

Company Registration No. 08121840 (England and Wales)

ARORA HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020



Arora
GROUP

ARORA HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Surinder Arora Sanjay Arora Carlton Brown Athos Yiannis Guy Morris Sanjeev Roda
Secretary	Athos Yiannis
Company number	08121840
Registered office	World Business Centre 3 Newall Road London Heathrow Airport Hounslow England TW6 2TA
Auditor	BDO LLP 55 Baker Street London W1U 7EU

ARORA HOLDINGS LIMITED

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ARORA HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Introduction

Arora Holdings Limited and its subsidiaries "the group" forms part of the Arora Group, a successful UK-focused private group of companies, which leverages synergies across its specialist property, construction and hotel divisions to its strategic advantage. Since 1999, the group has built its standing through meticulously managing projects from inception to delivery and beyond. Today, it owns and manages a diverse portfolio of flagship assets across the nation's key business locations, partnering with some of the world's most recognised brands to deliver consistently high service levels and sustainable growth.

The group strategy is to deliver portfolio diversification, growth in asset value and profitability. Our strategy for delivering these objectives are:

- Delivering sound long-term value to our stakeholders
- Continuing to expand, develop and consolidate a diversified property asset portfolio in targeted UK locations
- Sustaining our reputation for quality, integrity and social responsibility

More information about group can be found on www.thearoragroup.com.

Section 172 statement

Section 172 of the Companies Act 2006 requires directors to describe how they have had regard to various stakeholders associated with the group.

We have set out below information about how our directors have had regard for our employees; business relationships with suppliers and customers; the impact of the group's operations on the community and environment; and the desirability of the company maintaining a reputation for high standards of business conduct.

Any likely consequences of decisions taken by the company in the long term are covered within the Review of Business section in the Strategic Report.

Employee Engagement

We address employee engagement as a holistic process which begins with the recruitment experience and continues throughout the employees' journey with us.

The Talent and Culture Team strive to create positive employee experiences by handling all the touch points of the recruitment process to ensure that the on-boarding truly engages new employees.

Engagement is an ongoing process throughout the year with regular reviews, employee events and several activities such as welcome to work, wellbeing week and family fun day. Employee wellbeing is critical so we have a number of measures in place to support our team, including a confidential wellbeing helpline. At the Arora Group, our employees are like our family so we work hard to ensure they feel valued, appreciated and happy.

Customer Engagement

Our Commercial and Hotel Customer Engagement Team primarily engages with corporate customers and hotel guests.

Corporate Customers

Engagement is predominantly managed by our Commercial Team who assess overall business growth opportunities in line with market conditions, market share gain opportunities and expectations from the Board and wider investment community. They then determine the appropriate mix and source of business required to achieve agreed revenue and profitability expectations which allows them to develop suitable plans to acquire and animate potential business opportunities.

Our Commercial Team engage with our corporate customers on a business to business level in several ways including through our Customer Engagement Team and Planning and Sales Team who help customers navigate their event needs and ensure all the contracted items and services are delivered successfully.

ARORA HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Hotel Guests and Transient Market

The Arora Group is a customer centric hotel company operating franchises through four eminent brand companies and using a total of 10 different brands. We closely monitor our guest feedback and quality matrix.

We are very proud of the achievements the hotels make in customer care and the relentless focus of our teams. We embrace brand initiatives such as 'Heartiest' for the Accor Brands or 'Delighted to Serve' for the Renaissance brand. We also supplement this with our own universal training conducted by external consultants with whom we have developed various courses over the years.

In addition, the hotel bonus structure for all hotel General Managers includes an element that reflects on guest service. The General Managers are also measured on a Balanced Scorecard system with guest care being a significant portion of measuring hotel achievements.

Suppliers Engagement Team

Our Purchasing Team have developed strong and enduring relationships with our suppliers. In order to ensure continued growth of these business relationships, our Supplier Engagement Team conduct regular review meetings. These take place either quarterly, every six months or annually depending on the particulars of each supplier relationship. During these meetings we assess changes in our business demand and where necessary begin the process of negotiating amendments or renewals of our formal contracts. We take counsel from our Operations Team to ensure that the goods and/or services provided are fit for purpose for our day to day business requirements. As such, we may include members of our Operations Team during review meetings where we or our suppliers deem it necessary.

We use a renegotiation calendar to help us monitor contract expiry dates so that we can ensure early engagement with suppliers to review and renew relationships. Our pro-active approach to managing supplier relationships has enabled us to create a long-standing business network which delivers innovative and competitive contracts across our business.

Environmental Sustainability

Climate change and resource scarcity are amongst society's greatest challenges. As a responsible business we are fully committed to minimising our operational impact on the environment when and wherever possible. This is core to ensuring we do business in the right way.

To see ways in which the Arora Group aims to minimise its impact on the environment, visit <https://thearoragroup.com/about/policy-position/environmentalsustainability>.

Maintaining a reputation for high standards of business conduct

To see more information on how the Arora Group maintains a reputation for high standards of business conduct, visit www.thearoragroup.com/about/strategy.

ARORA HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Review of Business - Hotels

Holiday Inn, Heathrow T5

The property continued to benefit from its close proximity to Terminal 5 delivering a positive financial result for the year and retaining its excellent reputation from its guests of being number 1 on Trip Advisor in the local market.

Despite the impact of Covid-19 later in the period, the hotel recorded impressive results for the year. Turnover for the year grew by 7% compared to the previous year which was achieved by continued growth on the delayed flight revenue segment. The growth in this segment resulted in a large increase of food and beverage revenue of 27% despite overall occupancy growing by only 3% year on year.

Renaissance London Heathrow

Following a strong previous year by the hotel, this trading year was more challenging with revenue falling by 9% year on year. Approximately half of this fall was due to the effect of Covid-19 and the remainder was largely due to more challenging market conditions. This resulted in a marginal fall in average room rates as we felt with more competitive rates we would be able to attract more customers due to the challenges in the market. On the upside, the delayed flights segment continued to deliver positive results in the year due to the contract entered with a major airline for the Heathrow area in the previous year.

Despite these challenges and occupancy decreasing by 9% year on year, the hotel was able to achieve a strong conversion to operating profit through the hotels management team effectively controlling costs, with EBITDAR reducing only by 8%.

Sofitel Gatwick

On 30 September 2019 the operating lease, and with it all the business activity, was acquired by Arora SLG Limited from Grove HR Limited, both subsidiary companies. This transaction was part of a wider group transaction completed during September in which the freehold property on which the Sofitel Gatwick business operates was sold to a third party. Arora SLG Limited entered into a 30 year operating lease with the third party freehold owner. As part of the transaction the third party freehold owner committed to incur an agreed amount of funds to complete a refurbishment plan of the property.

Trading prior to the transfer delivered a strong result with average room rate increasing by 7.0% contributing to the 4.1% turnover growth which compared to the same point in time in the prior year of the business transfer date.

After the transfer the property performed in line with management's expectations with occupancy trading at 82.0% and costs were controlled appropriately through costs controls and review of expenditure.

Arora Crawley

The property continues to perform in line with management's expectation and in line with the prior year's trading performance. While the business achieved a 2.0% increase in the average room rate the occupancy declined by 5.6% which resulted in a decrease of room revenue on the prior year. The reduced occupancy also resulted in a 6.0% decline in food and beverage revenue. The business continued to manage costs appropriately through cost controls and review of expenditure. The key customer segment for the business continues to be airline crew contracts which delivered a positive performance for the year with revenue growth.

Novotel London Stansted

Following a strong first year of trading since the refurbishment and rebranding of the property, the hotel experienced a more challenging year largely due to a more competitive market with nearby hotels and experiencing reduced occupancy levels which lead to a 9% decrease in turnover.

Despite the challenges faced, the hotel still managed to achieve strong occupancy levels of 75% (2019: 80%) which also includes the impact of Covid-19 that badly affected the hotel performance in March 2020.

ARORA HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Sofitel Heathrow T5

The turnover during the trading year decreased compared to the prior year with a decrease in all major revenue channels contributing to this result. The major driver for the adverse trading performance was due to the impact of Covid-19 in the final quarter which had a significant impact on the corporate travel market which is a significant segment for the business both in the rooms and conference revenue channels.

Prior to the effects of the pandemic conference revenue performed strongly and was ahead on the prior year performance but with the onset of Covid-19 the corporate segment trading sharply declined in March. The transient market segment occupancy performance improved on the prior year, but the yield achieved declined due to market pressure resulting in decreased revenue for the market segment.

The business performance conversion was impacted by higher wage costs driven by the increase in the national minimum wage and auto enrolment pension contributions. Coupled with the lower average room rate achieved during the year and the Covid-19 pandemic the business realised reduced profits before intercompany rents in the year.

Hilton London Gatwick, London Gatwick

The property began a substantial refurbishment programme during the financial year and to facilitate the refurbishment programme the rooms inventory available to sell was 9.0% lower than the prior year to allow for the refurbishment of the bedroom stock on a rolling basis. The refurbishment programme is expected to be completed during the following financial year (and includes all public areas of the property).

The reduced rooms inventory was the main driver in the reduction in turnover of 9.2% but revenue per available room increased by 2.1% demonstrating positive yield management of the available room inventory.

The decrease in operating profit for the year has been impacted by the refurbishment of the property, as where appropriate, costs incurred that are revenue in nature have been recognised in the Income Statement reducing the operating profit with the remaining costs of the refurbishment project being capitalised in the Statement of Financial Position.

Buckinghamshire Golf Club

During the financial year ended 31 March 2020 the decision was taken by management to focus the operation on the golf club membership. A result of this decision was decreased revenue for the financial period due to a reduction in external events held at the club and a reduction in non-member green fee revenue. Secondary spend in the food and beverage outlets also reduced due to a reduced number of potential customers from the decision to limit external parties' access to the club.

The decline in membership revenue was a result of reviewing the membership pricing to focus on higher yielding membership to a level appropriate of the high-quality facilities at the club. The management expect a transitional period of reduced membership revenue during this period of transition but for the membership revenue to grow once this transitional period is complete.

Hilton Garden Inn, Heathrow Terminal 2

The construction of the Hilton Garden Inn, Terminal 2 hotel was completed and opened 3 July 2019 following the grant of a 125 year headlease by Heathrow Airport Limited to the company on the same date.

Shortly after on 22 July 2019, the £27,500,000 5 year term Facility Agreement entered into by the company in relation to the Hilton Garden Inn, Terminal 2 was re-designated from a development loan (together with all accrued interest thereon), to an investment loan in order to secure more long term funding for the company.

In the 9 months of trading, the hotel performed above expectations achieving 80% occupancy. This was mainly a result of the transient market segment performing ahead of expectations, with guests in favour of the hotel's location and ease of access to Terminal 2 at Heathrow Airport.

Despite Covid-19 impacting the hotel's performance in March 2020, the hotel exceeded management's revenue expectations. Costs were marginally higher than expected due to additional initial trading period costs but conversion has now improved as trading stabilises.

ARORA HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Covid-19

The Covid-19 pandemic impacted all the hotels and golf club with them shuttered from 31 March 2020 with exception to the Renaissance hotel which remained open to help accommodate staff within the UK's National Health Service. On a positive note, the shuttering of the Hilton London Gatwick and the Sofitel London Gatwick enabled the hotels to undergo an extensive refurbishment programme. Once the refurbishment programmes are substantially complete the properties will reopen.

Details of the hotels that have now reopened and the ones that remain shuttered can be found in the events after reporting period section within the financial statements.

Construction

The year ended 31 March 2020 saw the following key projects being completed:

- New Hilton Garden Inn hotel connected to the 'Queens Terminal' commonly known as Terminal 2, London Heathrow was completed in June 2019

The company is working on the following construction projects in the current financial year:

- Rebuilding the Savill Court hotel and Spa that commenced in September 2017 and is expected to be completed in the first quarter of 2021
- Major refurbishment of the Hilton London Gatwick South Terminal hotel which is due to be completed at the end of 2020
- Crawley station re-development for 308 studio, one bed and two bed apartments

After eliminating intergroup construction turnover in these financial statements, turnover deriving from construction and property development reduced from £17,891,000 to £5,618,000 (2019: reduced from £62,091,000 to £28,617,000).

Property

The Arora Property division provides a property management and asset management service. It currently manages a large portfolio of property assets which include operated hotels, a portfolio of externally leased hotels, offices and commercial spaces as well as land holdings across London, major regional airports, home counties and Scotland.

Performance in the division remained relatively consistent year on year with no significant events to report on.

Key Performance Indicators

The group uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial and the most significant of these are the key performance indicators.

The key performance indicators are turnover and trading EBITDA. These indicators are set out below:

	2020	2019
	£'000	£'000
Turnover	203,678	222,315
Trading EBITDA	23,342	53,363

Balanced Scorecard

This sets out to measure guest satisfaction, labour turnover, cash management, internal financial controls, Health and Safety and Environmental audits and profit achievement as the 8 key indicators of the health of the business. The hotel has performed satisfactorily in all categories despite the economic climate.

ARORA HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Principal risks and uncertainties

The main financial risks arising from the group's activities are Covid-19 risk, credit risk, interest rate risk and liquidity risk. These are monitored by the board of directors and only Covid-19 was considered to be significant at the balance sheet date.

The Covid-19 outbreak at the end of the financial year has had a significant impact on the operations of the group after year end and across the whole hospitality sector in the UK. It is uncertain to know the future impacts this will have on future trading as the situation is continuously changing.

The group's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made.

The group's policy in respect of interest rate risk and liquidity risk is to maintain a mixture of medium and short term debt finance and readily accessible bank deposit accounts to ensure the company has sufficient funds for operations. The cash deposits are held in current accounts which earn interest at a floating rate. Debt is maintained at floating interest rates.

In addition, the group's policy is to hedge debt facilities at an appropriate level, in order to manage interest rate fluctuations.

Policy for employment of disabled persons

The group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retaining of employees who become disabled whilst employed by the group. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the group.

Political and charitable donations

During the year, the group made political and charitable contributions of £167,328 (2019: £48,556).

Employment Involvement policy

The group is committed to communicating the progress and developments of its business to its employees. This includes 'Way Ahead Meetings', 'Staff Consultative Committee Meetings', the quarterly and annual 'Arora Stars' employee recognition scheme and the group internal newsletter.

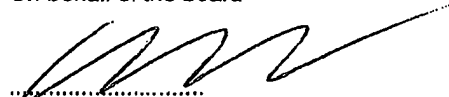
Future developments

Information on likely future developments in the business of the group has been included within this report.

Going concern

The directors assessment on going concern can be found in note 1 of this report.

On behalf of the board



Carlton Brown

Director

26/11/20

ARORA HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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

Principal activities

The principal activities of group in the year under review are hoteliers and hotel management, property acquisition and development, property portfolio asset management and the provision of management services and serviced accommodation.

Information on financial risk management policies, risks, information on post balance sheet events, employee involvement policies and employment of disabled persons is included within the strategic report.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Surinder Arora
Sanjay Arora
Carlton Brown
Athos Yiannis
Guy Morris
Sanjeev Roda

Results and dividends

The results for the year are set out on page 12. The directors do not recommend a dividend to be paid in the year under review.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Auditor

In accordance with the company's articles, a resolution proposing that BDO LLP be reappointed as auditor of the group will be put at a General Meeting.

ARORA HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Streamlined Energy and Carbon Reporting ("SECR")

Requirements for SECR have been introduced under the Companies Act 2006 and are detailed in HM Government's "Environmental Reporting Guidelines" dated March 2019.

SECR came into force on 1 April 2019 and applies to large group reporting years starting on or after 1 April 2019. The below reports on energy use, greenhouse gas emissions and provide a narrative on actions undertaken to reduce such energy use and emissions by the company.

To see more information about the energy efficiency action taken by the group, please visit <https://theoragroup.com/about/policy-position/environmentalsustainability>.

	2020	2019
Energy consumption used to calculate emissions: /kWh (optional to provide separate figures for gas, electricity, transport fuel and other energy sources)	78,150,799	68,221,425
Emissions from combustion of gas tCO ₂ e (Scope 1)	8,284	7,406
Emissions from combustion of fuel for transport purposes (Scope 1)	126	76
Emissions from purchased electricity (Scope 2, location-based)	8,349	7,840
Total gross CO₂e based on above	16,759	15,322
Methodology	GHG Protocol Corporate Standard	GHG Protocol Corporate Standard
Emissions from other activities which the company own or control including operation of facilities	124	109
Emissions from heat, steam and cooling purchased for own use (Scope 2)	804	793
Emissions from generation of electricity that is consumed in a transmission and distribution system for which the company does not own or control (Scope 3) / tCO ₂ e	709	668
Emissions from transportation of purchased fuels for which the company does not own or control (Scope 3) / tCO ₂ e	42	42
Total gross Scope 3 emissions / tCO₂e	751	710
Total gross Scope 1, Scope 2 [location] & Scope 3 emissions / tCO₂e	18,438	16,934
Total annual net emissions / tCO₂e	18,438	16,934
Additional intensity ratio: tCO ₂ e net figure / e.g. £100,000 revenue [optional]	8.96	7.62
Third Party verification [optional]	Report independently prepared	Report independently prepared

ARORA HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 company, 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 and then apply them consistently;
- make judgements 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 and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



.....
Carlton Brown
Director

Date: 26/11/20
.....

ARORA HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARORA HOLDINGS LIMITED

Opinion

We have audited the financial statements of Arora Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the group income statement, the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements 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).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and 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; 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 1 to the financial statements, which explains the directors' considerations over going concern including the potential impacts of Covid-19 and the potential need for additional funds. At this stage it is unclear whether the group will require additional funding, and if it does whether this could be obtained. As stated in note 1, these events or conditions, along with other matters as set out in note 1, 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.

Emphasis of matter - Significant estimation uncertainty in relation to hotel valuations

We draw attention to note 2 to the financial statements which explains that as a result of the impact of the outbreak of Covid-19 on the market, the Directors have advised that less certainty, and a higher degree of caution, should be attached to their property valuations than would normally be the case. In particular, the Directors have had to exercise judgement in respect of occupancy rates and consequently expected future EBITDA. 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, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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.

ARORA HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ARORA HOLDINGS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 and the directors' report.

We have nothing to report in respect of the following matters where 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.

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.



Marc Reinecke (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London

26 November 2020

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

ARORA HOLDINGS LIMITED

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £'000	2019 £'000
Turnover	3	205,678	222,315
Cost of sales		(18,490)	(40,577)
Gross profit		187,188	181,738
Administrative expenses		(195,255)	(155,139)
Other operating income	4	5,921	4,440
Operating (loss)/profit	5	(2,146)	31,039
Interest receivable and similar income	9	9	320
Interest payable and similar expenses	10	(14,179)	(13,352)
Fair value loss on investment properties and investments	14,15	(828)	(339)
(Loss)/profit before taxation		(17,144)	17,668
Tax on (loss)/profit	11	(712)	(2,902)
(Loss)/profit for the financial year	27	(17,856)	14,766
(Loss)/profit for the financial year is attributable to:			
- Owners of the parent company		(18,463)	14,125
- Non-controlling interests		607	641
		(17,856)	14,766

ARORA HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	2020 £'000	2019 £'000
(Loss)/profit for the year	<u>(17,856)</u>	<u>14,766</u>
Other comprehensive income		
Revaluation of tangible fixed assets	142,881	93,522
Tax relating to other comprehensive income	<u>(29,184)</u>	<u>(5,627)</u>
Other comprehensive income for the year	<u>113,697</u>	<u>87,895</u>
Total comprehensive income for the year	<u>95,841</u>	<u>102,661</u>
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	94,523	98,114
- Non-controlling interests	<u>1,318</u>	<u>4,547</u>
	<u>95,841</u>	<u>102,661</u>

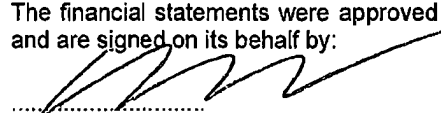
ARORA HOLDINGS LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Goodwill	12		(21,919)		(21,919)
Tangible assets	13		1,072,568		945,498
Investment properties	14		40,066		40,866
Investments	15		158		186
			<u>1,090,873</u>		<u>964,631</u>
Current assets					
Stocks	18	95,130		74,237	
Debtors	19	126,858		31,224	
Cash at bank and in hand		39,610		30,974	
		<u>261,598</u>		<u>136,435</u>	
Creditors: amounts falling due within one year	20	(381,918)		(232,696)	
Net current liabilities			<u>(120,320)</u>		<u>(96,261)</u>
Total assets less current liabilities			<u>970,553</u>		<u>868,370</u>
Creditors: amounts falling due after more than one year	21		(371,663)		(376,442)
Provisions for liabilities	23		(71,640)		(50,519)
Net assets			<u>527,250</u>		<u>441,409</u>
Capital and reserves					
Called up share capital	26		-		-
Revaluation reserve	27		428,426		322,671
Profit and loss reserves	27		98,824		94,946
Equity attributable to owners of the parent company			<u>527,250</u>		<u>417,617</u>
Non-controlling interests	28		-		23,792
			<u>527,250</u>		<u>441,409</u>

The financial statements were approved by the board of directors and authorised for issue on 26/11/20 and are signed on its behalf by:


 Carlton Brown
 Director

ARORA HOLDINGS LIMITED

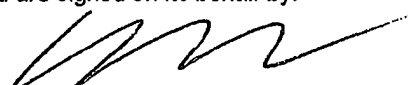
COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
Current assets					
Debtors	19	97,160		100,534	
Cash at bank and in hand		88		51	
		<u>97,248</u>		<u>100,585</u>	
Creditors: amounts falling due within one year	20	<u>(97,248)</u>		<u>(100,585)</u>	
Net current assets			-		-
Net assets			-		-
			<u>-</u>		<u>-</u>
Total equity			-		-
			<u>-</u>		<u>-</u>

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's profit for the year was £nil (2019: £nil).

The financial statements were approved by the board of directors and authorised for issue on 26/11/20 and are signed on its behalf by:



 Carlton Brown
 Director

Company Registration No. 08121840

ARORA HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Revaluation reserve £'000	Profit and loss reserves £'000	Total controlling interest £'000	Non- controlling interest £'000	Total £'000
Balance at 1 April 2018	250,054	69,449	319,503	19,245	338,748
Year ended 31 March 2019:					
Profit for the year	-	14,125	14,125	641	14,766
Other comprehensive income:					-
Revaluation of tangible fixed assets	89,616	-	89,616	3,906	93,522
Tax relating to other comprehensive income	(5,627)	-	(5,627)	-	(5,627)
Total comprehensive income for the year	83,989	14,125	98,114	4,547	102,661
Transfers	(11,372)	11,372	-	-	-
Balance at 31 March 2019	322,671	94,946	417,617	23,792	441,409
Year ended 31 March 2020:					
Loss for the year	-	(18,463)	(18,463)	607	(17,856)
Other comprehensive income:					
Revaluation of tangible fixed assets	142,170	-	142,170	711	142,881
Tax relating to other comprehensive income	(29,184)	-	(29,184)	-	(29,184)
Total comprehensive income for the year	112,986	(18,463)	94,523	1,318	95,841
Transfers	(7,231)	7,231	-	-	-
Decrease in non controlling interest	-	15,110	15,110	(25,110)	(10,000)
Balance at 31 March 2020	428,426	98,824	527,250	-	527,250

ARORA HOLDINGS LIMITED

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

	Profit and loss reserves £'000
Year ended 31 March 2019:	
Profit and total comprehensive income for the year	-
	<hr/>
Balance at 31 March 2019	-
	<hr/>
Year ended 31 March 2020:	
Profit and total comprehensive income for the year	-
	<hr/>
Balance at 31 March 2020	-
	<hr/> <hr/>

ARORA HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
(Loss)/Profit for the financial year		(17,856)	14,766
Adjustments for:			
Depreciation	13	25,488	22,324
Interest payable	10	14,179	13,352
Interest receivable	9	(9)	(320)
Taxation	11	712	2,902
Decrease/(increase) in stocks		(20,893)	(60,923)
(Increase)/decrease in debtors		(101,662)	16,572
Increase/(decrease) in creditors		110,550	15,943
Fair value gains	14, 15	828	339
Corporation tax paid in the year		(6,787)	(5,726)
Net cash inflow from operating activities		4,550	19,229
Investing activities			
Purchase of tangible fixed assets	13	(9,729)	(35,969)
Purchase of investment property	14	-	(381)
Purchase of listed investments	15	-	(174)
Purchase of share in joint ventures		-	-
Interest received		9	21
Acquisition of new subsidiary		-	(11,613)
Net cash acquired with subsidiary acquisitions		133	9
Net cash used in investing activities		(9,587)	(48,107)
Financing activities			
New loans received		30,608	21,723
Repayment of loans		(5,261)	(17,289)
Funding (to) / from related parties		(75)	117
Interest paid		(11,599)	(12,490)
Net cash (used in)/generated from financing activities		13,673	(7,939)
Net increase/(decrease) in cash and cash equivalents		8,636	(36,817)
Cash and cash equivalents at beginning of year		30,974	67,791
Cash and cash equivalents at end of year		39,610	30,974

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Arora Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is World Business Centre 3, Newall Road, London Heathrow Airport, Hounslow, England, TW6 2TA.

The group consists of Arora Holdings Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The parent company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Arora Holdings Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.3 Going concern

The Covid-19 outbreak in Q1 2020 has had a significant impact on the operations of the group, mainly the hotels division, as it has on all UK hotels. It is too early to know the precise impact this will have on trading for the year ending 31 March 2021 and the years ahead, as the situation is constantly evolving.

However, the directors are taking comprehensive steps to ensure that the business is able to continue in operation for the foreseeable future. In line with the Government's lockdown requirements on 23 March 2020, the group shuttered all the hotels except for the Renaissance hotel that has provided accommodation for key workers. The Arora Crawley and Novotel Stansted re-opened in June 2020, the Hilton T2 hotel re-opened in July 2020, the Sofitel T5 hotel re-opened in August 2020, the Intercontinental O2 hotel re-opened in October 2020 and the Hilton London Gatwick hotel also partially re-opened in October 2020 due to refurbishment across the hotel. All of these hotels, which are all based around the London Airports are providing a limited service and with reductions to food and beverage facilities given the lower occupancy levels since reopening. The Sofitel London Gatwick is being refurbished and it is planned this will reopen in November 2020. The Holiday Inn T5 plans to reopen in early 2021.

Cost savings are being made wherever possible including closing of floors and food and beverage facilities in order to maximise both marginal and fixed cost level savings, taking advantage of Government supported measures, such as business rates relief, furloughing of employees and VAT deferral for the period that these are available.

The group has previously traded profitably and it is the expectation of the directors that normal operations will be able to resume once the restrictions in relation to Covid-19 are fully lifted. Many of the group's hotels however are highly dependent on a resumption of airline travel to significantly higher levels.

The group has separate financing facilities for each of its subgroups, with individual covenants and repayment terms. The directors have been active in securing covenant waivers and deferrals of repayment of principal. At the time of writing, two facilities within the group are due for renewal or repayment by August 2021. Covenants have been waived for a number of differing time periods. The main covenants are around interest cover, EBITDA, and loan to value.

The directors have modelled cash flow forecasts for a period of 15 months from the date of the approval of these accounts which include the ramp up of hotel trade over the coming year albeit to a lower level than previously achieved. These forecasts, however, include a level of judgement specifically around occupancy levels and achievable rates, improvements in tourist travel, the likelihood of a second wave, with corresponding possible reintroduction of Covid-19 restrictions, the ability to renew on reasonable terms those loans which expire over the forecast period, and ability to continue to obtain agreement to covenant waivers in the period.

These forecasts indicate that over the period under review support is required from the wider Arora Group. 555 Limited, a subsidiary of Arora Family Trust No.2, has confirmed that it intends to provide such support for a period of at least twelve months from the date of signing these financial statements.

Therefore, the expectation of the directors is that they will be able to meet liabilities as they fall due over a period of at least 12 months from the date of approval of these financial statements and therefore they have continued to prepare the financial statements on a going concern basis.

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

It is, however, difficult to estimate how the Covid-19 outbreak will impact the group's trading and for how long, and the directors consider this as the key uncertainty over which they have no control. In the event that the hotel trading levels take longer to pick up than the forecast scenarios, the facilities are not extended or in the event of any covenant breaches, covenant waivers are not obtained or cured, then the group may require additional funds. At this stage it is unclear whether the group will require additional funding, and if it does whether this could be obtained which indicate a material uncertainty which may cast significant doubt on the group's and company's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business.

The directors consider that they will be able to raise additional finance and/or realise cash from the sale of some of the wider group's investment properties and tangible fixed assets, hence the financial statements are drawn up on a going concern basis.

1.4 Turnover

Except in the case of long-term contracts and sales of apartments, turnover represents amounts receivable in respect of the provision of hotel accommodation, conference facilities, food and beverage during the year, excluding VAT and trade discounts.

Turnover is measured at fair value of the consideration received or receivable.

Turnover from services is recognised when the service is provided.

Membership income is recognised on a straight line basis over the term of the membership.

Long term contracts

Long term contracts are assessed on a contract by contract basis and are reflected in the income statement by recording turnover and related costs as contract activity progresses. Turnover from long term contract activities represents the fair value of work carried out during the period by reference to total sales value and the stage of completion of each contract including the movement in work in progress during the year. Where the outcome of each contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the income statement at the difference between the reported turnover and related costs for that contract. Estimates are included in respect of amounts not invoiced at the balance sheet date.

Amounts recoverable on contracts represent the excess of work done including attributable profit over cumulative payments on account received. Payments on account in excess of work done are included within creditors.

Turnover from other contract activities represents fee income receivable in respect of services provided during the year.

Rental Income

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are recognised on a straight line basis over the lease term.

Sales of apartments

Turnover represents sales of apartments to external customers at invoiced amounts less value added tax on sales. Turnover is recognised upon completion of the sale, when the titles of the apartments are transferred to the customer. Invoiced amounts that are received prior to the completion of the sale are deferred to the balance sheet and are released in the period where the sales are completed.

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.5 Intangible fixed assets - goodwill

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation on positive goodwill is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method.

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

Goodwill arising on an acquisition is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Where the fair value of the separable net assets exceeds the fair value of the consideration for an acquired undertaking, the difference is treated as negative goodwill and is recognised on the balance sheet and released through the Income statement in the period in which the non-monetary assets are recovered. In the case of fixed assets and investment property, this is the period over which they are depreciated or sold.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or in the case of hotel assets, at valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Long term leasehold property	50 years
Short term leasehold property	over the length of the lease
Plant and equipment	7 years
Fixtures and fittings	2 - 10 years
Computers	3 - 4 years
Motor vehicles	4 years

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

The gain or loss arising on the revaluation of tangible fixed assets is recognised in other comprehensive income.

Assets Under Construction

Development of Projects

The group undertakes a variety of fixed asset developments and other developments that are treated according to the project's progression.

Pre-Planning Project costs

Before planning permission is received to commence on a project, all costs are expensed to the income statement.

Work in Progress Project Costs

Costs will only be classified as assets under construction on the balance sheet (or work in progress within Stock when a construction is being done for a party outside of the group) when the directors are satisfied all the following conditions are met:

- Planning permission (or equivalent) has been granted on the project
- The project is anticipated to generate a profitable return
- The project is deemed likely to proceed

If any of these three conditions are not met, any costs incurred will be recognised in the income statement.

Completion

Once completed, assets under construction are transferred to fixed assets and depreciated in line with the group's accounting policy.

Work in progress items within stock are released to cost of sales in the income statement in line with the project's progression.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the income statement.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell, after making a due allowance for obsolete and slow moving stocks. Cost is based on the cost of purchase on a first in, first out basis.

Work In progress

Please refer to 'assets under construction' in section 1.6 of the tangible fixed assets policy.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the income statement. Reversals of impairment losses are also recognised in the income statement.

1.11 Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of no 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 no significant risk of change in value.

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the income statement, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the income statement.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the income statement in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to the income statement on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.19 Borrowing costs

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

1.20 Capitalised finance costs

Finance costs relating to the loan facility are charged to the income statement, spread over the term of the loan. The bank loan is disclosed net of unamortised finance cost.

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

2 Judgements and key sources of estimation uncertainty

Some of the significant accounting policies require management to make difficult, subjective or complex judgements or estimates. The following is a summary of those policies which management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements.

Property portfolio valuation

The hotel properties are stated at fair value, as accounted for by the directors. The valuation is on the basis of market value, which is defined in the RICS Valuation Standards as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The hotel properties are revalued at each year end at market value by the directors with the surplus being taken to the revaluation reserve.

The valuation considers a range of assumptions including future EBITDA which is dependent on occupancy rates and ultimately on the level of passenger numbers travelling through the airport, investment yields, anticipated outgoings and maintenance costs, future development expenditure and appropriate discount rates. As domestic and international travel continues to be severely restricted occupancy rates and consequently expected future EBITDA has the most impact on valuations resulting in the material uncertainty.

In respect of the hotel sector, as at the valuation date we continue to be faced with an unprecedented set of circumstances caused by Covid-19 and an absence of relevant/sufficient market evidence on which to base our judgements. Our valuation of the properties is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

For the avoidance of doubt this explanatory note, including the 'material valuation uncertainty' declaration, does not mean that the valuations cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of Covid-19 we highlight the importance of the valuation date.

Given the unknown future impact that Covid-19 might have on the hotel real estate market, the valuations may be subject to material change.

Going concern

The directors considerations and judgements on going concern are set out in note 1.

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

3 Turnover and other revenue

	2020 £'000	2019 £'000
Turnover analysed by class of business		
Hoteliers and restaurants	193,212	188,655
Property construction	5,616	28,617
Leased and serviced accommodation	4,217	4,271
Golf club	2,633	772
	<u>205,678</u>	<u>222,315</u>

All turnover in the year arose in the UK (2019: all UK).

4 Other operating income

	2020 £'000	2019 £'000
Other rental income	<u>5,921</u>	<u>4,440</u>

Other operating income relates to rent receivable from third parties along with other sundry activities of the group.

5 Operating (loss)/profit

	2020 £'000	2019 £'000
Operating (loss)/profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	25,488	22,324
Operating lease charges	<u>17,332</u>	<u>17,285</u>

Within operating lease charges, £7,344,000 (2019: £2,980,729) related to contractual minimum rental charges. The remainder is related to variable lease charges.

6 Auditor's remuneration

	2020 £'000	2019 £'000
Audit of the financial statements of the company and subsidiaries	<u>221</u>	<u>209</u>

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

7 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
2,118	2,007	-	-

Their aggregate remuneration comprised:

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Wages and salaries	46,851	40,388	-	-
Social security costs	4,548	3,969	-	-
Pension costs	1,161	843	-	-
	52,560	45,200	-	-

8 Directors' remuneration

	2020 £'000	2019 £'000
Remuneration for qualifying services	879	714
Company pension contributions to defined contribution schemes	25	23
	904	737

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2020 £'000	2019 £'000
Remuneration for qualifying services	279	243

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

9 Interest receivable and similar income

	2020 £'000	2019 £'000
Interest income		
Interest on bank deposits	9	21
Other income from investments		
Gains on financial instruments measured at fair value through profit or loss	-	299
Total income	<u>9</u>	<u>320</u>

10 Interest payable and similar expenses

	2020 £'000	2019 £'000
Interest on bank overdrafts and loans	12,228	12,629
Interest payable to related parties	29	74
Fair value movement on swaps	1,115	-
Finance costs	807	649
Total finance costs	<u>14,179</u>	<u>13,352</u>

11 Taxation

	2020 £'000	2019 £'000
Current tax		
UK corporation tax on profits for the current period	3	3,917
Adjustments in respect of prior periods	62	(1,121)
Total UK current tax	<u>65</u>	<u>2,796</u>
Foreign current tax on profits for the current period	19	-
Total current tax	<u>84</u>	<u>2,796</u>
Deferred tax		
Origination and reversal of timing differences	502	352
Changes in tax rates	433	-
Adjustment in respect of prior periods	(307)	(246)
Total deferred tax	<u>628</u>	<u>106</u>
Total tax charge	<u>712</u>	<u>2,902</u>

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

11 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge based on the income statement and the standard rate of tax as follows:

	2020 £'000	2019 £'000
(Loss)/profit before taxation	(17,144)	17,668
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(3,257)	3,357
Tax effect of expenses that are not deductible in determining taxable profit	1,894	3,770
Tax effect of income not taxable in determining taxable profit	(1)	-
Tax effect of utilisation of tax losses not previously recognised	(1,828)	(3,029)
Unutilised tax losses carried forward	3,236	12
Effect of change in corporation tax rate	451	(9)
Group relief	-	37
Other permanent differences	458	101
Under/(over) provided in prior years	63	(1,121)
Deferred tax adjustments in respect of prior years	(307)	(246)
Pre trading expenditure unutilised in current year	(15)	-
Elimination of unrealised profits on consolidations	-	30
Foreign tax paid	18	-
Taxation charge	712	2,902

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020 £'000	2019 £'000
Deferred tax arising on:		
Revaluation of property	29,184	5,627

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

12 Intangible fixed assets

Group	Goodwill £'000
Cost	
At 1 April 2019 and 31 March 2020	(21,919)
Amortisation and impairment	
At 1 April 2019 and 31 March 2020	-
Carrying amount	
At 31 March 2020	(21,919)
At 31 March 2019	(21,919)

The company had no intangible fixed assets at 31 March 2020 or 31 March 2019.

The negative goodwill brought forward arose from the purchase of the trade and assets of AMSL Investments Limited and Grove Heathrow Limited and its subsidiaries in April 2013.

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

13 Tangible fixed assets

Group	Long term leasehold property £'000	Short term leasehold property £'000	Assets under construction £'000	Plant and equipment £'000	Fixtures and fittings £'000	Computers £'000	Motor vehicles £'000	Total £'000
Cost or valuation								
At 1 April 2019	895,868	101,113	44,037	3,815	12,126	704	88	1,057,751
Additions	66	93	7,398	753	1,352	67	-	9,729
Revaluation	138,891	3,991	-	-	-	-	-	142,882
Reclassification	(63,594)	111,705	(48,111)	344	(397)	-	-	(53)
At 31 March 2020	971,231	216,902	3,324	4,912	13,081	771	88	1,210,309
Depreciation and impairment								
At 1 April 2019	88,990	14,303	-	2,330	6,071	492	67	112,253
Depreciation charged in the year	15,949	6,554	-	623	2,244	107	11	25,488
Reclassification	(3,107)	3,107	-	-	-	-	-	-
At 31 March 2020	101,832	23,964	-	2,953	8,315	599	78	137,741
Carrying amount								
At 31 March 2020	869,399	192,938	3,324	1,959	4,766	172	10	1,072,568
At 31 March 2019	806,878	86,810	44,037	1,485	6,055	212	21	945,498

The company had no tangible fixed assets at 31 March 2020 or 31 March 2019.

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

13 Tangible fixed assets

(Continued)

If the group's long term and short term leasehold property had not been revalued it would have been included at the following historical cost:

	Group	
	2020	2019
	£'000	£'000
Cost	665,827	617,557
Accumulated depreciation	(70,749)	(57,432)
Carrying value	<u>595,078</u>	<u>560,125</u>

The group's properties were revalued on 31 March 2020 by the directors at open market value. Where the surplus related to fixed asset valuation, it was taken to the revaluation reserve. The valuation was made taking into account the director's experience, desktop valuations, market transactions, age, location and condition of the property.

14 Investment property

	Group
	£'000
Fair value	
At 1 April 2019	40,866
Net losses through fair value adjustments	(800)
At 31 March 2020	<u>40,066</u>

Investment properties are held at open market valuation as assessed by the directors at the year end.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	Group	
	2020	2019
	£'000	£'000
Cost	<u>39,126</u>	<u>39,126</u>

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

15 Fixed asset investments

	Group 2020 £'000	2019 £'000
Listed investments	<u>158</u>	<u>186</u>
Movements in fixed asset investments Group		£'000
Cost or valuation		
At 1 April 2019		186
Fair value loss on investments		(28)
At 31 March 2020		<u>158</u>
Carrying amount		
At 31 March 2020		<u>158</u>
At 31 March 2019		<u>186</u>

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

16 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
ADL (London) Limited	England	Property development	Ordinary	-	100.00
AFT2 Property Investments Limited	Jersey	Property investments	Ordinary	-	100.00
AMSL Investments Limited	Jersey	Holding company	Ordinary	-	100.00
Ansko Hotel Limited	Jersey	In liquidation	Ordinary	-	100.00
Arora Developments Limited	England	Dormant	Ordinary	-	100.00
Arora Gatwick Ltd	England	Property investments	Ordinary	-	100.00
Arora Heathrow Holdings Limited	England	Property investments	Ordinary	-	100.00
Arora Heathrow Investments Limited	England	Property investments	Ordinary	-	100.00
Arora Heathrow T5 Limited	England	Property investments	Ordinary	-	100.00
Arora Hotels Limited	England	Holding company	Ordinary	-	100.00
Arora Investments JPUT Limited	England	Dormant	Ordinary	-	100.00
Arora Investments Limited	England	Holding company	Ordinary	-	100.00
Arora Leased Hotels Limited	England	Dormant	Ordinary	-	100.00
Arora Management Services Limited	England	Management services	Ordinary	-	100.00
Arora Gatwick Property Limited	England	Dormant	Ordinary	-	100.00
Arora T5 Holdings Limited	England	Holding company	Ordinary	-	100.00
Excel Hospitality Limited	England	Hoteliers	Ordinary	-	100.00
Excel Hotel Management Limited	England	Hotel management	Ordinary	-	100.00
Grove Acquisitions Limited	England	Holding company	Ordinary	100.00	-
Grove Apartments Limited	England	Property investments	Ordinary	-	100.00
Grove Developments Limited	England	Construction	Ordinary	-	100.00
Grove F&B Limited	England	Hoteliers	Ordinary	-	100.00
Grove Heathrow Limited	Jersey	Holding company	Ordinary	-	100.00
Grove HR Limited	England	Hoteliers	Ordinary	-	100.00
Grove T5 Limited	England	Hoteliers	Ordinary	-	100.00
Grove WP Limited	England	Hoteliers	Ordinary	-	100.00
Grove WP Property Limited	England	Property investments	Ordinary	-	100.00
Heathrow T2 Hotel Limited	England	Hoteliers	Ordinary	-	100.00
Heathrow T5 Hotel Limited	England	Property investments	Ordinary	-	100.00
London Airport Hotels Limited	England	Dormant	Ordinary	-	100.00
London Arena Investments Limited	England	Investment company	Ordinary	-	100.00
Maple Gatwick Propco 9 S.a.r.l	Luxembourg	In liquidation	Ordinary	-	100.00
Meridian Group Investments S.a.r.l	Luxembourg	Holding company	Ordinary	-	100.00
Meridian Hotel Holdings S.a.r.l	Luxembourg	Property investment	Ordinary	-	100.00
Meridian Hotel Operations Limited	England	Hoteliers	Ordinary	-	100.00
Meridian Pier Limited	England	Property investments	Ordinary	-	100.00
Meridian Residential Developments Limited	England	Property development	Ordinary	-	100.00
Meridian Residential Lease S.a.r.l	Luxembourg	In liquidation	Ordinary	-	100.00
Millennial Investments Limited	England	Investment company	Ordinary	-	100.00
Buckinghamshire Golf Company Limited	England	Golf club	Ordinary	-	100.00
Buckinghamshire Park Resort (Holdings) Limited	England	Holding company	Ordinary	-	100.00

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

16 Subsidiaries

(Continued)

Meridian Hotel Holdings Limited**	England	Holding company	Ordinary	-	100.00
Arora Dublin T2 Limited**	England	Hoteliers	Ordinary	-	100.00
Arora SLG Limited**	England	Hoteliers	Ordinary	-	100.00
Greenwich Holdings Limited**	Jersey	Holding company	Ordinary	-	100.00
AH2 Limited*	Jersey	Property investment	Ordinary	-	100.00
Heathrow West Limited	England	Project management	Ordinary	100.00	-

* Companies acquired in the year

**Companies incorporated during the year

The registered offices for all the UK subsidiaries is: World Business Centre 3, Newall Road, Hounslow, Middlesex, TW6 2TA.

The registered offices for Grove Heathrow Limited, AMSL Investments Limited, AFT2 Property Investments Limited, AH2 Limited and Greenwich Holdings Limited is: 12 Castle Street, St Helier, Jersey, JE2 3RT

AnSCO Hotel Limited: 37 Esplanade, St Helier, Jersey, JE4 8WQ.

Maple Gatwick Propco 9 S.a.r.l: KPMG Luxembourg, Societe cooperative -39, Avenue John F. Kennedy, L-1855 Luxembourg.

Meridian Group Investments S.a.r.l, Meridian Hotel Holdings S.a.r.l, Meridian Residential Lease S.a.r.l: Langham Hall, 1 rue Jean-Pierre Brasseur, L-1258 Luxembourg.

17 Financial instruments

	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Carrying amount of financial assets				
Debt instruments measured at amortised cost	162,430	58,342	97,160	100,534
Instruments measured at fair value through income statement	-	866	-	-
Carrying amount of financial liabilities				
Measured at fair value through income statement				
- Other financial liabilities	417	296	-	-
Measured at amortised cost	735,589	601,970	97,096	100,585

18 Stocks

	Group 2020 £'000	2019 £'000
Contract work in progress	84,976	64,019
Finished stock - apartments	9,447	9,447
Raw materials and consumables	707	771
	95,130	74,237

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

18 Stocks

(Continued)

Work in progress represents long term contracts. The amount recognised in cost of sales during the period as an expense was £559,000 (2019: £200,000).

Stock recognised in cost of sales during the period as an expense was £11,213,716 (2019: £11,361,691).

19 Debtors

		Group		Company	
Amounts falling due within one year:		2020	2019	2020	2019
	Notes	£'000	£'000	£'000	£'000
Trade debtors		7,144	8,256	-	-
Gross amounts owed by contract customers		910	1,147	-	-
Amounts due from related parties	32	134	204	-	-
Corporation tax recoverable		6,394	-	-	-
Amounts owed by group undertakings		96,599	13,149	97,160	100,378
Derivative financial instruments		-	866	-	-
Other debtors		12,367	5,759	-	156
Prepayments and accrued income		3,310	1,843	-	-
		<u>126,858</u>	<u>31,224</u>	<u>97,160</u>	<u>100,534</u>

At the year end amounts owed by group undertakings and related parties are repayable on demand at the option of both the lender and borrower.

20 Creditors: amounts falling due within one year

Creditors' amounts falling due within one year					
		Group		Company	
		2020	2019	2020	2019
	Notes	£'000	£'000	£'000	£'000
Bank loans and overdrafts	22	16,382	6,031	-	-
Amounts due to related parties	32	3,347	3,492	-	-
Trade creditors		10,373	9,287	114	507
Amounts due to group undertakings		293,027	164,794	96,974	100,048
Corporation tax payable		-	434	-	-
Other taxation and social security		1,577	1,939	152	-
Derivative financial instruments		417	296	-	-
Other creditors		21,524	18,309	-	-
Accruals and deferred income		35,272	28,114	8	30
		<u>381,919</u>	<u>232,696</u>	<u>97,248</u>	<u>100,585</u>

At the year end amounts owed to group undertakings and related parties are repayable on demand at the option of both the lender and borrower.

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

21 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £'000	2019 £'000
Bank loans and overdrafts	22	371,663	376,442

22 Loans and overdrafts

	Group 2020 £'000	2019 £'000
Bank loans	388,045	382,473
Loan payable within 1 year		
Bank loan	17,200	6,915
Finance charges	(818)	(883)
Loan payable between 1 to 2 years		
Bank loan	164,664	39,398
Finance charges	(465)	(650)
Loan payable between 2 and 5 years		
Bank loan	64,710	190,849
Finance charges	(581)	(1,093)
Loan payable more than 5 years		
Bank loan	143,921	148,004
Finance charges	(586)	(675)

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

22 Loans and overdrafts

(Continued)

The Heathrow T5 Hotel Limited loan amounts to £163,056,128 (2019: £165,520,089) and is secured by fixed and floating charge over its assets and is supported by guarantees provided by certain group companies.

The facility is repayable or must be refinanced on or before 20 October 2031. The interest rate is fixed for the term of the loan based on a commercial margin. The facility requires compliance with a number of financial covenants which are tested annually.

The Grove HR Limited bank loan amounts to £12,686,816 (2019: £33,933,125) and is secured by fixed and floating charges over its assets and is supported by guarantees provided by certain group companies.

The key terms of the loan are a maturity date of 16 August 2021 with interest charged at LIBOR plus a commercial margin. Grove HR Limited has entered into a floating to fixed amortising interest rate swap with a nominal amount of £26,900,000 with an expiration date of 15 August 2020. The swap is noted within financial instruments and is recorded at fair value with movements recorded through the Income statement.

The Excel Hospitality Limited bank loan amounts to £40,000,000 (2019: £41,000,000) and is secured by fixed and floating charges over the assets of the company. The key terms of the loan are a maturity date of 31 March 2022 with interest charged at LIBOR plus a commercial margin. Excel Hospitality Limited has also entered into a floating to fixed amortising interest rate swap with a nominal amount of £27,750,000 and an expiration of 31 March 2022. The swap is noted within financial instruments and is recorded at fair value with movements recorded through the income statement.

On 21 December 2018, a loan was provided to Heathrow T2 Hotel Limited which amounts to £27,500,000 (2019: £21,927,000). The loan is secured by fixed and floating charges over its assets. On July 2019, the facility agreement was redesignated from a development loan to an investment loan.

The facility is to be repaid on 21 December 2023. The interest rate is based on a margin at a commercial rate.

On 27 March 2020, a loan facility was novated to AH2 Limited (2019: Meridian Hotel Holdings S.arl) which amounting to £111,188,000 which remained the same at 31 March 2020. The loan facility is secured by fixed and floating charges over the assets of the company and is supported by guarantees provided by certain group companies.

The facility is repayable on or before 17 August 2021.

Arora Heathrow Holdings Limited bank loan amounted to £9,680,000 (2019: £10,098,000) and is secured by fixed and floating charges over the assets of the company and is supported by guarantees provided by certain group companies. The key terms of the loan is a maturity date of 16 May 2021 with interest charged at 3 months LIBOR plus a commercial margin. Two bullet swaps commenced in the year ended 31 March 2018 and a further two amortising swaps commenced, when the existing swaps in the company expired.

On 13 May 2019, a new development loan facility was provided to Grove Development Limited which amounts to £26,385,000. The loan is secured by fixed and floating charges over the assets of the company.

The facility is to be repaid on or before 12 May 2024. The interest rate is based on a margin at a commercial rate.

All the facilities above require compliance with a number of financial covenants which many are tested quarterly or annually.

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

23 Provisions for liabilities

	Notes	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
Deferred tax liabilities	24	71,640	50,519	-	-

24 Deferred taxation

The following are the major deferred tax liabilities recognised by the group and movements thereon:

Group	Group 2020 £'000	Group 2019 £'000
Accelerated capital allowances	(4)	10
Tax losses	(8,482)	(414)
Revaluations on fixed assets	80,020	50,837
Retirement benefit obligations	(4)	-
Fair value movement on investment property	152	136
Fair value movement on swaps	(42)	(50)
	<u>71,640</u>	<u>50,519</u>

The company has no deferred tax assets or liabilities.

Movements in the year:	Group £'000	Company £'000
Liability at 1 April 2019	50,519	-
Charge to income statement	628	-
Charge to other comprehensive income	29,183	-
Other	(8,690)	-
Liability at 31 March 2020	<u>71,640</u>	<u>-</u>

During the year ending 31 March 2021 the deferred tax liability is expected to increase due to the reversal of accelerated capital allowances and tax losses by £500,000.

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

25 Retirement benefit schemes

	2020 £'000	2019 £'000
Defined contribution schemes		
Charge to Income statement in respect of defined contribution schemes	1,161	843

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Defined contribution scheme payment accrual recognised as a liability at the year end was £328,603 (2019: £224,354).

26 Share capital

	Group and company	
	2020 £'000	2019 £'000
Issued and fully paid		
100 Ordinary Shares of £1 each	-	-

27 Reserves

Profit and loss reserves

The profit and loss account represents cumulative profit or losses, net dividends paid and other adjustments.

Called up share capital

Called up share capital represents the nominal value and shares issued.

Revaluation reserve

Represents the cumulative unrealised valuation movement on investment properties, which is transferred from profit and loss account, net of any deferred tax.

28 Non-controlling interest

	Group 2020 £'000	2019 £'000
Equity		
At 1 April	23,792	19,245
Proportion of profit in year	607	641
Proportion of property revaluation in the year	711	3,906
Decrease in non-controlling interest	(25,110)	-
At 31 March	-	23,792

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

29 Acquisitions

On 20 March 2020 the group acquired 100% of the issued capital of AH2 Limited. The total number of shares acquired by the group amounted to the market value of £104,848,000.

	Book Value £'000	Adjustments £'000	Fair Value £'000
Intercompany receivables	95,891	-	95,891
Cash and cash equivalents	133	-	133
Trade and other payables	(26)	-	(26)
Deferred tax	8,850	-	8,850
Total identifiable net assets	104,848	-	104,848
Goodwill			-
Total consideration			104,848
The consideration was satisfied by:			£'000
Payment - settled via intercompany account			104,848
Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition:			£'000
Turnover			7
Loss after tax			(969)

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

29 Acquisitions

(Continued)

On 26 March 2020 the group acquired 11.1% of B ordinary shares in London Arena Investments Limited to bring its total controlling interest in the company and its subsidiaries to 100%. The shares acquired by the group amounted to £10,000,000.

	Book Value £'000	Adjustments £'000	Fair Value £'000
Property, plant and equipment	33,323	-	33,323
Inventories	1,106	-	1,106
Trade and other receivables	4,840	-	4,840
Cash and cash equivalents	1,061	-	1,061
Borrowings	(12,338)	-	(12,338)
Trade and other payables	(2,935)	-	(2,935)
Tax liabilities	(2)	-	(2)
Deferred tax	55	-	55
	<u>25,110</u>	<u>-</u>	<u>25,110</u>
Total identifiable net assets			25,110
Decrease in non-controlling interest reflected in profit and loss reserves			(15,110)
Total consideration			<u>10,000</u>
The consideration was satisfied by:			£'000
Payment - settled via intercompany account			<u>10,000</u>
Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition:			£'000
Turnover			-
Profit after tax			<u>-</u>

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

30 Operating lease commitments

Lessee

At the year end the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2020 £'000	2019 £'000
Within one year	7,150	4,769
Between two and five years	21,643	14,308
In over five years	182,325	85,056
	<u>211,118</u>	<u>104,133</u>

The above commitments for both current and prior year relate to land and buildings.

Lessor

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	Group 2020 £'000	2019 £'000
Within one year	59	59
Between two and five years	221	280
	<u>280</u>	<u>339</u>

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

31 Events after the reporting date

Covid-19 and Hotel re-openings

At the year end the Covid-19 outbreak had started having a significant impact on the operations of the groups hotels. It is currently too early to tell what the long term impact of this will be, but the directors are closely monitoring the evolving situation.

Following the shuttering of all the operations with exception for the Renaissance hotel in March 2020 due to Covid-19, the Buckinghamshire golf club re-opened in May 2020, the Arora Crawley and Novotel Stansted re-opened in June 2020, the Hilton T2 hotel re-opened in July 2020, the Sofitel T5 hotel re-opened in August 2020 and the Intercontinental O2 hotel re-opened in October 2020.

At the time of signing this report, the remaining hotels are expected to re-open in early 2021.

Incorporation of Arora Care Group Limited and Rainbow Care Group Limited

Arora Care Group Limited and Rainbow Care Group Limited were incorporated on 17 April 2020. Grove Acquisitions Limited has subscribed to 100 ordinary shares of £1 each in both companies.

Incorporation of Arora Waterfront Holdings Limited, Arora Waterfront Limited and Arora Waterfront Developments Limited

Arora Waterfront Holdings Limited, Arora Waterfront Limited and Arora Waterfront Developments Limited were incorporated on 28 April 2020. Arora Hotels Limited has subscribed to 100 Ordinary shares of £1 in Arora Waterfront Holdings Limited. Arora Waterfront Holdings Limited has subscribed to 100 ordinary shares of £1 each in Arora Waterfront Limited and Arora Waterfront Developments Limited.

Acquisition of subsidiaries

In July 2020, the group acquired 100% of the ordinary shares in APHUT Limited and AP5 Limited for consideration of £1.9m and £10.1m respectively. World Business Centre Management Company Limited was also acquired as part of the transaction.

In the same month, the group also acquired 100% of the ordinary shares in AGUT Limited for a consideration equal to the open market value being £1.

As part of the acquisition, the allocated outstanding bank debt, hedging and associated financing cost under the APH facility along with the relevant service charge debtors and creditors have also been acquired.

Grove HR Limited loan extension

On 14 August 2020, the group was granted a 12 month extension on its loan facility until 16 August 2021. As part of the extension, there is no further financial covenant testing for the remainder of the loan facility.

CLBILS loan

On 23 November 2020, the group was granted a business support loan amounting to £25m. The loan is secured by fixed and floating charges over a limited number of assets of the group and is supported by a guarantee provided by a fellow group company.

The facility is to be repaid on or before 23 November 2023. The interest rate is based on a margin at a commercial rate. The facility also requires compliance with a number of financial covenants which are tested quarterly.

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

32 Related party transactions

The company is a wholly-owned subsidiary of the Arora Family Trust No.2 and utilises the exemption contained in Financial Reporting Standards 102 'Related Party Disclosures' not to disclose any transactions with wholly-owned entities that part of the group.

At the year end the group had the following amounts due, net of provision from the following entities and their subsidiaries:

Amounts owed by related parties	2020 £'000	2019 £'000
Arora Family Trust	6	15
Littlebrook Nursery Limited	18	-
Heathrow T4 Hotel Limited	108	189
Heathrow T4 LP	4	-
	<u>134</u>	<u>204</u>

At the year end the group had the following amounts due to the following entities and their subsidiaries:

Amounts owed to related parties	2020 £'000	2019 £'000
Arora Family Trust	1,601	1,606
Heathrow T4 Hotel Limited	1	30
Booker Aircraft Leasing Limited	-	230
Littlebrook Nursery Limited	-	1,320
Arora Pension Fund	1,641	290
Partner Property Services Limited	93	5
City Place Gatwick Management Company Limited	11	11
	<u>3,347</u>	<u>3,492</u>

All the above entities are related by virtue of a common ultimate beneficiary, Mr S Arora and common directors.

33 Controlling party

The immediate parent of Arora Holdings Limited is 555 Limited, a company registered in Jersey.

The ultimate parent entity of Arora Holdings Limited is Arora Family Trust No. 2, a trust registered in Jersey, and the parent of the largest group for which accounts are drawn up and of which the company is a member.

The ultimate controlling entity of Arora Holdings Limited is Apex Financial Services (Trustees) Limited, a regulated trust company administered in Jersey.

ARORA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

34 Contingent liabilities

Certain loans, provided to the wider Arora Group, are secured by fixed and floating charges over the assets of certain companies within Arora Holdings Limited and its subsidiaries. As at 31 March 2020, the loans in the wider Arora Group amounted to £73,424,000 (2019: £188,791,000).