

Company Registration No. 08121840 (England and Wales)

ARORA HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023



Arora
GROUP

ARORA HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Surinder Arora Sanjay Arora Carlton Brown Guy Morris Sanjeev Roda
Company number	08121840
Registered office	World Business Centre 2 Newall Road London Heathrow Airport Hounslow England TW6 2SF
Auditor	Moore Kingston Smith LLP 9 Appold Street London UK EC2A 2AP

ARORA HOLDINGS LIMITED

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ARORA HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

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 Arora 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 the 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 group maintaining a reputation for high standards of business conduct.

Any likely consequences of decisions taken by the group 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.

Investors Engagement

The Directors are committed to achieving sustainable returns for the investors and considers continuous engagement with its investors as being critical to achieving strategic objectives in the long term. Such engagement is achieved by organising regular corporate update meetings with investors and maintaining effective communication channel to ensure investors have appropriate awareness of business and corporate developments.

ARORA HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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.

Hotel Guests and Transient Market

The Arora Group is a customer centric hotel group 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 proactive 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 2023

Review of Business - Hotels

The Hotel business segment delivered a remarkable performance in the backdrop of resumption of leisure and business activities following the lifting of COVID restrictions. Hotels operating as COVID quarantine facilities in prior years exited the arrangement and resumed the usual hospitality activities delivering results better than expectations.

In view of the current cost of living crisis and inflation at a relatively high level, the hotels faced challenges from high operating costs, especially wages and utilities. However, productivity and efficiencies achieved during the pandemic were utilised to effectively manage costs and profit conversion.

Renaissance London Heathrow - Trading performance started to improve from May driven by increased air travel activity and FY23 turnover was £22.6m (FY22: £18.6m) whereas EBITDA was £2.2m (FY22: £6.1m).

Arora Gatwick Crawley - The hotel delivered a 38% increase in revenue at £17.7m over FY22 and operated efficiently with a good EBITDA conversion.

Arora Park T5 - Delivered a positive EBITDA for the year despite being shuttered for parts of the year.

Novotel London Stansted – Trading performance was significantly better than in FY22 driven by an increase in global air travel despite higher operating costs mainly due to inflation.

Sofitel Heathrow T5 – The hotel achieved 11% higher revenue than pre-pandemic levels due to growth in transient and delayed flight segments. Gross operating profit was affected by higher operating costs mainly driven by inflation.

Hilton London Gatwick - In FY23, the demand at Gatwick significantly increased following the travel restrictions lifted in advance of Easter Holidays. The South Terminal reopened successfully towards the end of March 2022 after closing in June 2020. The hotel remained open and operated throughout the year accommodating aircrew, training, wet leases and transient guests. The hotel was able to maximise its revenue during this period; despite having a portion of rooms under refurbishment. Despite cost pressures from cost of living and inflation, the hotel was able to deliver a profitable year.

Sofitel London Gatwick – The hotel achieved a 72% increase in revenue over last year as a result of a significant increase in passenger numbers at Gatwick and limited hotel room availability in the area. EBITDA was £3.6m in comparison to an EBITDA loss last year.

Buckinghamshire Golf Club – The golf club achieved moderate growth in revenue over last year but faced challenges of higher operating costs due to recent inflation trends and refurbishment activity to increase the quality of service.

Hilton Garden Inn T2 – The hotel started the year in a strong position after resumption of normal business. Occupancy and turnover have been impressive throughout the year with the business results exceeding expectations and delivering record-breaking revenue, average rate, occupancy and profit.

Intercontinental The O2 - FY23 has been a very positive year with average income per customer and occupancy rates significantly higher than the prior year. The O2 and Excel events continued to drive up the business income especially in peak periods. Strong demand across all customer offerings resulted in significantly higher revenues and gross operating profits.

Fairmont Windsor Park - FY23 was the first full year of trading for the hotel whereas in the prior year, it was operational for three months after opening. The hotel has experienced great success in trading and achieved revenues of £28.7m which exceeded budget.

Luton Hoo Park - Overall, a successful year on the back of recovering from COVID closure. Transient segments performed better at the beginning of year and staycation throughout the summer was popular. Business in the summer drove up volumes in conference and banqueting services. However, the corporate customers segment saw a decline compared to previous years due to some travel restrictions still in place for the US and Chinese markets.

ARORA HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Construction

The group was working on the following construction projects during the current financial year:

- The major refurbishment of the Hilton London Gatwick South Terminal hotel.
- Development of the St John's Wood care home which achieved practical completion during the year.

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, the home counties and Scotland.

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:

	2023 £'000	2022 £'000
Turnover	304,450	172,725
Trading EBITDA	88,836	46,216

Trading EBITDA is widely used as a standard measure of operational performance, debt servicing capability and business value added. It stands for "Earnings before interest, taxes, depreciation and amortisation" and below is a reconciliation to the income statement:

	2023 £'000	2022 £'000
Profit before tax	657	33,407
Adjustment:		
Interest receivable and similar income	(8,924)	(6,513)
Interest payable and similar expenses	25,449	15,775
(Gain)/loss on disposal of fixed asset investments	(422)	2,988
Fair value gains and losses on investment properties	28,225	497
Impairment of tangible fixed assets	11,015	
Profit on disposal of investment properties	-	(28,526)
Depreciation of owned tangible fixed assets	<u>32,836</u>	<u>28,588</u>
Trading EBITDA	<u>88,836</u>	<u>46,216</u>

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 7 key indicators of the health of the business. The hotel has performed satisfactorily in all categories despite the economic climate.

Principal risks and uncertainties

The main financial risks arising from the group's activities are credit risk, interest rate risk and liquidity risk. These are monitored by the board of directors and were not considered to be significant at the balance sheet date.

ARORA HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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 £78,845 (2022: £136,816).

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.

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

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 1.4 to the financial statements.

On behalf of the board



Carlton Brown
Director

21/12/2023

ARORA HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

The principal activities of the 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
Guy Morris
Sanjeev Roda

Results and dividends

The results for the year are set out on page 13. The directors do not recommend a dividend to be paid in the year under review.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

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.

Acquisition of a business

On 26 May 2022, the group's subsidiary Grove HR Limited acquired 100% of the shareholding in AH4 Limited, a subsidiary within the wider group. Further details of the acquisition are provided in note 28 to the financial statements.

Issue of a share to the parent company at premium

During the current year, the company issued 1 share of £1 nominal value for a total consideration of £108,971,515 giving rise to a share premium of £108,971,514.

Auditor

Moore Kingston Smith LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

ARORA HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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://thearoragroup.com/about/policy-position/environmentalsustainability>.

	2023	2022
Energy consumption used to calculate emissions: /kWh (optional to provide separate figures for gas, electricity, transport fuel and other energy sources)	92,168,847	55,746,688
Emissions from combustion of gas tCO ₂ e (Scope 1)	8,381	4,646
Emissions from combustion of fuel for transport purposes (Scope 1)	59	48
Emissions from purchased electricity (Scope 2, location-based)	8,221	6,408
Total gross CO ₂ e based on above	16,661	11,101
Intensity ratio: tCO ₂ e gross figure based from mandatory fields above/ e.g. £100,000 revenue	5.5	6.4
Methodology	GHG Protocol Corporate Standard	GHG Protocol Corporate Standard
Emissions from heat, steam and cooling purchased for own use (Scope 2)	785	953
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	752	678
Emissions from transportation of purchased fuels for which the company does not own or control (Scope 3) / tCO ₂ e	41	50
Total gross Scope 3 emissions / tCO ₂ e	793	728
Total gross Scope 1, Scope 2 location & Scope 3 emissions / tCO ₂ e	18,239	12,813
Total annual net emissions / tCO ₂ e	18,239	12,813
Additional intensity ratio: tCO ₂ e net figure / £100,000 revenue	6.0	7.3

ARORA HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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: 21/12/2023

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 2023 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 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 of the parent company's affairs as at 31 March 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

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 the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters 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 set out on page 8, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

ARORA HOLDINGS LIMITED

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

Auditor's responsibilities for the audit of the financial statements

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The objectives of our audit in respect of fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- Enquiry of management including considerations of known or suspected instances of non-compliance with laws and regulations and fraud.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Identifying and testing journal entries, focusing on journal entries containing characteristics of audit interest such as manual journals and journals relating to revenue.
- Challenging assumptions and judgements made by management in their significant accounting estimates.
- Reviewed any correspondence with relevant regulatory bodies.


There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

ARORA HOLDINGS LIMITED

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

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.



Alex Crompton (Senior Statutory Auditor)
For and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Date 21 December 2023

6th Floor
9 Appold Street
London
EC2A 2AP

ARORA HOLDINGS LIMITED

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £'000	2022 £'000
Turnover	3	304,450	172,725
Cost of sales		(39,676)	(17,723)
Gross profit		264,774	155,002
Administrative expenses		(228,174)	(143,041)
Other operating income	4	8,385	5,667
Operating profit	5	44,985	17,628
Interest receivable and similar income	10	8,924	6,513
Interest payable and similar expenses	11	(25,449)	(15,775)
Gain/(loss) on sale of fixed asset investments		422	(2,988)
Fair value losses on investment properties	14	(28,225)	(497)
Profit on disposal of investment properties		-	28,526
Profit before taxation		657	33,407
Tax on profit	12	4,130	(4,287)
Profit for the financial year	27	4,787	29,120

ARORA HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£'000	£'000
Profit for the year	4,787	29,120
Other comprehensive income		
Revaluation of tangible fixed assets	60,181	40,992
Tax relating to other comprehensive income	(8,580)	(22,465)
Other movements	-	307
Other comprehensive income for the year	51,601	18,834
Total comprehensive income for the year	56,388	47,954

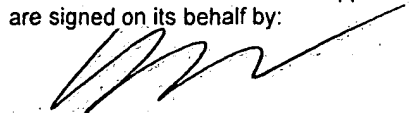
ARORA HOLDINGS LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

		2023		2022	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	13		1,419,969		1,211,977
Investment properties	14		186,728		160,393
Investments	15		526		1,571
			<u>1,607,223</u>		<u>1,373,941</u>
Current assets					
Stocks	18	3,972		8,194	
Debtors	19	69,817		36,107	
Cash at bank and in hand		61,319		60,584	
		<u>135,108</u>		<u>104,885</u>	
Creditors: amounts falling due within one year	20	<u>(452,809)</u>		<u>(460,143)</u>	
Net current liabilities			<u>(317,701)</u>		<u>(355,258)</u>
Total assets less current liabilities			<u>1,289,522</u>		<u>1,018,683</u>
Creditors: amounts falling due after more than one year	21		<u>(509,401)</u>		<u>(405,519)</u>
Provisions for liabilities					
Provisions	23	(2,527)		(3,796)	
Deferred tax liability	24	(91,395)		(88,528)	
		<u></u>	<u>(93,922)</u>	<u></u>	<u>(92,324)</u>
Net assets			<u>686,199</u>		<u>520,840</u>
Capital and reserves					
Called up share capital	26		-		-
Share premium account	27		127,928		18,957
Revaluation reserve	27		423,774		379,907
Profit and loss reserves	27		134,497		121,976
Total equity			<u>686,199</u>		<u>520,840</u>

The financial statements were approved by the board of directors and authorised for issue on 21/2/2023 and are signed on its behalf by:


 Carlton Brown
 Director

ARORA HOLDINGS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	2023 £'000	2022 £'000
Fixed assets			
Tangible assets	13	270	-
Investments	15	202,303	93,332
		<u>202,573</u>	<u>93,332</u>
Current assets			
Debtors	19	213,176	246,858
Cash at bank and in hand		29,074	6,917
		<u>242,250</u>	<u>253,775</u>
Creditors: amounts falling due within one year	20	(316,895)	(328,150)
Net current liabilities		<u>(74,645)</u>	<u>(74,375)</u>
Net assets		<u>127,928</u>	<u>18,957</u>
Capital and reserves			
Called up share capital	26	-	-
Share premium account	27	127,928	18,957
Total equity		<u>127,928</u>	<u>18,957</u>

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's result for the year was £nil (2022: £nil).

The financial statements were approved by the board of directors and authorised for issue on 21/12/2023 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 2023

	Notes	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 April 2021		-	18,957	369,212	84,717	472,886
Year ended 31 March 2022:						
Profit for the year		-	-	-	29,120	29,120
Other comprehensive loss:						
Revaluation of tangible fixed assets		-	-	40,992	-	40,992
Tax relating to other comprehensive income		-	-	(22,465)	-	(22,465)
Total comprehensive loss for the year		-	-	18,527	29,120	47,647
Transfer of difference between depreciation based on historical and revalued amount		-	-	(7,832)	7,832	-
Other movements		-	-	-	307	307
Balance at 31 March 2022		-	18,957	379,907	121,976	520,840
Year ended 31 March 2023:						
Profit for the year		-	-	-	4,787	4,787
Other comprehensive income:						
Revaluation of tangible fixed assets		-	-	60,181	-	60,181
Tax relating to other comprehensive income		-	-	(8,580)	-	(8,580)
Total comprehensive income for the year		-	-	51,601	4,787	56,388
Issue of share capital	26	-	108,971	-	-	108,971
Transfer of difference between depreciation based on historical and revalued amount		-	-	(7,734)	7,734	-
Balance at 31 March 2023		-	127,928	423,774	134,497	686,199

ARORA HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share capital £'000	Share premium account £'000	Total £'000
Balance at 1 April 2021	-	18,957	18,957
Year ended 31 March 2022:			
Profit and total comprehensive income for the year	-	-	-
Balance at 31 March 2022	-	18,957	18,957
Year ended 31 March 2023:			
Profit and total comprehensive income for the year	-	-	-
Issue of share capital	26	108,971	108,971
Balance at 31 March 2023	-	127,928	127,928

ARORA HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £'000	£'000	2022 £'000	£'000
Cash flows from operating activities					
Profit for the financial year		4,787		29,120	
Adjustments for:					
Depreciation	5	32,836		28,588	
Interest payable		25,449		15,775	
Interest receivable		(8,924)		(6,513)	
Taxation		(4,130)		4,287	
Decrease/ (increase) in stocks		4,218		(4,678)	
(Increase) in debtors		(12,553)		(4,339)	
(Decrease)/ increase in creditors		(63,250)		16,151	
Fair value losses	14	28,225		497	
Bad debts writtens off		349		-	
Provision for doubtful debts		829		-	
Impairment of tangible fixed assets	13	11,015		-	
Capital expenditure written off	13	937		-	
Profit on disposal of assets		(421)		(28,526)	
Provision for liabilities		806		2,075	
Loss on disposal of subsidiary		-		2,988	
Cash generated from operating activities			20,173		55,425
Corporation tax (payments)/ refunds		(3,699)		219	
Net cash inflow from operating activities			16,474		55,644
Investing activities					
Purchase of tangible fixed assets		(9,598)		(39,210)	
Purchase of investment property		(173)		(11,046)	
Purchase of unlisted investments		-		(1,570)	
Proceeds from disposal of investment property		-		120,539	
Proceeds from disposal of fixed assets		1,466		-	
investments					
Interest received		1,836		25	
Dividends received		-		204	
Outflows for acquisition of subsidiary		-		(24,642)	
Net cash acquired with subsidiary acquisitions		-		1,090	
Net cash (outflow)/inflow from investing activities			(6,469)		45,390
Financing activities					
New loans received		61,313		44,109	
Repayment of loans		(46,178)		(87,452)	
Interest paid		(23,466)		(14,949)	
Finance costs paid		(884)		(1,922)	
Funding to related parties		(55)		(1,762)	
Net cash outflow from financing activities			(9,270)		(61,976)

ARORA HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £'000	£'000	2022 £'000	£'000
Net increase in cash and cash equivalents			735		39,058
Cash and cash equivalents at beginning of year			60,584		21,526
Cash and cash equivalents at end of year			61,319		60,584

ARORA HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

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

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 accounting policies have been consistently applied to all the years presented, unless otherwise stated.

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 Business combinations

In the group 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.

1.3 Basis of consolidation

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 2023. 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 GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.4 Going concern

At the reporting date, the group and the company had net assets of £686.2m and £127.9m respectively whereas the group generated net cash inflow of £0.7m during the reporting year. The financial statements have been prepared on the going concern basis which the directors consider to be appropriate for the reason set out below:

The group and the company has prepared cash flow projections for a period of 15 months from the date the accounts were signed which show that the group and the company will continue to trade for the foreseeable future and be covenant compliant. On this basis, the directors consider that it is appropriate to prepare the group's and the company's financial statements on a going concern basis.

1.5 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.

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

Turnover includes 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.

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.

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.

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.

ARORA HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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:

Freehold buildings	50 years
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

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 that 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.

ARORA HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible 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 and cash equivalents

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.

ARORA HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

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.

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

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 GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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 GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.15 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.16 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.

1.17 Retirement benefits

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

1.18 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.

1.19 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.20 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.

1.21 Borrowing costs

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

ARORA HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.22 Capitalised finance costs

Finance costs relating to the loan facility are charged to the income statement using the effective interest rate method determined after netting full amount of such costs with the gross borrowing amount. The unamortised portion of finance costs are netted from the outstanding bank loan amount on the statement of financial position.

1.23 Reclassification of prior year amounts

Certain prior year amounts have been reclassified for consistency with the current year presentation.

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, judgements or estimation involved in their application and their impact on the financial statements.

Property portfolio valuation

The hotels and investment properties are stated at fair value, as accounted for by the directors. The valuation is on the basis of market value ("MV"), 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 MV by the directors with the surplus/(deficit) being taken to the statement of comprehensive income.

The investment properties are revalued at each year end at MV by the directors with the surplus/(deficit) being taken to the income statement.

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 hubs, investment yields, anticipated outgoings and maintenance costs, future development expenditure and appropriate discount rates. As domestic and international travel continues to recover, occupancy rates and consequently expected future EBITDA has the most impact on valuations resulting in significant estimation uncertainty.

Deferred tax assets

The recoverability of deferred tax assets depends upon availability of future taxable profits or reversal of deferred tax liabilities. The directors considerations and judgements regarding deferred tax balances are set out in Note 1.14.

3 Turnover

	2023 £'000	2022 £'000
Turnover analysed by class of business		
Hotellers and restaurants	268,062	138,934
Property construction	19,849	5,919
Lease and serviced accommodation	13,468	25,156
Golf club	3,071	2,716
	<u>304,450</u>	<u>172,725</u>

ARORA HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

3 Turnover (Continued)

All turnover in the year and prior year arose in the UK.

4 Other operating income

	2023 £'000	2022 £'000
Other rental income	8,385	4,431
Government grants - Coronavirus job retention scheme	-	1,236
	<u>8,385</u>	<u>5,667</u>

Other rental income relates to rents receivable from lessees including service charges and business rates as per tenancy contracts and income from other sundry activities of the group.

5 Operating profit

	2023 £'000	2022 £'000
Operating profit for the year is stated after charging/ (crediting):		
Government grants	-	(1,235)
Depreciation of owned tangible fixed assets	32,836	28,588
Impairment of owned tangible fixed assets	11,015	-
Bad debts written off	349	165
Operating lease charges	<u>16,072</u>	<u>15,437</u>

Within operating lease charges, £7,756,381 (2022: £7,756,381) related to contractual minimum rental charges. The remainder is related to variable lease charges.

6 Auditor's remuneration

	2023 £'000	2022 £'000
Audit of the financial statements of the company and its subsidiaries	<u>496</u>	<u>453</u>

7 Employees

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

Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
<u>2,256</u>	<u>1,727</u>	<u>-</u>	<u>-</u>

ARORA HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

7 Employees

(Continued)

Their aggregate remuneration comprised:

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Wages and salaries	49,288	33,471	-	-
Social security costs	5,124	3,301	-	-
Pension costs	1,110	809	-	-
	<u>55,522</u>	<u>37,581</u>	<u>-</u>	<u>-</u>

8 Directors' remuneration

	2023	2022
	£'000	£'000
Remuneration for qualifying services	898	916
Company pension contributions to defined contribution schemes	21	54
	<u>919</u>	<u>970</u>

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

	2023	2022
	£'000	£'000
Remuneration for qualifying services	<u>318</u>	<u>307</u>

9 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2023	2022
		£'000	£'000
In respect of:			
Property, plant and equipment	13	<u>11,015</u>	<u>-</u>
Recognised in:			
Administrative expenses		<u>11,015</u>	<u>-</u>

ARORA HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

10 Interest receivable and similar income

	2023 £'000	2022 £'000
Interest income		
Interest on bank deposits	301	22
Other interest income	1,989	3
Total interest revenue	2,290	25
Other income from investments		
Gains on financial instruments measured at fair value through profit or loss	6,634	6,488
Total income	8,924	6,513

11 Interest payable and similar expenses

	2023 £'000	2022 £'000
Interest on financial liabilities measured at amortised cost:		
Interest on bank loans	23,890	14,744
Finance costs	1,299	959
Other interest	260	72
Total finance costs	25,449	15,775

12 Taxation

	2023 £'000	2022 £'000
Current tax		
Corporation tax on profits for the current period	3,963	1,551
Adjustments in respect of prior periods	(1,504)	300
Total current tax	2,459	1,851
Deferred tax		
Origination and reversal of timing differences	(13,556)	881
Changes in tax rates	1,233	1,751
Adjustment in respect of prior periods	5,734	(196)
Total deferred tax	(6,589)	2,436
Total tax (credit)/charge	(4,130)	4,287

ARORA HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

12 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:

	2023 £'000	2022 £'000
Profit before taxation	657	33,407
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	125	6,347
Tax effect of expenses that are not deductible in determining taxable profit	7,847	957
Tax effect of income not taxable in determining taxable profit	-	(2,254)
Tax effect of utilisation of tax losses not previously recognised	(3,710)	(1,676)
Unutilised tax losses carried forward	1,380	-
Change in unrecognised deferred tax assets	(17,465)	-
Effect of change in corporation tax rate	1,233	1,751
Group relief	(1,224)	331
Permanent capital allowances in excess of depreciation	5,326	-
Effect of revaluations of investment properties	(1,201)	-
Other permanent differences	(35)	(1,404)
(Over)/ under provided in prior years	(1,504)	300
Deferred tax adjustments in respect of prior years	5,734	(196)
Pre-trading expenditure unutilised in current year	-	(117)
Elimination of unrealised profits on consolidation	-	303
Fair value movement - Swap	-	(135)
Annual deduction on lease premium	(646)	(136)
Capital allowance super deductions	-	(137)
Deemed capital gain	-	354
Difference between corporation tax and deferred tax	10	-
Taxation (credit)/charge	(4,130)	4,287

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

	2023 £'000	2022 £'000
Deferred tax arising on:		
Revaluation of property	8,580	22,465

ARORA HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

13 Tangible fixed assets

Group	Freehold land and buildings	Long term leasehold property	Short term leasehold property	Assets under construction	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation									
At 1 April 2022	157,623	972,493	193,376	5,611	24,545	65,378	780	300	1,420,106
Additions	28,109	2,806	170	2,941	840	2,717	16	-	37,599
Acquisitions	75,000	80,000	-	-	-	-	-	-	155,000
Revaluation	6,771	47,988	5,422	-	-	-	-	-	60,181
Reclassifications	140	-	2	(722)	-	580	-	-	-
Impairment	-	-	-	(937)	-	-	-	-	(937)
At 31 March 2023	267,643	1,103,287	198,970	6,893	25,385	68,675	796	300	1,671,949
Depreciation and impairment									
At 1 April 2022	-	139,242	38,295	-	16,485	13,060	769	278	208,129
Depreciation	4,975	19,728	3,343	-	934	3,832	17	7	32,836
Impairment	4,348	6,667	-	-	-	-	-	-	11,015
At 31 March 2023	9,323	165,637	41,638	-	17,419	16,892	786	285	251,980
Carrying amount									
At 31 March 2023	258,320	937,650	157,332	6,893	7,966	51,783	10	15	1,419,969
At 31 March 2022	157,623	833,251	155,081	5,611	8,060	52,318	11	22	1,211,977

ARORA HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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

	2023 £'000	2022 £'000
Group		
Cost	993,309	807,082
Accumulated depreciation	(126,245)	(94,917)
Carrying value	<u>867,064</u>	<u>712,165</u>

The group's properties were revalued on 31 March 2023 by the directors at open market value and the surplus/deficit was taken to the revaluation reserve whereas a decrease/increase over net book value representing impairment of property/reversal of past impairment as determined in accordance with note 1.9 is recognised in the income statement. Further details of the judgements made are given in note 2.

Company	Fixtures and fittings £'000
Cost or valuation	
At 1 April 2022	-
Additions	306
At 31 March 2023	<u>306</u>
Depreciation and impairment	
At 1 April 2022	-
Depreciation charged in the year	36
At 31 March 2023	<u>36</u>
Carrying amount	
At 31 March 2023	<u>270</u>

14 Investment property

	Group £'000
Fair value	
At 1 April 2022	160,393
Additions	54,560
Net losses through fair value adjustments	(28,225)
At 31 March 2023	<u>186,728</u>

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

ARORA HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

14 Investment property

(Continued)

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 2023 £'000	2022 £'000
Net book value	228,050	173,490

15 Fixed asset investments

	Notes	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Investments in subsidiaries	16	-	-	202,303	93,332
Fixed asset investments		526	1,571	-	-
		526	1,571	202,303	93,332

Movements in fixed asset investments

Group	Listed investments £'000	Non-listed investments £'000	Total £'000
Cost or valuation			
At 1 April 2022	1,066	505	1,571
Disposals	(1,045)	-	(1,045)
At 31 March 2023	21	505	526
Carrying amount			
At 31 March 2023	21	505	526
At 31 March 2022	1,066	505	1,571

Movements in fixed asset investments

Company	Shares in subsidiaries £'000
Cost or valuation	
At 1 April 2022	93,332
Additions	108,971
At 31 March 2023	202,303
Carrying amount	
At 31 March 2023	202,303
At 31 March 2022	93,332

ARORA HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

16 Subsidiaries

The directors believe that the carrying value of investments are supported by the underlying net assets of the subsidiaries at year end. Details of the company's subsidiaries at 31 March 2023 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 investment	Ordinary	-	100.00
AMSL Investments Limited	Jersey	Holding company	Ordinary	-	100.00
Arora Developments Limited	England	Dormant	Ordinary	-	100.00
Arora Gatwick Ltd	England	Property investment	Ordinary	-	100.00
Arora Heathrow Holdings Limited	England	Property investment	Ordinary	-	100.00
Arora Heathrow Investments Limited	England	Property investment	Ordinary	-	100.00
Arora Heathrow T5 Limited	England	Property investment	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 investment	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 investment	Ordinary	-	100.00
Heathrow T2 Hotel Limited	England	Hoteliers	Ordinary	-	100.00
Heathrow T5 Hotel Limited	England	Property investment	Ordinary	-	100.00
London Airport Hotels Limited	England	Dormant	Ordinary	-	100.00
London Arena Investments Limited	England	Investment company	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 investment	Ordinary	-	100.00
Meridian Residential Developments Limited	England	Property investment	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
Meridian Hotel Holdings Limited	England	Holding company	Ordinary	-	100.00
Arora Dublin T2 Limited	England	Property development	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	-

ARORA HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

16 Subsidiaries

(Continued)

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect	
Arora Waterfront Holdings Limited	England	Holding company	Ordinary	-	100.00
Arora Waterfront Limited	England	Hoteliers	Ordinary	-	100.00
Arora Waterfront Developments Limited	England	Property development	Ordinary	-	100.00
Arora Care Group Limited	England	Dormant	Ordinary	-	100.00
APHUT Limited	Jersey	Property investment	Ordinary	-	100.00
AP5 Limited	Isle of Man	Property investment	Ordinary	-	100.00
AGUT Limited	Jersey	Property investment	Ordinary	-	100.00
Luton Hoo Park Limited	England	Hoteliers	Ordinary	-	100.00
AH6 Limited	Jersey	Property investment	Ordinary	-	100.00
Arora UK Finance Limited	England	Financing	Ordinary	100.00	-
Arora Crawley Retail Limited**	England	Property investment	Ordinary	-	100.00
Arora Woking Retail Limited**	England	Property investment	Ordinary	-	100.00
Arora Woking Retail Store 2 Limited**	England	Property investment	Ordinary	-	100.00
Arora Parking Limited**	England	Leasing company	Ordinary	-	100.00
AH4 Limited*	Jersey	Property investment	Ordinary	-	100.00

* Companies acquired in the year

** Companies incorporated in the year

Ansko Hotel Limited was liquidated during the year.

The registered office for all the English subsidiaries is: World Business Centre 2, Newall Road, Hounslow, Middlesex, TW6 2SF.

The registered office for the Jersey companies is: IFC 5, St Helier, Jersey, JE1 1ST.

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

AP5 Limited: 54-62 Exchange House Athol Street, Douglas, Isle Of Man, IM1 1JD.

Meridian Group Investments S.a.r.l, Meridian Hotel Holdings S.a.r.l: Avenue de la Gare 42-44, 1610, Luxembourg.

17 Financial instruments

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Carrying amount of financial assets				
Basic financial assets measured at amortised cost	85,611	74,998	213,024	253,775
Financial assets measured at fair value through profit or loss	12,539	6,973	-	-
Carrying amount of financial liabilities				
Measured at amortised cost	943,131	849,809	316,137	327,971

ARORA HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

18 Stocks

	Group 2023 £'000	2022 £'000
Raw materials and consumables	1,247	1,015
Contract work in progress	2,725	7,179
	<u>3,972</u>	<u>8,194</u>

Contract work in progress represents long term contracts. The amount recognised in cost of sales during the period as an expense was £18,247,901 (2022: £2,069,702).

Finished stock represents completed apartments. The amount recognised in cost of sales during the period as an expense was £nil (2022: £2,187,751).

Stock recognised in cost of sales during the period as an expense was £14,774,703 (2022: £9,463,437).

19 Debtors

	Note	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Amounts falling due within one year:					
Trade debtors		12,841	6,530	1	-
Amounts due from related parties	31	401	302	-	-
Corporation tax recoverable		2,574	1,073	-	-
Amounts owed by group undertakings		74	293	213,015	246,858
Derivative financial instruments		12,540	5,907	-	-
Other debtors		9,714	7,289	8	-
Prepayments and accrued income		8,326	5,076	152	-
		<u>46,470</u>	<u>26,470</u>	<u>213,176</u>	<u>246,858</u>
Deferred tax asset	24	9,006	3,727	-	-
		<u>55,476</u>	<u>30,197</u>	<u>213,176</u>	<u>246,858</u>
Amounts falling due after more than one year:					
Deferred tax asset	24	14,341	5,910	-	-
		<u>69,817</u>	<u>36,107</u>	<u>213,176</u>	<u>246,858</u>
Total debtors		<u>69,817</u>	<u>36,107</u>	<u>213,176</u>	<u>246,858</u>

Trade debtors are stated after provision for doubtful debts at £1,357,966 (2022: £633,071)

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

ARORA HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

20 Creditors: amounts falling due within one year

	Notes	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Bank loans	22	50,054	80,078	-	20,000
Trade creditors		11,834	12,577	-	-
Amounts owed to group undertakings		315,925	309,579	316,130	307,878
Amounts owed to related parties	31	2,002	1,956	-	-
Corporation tax payable		1,431	1,173	-	-
Other taxation and social security		11,524	4,593	758	179
Other creditors		30,357	27,361	-	-
Accruals and deferred income		29,682	22,826	7	93
		<u>452,809</u>	<u>460,143</u>	<u>316,895</u>	<u>328,150</u>

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

Included within accruals at 31 March 2023 is a settlement amount of £4.8m relating to a set of operational issues at the hotels from prior years. These issues have been settled post year end and additional settlement costs have been recognised in the current year.

21 Creditors: amounts falling due after more than one year

	Notes	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Bank loans	22	<u>509,401</u>	<u>405,519</u>	<u>-</u>	<u>-</u>

ARORA HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

22 Loans and overdrafts

	Group 2023 £'000	2022 £'000
Bank loans	559,455	485,597
	<u>559,455</u>	<u>485,597</u>
	Group 2023 £'000	Group 2022 £'000
Loan payable within 1 year	50,054	80,078
Loan payable between 1 to 2 years	117,209	71,832
Loan payable between 2 and 5 years	259,689	197,450
Loan payable more than 5 years	<u>132,503</u>	<u>136,237</u>

The Heathrow T5 Hotel Limited loan amounts to £151,954,248 (2022: £155,777,137) and is secured by a 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 financial covenants which are tested annually.

The newly acquired subsidiary AH4 Limited renewed its finance facility of £60,000,000 on 26 May 2022 and is repayable by 27 April 2026. 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. Interest is charged at 3 month SONIA plus a commercial margin. The facility requires compliance with a number of financial covenants which are tested quarterly.

The Excel Hospitality Limited loan amounts to £40,000,000 (2022: £40,000,000) and is secured by fixed and floating charges over the assets of the company. The loan has a maturity date of 30 June 2023 and was extended to 30 June 2026 after the year end. Interest is charged at 3 month SONIA plus a commercial margin. The facility requires compliance with a number of financial covenants which are tested quarterly.

The loan provided to Heathrow T2 Hotel Limited amounts to £54,320,000 (2022: £26,331,250) and is repayable by 18 July 2025. The loan is secured by fixed and floating charges over its assets. The interest rate is based on a margin at a commercial rate. The facility requires compliance with a number of financial covenants which are tested quarterly.

ARORA HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

22 Loans and overdrafts

(Continued)

The AH2 Limited loan amounts to £106,253,864 (2022: £111,130,551) and is repayable by 17 August 2024. 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 requires compliance with a number of financial covenants which are tested quarterly.

The Grove WP Property Limited bank loan amounts to £70,000,000 (2022: £40,000,000) and is repayable by 27 November 2025. 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. From 30 June 2023, the group will repay the loan at £250,000 per quarter with a final bullet payment due at maturity. The facility requires compliance with a number of financial covenants which are tested quarterly.

The Arora Investments Limited bank loan amounts to £78,868,759 (2022: £82,172,652). It is secured by fixed and floating charges over the assets of the company and is supported by guarantees provided by the group. It is repayable by 27 April 2026 and interest is charged at 3 months SONIA plus a commercial margin. The facility requires compliance with a number of financial covenants which are tested quarterly.

23 Provisions for liabilities

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Provisions for liabilities	2,527	3,796	-	-

Movements on provisions:

Group	Provisions for liabilities £'000
At 1 April 2022	3,796
Additional provisions in the year	2,527
Utilisation of provisions	(1,721)
Transfer to short term liabilities	(2,075)
At 31 March 2023	2,527

The group has been party to a set of operational issues at the hotels that have been settled at £4.8m post year end. In the prior year, a related provision of £2,075,000 was recognised as shown in the above note. This provision has been included in accruals at the year end.

ARORA HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

24 Deferred taxation

The following are the major deferred tax (assets)/liabilities recognised by the group and movements thereon:

	Liabilities 2023 £'000	Liabilities 2022 £'000	Assets 2023 £'000	Assets 2022 £'000
Group				
Accelerated capital allowances	3,879	1,755	149	1,456
Tax losses	(9,946)	(1,099)	24,260	8,150
Revaluation of fixed assets	96,528	87,248	-	-
Retirement benefit obligations	(30)	(45)	26	43
Interest restrictions	-	(2,986)	249	-
Fair value movements on investment property	964	3,655	(800)	(12)
Fair value movement on swaps	-	-	(537)	-
	<u>91,395</u>	<u>88,528</u>	<u>23,347</u>	<u>9,637</u>

The company has no deferred tax assets or liabilities.

	Group Liabilities £'000	Group Assets £'000
Movements in the year:		
Liability/(asset) at 1 April 2022	88,528	(9,637)
Charge/(credit) to profit or loss	7,119	(13,710)
Charge to other comprehensive income	8,580	-
Deferred tax on acquisitions and disposals	(12,832)	-
Liability/(asset) at 31 March 2023	<u>91,395</u>	<u>(23,347)</u>

During the year ending 31 March 2024 the deferred tax liability is expected to decrease by £200,000 due to the reversal of accelerated capital allowances and increase in tax losses.

25 Retirement benefit schemes

	2023 £'000	2022 £'000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>1,110</u>	<u>809</u>

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 £307,536 (2022: £399,396).

ARORA HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

26 Share capital

Group and company	2023	2022	2023	2022
Issued and fully paid	Number	Number	£'000	£'000
Ordinary Shares of £1 each	102	101	-	-

Share capital represents the nominal value of the shares issued.

During the year, the company issued 1 ordinary share of £1 for a total consideration of £108,971,515 giving rise to a share premium of £108,971,514.

27 Reserves

Share premium

Share premium represents the excess of consideration paid for shares issued over the nominal value of those shares.

Revaluation reserve

Represents the cumulative unrealised valuation movement on investment properties, which is transferred from profit and loss reserves as shown in the statement of changes in equity, net of any deferred tax.

Profit and loss reserves

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

28 Acquisition of a business

On 26 May 2022, the group's subsidiary Grove HR Limited acquired 100% of the ordinary shares in AH4 Limited from AFT2 (OHC) Limited, a subsidiary of the wider group, for a consideration of £108,525,506.

	Book Value	Adjustments	Fair Value
	£'000	£'000	£'000
Net assets acquired			
Investment properties	155,000	-	155,000
Trade and other receivables	468	-	468
Borrowings	(58,631)	-	(58,631)
Trade and other payables	(842)	-	(842)
Tax liabilities	(302)	-	(302)
Deferred tax	12,832	-	12,832
Total identifiable net assets	108,525	-	108,525
Goodwill			-
Total consideration			108,525
The consideration was satisfied by:			£'000
Intercompany account			108,525

ARORA HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

28 Acquisition of a business

(Continued)

Contribution by the acquired business for the reporting period included in the group statement of comprehensive income since acquisition:

	£'000
Turnover	8,170
Loss after tax	(1,946)

29 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 2023 £'000	2022 £'000
Within one year	7,756	7,756
Between two and five years	30,800	30,856
In over five years	217,710	225,410
	<u>256,266</u>	<u>264,022</u>

Lessor

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

	Group 2023 £'000	2022 £'000
Within one year	70	70
Between two and five years	-	70
	<u>70</u>	<u>140</u>

30 Events after the reporting date

Excel Hospitality Limited

On 29 June 2023, the Excel Hospitality facility was refinanced for a new 3-year term and the available facility was increased by £25,000,000 to £65,000,000 with its existing lender.

Business Acquisition

On 23 November 2023, Grove Acquisitions Limited ("GAL") acquired 100% of the ordinary share capital in Leopard UK Kensington Propco Limited ("Leopard") a UK incorporated company from a third party for a consideration of £1.

ARORA HOLDINGS LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

31 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 Standard 102 'Related Party Disclosures' not to disclose any transactions with wholly-owned entities that form 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	2023 £'000	2022 £'000
Group		
Arora Family Trust	65	50
Littlebrook Nursery Limited	16	56
Heathrow T4 LP	-	3
AH9 Limited	-	1
Heathrow T4 Hotel Limited	201	177
City Place Gatwick Management Company Limited	21	5
The Heathrow Hotel Limited	-	4
Woodlon Limited	98	6
	<u>401</u>	<u>302</u>

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

Amounts owed to related parties	2023 £'000	2022 £'000
Group		
Arora Family Trust	1,600	1,600
Booker Aircraft Leasing Limited	235	230
The Heathrow Hotel Limited	8	-
Partner Property Services Limited	159	126
	<u>2,002</u>	<u>1,956</u>

Other information

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

32 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 GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

33 Contingent liabilities

In prior year, certain loans were provided to the wider Arora Group, and secured by fixed and floating charges over the assets of certain companies within Arora Hotels Limited and its subsidiaries. In the current year, these loans have been settled as part of the refinancing of AH2 (OHC) Limited, a group company. Therefore, as at 31 March 2023, such loans in the wider Arora Group amounted to £nil (2022: £58,631,140).

34 Analysis of changes in net debt - Group

	1 April 2022	Cash flows	Acquisitions	Other non-31 March 2023	
		and disposals	and disposals	cash changes	
	£'000	£'000	£'000	£'000	£'000
Cash at bank and in hand	60,584	9,040	(8,305)	-	61,319
Borrowings excluding overdrafts	(485,597)	(15,135)	(58,631)	(92)	(559,455)
	<u>(425,013)</u>	<u>(6,095)</u>	<u>(66,936)</u>	<u>(92)</u>	<u>(498,136)</u>