

COMPANY REGISTRATION NUMBER: 5125108

Shanti Hospitality Group Limited
Financial Statements
31 March 2020

JEFFCOTES LLP

Chartered Certified Accountants & statutory auditor
48 Warwick Street
London
W1B 5AW

THURSDAY



AA1HSFRL

A11

01/04/2021

#51

COMPANIES HOUSE

Shanti Hospitality Group Limited

Financial Statements

Year ended 31 March 2020

Contents	Page
Strategic report	1
Directors' report	5
Independent auditor's report to the members	7
Consolidated statement of comprehensive income	10
Consolidated statement of financial position	11
Company statement of financial position	12
Consolidated statement of changes in equity	13
Company statement of changes in equity	15
Consolidated statement of cash flows	16
Notes to the financial statements	18
The following pages do not form part of the financial statements	
Consolidated detailed income statement	40
Notes to the consolidated detailed income statement	41

Shanti Hospitality Group Limited

Strategic Report

Year ended 31 March 2020

Introduction

The directors present their strategic report on Shanti Hospitality Group Limited (Company) for the year ended 31st March 2020.

Business Review

The principal activity of the group during the period continued to be that of operating in the hotel and hospitality industry in various geographical locations including UK, India, Mauritius, Switzerland and the USA. Some properties are operated directly by the Group and the rest are operated by third party hotel management companies. The group has a good mixture of high end, budget and boutique properties to help spread its risk.

The results for the year are set out in the consolidated profit and loss account and the financial position of the group as at 31 March 2020 is set out in the consolidated balance sheet. Group revenue for the year decreased by 3.3% to £23.1 million (2019:£23.9 million) with 2.6% reduction in GP at 41.2% (2019:43.8%).

Group EBITDA before other operating income (earnings before interest, tax, depreciation and amortisation) and also before other operating income was -£1.135m (2019:£298,522).

Land and buildings which represents the main focus of the business remained consistent at £73.03m (2019 : £78.3m) with long term bank loans against these representing 18.7% (2019 : 17.7%) of these assets. The consolidated statement of Financial position on page 13 shows the Group's overall financial position at the end of the year.

The Group's net current liabilities for the year was £145.3 million (2019:£142.8 million) which includes Shareholders loan of £142.8 million (2019: £133.2 million). The cash at bank and in hand decreased by £1.9 million to £2.5 million (2019: £4.4 million) compared to the previous year. For further details on Creditors: amount falling due within one year and amount falling due after more than one year, see notes 19 and 20 of the consolidated statement of Financial position.

Significant Group Companies

Nira Caledonia a Boutique hotel owned by Shanti Hospitality (UK) limited comprises of two properties near to each other. During the year ended 31 March 2020 this business generated total revenue of £1.4 million (2019: £1.2 million) and adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) of £451K (2019: £410K). The property reinstatement insurance claim along with the Business Interruption claim has been fully settled. The hotel was mostly closed for the year April 2020 to March 2021 due to the restrictions imposed by the government in Scotland due to Covid-19 and will reopen in line with easing of restriction by the government of Scotland. The business has taken number of steps including negotiating discounts from suppliers and cancellation of non-essential contracts, taking advantage of the business rate holiday and the furlough scheme in order to manage cash flows during the pandemic.

Shanti Hospitality Group Limited also owns two limited service Hotels in the United States. The hotel in Clearwater is franchised as RedRoof, the hotel at Hartford was renovated and reflagged during the year as Ascend Hotel Collection by Choice Hotels. The bank loan secured on the property at Clearwater which was due in September 2020 was extended for a further period of 12 months. For FY 2020-21, Capitol Hartford saw significant reduction in revenue and profit due to local restrictions imposed due to Covid-19, however due to increased vaccination roll out, it is expected that the business will return to normalcy in the next financial year. Loan of \$149,900 from Small Business Association was received by Capitol Hartford in August 2020 and grants under Payroll protection program (PPP) has been availed to finance the working capital of both the properties for the period April 2020 to December 2020. Further application for PPP2 grant has also been made. Negotiation is ongoing with the landlord of Capitol Hartford to defer part of the lease.

The group owns a 61 key hi-end resort in Mauritius. The main restaurant at the property was completely renovated during the year and an additional room added to the 2 room villa making it a 3 bedroom villa. During the year ended 31 March 2020 this business generated total revenue of £6.7 million (2019: £7 million) and adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) of £0.85 million (2019: £1 million). Mauritius has cancelled all international flights except repatriation flights since March 2020. Since the hotel depends primary on the international guests, the cancellation of flights effected the occupancy, however the

Shanti Hospitality Group Limited

Strategic Report *(continued)*

Year ended 31 March 2020

hotel was able to get local business to offset some of the loss of revenue from international guests. Loans of MUR 37.5 million under Bank of Mauritius support programme has been obtained during FY 2020-21 to meet the working capital shortfall during the period of Covid-19 and a further facility has been approved by Mauritius Investment Corporation Limited. Grants under job support scheme by the Government of Mauritius has also been obtained to reduce the staff costs. The Hotel is following a flexible operating strategy to minimise costs since 15th February 2021 opening only when it has sufficient bookings which is expected to last until the opening of the International border.

The group also owns a 4 star Ski-in Ski-out resort in Silvaplana, Switzerland. During the year ended 30 April 2020 this business generated total revenue of £3.7 million (2019: £3.8 million) and adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) of £2.4K (2019: £205K). The revenue and profitability increased during FY 2020-21 compared to previous year because of the increased local guests during the winter season. An additional interest free loan of CHF 500,000 was obtained from the bank in March 2020. The hotel also obtained support under Kurzarbeit during the period the business was low.

Subsidiaries of Shanti Hotel Ventures Limited mainly holds land banks in India with the intention to develop hotels in the future.

Subsidiaries of Amritara Holdings Limited own boutique hotels and also operates third party hotels in India. The group generated total revenue of £0.44 million (2019: £0.46 million) and adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) of -£94K (2019: £28K).

Shanti Hospitality Group

Shanti Hospitality Group Limited is an investment holding company and the parent company of the group, incorporated in the UK. In the year ended 31 March 2020, Shanti Hospitality Group Limited generated total revenue of £76K (2019: £49K) and EBITDA of -£929K (2019: -£781K).

Principal risks and uncertainties

The management of the business and the nature of the group's strategy are subject to a number of risks. The directors have set out below the principal risks facing the business. The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all risks identified below. Where possible, processes are in place to monitor and mitigate such risks.

Internal control and risk management

As the company is acting as an investment holding entity, all operational risks and external risks lie mainly at the subsidiary level.

The directors are responsible for ensuring that the system of controls that is in place is sufficient and appropriate in order to enable the Group to mitigate the risks which may impact its objectives. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against misstatement or loss.

Each of the subsidiaries has its own management team who are responsible for the day to day management and operation of the entities. Weekly conference calls are held with the management team of each of the business units/subsidiaries and all issues are documented and addressed immediately.

Quarterly board meetings of the company are held where the performance and the business strategy for each business unit are evaluated and discussed.

Some of the measures in place to manage risks of the Group include, comprehensive insurance covers, maintenance contracts or maintenance staff for major equipment and for IT software and hardware for maintaining a secure data control environment with all necessary back-up systems, annual delivery of protective

Shanti Hospitality Group Limited

Strategic Report *(continued)*

Year ended 31 March 2020

equipment to employees and continuous and constructive communication/meeting with senior management.

Financial management risk

The Group uses various financial instruments that include loans, cash and working capital items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's future projects and for its day-to-day operations. The Group's policy is to finance its investments through an appropriate mix of long-term debt and equity finance. The bank financing is obtained at the subsidiary level instead of the group level to mitigate risk. Day-to-day operations are financed through a combination of cash resources and working capital. The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below. The main risks arising from the Group's financial instruments are cash flow interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained broadly in line with previous years, allowing for any risks presented as a result of the Covid-19 pandemic.

Interest rate risk

The Group finances its operations through a mixture of shareholders funding and bank borrowings. The Group's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

Liquidity risk

The Group manages financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest surplus cash safely and profitably. In addition to the bank borrowing and reinvestment of retained earnings, the Company relies on the parent company to fund the day to day working capital requirement of the group. The company obtains annual commitment from its parent company and has commitment in place for the funding required for the next twelve months.

Credit risk

In order to manage credit risk, the Directors set working capital targets including debtor days. Outstanding balances are reviewed by credit controllers on a regular basis, in conjunction with debt ageing, and the Group operates a robust collection procedure.

Price risk

The group is exposed to supplier price risk as a result of its operations through Shanti Hospitality Group Limited and its subsidiaries, however, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the group's operations change size or nature. The group has no exposure to equity securities price risk as it holds no listed or other equity investments.

Health, safety and environmental issues

The group has a code of conduct which at all times safeguards the safety, security, health and environment of its guests, employees and group's assets, which emphasise customer care through anticipating needs, attention to detail, excellence, style and respect for privacy, along with warmth and concern.

In pursuance of its objectives for the maintenance of a safe and healthy environment, the group ensures compliance with all relevant health and safety legislations, ensures that all plant, machinery and equipment provided for use at work are safe to operate, provides information, instructions and training as necessary to enable its employees to perform their tasks safely and efficiently and strive for continuous improvement in the performance of its health and safety management system, as well as other action plans.

Brexit Risk

The United Kingdom officially left European Union on 31st January 2020 and the transition period, during which nothing changed ended on 31st December 2020. The rules governing the new relationship between the EU and UK took effect on 1 January 2021. Post-Brexit, we do not see any material risk that may impact the business. For business operating in UK, our work force is predominantly local and exposure to the European labour market is low. Whilst our strong Brands helps us to attract talent, we also focus on developing and retaining our existing talent pool.

Shanti Hospitality Group Limited

Strategic Report *(continued)*

Year ended 31 March 2020

Future Developments

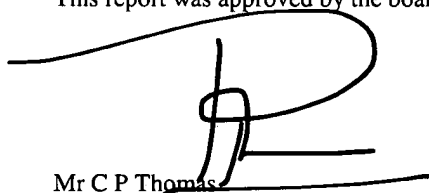
The directors are confident about the continuing financial performance of the Group. Investment in the facilities such as hotel rooms, restaurants, spa etc will continue as the directors seek to ensure that the facilities and services provided are sustainable in the future years.

The Group's long term plan is to develop its existing land banks in India as and when the market factors support the feasibility. The strategy is to build fully serviced mid-scale to upper scale hotels with international brands optimum for each location.

COVID-19

On the 11 March 2020 the World Health Organisation declared a global pandemic - Novel Coronavirus Disease (2019-nCoV), more commonly referred to as COVID-19 causing a wide range of significant financial and economic impact across all major economies across the globe. The directors together with local management have considered a number of factors in relation to the impact of the outbreak across the group. Based on the current assessment, the directors believe that the group has adequate resources to continue to operate for the foreseeable future. The situation however continues to be closely monitored and whilst further lock-down easing measures take place in the post year end period together with the assessment of the impact of any new variants of the virus, it is inherently difficult to predict future events and outcomes with any precision and therefore to quantify any financial impact.

This report was approved by the board of directors on 30 March 2021 and signed on behalf of the board by:



Mr C P Thomas
Director

Registered office:
23 Buckingham Gate
London
SW1E 6LB

Shanti Hospitality Group Limited

Directors' Report

Year ended 31 March 2020

The directors present their report and the financial statements of the group for the year ended 31 March 2020.

Directors

The directors who served the company during the year were as follows:

Mr B Choudhrie
Mr C P Thomas
Mr D Choudhrie
Mr A Corinthios
Mr S Kapur
Mrs C Montepeque

Dividends

The directors did not recommend the payment of a dividend (2019- £Nil)

Employment of disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities, for each disabled person. Arrangements are made wherever possible for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee involvement

The group's policy is to consult and discuss with employees in meetings, matters likely to affect employees' interest.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 30 to the financial statements.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

Shanti Hospitality Group Limited

Directors' Report *(continued)*

Year ended 31 March 2020

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

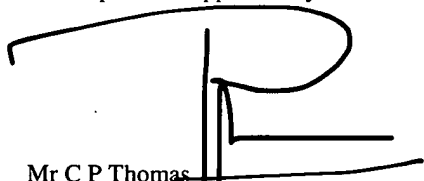
Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 30 March 2021 and signed on behalf of the board by:



Mr C P Thomas
Director

Registered office:
23 Buckingham Gate
London
SW1E 6LB

Shanti Hospitality Group Limited

Independent Auditor's Report to the Members of Shanti Hospitality Group Limited

Year ended 31 March 2020

Opinion

We have audited the financial statements of Shanti Hospitality Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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

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 March 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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. 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 3 in the financial statements, which indicates that the Group incurred a net loss of £4,912,672 during the year ended 31 March 2020 and, as of that date, the company's current liabilities exceeded its total assets by £71,818,980. As stated in note 3, these events or conditions, along with other matters as set forth in note 3, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Shanti Hospitality Group Limited

Independent Auditor's Report to the Members of Shanti Hospitality Group Limited (continued)

Year ended 31 March 2020

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Shanti Hospitality Group Limited

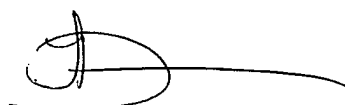
Independent Auditor's Report to the Members of Shanti Hospitality Group Limited *(continued)*

Year ended 31 March 2020

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



Joanne Louise Denman (FCCA) (Senior Statutory Auditor)

For and on behalf of
Jeffcotes LLP
Chartered Certified Accountants & statutory auditor

48 Warwick Street
London
W1B 5AW

30 March 2021

Shanti Hospitality Group Limited
Consolidated Statement of Comprehensive Income
Year ended 31 March 2020

	Note	2020 £	2019 £
Turnover	4	23,113,973	23,897,236
Cost of sales		<u>13,592,209</u>	<u>13,435,340</u>
Gross profit		9,521,764	10,461,896
Administrative expenses		15,056,490	14,109,572
Other operating income	5	4,357,340	663,356
Gain on impairment or disposal of operations		<u>(241,955)</u>	<u>–</u>
Operating loss	6	(935,431)	(2,984,320)
Loss on financial assets at fair value through profit or loss		(110,096)	–
Income from shares in group undertakings	10	47,287	–
Share of loss of associates	16	(637,648)	(153,739)
Share of loss of joint ventures	16	(116,411)	(55,545)
Other interest receivable and similar income	11	57,576	19
Interest payable and similar expenses	12	<u>1,528,498</u>	<u>1,086,159</u>
Loss before taxation		(3,223,221)	(4,279,744)
Tax on loss	13	<u>239,311</u>	<u>3,786</u>
Loss for the financial year		(3,462,532)	(4,283,530)
Foreign currency retranslation		(1,135,655)	(730,572)
Other movements on minority interest		<u>(314,485)</u>	<u>81,510</u>
Other comprehensive income for the year		(1,450,140)	(649,062)
Total comprehensive income for the year		(4,912,672)	(4,932,592)
Loss for the financial year attributable to:			
The owners of the parent company		(3,454,462)	(4,105,042)
Non-controlling interests		<u>(8,070)</u>	<u>(178,488)</u>
		(3,462,532)	(4,283,530)
Total comprehensive income for the year attributable to:			
The owners of the parent company		(4,447,066)	(4,480,817)
Non-controlling interests		<u>(465,606)</u>	<u>(451,775)</u>
		(4,912,672)	(4,932,592)

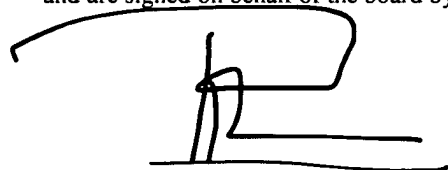
All the activities of the group are from continuing operations.

The notes on pages 18 to 38 form part of these financial statements.

Shanti Hospitality Group Limited
Consolidated Statement of Financial Position
31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	14	212,621	316,188
Tangible assets	15	79,956,383	85,523,018
Investments	16	8,522,327	5,635,602
		<u>88,691,331</u>	<u>91,474,808</u>
Current assets			
Stocks	17	831,337	768,183
Debtors	18	11,874,049	5,595,391
Cash at bank and in hand		2,467,027	4,373,453
		<u>15,172,413</u>	<u>10,737,027</u>
Creditors: amounts falling due within one year	19	<u>160,432,545</u>	<u>153,524,473</u>
Net current liabilities		<u>145,260,132</u>	<u>142,787,446</u>
Total assets less current liabilities		<u>(56,568,801)</u>	<u>(51,312,638)</u>
Creditors: amounts falling due after more than one year	20	15,248,699	15,696,910
Provisions			
Taxation including deferred tax	22	1,480	751
Net liabilities		<u>(71,818,980)</u>	<u>(67,010,299)</u>
Capital and reserves			
Called up share capital	26	1,001	1,001
Revaluation reserve	27	18,523,759	18,523,759
Foreign currency translation reserves	27	(889,458)	256,385
Profit and loss account	27	(91,013,152)	(87,711,929)
Equity attributable to the owners of the parent company		<u>(73,377,850)</u>	<u>(68,930,784)</u>
Non-controlling interests		<u>1,558,870</u>	<u>1,920,485</u>
		<u>(71,818,980)</u>	<u>(67,010,299)</u>

These financial statements were approved by the board of directors and authorised for issue on 30 March 2021, and are signed on behalf of the board by:



Mr C P Thomas
Director

Company registration number: 5125108

The notes on pages 18 to 38 form part of these financial statements.

Shanti Hospitality Group Limited


Company Statement of Financial Position

31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	15	106,746	122,574
Investments	16	157,022,543	150,542,961
		<u>157,129,289</u>	<u>150,665,535</u>
Current assets			
Debtors	18	1,018,583	1,010,921
Cash at bank and in hand		117,015	59,651
		<u>1,135,598</u>	<u>1,070,572</u>
Creditors: amounts falling due within one year	19	<u>145,479,326</u>	<u>141,019,597</u>
Net current liabilities		<u>144,343,728</u>	<u>139,949,025</u>
Total assets less current liabilities		<u>12,785,561</u>	<u>10,716,510</u>
Net assets		<u>12,785,561</u>	<u>10,716,510</u>
Capital and reserves			
Called up share capital	26	1,001	1,001
Profit and loss account	27	12,784,560	10,715,509
Shareholders funds		<u>12,785,561</u>	<u>10,716,510</u>

The profit for the financial year of the parent company was £2,069,051 (2019: £3,948,830).

These financial statements were approved by the board of directors and authorised for issue on 30 March 2021, and are signed on behalf of the board by:



Mr C P Thomas
Director

Company registration number: 5125108

The notes on pages 18 to 38 form part of these financial statements.

Shanti Hospitality Group Limited
Consolidated Statement of Changes in Equity
Year ended 31 March 2020

	Called up share capital £	Revaluation reserve £	Foreign currency translation reserves £	Profit and loss account £	Equity attributable to the owners of the parent company £	Non- controlling interests £	Total £
At 1 April 2018	1,000	18,523,759	632,160	(83,606,887)	(64,449,968)	2,343,065	(62,106,903)
Loss for the year				(4,105,042)	(4,105,042)	(178,488)	(4,283,530)
Other comprehensive income for the year:							
Foreign currency retranslation	-	-	(375,775)	-	(375,775)	(354,797)	(730,572)
Other movements on minority interest	-	-	-	-	-	81,510	81,510
Total comprehensive income for the year	-	-	(375,775)	(4,105,042)	(4,480,817)	(451,775)	(4,932,592)
Issue of shares	1	-	-	-	1	29,195	29,196
Total investments by and distributions to owners	1	-	-	-	1	29,195	29,196
At 31 March 2019	1,001	18,523,759	256,385	(87,711,929)	(68,930,784)	1,920,485	(67,010,299)
Loss for the year				(3,454,462)	(3,454,462)	(8,070)	(3,462,532)
Other comprehensive income for the year:							
Foreign currency retranslation	-	-	(1,145,843)	223,094	(922,749)	(212,906)	(1,135,655)
Other movements on minority interest	-	-	-	(69,855)	(69,855)	(244,630)	(314,485)
Total comprehensive income for the year	-	-	(1,145,843)	(3,301,223)	(4,447,066)	(465,606)	(4,912,672)

The consolidated statement of changes in equity
continues on the following page.

The notes on pages 18 to 38 form part of these financial statements.

Shanti Hospitality Group Limited
Consolidated Statement of Changes in Equity *(continued)*
Year ended 31 March 2020

	Called up share capital £	Revaluation reserve £	Foreign currency translation reserves £	Profit and loss account £	Equity attributable to the owners of the parent company £	Non- controlling interests £	Total £
Issue of shares	-	-	-	-	-	103,991	103,991
Total investments by and distributions to owners	-	-	-	-	-	103,991	103,991
At 31 March 2020	<u>1,001</u>	<u>18,523,759</u>	<u>(889,458)</u>	<u>(91,013,152)</u>	<u>(73,377,850)</u>	<u>1,558,870</u>	<u>(71,818,980)</u>

The notes on pages 18 to 38 form part of these financial statements.

Shanti Hospitality Group Limited
Company Statement of Changes in Equity
Year ended 31 March 2020

	Called up share capital £	Profit and loss account £	Total £
At 1 April 2018	1,000	6,766,679	6,767,679
Profit for the year		3,948,830	3,948,830
Total comprehensive income for the year	–	3,948,830	3,948,830
Issue of shares	1	–	1
Total investments by and distributions to owners	1	–	1
At 31 March 2019	1,001	10,715,509	10,716,510
Profit for the year		2,069,051	2,069,051
Total comprehensive income for the year	–	2,069,051	2,069,051
At 31 March 2020	1,001	12,784,560	12,785,561

The notes on pages 18 to 38 form part of these financial statements.

Shanti Hospitality Group Limited

Consolidated Statement of Cash Flows

Year ended 31 March 2020

	2020 £	2019 £
Cash flows from operating activities		
Loss for the financial year	(3,462,532)	(4,283,530)
<i>Adjustments for:</i>		
Depreciation of tangible assets	3,814,868	3,866,217
Amortisation of intangible assets	103,567	77,820
Loss on financial assets at fair value through profit or loss	110,096	–
Income from shares in group undertakings	(47,287)	–
Share of profit of associates	637,648	153,739
Share of profit of joint ventures	116,411	55,545
Other interest receivable and similar income	(57,576)	(19)
Interest payable and similar expenses	1,528,498	1,086,159
Gains on disposal of tangible assets	(24,789)	–
Gain on impairment or disposal of operations	(241,955)	–
Tax on profit	239,311	3,786
Accrued income	(888,710)	(177,758)
Other operating cash flow adjustment	(827,319)	(651,132)
<i>Changes in:</i>		
Stocks	(63,154)	(153,455)
Trade and other debtors	(6,179,121)	(765,252)
Trade and other creditors	(2,720,580)	7,344,233
Cash generated from operations	(7,962,624)	6,556,353
Interest paid	(1,528,498)	(1,086,159)
Interest received	57,576	19
Tax paid	(238,582)	(3,035)
Net cash (used in)/from operating activities	<u>(9,672,128)</u>	<u>5,467,178</u>
Cash flows from investing activities		
Purchase of tangible assets	(3,844,441)	(2,025,581)
Proceeds from sale of tangible assets	5,190,805	82,960
Acquisition of interests in associates and joint ventures	(1,190,697)	(1,150,319)
Proceeds from sale of interests in associates and joint ventures	1,470,265	–
Purchases of other investments	(3,981,122)	–
Dividends received	47,287	–
Net cash used in investing activities	<u>(2,307,903)</u>	<u>(3,092,940)</u>

The consolidated statement of cash flows
continues on the following page.

The notes on pages 18 to 38 form part of these financial statements.

Shanti Hospitality Group Limited

Consolidated Statement of Cash Flows *(continued)*

Year ended 31 March 2020

	Note	2020 £	2019 £
Cash flows from financing activities			
Proceeds from issue of ordinary shares		103,991	29,196
Proceeds from borrowings		(426,366)	(713,221)
Proceeds from loans from group undertakings		9,582,051	(927,613)
Proceeds from loans from participating interests		(18,505)	18,505
Payments of finance lease liabilities		832,434	40,979
Net cash from/(used in) financing activities		<u>10,073,605</u>	<u>(1,552,154)</u>
Net (decrease)/increase in cash and cash equivalents		(1,906,426)	822,084
Cash and cash equivalents at beginning of year		4,373,453	3,551,369
Cash and cash equivalents at end of year		<u>2,467,027</u>	<u>4,373,453</u>

The notes on pages 18 to 38 form part of these financial statements.

Shanti Hospitality Group Limited

Notes to the Financial Statements

Year ended 31 March 2020

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 23 Buckingham Gate, London, SW1E 6LB.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheet at the rates ruling at the balance sheet date. Exchange differences arising on translation of opening net assets and results of overseas are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in profit or loss in the period in which they arise.

Exchange differences arising on gain or losses on non-monetary items which are recognised in other comprehensive income and;

In the case of consolidated financial statement, exchange difference on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation) which are recognised in other comprehensive income and reported under equity.

Shanti Hospitality Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

3. Accounting policies *(continued)*

Going concern

Notwithstanding that the group's total liabilities exceed its total assets by £71,818,980 as at 31 March 2020, the group incurred losses of £4,912,672 and that its ability to continue as a going concern is dependent upon the continuing support of its shareholders, the directors are of the opinion that it is appropriate to prepare the Group financial statements on a going concern basis.

The director's opinion is based on the improving results in previous years prior to any impact resulting from the COVID-19 pandemic. The pandemic has resulted in a downturn across the global hospitality sector and management have taken measures to mitigate the fallout and any long term adverse impact on the Group. Where possible subsidiaries have taken advantage of government schemes and grants, they have deferred loan interest payments and agreed extensions on loan facilities to support cash flow, whilst local lockdowns remain in place. Labour costs and other costs have been reduced and capital expenditure plans have been postponed. Management are of the opinion that as lockdown restrictions begin to ease globally, the hospitality sector will recover and that the measures they have put in place will allow the Group to recover and stabilize from any adverse effects. The directors have a long term strategy in place which should continue to see results in future years improving on those of prior years. Budgets and forecasts show that the Group is expected to generate positive cash flows which should enable loans to be repaid. Although the Group is reliant on the reopening of its underlying assets to realise its overall strategy, in the short term, the Group continues to operate using bank funding, a mixture of loans and overdrafts and from funding provided by the shareholders. The shareholders have agreed not to withdraw funds or call in loans that would cause cash flow difficulties and have agreed to provide ongoing financial support to the Group as and when required to enable the Group to meet its financial commitments and to ensure the Group can continue as a going concern.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Equal opportunities policy

The Company is committed to achieving a working environment which provides equality of opportunity and freedom from unlawful discrimination through its Equal Opportunities Policy. This Policy aims to remove unfair and discriminatory practices within the Company and encourages contribution from its workforce to maintain a healthy, diverse community workplace. The Company believes that all employees and clients are entitled to be treated with respect and dignity and in light of same it updates its employment practices and contractual relationships regularly in line with latest legislations.

Shanti Hospitality Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

Consolidation

The financial statements consolidate the financial statements of the Group and all of its subsidiary undertakings drawn up to 31 March each year. The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes. Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with section 35 of FRS 102, section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transaction.

Non-controlling interests

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the minority interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

Cash & cash equivalents

Cash is defined as cash on hand and demand and deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amount of cash and that are subject to an insignificant risk of change in value.

Judgements and key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- **Impairment of Debtors**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debtors and historical experience.

- **Depreciation/ Amortisation and Useful Lives of Property, Plant and Equipment / Intangible Assets**

Property, Plant and Equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the Group's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Shanti Hospitality Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

3. Accounting policies *(continued)*

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered, stated net of discounts and of Value Added Tax.

In the Hospitality sector revenue represents income derived from hotel activities and is shown net of discount and Value Added Tax and is recognised when the services are provided.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Rental under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Shanti Hospitality Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

3. Accounting policies *(continued)*

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	-	Over 5 years
Contribution to tourism fund	-	Over 20 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	-	2% straight line
Long leasehold property	-	10% straight line
Plant and machinery	-	20% reducing balance
Fixtures & Fittings	-	10%-33% Straight line
Motor vehicles	-	25% straight line
Equipment	-	10%-33% Straight line

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Investments in associates

Investments in associates are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate.

Shanti Hospitality Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

3. Accounting policies *(continued)*

Investments in joint ventures

Investments in joint ventures are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the joint venture.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition. Where considered necessary, provision is also recognised for any slow moving items and write downs arising from any impairments.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Shanti Hospitality Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

3. Accounting policies *(continued)*

Provisions *(continued)*

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2020	2019
	£	£
Rendering of services	<u>23,113,973</u>	<u>23,897,236</u>

Shanti Hospitality Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

4. Turnover *(continued)*

The turnover is attributable to the one principal activity of the group. An analysis of turnover by the geographical markets that substantially differ from each other is given below:

	2020	2019
	£	£
United Kingdom	1,416,174	1,224,041
Mauritius	6,733,666	7,015,447
India	8,539,022	9,366,845
Switzerland	3,968,506	3,719,029
USA	2,456,605	2,571,874
	<u>23,113,973</u>	<u>23,897,236</u>

5. Other operating income

	2020	2019
	£	£
Other operating income	<u>4,357,340</u>	<u>663,356</u>

Other operating income includes insurance claim of £273K for business interruption by Shanti Hospitality (UK) Limited following the fire interruption in 2018, it also includes income of £3.7M received by the subsidiaries of Shanti Hospitality Mauritius Limited, £2.77M gain on disposal of land, £748K Interest income from financial assets and consultancy income and £185K in relation to Export Promotion Capital Goods (EPCG) scheme grants from the government of India.

In 2019 other operating income includes insurance claim of £229K for business interruption by Shanti Hospitality (UK) Limited following the fire interruption in 2018, it also includes income of £250K received by the subsidiaries of Shanti Hospitality Mauritius Limited in relation to Export Promotion Capital Goods (EPCG) scheme grants from the government of India.

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2020	2019
	£	£
Amortisation of intangible assets	103,567	77,820
Depreciation of tangible assets	3,814,868	3,866,217
Impairment of tangible assets recognised in:		
Administrative expenses	430,192	—
Gains on disposal of tangible assets	(24,789)	—
Impairment of trade debtors	5,106	6,293
Operating lease rentals	401,602	412,752
Foreign exchange differences	<u>(77,698)</u>	<u>25,874</u>

7. Auditor's remuneration

	2020	2019
	£	£
Fees payable for the audit of the financial statements	<u>23,000</u>	<u>15,000</u>

Shanti Hospitality Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2020 No.	2019 No.
Administrative staff	1,015	1,048
Management staff	2	2
	<u>1,017</u>	<u>1,050</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2020 £	2019 £
Wages and salaries	9,241,083	8,913,823
Social security costs	81,467	75,343
Other pension costs	31,829	28,217
	<u>9,354,379</u>	<u>9,017,383</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2020 £	2019 £
Remuneration	237,501	203,754
Company contributions to defined contribution pension plans	7,950	6,399
	<u>245,451</u>	<u>210,153</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2020 No.	2019 No.
Defined contribution plans	<u>1</u>	<u>1</u>

Remuneration of the highest paid director in respect of qualifying services:

	2020 £	2019 £
Aggregate remuneration	172,324	132,243
Company contributions to defined contribution pension plans	7,950	6,399
	<u>180,274</u>	<u>138,642</u>

10. Income from shares in group undertakings

	2020 £	2019 £
Income from group undertakings	<u>47,287</u>	<u>—</u>

Shanti Hospitality Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

11. Other interest receivable and similar income

	2020	2019
	£	£
Interest on cash and cash equivalents	<u>57,576</u>	<u>19</u>

12. Interest payable and similar expenses

	2020	2019
	£	£
Interest on banks loans and overdrafts	1,465,154	1,034,358
Other interest payable and similar charges	<u>63,344</u>	<u>51,801</u>
	<u>1,528,498</u>	<u>1,086,159</u>

13. Tax on profit

Major components of tax income

	2020	2019
	£	£
Current tax:		
UK current tax income	238,582	3,035
Deferred tax:		
Origination and reversal of timing differences	<u>729</u>	<u>751</u>
Tax on profit	<u>239,311</u>	<u>3,786</u>

Reconciliation of tax expense

The tax assessed on the loss on ordinary activities for the year is higher than (2019: higher than) the standard rate of corporation tax in the UK of 19% (2019: 19%).

	2020	2019
	£	£
Loss on ordinary activities before taxation	<u>(3,223,221)</u>	<u>(4,279,744)</u>
Loss on ordinary activities by rate of tax	(527,834)	(813,151)
Effect of expenses not deductible for tax purposes	120	139
Tax losses carried forward	<u>767,025</u>	<u>816,798</u>
Tax on profit	<u>239,311</u>	<u>3,786</u>

Shanti Hospitality Group Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2020

14. Intangible assets

Group	Goodwill £	Contribution to tourism fund £	Total £
Cost			
At 1 April 2019 and 31 March 2020	<u>1,850,376</u>	<u>486,914</u>	<u>2,337,290</u>
Amortisation			
At 1 April 2019	1,703,010	318,092	2,021,102
Charge for the year	<u>77,989</u>	<u>25,578</u>	<u>103,567</u>
At 31 March 2020	<u>1,780,999</u>	<u>343,670</u>	<u>2,124,669</u>
Carrying amount			
At 31 March 2020	<u>69,377</u>	<u>143,244</u>	<u>212,621</u>
At 31 March 2019	<u>147,366</u>	<u>168,822</u>	<u>316,188</u>

The company has no intangible assets.

15. Tangible assets

Group	Land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Capital work in progress £	Total £
Cost						
At 1 Apr 2019	87,866,587	7,630,849	13,427,415	116,928	1,279,307	110,321,086
Additions	2,755,643	472,290	489,646	18,396	108,466	3,844,441
Disposals	(5,158,219)	(63,720)	(1,210)	(682)	(2,591)	(5,226,422)
Revaluations	(430,192)	–	–	–	–	(430,192)
At 31 Mar 2020	<u>85,033,819</u>	<u>8,039,419</u>	<u>13,915,851</u>	<u>134,642</u>	<u>1,385,182</u>	<u>108,508,913</u>
Depreciation						
At 1 Apr 2019	9,545,992	4,194,933	11,003,338	53,805	–	24,798,068
Charge for the year	2,459,793	651,682	689,951	13,442	–	3,814,868
Disposals	(59)	(59,432)	(525)	(390)	–	(60,406)
At 31 Mar 2020	<u>12,005,726</u>	<u>4,787,183</u>	<u>11,692,764</u>	<u>66,857</u>	<u>–</u>	<u>28,552,530</u>
Carrying amount						
At 31 Mar 2020	<u>73,028,093</u>	<u>3,252,236</u>	<u>2,223,087</u>	<u>67,785</u>	<u>1,385,182</u>	<u>79,956,383</u>
At 31 Mar 2019	<u>78,320,595</u>	<u>3,435,916</u>	<u>2,424,077</u>	<u>63,123</u>	<u>1,279,307</u>	<u>85,523,018</u>

Shanti Hospitality Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

15. Tangible assets *(continued)*

Company	Fixtures and fittings £	Equipment £	Total £
Cost			
At 1 April 2019	149,363	15,045	164,408
Additions	–	2,337	2,337
At 31 March 2020	149,363	17,382	166,745
Depreciation			
At 1 April 2019	31,890	9,944	41,834
Charge for the year	15,945	2,220	18,165
At 31 March 2020	47,835	12,164	59,999
Carrying amount			
At 31 March 2020	101,528	5,218	106,746
At 31 March 2019	117,473	5,101	122,574

Tangible assets held at valuation

In respect of tangible assets held at valuation, aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

Group	Land and buildings £
At 31 March 2020	
Aggregate cost	74,565,361
Aggregate depreciation	(20,080,331)
Carrying value	54,485,030
At 31 March 2019	
Aggregate cost	77,398,129
Aggregate depreciation	(17,620,597)
Carrying value	59,777,532

The company has no tangible assets held at valuation.

Shanti Hospitality Group Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2020

16. Investments

Group

	Interests in associates £	Joint ventures £	Other investments other than loans £	Total £
Share of net assets/cost				
At 1 April 2019	4,749,074	1,090,536	121,333	5,960,943
Additions	1,190,697	–	3,981,122	5,171,819
Disposals	(1,470,265)	–	–	(1,470,265)
Revaluations	49,125	–	–	49,125
Share of profit or loss	(637,447)	(116,411)	–	(753,858)
At 31 March 2020	3,881,184	974,125	4,102,455	8,957,764
Impairment				
At 1 April 2019	325,341	–	–	325,341
Impairment losses	–	–	110,096	110,096
At 31 March 2020	325,341	–	110,096	435,437
Carrying amount				
At 31 March 2020	3,555,843	974,125	3,992,359	8,522,327
At 31 March 2019	4,423,733	1,090,536	121,333	5,635,602

Company

	Shares in group undertakings £	Loans to group undertakings £	Shares in participating interests £	Total £
Cost				
At 1 April 2019	15,278,765	139,885,052	–	155,163,817
Additions	821,444	3,240,446	1,066,465	5,128,355
Disposals	(24,144)	–	–	(24,144)
Revaluations	–	(1,804,092)	49,125	(1,754,967)
Other movements	–	3,130,338	–	3,130,338
At 31 March 2020	16,076,065	144,451,744	1,115,590	161,643,399
Impairment				
At 1 April 2019 and 31 March 2020	250	4,620,606	–	4,620,856
Carrying amount				
At 31 March 2020	16,075,815	139,831,138	1,115,590	157,022,543
At 31 March 2019	15,278,515	135,264,446	–	150,542,961

Shanti Hospitality Group Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2020

16. Investments (continued)

	Country of incorporation	Holding	Proportion of voting rights	Nature of business
Subsidiary undertakings				
Held directly by the company:				
Shanti Hospitality (Mauritius) Limited	Mauritius	Ordinary shares	90%	Hotels and Hospitality
SPA (Maurice) Limited	Mauritius	Ordinary shares	97%	Hotels and Hospitality
Nidra Holdings Limited	Mauritius	Ordinary shares	100%	Hotels and Hospitality
Amritara Holdings Limited	Mauritius	Ordinary shares	100%	Hotels and Hospitality
Shanti Prime Hotels Limited	Mauritius	Ordinary shares	100%	Hotels and Hospitality
Shanti Hotel Ventures Limited	Mauritius	Ordinary shares	100%	Hotels and Hospitality
Alpine Hospitality (Switzerland) AG	Switzerland	Ordinary shares	100%	Hotels and Hospitality
Shanti Hospitality (US) Inc	USA	Ordinary shares	100%	Hotels and Hospitality
Shanti Hospitality II (US) Inc	USA	Ordinary shares	100%	Hotels and Hospitality
Shanti Hospitality (UK) Limited	England	Ordinary shares	100%	Hotels and Hospitality
Shanti Hotels (US) Inc	USA	Ordinary shares	100%	Hotels and Hospitality
Shanti Hospitality Management Services (UK) Limited	England	Ordinary shares	100%	Hotels and Hospitality
Held indirectly by the company:				
Shanti CC Holding LLC DE	USA	Ordinary shares	95%	Hotels and Hospitality
Shanti CC Hartford LLC CT	USA	Ordinary shares	95%	Hotels and Hospitality
Shanti CC Clearwater LLC (FL)	USA	Ordinary shares	95%	Hotels and Hospitality
Thalaj Resorts & Realtors Pvt Limited	India	Ordinary shares	100%	Hotels and Hospitality
Welmount Reality Pvt Limited	India	Ordinary shares	85%	Hotels and Hospitality
SPA on the Shores Limited	Mauritius	Ordinary shares	100%	Hotels and Hospitality
Shanti Hospitality PVT Limited	India	Ordinary shares	89%	Hotels and Hospitality
Ruchi Hospitality Pvt Ltd	India	Ordinary shares	100%	Hotels and Hospitality
C&C Hotel Venture Pvt Limited	India	Ordinary shares	73%	Hotels and Hospitality
Nidra Hospitality (Amritsar) Pvt Limited	India	Ordinary shares	92%	Hotels and Hospitality

Shanti Hospitality Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

16. Investments *(continued)*

Nidra Hospitality (Gujarat) Pvt Limited	India	Ordinary shares	100%	Hotels and Hospitality
Dehradun Hospitality PVT Limited	India	Ordinary shares	100%	Hotels and Hospitality
C&C Prime Hotel PVT Limited	India	Ordinary shares	90%	Hotels and Hospitality
C&C Hospitality (Kerala) PVT Limited	India	Ordinary shares	100%	Hotels and Hospitality
C&C Hospitality PVT Limited	India	Ordinary shares	100%	Hotels and Hospitality
Amritara Alpha Hospitality Pvt Limited	India	Ordinary shares	49%	Hotels and Hospitality
Amritara Hospitality PVT Limited	India	Ordinary shares	99%	Consultancy and business development
Amritara Hotel & Resorts Pvt Limited	India	Ordinary shares	79%	Hotels and Hospitality
Welmout Realty Pvt Limited	India	Ordinary shares	96%	Hotels and Hospitality

Associates undertakings

Held directly by the company:

Spa Hospitality Limited	Mauritius	Ordinary shares	18%	Hotels and Hospitality
----------------------------	-----------	-----------------	-----	------------------------

Held indirectly by the company:

Sharma Limited	Mauritius	Ordinary shares	49%	Hotels and Hospitality
Island Homes Park Pvt Limited	India	Ordinary shares	27%	Hotels and Hospitality
Nidra Hospitality Pvt Limited	India	Ordinary shares	32%	Hotels and Hospitality
Nidra Hospitality Gujarat Pvt Limited	India	Ordinary shares	100%	Hotels and Hospitality
MCM LLC	USA	Ordinary shares	50%	Holding Investment company
Anantara Alpha Hospitality Pvt Ltd	India	Ordinary shares	49%	Hotels and Hospitality

Joint Ventures

Held indirectly by the company:

MMPB Group LLC	USA	Ordinary shares	50%	Hotels and Hospitality
----------------	-----	-----------------	-----	------------------------

The details of Registered office address and principle place of business for all subsidiaries, associates and joint ventures can be obtained on request from Shanti Hospitality Group Limited registered office,

23 Buckingham Gate
London
SW1E 6LB

Shanti Hospitality Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

17. Stocks

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Raw materials and consumables	<u>831,337</u>	<u>768,183</u>	<u>—</u>	<u>—</u>

18. Debtors

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	1,765,773	1,329,194	118,488	(45)
Amounts owed by group undertakings	—	—	580	—
Prepayments and accrued income	1,363,690	903,509	331,337	224,727
Other debtors	<u>8,744,586</u>	<u>3,362,688</u>	<u>568,178</u>	<u>786,239</u>
	<u>11,874,049</u>	<u>5,595,391</u>	<u>1,018,583</u>	<u>1,010,921</u>

19. Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdrafts	1,420,181	1,589,281	—	—
Trade creditors	4,745,398	3,422,925	108,162	45,188
Amounts owed to group undertakings	142,878,849	133,296,798	142,878,849	133,296,798
Amounts owed to undertakings in which the company has a participating interest	—	18,505	—	—
Accruals and deferred income	1,100,339	1,889,512	33,025	34,144
Social security and other taxes	30,675	20,981	23,113	12,745
Obligations under finance leases and hire purchase contracts	40,890	7,805	—	—
Director loan accounts	181,599	181,598	181,599	181,598
Other creditors	<u>10,034,614</u>	<u>13,097,068</u>	<u>2,254,578</u>	<u>7,449,124</u>
	<u>160,432,545</u>	<u>153,524,473</u>	<u>145,479,326</u>	<u>141,019,597</u>

The bank overdrafts are secured by floating charges on the subsidiary assets.

20. Creditors: amounts falling due after more than one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Bank loans and overdrafts	13,644,190	13,901,457	—	—
Obligations under finance leases and hire purchase contracts	832,523	33,174	—	—
Other creditors	<u>771,986</u>	<u>1,762,279</u>	<u>—</u>	<u>—</u>
	<u>15,248,699</u>	<u>15,696,910</u>	<u>—</u>	<u>—</u>

Shanti Hospitality Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

Bank loans and overdrafts are secured by various fixed and floating charges on the assets of the company and its subsidiaries with a value of £15,064,371 (2019: £15,490,738). The terms of the loans restricts the Group from making significant acquisition or disposals without the consent of the lender.

The Group has issued a letter of subordination for the loan of £6.1 million from Graubundner Kantonal bank for the acquisition of Hotel in Switzerland. Interest on this loan is charged at the average rate of 2.63%, under the terms of the loan it is repayable by early 2020. In March 2020 Alpine Hospitality (Switzerland) AG received Covid-emergency loan as per COVID-19 Joint Surety Ordinance CHF500K from Graubundner Kantonalbank on behalf of Swiss Government for a duration of 8 years with an interest rate currently set at 0% until 31 March 2022. The loan is repayable in 24 quarterly instalments of CHF20.83K from 31 March 2022.

The total value of the assets secured by bank loans are £67 million (2019:£70 million) In February 2016 Shanti CC ClearWater LLC entered into a loan agreement with VSD SUB 2 LLC for a principal sum of \$4,500,000 with a maturity date of August 2018. Interest on unpaid principal balance is payable at a rate equal to the 1 month LIBOR plus 6.5% per annum. From August 2018 the loan was extended by 24 month with interest payable at a rate equal to 1 month LIBOR plus 6% with a floor of 8.10%.In September 2019, Shanti CC Clearwater LLC renewed its loan of US\$ 3,987,142 with EFM Transfer Agent LLC for a further period of 1 year with interest payable at the rate of 6.75% over LIBOR with a floor of 9%.

In December 2013 Ruchi Hospitality Private Limited entered into a loan agreement with Saraswat Co-Operative bank for a sum of INR 3,992 million the loan was repayable in 24 quarterly instalment of INR 33 million commencing from December 2013 and 40 quarterly instalments of INR 80 million commencing from January 2017. On 7th February 2020, the term loan with Saraswat Co-Operative bank was repaid. In January 2020 Ruchi Hospitality Private Limited entered into a loan agreement with HDFC for a sum of INR 230 million repayable in 27 quarterly instalments of INR 8 million from September 2020.

In July 2017 Shanti Hospitality Pvt Limited entered into a loan agreement with Saraswat Co-Operative Bank Limited for a sum of INR 1,240 million, The loan is repayable in 39 quarterly instalments commencing from July 2017. In November 2019 Shanti Hospitality Pvt Ltd entered into Saraswat Co-Operative Bank Limited car loan for a sum of INR 4.2 million repayable in 60 equated monthly instalments from December 2019.

21. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Not later than 1 year	40,890	7,805	-	-
Later than 1 year and not later than 5 years	167,459	33,174	-	-
Later than 5 years	665,064	-	-	-
	<u>873,413</u>	<u>40,979</u>	<u>-</u>	<u>-</u>

Shanti Hospitality Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

22. Provisions

Group	Deferred tax (note 23) £
At 1 April 2019	751
Additions	729
At 31 March 2020	<u>1,480</u>

The company does not have any provisions.

23. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Included in provisions (note 22)	<u>1,480</u>	<u>751</u>	<u>—</u>	<u>—</u>

24. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £31,829 (2019: £28,217).

25. Financial instruments

The carrying amount for each category of financial instrument is as follows:

Financial assets that are debt instruments measured at amortised cost

	Group	
	2020	2019
	£	£
Financial assets that are debt instruments measured at amortised cost	<u>15,172,413</u>	<u>10,737,027</u>

Financial liabilities measured at amortised cost

	Group	
	2020	2019
	£	£
Financial liabilities measured at amortised cost	<u>175,681,244</u>	<u>169,221,384</u>

Shanti Hospitality Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

26. Called up share capital

Issued, called up and fully paid

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,001</u>	<u>1,001</u>	<u>1,001</u>	<u>1,001</u>

27. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Share Premium- This reserve records the premium received on share capital already in issue.

Foreign Currency Translation- This reserve represents exchange differences on monetary items that form part of the entity's investment in foreign operations. Such exchange differences are recognised in other comprehensive income and accumulated in equity.

28. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
Not later than 1 year	424,778	411,069	80,960	80,960
Later than 1 year and not later than 5 years	1,832,218	1,550,239	323,840	323,840
Later than 5 years	1,392,678	763,897	161,920	242,880
	<u>3,649,674</u>	<u>2,725,205</u>	<u>566,720</u>	<u>647,680</u>

29. Pension commitments

The group operates defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £31,829 (2019-£28,217)

Shanti Hospitality Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

30. Events after the end of the reporting period

COVID-19

The Group has taken measures to respond to the economic fallout and disruption caused by the COVID-19 outbreak. The pandemic is affecting most countries in which the Group operates and management are closely monitoring developments in an attempt to mitigate any long term adverse economic impact on the Group. The extent of any adverse impact on the Group will be determined by how long the COVID-19 pandemic lasts on a global basis and how long it takes the Group to stabilize and recover. Given the nature of the outbreak and its ongoing developments there is a high degree of uncertainty and it not possible at this time to predict the overall impact on the Group's operations.

The Group has concluded that the developments in the global markets after the year end did not provide evidence of conditions that existed at the balance sheet date and as such they have assessed that any impact caused by the pandemic is non-adjusting

Brexit

The UK officially left the EU on 31 January 2020. The transition period that was in place - during which nothing changed - ended on 31 December 2020. The rules governing the new relationship between the EU and UK took effect on 1 January 2021.

Neither COVID-19 or Brexit have led the directors into making any adjustments in these financial statements for the year ended 31st March 2020.

31. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company and its subsidiary undertakings:

	Balance brought forward and outstanding	
	2020	2019
	£	£
Mr B Choudhrie	<u>(181,598)</u>	<u>(181,598)</u>

32. Related party transactions

Group

Shanti Hospitality Group Limited owns 97% of the share capital of Spa Maurice Limited (a company incorporated in Mauritius), during the year under review Shanti Hospitality Group Limited raised an invoice of £50,889 (2019:£49,265) for provision of consultancy services.

At the balance sheet date Spa Maurice Limited owed £34,682,859 (2019:£36,532,849) to Shanti Hospitality Group Limited

Shanti Hospitality Group Limited also owns 90% of the share capital of Shanti Hospitality (Mauritius) Limited (a company incorporated in Mauritius), at the balance sheet date Shanti Hospitality Mauritius Limited owed £48,158,527 (2019:£45,387,936) to Shanti Hospitality Group Limited.

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the group was £579,810 (2019: £830,966).

Shanti Hospitality Group Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

32. Related party transactions *(continued)*

Company

The company has taken advantage of the exemption from reporting related party transactions between Shanti Hospitality Group Limited and 100% subsidiaries of Shanti Hospitality Group companies, conferred by Financial Reporting Standard 102 Section 33, on the grounds that the company prepares consolidated financial statements.

B Choudhrie is also a director of Enfranchise 421 Limited and C&C Alpha Group Limited. Shanti Hospitality Group Limited owed £172,811 (2019: £124,235) to Enfranchise 421 Limited at the balance sheet date.

Included in creditors, amount falling due within one year a sum of £728,789 (2019: £565,416) due to Shanti Hospitality Holdings Corporation and £1,160,482 (2019: £899,480) due to Shanti Real Estate Corporation, both companies are incorporated in Philippines and C&C Alpha Group Limited has participating interest on them. At the balance sheet date Shanti Hospitality Group Limited owed £130,133,530 to Harberry Investments Limited.

At the balance sheet date Shanti Hospitality Group Limited owed £7,208,349 to Harberry Investments (Mau) Limited.

During the year under review Shanti Hospitality Group Limited donated £15,824 (2019: £5,000) to a charity (Path To Success), a director of the company is also a trustee of Path To Success.

At the balance sheet date Spa Hospitality Ltd, an associate company owed £1,091,445 to Shanti Hospitality Group Ltd.

33. Controlling party

The ultimate parent company is Harberry Investments Limited, a company registered in the British Virgin Isles. It owns 100% of the issued share capital.

Shanti Hospitality Group Limited

Management Information

Year ended 31 March 2020

The following pages do not form part of the financial statements.