand	**19,821,394**	*11,054,707*	**99,601**	*368,354*
	19,821,394	*11,054,707*	**99,601**	*368,354*

Within the cash balance of the group as at 31 December 2021 is an amount of €8,185,503 *(2020: €6,138,273)* which is restricted. The restricted Cash is cash which can only be used for the purchase of fixtures, furniture and equipment as defined in the management and lease agreements.

18. Creditors: Amounts falling due within one year

	Group 2021 €	*Group 2020 €*	**Company 2021 €**	*Company 2020 €*
Trade creditors	**5,644,095**	*5,111,044*	**33,920**	-
Loans payable - related parties	-	-	**26,422**	*26,422*
Amounts owed to group undertakings	-	-	**1,835,342**	*1,830,092*
Amounts owed to other participating interests	**21,558,932**	*13,830,258*	**21,141,932**	*13,413,258*
Corporation tax	**887,731**	*987,025*	-	-
VAT payable	-	*199,179*	-	-
Obligations under finance leases	-	*1,370,338*	-	-
Other creditors	**4,946,924**	*4,905,094*	**4,147**	-
Accruals and deferred income	**4,772,058**	*3,413,380*	**293,669**	*311,301*
	37,809,740	*29,816,318*	**23,335,432**	*15,581,073*

19. Creditors: Amounts falling due after more than one year

	Group 2021 €	*Group 2020 €*	**Company 2021 €**	*Company 2020 €*
Other creditors	**1,001,520**	-	-	-
Net obligations under finance leases and hire purchase contracts	-	*12,410,649*	-	-
Due to related parties	**2,900,000**	-	**2,900,000**	-
	3,901,520	*12,410,649*	**2,900,000**	-

During the year the Company drew down €2.9m of a €4.0m facility provided by International Hotel Licensing Company S.A.R.L, a related party wholly owned by Marriott International. The loan is repayable no earlier than 22 November 2024 and no later than 22 November 2026. However, under certain conditions, this final repayment date can be extended by up to 2 years. Between the earliest repayment date and the termination date, repayments are due based on certain liquidity metrics at that time. Interest on drawn amounts is charged at Euribor plus 5%. Other creditors principally related to deferred rent payable.

20. Provisions

	Group 2021 €	**Group 2020 €**	*Company 2020 €*	*Company 2019 €*
Deferred Tax	**2,604,529**	**2,642,392**	-	-
	2,604,529	**2,642,392**	-	-

The Group's deferred tax balance is comprised of fixed asset timing differences arising.

21. Financial instruments

	Group 2021 €	*Group 2020 €*	Company 2021 €	*Company 2020 €*
Financial assets				
Financial assets measured at fair value through profit or loss	-	-	-	-
Financial assets that are debt instruments measured at amortised cost	**4,697,348**	*1,540,780*	**138,044**	*66,715*
	4,697,348	*1,540,780*	**138,044**	*66,715*
Financial liabilities				
Financial liabilities measured at amortised cost	**(32,149,944)**	*(12,810,301)*	**(23,011,195)**	*(15,234,353)*

The company holds financial assets and liabilities measured at amortised cost. Those that are payable or receivable within one year shall be measured at the undiscounted amount of the cash or other consideration expected to be paid or received (net of impairment) unless the arrangement constitutes, in effect, a financing transaction.

22. Finance lease commitments

At 31 December 2021 the Group had future commitments under finance lease agreements are as follows:

	2021	2020
	€	€
Amount payables:		
Within one year	-	1,370,338
Between one to five years	-	9,129,810
After more than five years	-	14,763,448
	-	25,263,596
Less interest and finance charges relating to future periods	-	(11,482,609)
	-	13,780,987
Finance lease agreements are analysed as follows:		
Current obligations	-	1,370,338
Non-current obligations	-	12,410,649
	-	13,780,987

In February 2021, formal negotiations commenced with the landlord of the UK hotel to mutually agree to the termination of the company's lease of the UK hotel. An agreement was reached on 26 November 2021 and the UK company ceased to trade. A termination fee of £5,000,000 plus unpaid rent for 2020 of £760,000 and 2021 of £250,000 was agreed and the company was released from all remaining lease obligations (see note 14).

23. Operating lease commitments

At 31 December 2021 the group has annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2021	2020	**2021**	2020
	€	€	**€**	€
Group				
Expiry date:				
Within one year	**10,912,727**	11,018,543	**106,653**	123,914
Between two to five years	**51,955,828**	52,278,794	**215,333**	218,646
After more than five years	**46,470,886**	55,742,878	**-**	-

At 31 December 2021 the Company has no operating lease commitments and had none in the prior year.

24. Share capital

	2021	*2020*
	€	*€*
Group and company		
Allotted, called up and fully paid		
1 *(2020 - 1)* Ordinary Shares of £1 each share of €2.0	**2**	*2*

All ordinary classed shares have full voting, dividend and capital distribution rights including on the winding up of the company. There are no restrictions placed on this class of shares.

25. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administrated fund. The pension cost recharge *represents contributions payable by the group of the fund and amounted to* €5,821 *(2020: €2,982).*

Contributions totalling €Nil (2020: *€Nil*) were payable to the fund at the balance sheet date and are included in creditors.

26. Related party transactions

During the year the group entered into transactions, in the ordinary course of business, with related parties.

MHH and GHL are associate companies of the Marriott International, Inc. group. Marriott Hotels International, LHIF and Marriott Hotels Limited are wholly owned subsidiaries of Marriott International Inc. MEHOC is an associate company of Marriott International Inc. through direct ownership.

Marriott European Hotel Operating Company Limited have taken the exemption under FRS 102, Section 33 Related Party Disclosures paragraph 33.1A, whereby the company is not required to disclose transactions with other wholly owned subsidiaries. Where subsidiaries were not wholly owned, transactions are detailed below.

2021

Entity name	Transaction description	Purchases from related party	Amounts due (to)/from related party
Global Hospitality Licensing SARL ("GHL	Marriott Rewards, EDP, Systems, CTAC, Royalty, Marketin	€1,011,129	€(978,983)
Marriott de Gestion/LHIF	Shared service, Management fees and Marriott rewards	€432,941	€33,803
Marriott Hotel Holding GmbH	Management Fees	€18,746	€(1,913)
Marriott Hotel Management GmbH	Management Fees	€43,833	€(4,239)
International Hotel Licensing Company S.	Loan to MEHOC	£0	£(2,900,000)

2020

Entity name	Transaction description	Purchases from related party	Amounts due (to)/from related party
Global Hospitality Licensing SARL ("GHL	Marriott Rewards, EDP, Systems, CTAC, Royalty, Marketin	€1,106,238	€(894,109)
Marriott de Gestion/LHIF	Shared service, Management fees and Marriott rewards	€580,584	€(49,738)
Marriott Hotel Holding GmbH	Management Fees	€15,056	€(431)
Marriott Hotel Management GmbH	Management Fees	€23,513	€(948)
Marriott Hotels Limited	Shared service centre and payroll charges	£62,629	£0
GHL	Royalty, Marketing and Licensing Fee, Management fees, Marriott Rewards	£45,202	£0

Foreign currency amounts have been translated at year end rates of EUR/GBP 1.1907 (2020: 1.1118) and USD/GBP 1.3477 (2020 1.3649) and the average rate of EUR/GBP 1.1633 (2020: 1.1250) and USD/GBP 1.3757 (2020: 1.2837).

27. Controlling party

The company is a subsidiary of Marriott European Holdings Limited, a company registered in Jersey and the ultimate parent company.

The largest and smallest group in which the financial statements of Marriott European Hotel Operating Company Limited are consolidated is that headed by Marriott European Holdings Limited.

In the opinion of the directors, there is no single controlling party.