Registered number: 04170018

MARRIOTT EUROPEAN HOTEL OPERATING COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

COMPANY INFORMATION

Directors	Sheikh M Y A Al-Khereiji S M Zeid A M Jones (resigned 1 February 2020) C P Read J Gil (appointed 1 February 2020)
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

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

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 €2,006,127 *(2018: €1,210,095)* and the foreign exchange loss of €779,869 *(2018: gain of €129,811)* resulted in a total recognised gain for the year of €1,226,258 *(2018: €1,339,906)*.

The profit includes an impairment provision of €187,475 *(2018: €487,758)* charged to the profit and loss account. The market conditions for the UK hotel have remained difficult during 2019 and the directors have taken the decision to continue to fully impair the fixed asset additions of the hotel.

The directors do not recommend the payment of a dividend *(2018: €Nil)*.

Principal risks and uncertainties

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, liquidity and credit risks.

Interest rate risk

The Group's primary interest rate risk relates to interest bearing debts. The Group actively reviews its debts portfolio, taking in to account its investment holding period and nature of its assets.

Liquidity risk

The Group actively manages its debt maturity profile, operating costs flow and the availability of funding so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, the group maintains sufficient levels of cash to meet its working capital requirement.

The company is reliant on the non-withdrawal of existing funding, amounting to €13.4 million (see note 17) from its parent company. The Directors are confident of the continued support from the parent company, however due to a disagreement amongst the Directors of the parent company there is no guarantee that the loans may not be withdrawn.

Credit risk

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

Future developments

The Hotel industry, more than many, is vulnerable to any unexpected developments which can have a signficant impact on forecast results.

Ongoing uncertainty surrounding Brexit may have a negative impact on business investment and consumer confidence across Europe. Delays may be expected to capital investment, including investments in hotel assets, because of the ensuing uncertain business environment.

It remains difficult to assess the precise impact that Brexit will have on our business in the longer term now the UK has left the EU and how this may affect hotel staffing, wages, taxes, availability of staff, exchange rates among other issues. The directors are of the opinion that the company is well placed, however, to deal effectively with unexpected developments and any resulting volatility.

The COVID-19 pandemic developed rapidly in 2020. The World Health Organisation declared a global pandemic on 11th March 2020. The resulting impact of the virus on the group's operations and measures taken by various governments in terms of lockdown restrictions to contain the virus have had drastic consequences on our business, as further explained in note 1.4.

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.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

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.

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 2019 and to the date of this report centred on:

1. the closure of hotel operations to protect the safety of the customers and employees and to comply with local government restrictions. Government intervention such as assembly bans, restaurant closures, quarantines and restrictions on the freedom of movement, deprived restaurant and hospitality services of any basis and made hotel operation in fact impossible. This was set forth in the official guidelines of the federal governments imposing not only heavy limitations on operations but also the entire shutdown of hospitality services for tourists.

2. the implementation of strict COVID-19 hygiene measures in all hotels to protect the health of their staff and customers

3. Preservation of cashflows- The board continued throughout 2020 and still continues to negotiate with landlords to find an appropriate short and medium term commercial solution in the best interests of all stakeholders.

4. Preservation of employees 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.

The hotels of the group are managed by Marriott International in accordance with their 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.

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.

This report was approved by the board on 19 August 2021 and signed on its behalf.

C P Read
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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, risks and future developments

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 the UK, 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.

For an outline of principal risks see the Strategic Report.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Results and dividends

The profit for the year, after taxation, amounted to €2,006,127 *(2018 - €1,210,095)*.

The directors do not recommend the payment of a dividend *(2018: €Nil)*.

Directors

The directors who served during the year were:

Sheikh M Y A Al-Khereiji - Saudi Arabia
S M Zeid - Egypt
A M Jones - United Kingdom (resigned 1 February 2020)
C P Read - United States of America

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.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Subsequent events

The COVID-19 pandemic developed rapidly in 2020. The World Health Organisation declared a global pandemic on 11th March 2020. The resulting impact of the virus on the group's operations and measures taken by various governments in terms of lockdown restrictions to contain the virus have had drastic consequences on our business, as further explained in note 1.4.

In addition to the COVID-19 pandemic, as of 1 January 2021, the UK is officially no longer a member of the EU. The UK managed to agree a last-minute trade deal with the EU, which will hopefully limit the negative impact on the hotel and travel industry in 2021 and avoid additional uncertainty at a time when businesses are struggling with the impact of Covid-19. However, uncertainties surrounding work visas, cost of travel, staff shortages, impact on tourist numbers and exchange rates are hard to ascertain due to the impact and restrictions of COVID-19 on our business.

The group's principal finance lease and UK activity ceased post year end, as explained in note 21.

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 19 August 2021 and signed on its behalf.

C P Read
Director

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

Opinion

We have audited the financial statements of Marriott European Hotel Operating Company Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2019, 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).

In our opinion:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 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.

Basis for opinion

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

Material Uncertainty related to going concern

We draw attention to note 1.4 to the financial statements, which indicates that the group and parent company are reliant on shareholders for financial support. As stated in note 1.4, these events or conditions, along with the other matters set out in note 1.4, indicate that a material uncertainty exists that may cast significant doubt on the group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our Auditors' 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.

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

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

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement 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.

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

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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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:

Marc Reinecke

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Marc Reinecke (senior statutory auditor)

For and on behalf of
BDO LLP, statutory auditor

London

Date: 23 August 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 €	*2018* *€*
Turnover	3	**75,607,451**	*73,391,840*
Cost of sales		**(30,039,741)**	*(30,503,874)*
Gross profit		**45,567,710**	*42,887,966*
Administrative expenses		**(41,945,928)**	*(39,873,518)*
Other operating income	4	**2,284,560**	*2,269,819*
Provision for impairment	12	**(187,475)**	*(487,758)*
Operating profit	5	**5,718,867**	*4,796,509*
Interest receivable and similar income	9	**52,011**	*47,254*
Interest payable and expenses	10	**(1,245,870)**	*(1,250,942)*
Profit before taxation		**4,525,008**	*3,592,821*
Tax on profit	11	**(2,518,881)**	*(2,382,726)*
Profit for the financial year		**2,006,127**	*1,210,095*
Foreign exchange translation		**(779,869)**	*129,811*
Other comprehensive income for the year		**(779,869)**	*129,811*
Total comprehensive income for the year		**1,226,258**	*1,339,906*

The notes on pages 16 to 39 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note		2019 €		2018 €
Fixed assets					
Tangible assets	12		**5,642,790**		*4,799,101*
			5,642,790		*4,799,101*
Current assets					
Stocks	14	**249,955**		*240,114*	
Debtors: amounts falling due within one year	15	**4,519,070**		*5,958,885*	
Cash at bank and in hand	16	**23,859,733**		*21,058,586*	
		28,628,758		*27,257,585*	
Creditors: amounts falling due within one year	17	**(29,039,042)**		*(29,004,271)*	
Net current liabilities			**(410,284)**		*(1,746,686)*
Total assets less current liabilities			**5,232,506**		*3,052,415*
Creditors: amounts falling due after more than one year	18		**(13,342,222)**		*(12,787,335)*
Provisions for liabilities					
Deferred tax		**(2,886,735)**		*(2,487,789)*	
Net liabilities			**(10,996,451)**		*(12,222,709)*
Capital and reserves					
Called up share capital	23		**2**		*2*
Retained earnings			**(10,996,453)**		*(12,222,711)*
Total equity			**(10,996,451)**		*(12,222,709)*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
19 August 2021

C P Read
Director
Company number: 04170018

The notes on pages 16 to 39 form part of these financial statements.

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note		2019 €		2018 €
Fixed assets					
Investments	13		**2,867,002**		*2,867,002*
			2,867,002		*2,867,002*
Current assets					
Debtors: amounts falling due within one year	15	**57,794**		*50,573*	
Cash at bank and in hand	16	**2,853,560**		*2,919,632*	
		2,911,354		*2,970,205*	
Creditors: amounts falling due within one year	17	**(15,643,482)**		*(15,654,814)*	
Net current liabilities			**(12,732,128)**		*(12,684,609)*
Total assets less current liabilities			**(9,865,126)**		*(9,817,607)*
Net assets excluding pension asset			**(9,865,126)**		*(9,817,607)*
Net liabilities			**(9,865,126)**		*(9,817,607)*
Capital and reserves					
Called up share capital	23		**2**		*2*
Retained earnings			**(9,865,128)**		*(9,817,609)*
Total equity			**(9,865,126)**		*(9,817,607)*

The company has taken 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. The loss of the company for the year was £47,519 (*2018: profit of £910,145*).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
19 August 2021

C P Read
Director

The notes on pages 16 to 39 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Retained earnings	Total equity
	€	€	€
At 1 January 2019	2	(12,222,711)	(12,222,709)
Comprehensive income for the year			
Profit for the year	-	2,006,127	2,006,127
Foreign currency translation gain/(loss)	-	(779,869)	(779,869)
Total comprehensive income for the year	-	1,226,258	1,226,258
At 31 December 2019	2	(10,996,453)	(10,996,451)

The notes on pages 16 to 39 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Retained earnings	Total equity
	€	€	€
At 1 January 2018	2	(13,562,617)	(13,562,615)
Comprehensive income for the year			
Profit for the year	-	1,210,095	1,210,095
Foreign currency translation gain/(loss)	-	129,811	129,811
Total comprehensive income for the year	-	1,339,906	1,339,906
At 31 December 2018	2	(12,222,711)	(12,222,709)

The notes on pages 16 to 39 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital	Profit and loss account	Total equity
	€	€	€
At 1 January 2019	2	(9,817,609)	(9,817,607)
Comprehensive income for the year			
Loss for the year	-	(47,519)	(47,519)
Total comprehensive income for the year	-	(47,519)	(47,519)
At 31 December 2019	2	(9,865,128)	(9,865,126)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Called up share capital	Profit and loss account	Total equity
	€	€	€
At 1 January 2018	2	(10,727,754)	(10,727,752)
Comprehensive income for the year			
Profit for the year	-	910,145	910,145
Total comprehensive loss for the year	-	910,145	910,145
At 31 December 2018	2	(9,817,609)	(9,817,607)

The notes on pages 16 to 39 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 €	*2018 €*
Cash flows from operating activities		
Profit for the financial year	**2,006,127**	*1,210,095*
Depreciation of tangible assets	**2,232,479**	*2,364,102*
Impairments of fixed assets	**187,475**	*487,758*
Interest Payable	**7,099**	*348*
Interest Receivable	**(52,011)**	*(47,254)*
Taxation charge	**2,518,881**	*2,382,726*
(Increase) in stocks	**(9,841)**	*(1,540)*
Decrease/(increase) in debtors	**1,456,012**	*(1,477,126)*
Increase in creditors	**1,107,761**	*1,526,105*
Foreign exchange charge	**19,896**	*(32,273)*
Taxation paid	**(2,096,417)**	*(2,338,969)*
Net cash generated from operating activities	**7,377,461**	*4,073,972*
Cash flows from investing activities		
Purchase of tangible fixed assets	**(3,263,643)**	*(1,213,254)*
Interest received	**52,011**	*47,254*
HP interest paid	**(7,099)**	*(348)*
Net cash from investing activities	**(3,218,731)**	*(1,166,348)*
Cash flows from financing activities		
Repayment of/new finance leases	**(1,357,583)**	*(1,303,902)*
Net cash used in financing activities	**(1,357,583)**	*(1,303,902)*
Net increase in cash and cash equivalents	**2,801,147**	*1,603,722*
Cash and cash equivalents at beginning of year	**21,058,586**	*19,454,864*
Cash and cash equivalents at the end of year	**23,859,733**	*21,058,586*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**23,859,733**	*21,058,586*
	23,859,733	*21,058,586*

The notes on pages 16 to 39 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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 2018. 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

The World Health Organization declared the outbreak of COVID-19 a pandemic on 11th March 2020. The pandemic is ongoing at the date of signing these financial statements.

The Covid-19 pandemic has had a material adverse impact on the Group's and Company's business. This note outlines those adverse impacts and the specific uncertainties and actions taken by management in dealing with these. All of these uncertainties indicate the existence of a material uncertainty which may cast significant doubt on the Group's and Company's ability to continue as a going concern.

The pandemic has led to very low occupancy levels and has resulted in an ongoing decline in hotel revenues and temporary closure of our hotel operations during 2020. According to the latest predictions and based on the ongoing lockdown restrictions beyond 2020, recovery to 2019 revenue levels is not expected until at least 2024.

Restrictions have included but are not limited to:

- The cancellation of all events, fairs, congresses, seminars and meetings
- Flight bans, border closures and sealing off of entire countries and regions following state-imposed travel restrictions. As a result allinternational and national travel has now largely come to a standstill
- Government intervention such as assembly bans, restaurant closures, quarantines and restrictions on movement of people are depriving restaurant and hospitality services of any basis and make hotel operations largely impossible. Official governmental restrictions in countries in which the group operates are imposing not only heavy limitations to restaurant operations but also the entire shutdown of hospitality services for tourists.

Due to the travel restrictions and measures taken by the various governments in the countries the group operates in to contain the virus during the pandemic, the group's revenues for the year 2020 are expected to be reported as being approximately €52M lower than our 2019 annual revenues. The group's operating results have declined by €17M in the same period. This resulted in the temporary closure of 4 out of the 5 hotels in the group with one hotel remaining closed beyond 2020 and the directors approving a termination of the lease in mid-2021.

The group has applied, where appropriate, for government assistance programmes which have been implemented by the various countries in which it operates, to try and mitigate some of the impact of the COVID-19 pandemic on its results and liquidity. Details of such arrangements and the period throughout which they will remain available are continuing to evolve and remain subject to uncertainty. We are continuing to assess the implications for our business when these arrangements are no longer available.

In addition, the group has also entered in to rent negotiations with the respective landlords of its hotels to request assistance in mitigating its financial outgoings in relation to fixed rent obligations. Negotiations for rent deferral and rent reductions are ongoing.

However, the directors consider it appropriate to prepare the company's financial statements on a going concern basis, due to the level of forecast available cash resources throughout 2021 and early 2022, the successful negotiations for rent reductions and rent deferral for 3 out of 5 hotels in the group, the expected lifting of lockdown restrictions in Q3 2021 and consequent gradual easing of trading conditions, as well as expected additional government support in certain jurisdictions which may be received in Q3 2021.

1. Accounting policies (continued)

1.4 Going concern (continued)

Furthermore, the ultimate parent company, Marriott European Holdings Limited, will provide financial support as the Group and Company may require in accordance with its obligations under the Subscription and Shareholder Agreement as well as an additional contractual agreement on the part of one of the shareholders to provide financial support to the group in order to meet its rent obligations.

The financial statements do not include any adjustment that would be required should the going concern basis of preparation no longer be appropriate.

1.5 Subsequent events

The COVID-19 pandemic has developed rapidly in 2020. The World Health Organisation declared a global pandemic on 11th March 2020. The resulting impact of the virus on the group's operations and measures taken by various governments in terms of lockdown restrictions to contain the virus have had drastic consequences on our business, as further explained in note 1.4 above.

In addition to the COVID-19 pandemic, as of 1 January 2021, the UK is officially no longer a member of the EU. The UK managed to agree a last-minute trade deal with the EU, which will hopefully limit the negative impact on the hotel and travel industry in 2021 and avoid additional uncertainty at a time when businesses are struggling with the impact of Covid-19. However, uncertainties surrounding work visas, cost of travel, staff shortages, impact on tourist numbers and exchange rates are hard to ascertain due to the impact and restrictions of COVID-19 on our business.

1.6 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.

1.7 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.

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

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.

1.8 Impairment of fixed assets and goodwill

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.

1.9 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.

1.10 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.

1.11 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. Accounting policies (continued)

1.12 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.

1. Accounting policies (continued)

1.13 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.

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.

1.14 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. Accounting policies (continued)

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.

1.17 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. Accounting policies (continued)

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 the Profit and loss account 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 12 for they carrying amount of property plant and equipment.

The Company considers whether investments in subsidiary companies are impaired on an annual basis. Where an indication of impairment is identified the estimation of the recoverable amount requires estimation of both the fair value less costs to sell and the value in use of the cash generating units (CGUs). This in turn requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

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 1.1765 *(2018: 1.1149)* and USD/GBP 1.321 *(2018: 1.2769)*.

3. Turnover and segmental analysis

Contribution to turnover are analysed as follows:

	2019	*2018*
	€	*€*
Rooms	**56,096,710**	*54,206,607*
Food and Beverage	**16,686,014**	*16,167,983*
Other	**2,824,727**	*3,017,250*
	75,607,451	*73,391,840*

3. Turnover and segmental analysis (continued)

A geographical breakdown of performance is detailed below.

	2019 Turnover	**2019 Profit/(loss) before tax**	**2019 Net assets**
	€	**€**	**€**
United Kingdom	**4,630,583**	**(1,159,352)**	**952,468**
France	**15,717,129**	**(523,123)**	**6,851,164**
Germany	**55,259,739**	**6,554,432**	**25,421,828**
	75,607,451	**4,871,957**	**33,225,460**

	2018 Turnover	*2018 Profit/(loss) before tax*	*2018 Total assets*
	€	€	€
United Kingdom	4,292,562	(1,556,546)	900,527
France	16,139,607	(800,864)	6,636,543
Germany	52,959,671	6,324,334	23,398,922
	73,391,840	3,966,924	30,935,992

A loss before tax of €346,942 (*2018: €374,097*) and net assets of €1,052,331 (*2018: €1,120,703*) relate to the parent company and group adjustments which are not included in the above tables.

4. Other operating income

	2019	*2018*
	€	*€*
Other operating income	**2,284,560**	*2,269,819*
	2,284,560	*2,269,819*

This relates to cluster services disclosed by the hotels.

5. Operating profit

The operating profit is stated after charging:

	2019 €	*2018 €*
Depreciation of tangible fixed assets	**2,232,479**	*2,364,101*
Impairment of tangible fixed assets	**187,475**	*487,758*
Operating lease rentals - land and buildings	**14,265,487**	*13,834,848*
Operating lease rentals - other	**34,792**	*39,845*
Exchange differences	**(1,350)**	*(3,673)*

6. Auditors' remuneration

	2019 €	*2018 €*
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	**23,601**	*21,729*
Fees payable to the company's auditor and its associates for the audit of the company's subsidiaries	**173,614**	*189,971*
	197,215	*211,700*

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7. Staff Costs

	Group 2019 €	*Group 2018 €*	Company 2019 €	*Company 2018 €*
Wages and salaries	**17,084,573**	*16,640,166*	**126,612**	*123,355*
Social security costs	**3,619,130**	*3,845,423*	**16,129**	*13,045*
Cost of defined contribution scheme	**321,979**	*351,392*	**14,533**	*13,516*
	21,025,682	*20,836,981*	**157,274**	*149,916*

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

	2019 No.	*2018 No.*
Rooms	**120**	*123*
Food and Beverage	**148**	*161*
Other	**145**	*146*
	413	*430*

8. Directors' Remuneration

The directors received no remuneration in respect of their services to the group for the year (*2018: €Nil*).

9. Interest receivable and similar income

	2019 €	*2018 €*
Bank interest receivable	**52,011**	*47,254*
	52,011	*47,254*

10. Interest payable and expenses

	2019 €	*2018 €*
Interest payable and similar charges	**7,099**	*348*
Finance leases and hire purchase contracts	**1,238,771**	*1,250,594*
	1,245,870	*1,250,942*

11. Taxation

	2019 €	*2018 €*
Foreign tax		
Foreign tax on income for the year	**2,119,935**	*2,057,613*
Total current tax	**2,119,935**	*2,057,613*
Deferred tax		
Origination and reversal of timing differences	**398,946**	*325,113*
Total deferred tax	**398,946**	*325,113*
Taxation on profit on ordinary activities	**2,518,881**	*2,382,726*

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 34.87% *(2018 - 32.01%)*. The differences are explained below:

	2019 €	*2018 €*
Profit on ordinary activities before tax	**4,525,008**	*3,592,821*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	**859,751**	*682,636*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**403,653**	*36,990*
(Accelerated)/decelerated capital allowances	**-**	*(306,084)*
Other timing differences leading to an increase (decrease) in taxation	**(351,120)**	*107,510*
Adjustment in respect of foreign tax rates	**344,021**	*1,102,019*
Deferred tax not recognised	**665,917**	*385,004*
Net adjustment to changes in deferred tax rates	**197,713**	*49,538*
Other permanent differences	**398,946**	*325,113*
Total tax charge for the year	**2,518,881**	*2,382,726*

11. Taxation (continued)

(c) Factors affecting future tax charges

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

12. Tangible fixed assets

Group

	Long term Leasehold Property €	Fixtures & fittings €	Total €
Cost or valuation			
At 1 January 2019	**9,699,630**	**33,069,237**	**42,768,867**
Additions	**-**	**3,263,643**	**3,263,643**
Foreign exchange adjustments	**535,920**	**319,647**	**855,567**
At 31 December 2019	**10,235,550**	**36,652,527**	**46,888,077**
Depreciation			
At 1 January 2019	**9,699,630**	**28,270,136**	**37,969,766**
Charge for the year on owned assets	**-**	**2,232,479**	**2,232,479**
Impairment charge	**-**	**187,475**	**187,475**
Foreign exchange adjustments	**535,920**	**319,647**	**855,567**
At 31 December 2019	**10,235,550**	**31,009,737**	**41,245,287**
Net book value			
At 31 December 2019	**-**	**5,642,790**	**5,642,790**
At 31 December 2018	-	*4,799,101*	*4,799,101*

All leasehold property is held under finance leases, and €2,117,700 *(2018: €2,006,820)* 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 *(2018: €Nil)*.

The market conditions for the UK hotel have remained difficult during 2019 and the directors have taken the decision to impair the fixed asset additions of the UK hotel in accordance with the requirements of FRS 102. An impairment charge of €187,475 *(2018: €487,758)* is recorded in the profit and loss account.

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13. Fixed asset investments

Company

	Investments in subsidiary companies €
Cost or valuation	
At 1 January 2019	**2,867,002**
Investment in subsidiaries	**3,050,000**
At 31 December 2019	**5,917,002**
Impairment	
Charge for the period	**3,050,000**
At 31 December 2019	**3,050,000**
Net book value	
At 31 December 2019	**2,867,002**
At 31 December 2018	*2,867,002*

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	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%
Munich CY Schwanthaler Operating Company GmbH	Germany	Ordinary	100%
Cologne MH Operating Company GmbH	Germany	Ordinary	100%
Frankfurt RH Operating Company GmbH	Germany	Ordinary	100%

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

14. Stocks

	Group 2019 €	*Group 2018 €*
Finished goods and goods for resale	**249,955**	*240,114*
	249,955	*240,114*

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

15. Debtors

	Group 2019 €	*Group 2018 €*	Company 2019 €	*Company 2018 €*
Trade debtors	**2,562,499**	*3,771,260*	**-**	*-*
Amounts owed by group undertakings	**-**	*-*	**40,696**	*34,175*
Other debtors	**1,064,914**	*1,213,163*	**3,840**	*3,152*
Prepayments and accrued income	**643,821**	*762,342*	**-**	*4,969*
VAT recoverable	**247,836**	*212,120*	**13,258**	*8,277*
	4,519,070	*5,958,885*	**57,794**	*50,573*

16. Cash and cash equivalents

	Group 2019 €	*Group 2018 €*	Company 2019 €	*Company 2018 €*
Cash at bank and in hand	**23,859,733**	*21,058,586*	**2,853,560**	*2,919,632*
	23,859,733	*21,058,586*	**2,853,560**	*2,919,632*

Within the cash balance of the group as at 31 December 2019 is an amount of €8,754,935 *(2018: €10,014,044)* which is restricted.

17. Creditors: Amounts falling due within one year

	Group 2019 €	*Group 2018 €*	Company 2019 €	*Company 2018 €*
Trade creditors	**3,135,745**	*3,174,448*	**31,434**	*8,333*
Notes payable - related parties	**-**	*-*	**26,422**	*26,422*
Amounts owed to group undertakings	**-**	*-*	**1,823,969**	*1,817,716*
Amounts owed to other participating interests	**13,836,459**	*13,836,459*	**13,419,459**	*13,419,459*
Corporation tax	**236,885**	*213,367*	**-**	*-*
Other taxation and social security	**287,192**	*1,196,496*	**-**	*-*
Obligations under finance lease and hire purchase contracts	**1,430,867**	*1,328,398*	**-**	*-*
Other creditors	**6,128,199**	*4,551,634*	**-**	*3,904*
Accruals and deferred income	**3,983,695**	*4,703,469*	**342,198**	*378,980*
	29,039,042	*29,004,271*	**15,643,482**	*15,654,814*

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

	Group 2019 €	*Group 2018 €*
Net obligations under finance leases and hire purchase contracts	**13,342,222**	*12,787,335*
	13,342,222	*12,787,335*

19. Provisions

	Group 2019 €	**Group 2018 €**	*Company 2019 €*	*Company 2018 €*
Deferred Tax	**2,886,735**	**2,487,789**	-	-
	2,886,735	**2,487,789**	-	-

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

20. Financial instruments

	Group 2019 €	*Group 2018 €*	**Company 2019 €**	*Company 2018 €*
Financial assets				
Financial assets that are debt instruments measured at amortised cost	**3,627,412**	*4,984,423*	**44,537**	*37,326*
Financial liabilities				
Financial liabilities measured at amortised cost	**(11,189,032)**	*(10,103,604)*	**(15,274,861)**	*(15,245,507)*

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.

21. Finance lease commitments

At 31 December 2019 the Group had future commitments under finance lease agreements are as follows:

	2019	2018
	€	€
Amount payables:		
Within one year	**1,430,867**	1,328,398
Between one to five years	**9,533,081**	5,724,249
After more than five years	**17,637,813**	21,625,899
	28,601,761	28,678,546
Less interest and finance charges relating to future periods	**(13,828,672)**	(14,562,812)
	14,773,089	14,115,734
Finance lease agreements are analysed as follows:		
Current obligations	**1,430,867**	1,328,398
Non-current obligations	**13,342,222**	12,787,336
	14,773,089	14,115,734

The Group has annual rent reviews and rent increases are based on increases in RPI published by the National Office of Statistics. The leases are paid in monthly instalments and are due to be fully repaid by November 2035.

The directors resolved in July 2021 to proceed to terminate the group's principal finance lease arrangement, being that relating to its UK hotel. The related reduction in finance lease obligations of approximately £12.6m and the related termination expense will be reported in the financial statements for that period.

22. Operating lease commitments

At 31 December 2019 the group has annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2019	2018	2019	2018
	€	€	€	€
Group				
Expiry date:				
Within one year	**13,597,994**	13,509,707	**77,826**	91,123
Between two to five years	**54,391,977**	54,038,826	**163,096**	162,674
After more than five years	**68,305,540**	86,036,821	**-**	-

At 31 December 2019 the Company has no operating lease commitments and had none in the prior year.

23. Share capital

	2019	*2018*
	€	€
Group and company		
Allotted, called up and fully paid		
1 *(2018 - 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.

24. 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 €5,737 *(2018: €5,940)*.

Contributions totalling €Nil *(2018: €Nil)* were payable to the fund at the balance sheet date and are included in creditors.

25. 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.

25. Related party transactions (continued)

2019

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, Marketing, Incentive and licence fees	€4,004,224	€(1,194,949)
Marriott de Gestion/LHIF	Shared service, Management fees and Marriott rewards	€762,448	€(162,989)
Marriott Hotel Holding GmbH	Management Fees	€47,039	€(4,310)
Marriott Hotel Management GmbH	Management Fees	€137,170	€(11,305)
Marriott Hotels Limited	Shared service centre and payroll charges	£1,644,243	£0
Marriott Hotels International Limited	Management fees and Marriott rewards	£27,680	£(2,859)
GHL	Royalty, Marketing and Licensing Fee	£172,556	£(15,589)

2018

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, Marketing, Incentive and licence fees	€3,788,854	€(1,600,576)
Marriott de Gestion/LHIF	Shared service, Management fees and Marriott rewards	€767,916	€(65,177)
Marriott Hotel Holding GmbH	Management Fees	€46,309	€(8,969)
Marriott Hotel Management GmbH	Management Fees	€131,385	€(20,984)
Marriott Hotels Limited	Shared service centre and payroll charges	£1,526,946	£0
Marriott Hotels International Limited	Management fees and Marriott rewards	£27,025	£(2,089)
GHL	Royalty, Marketing and Licensing Fee	£161,375	£(14,095)

Foreign currency amounts have been translated at year end rates of EUR/GBP 1.1765 *(2018: 1,1149)* and USD/GBP 1.321 *(2018:1.2769)*.

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26. Subsequent events

The COVID-19 pandemic developed rapidly in 2020. The World Health Organisation declared a global pandemic on 11th March 2020. The resulting impact of the virus on the group's operations and measures taken by various governments in terms of lockdown restrictions to contain the virus have had drastic consequences on our business, as further explained in note 1.4.

In addition to the COVID-19 pandemic, as of 1 January 2021, the UK is officially no longer a member of the EU. The UK managed to agree a last-minute trade deal with the EU, which will hopefully limit the negative impact on the hotel and travel industry in 2021 and avoid additional uncertainty at a time when businesses are struggling with the impact of Covid-19. However, uncertainties surrounding work visas, cost of travel, staff shortages, impact on tourist numbers and exchange rates are hard to ascertain due to the impact and restrictions of COVID-19 on our business.

The group's principal finance lease and UK activity ceased post year end, as explained in note 21.

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.