HICP Limited

Annual report and financial statements

Registered number 09450061

31 March 2021

Contents

Officers and professional advisor

Directors

Jonathan Patrick Braidley	Appointed on 25 May 2021
Bhriz Holloway	Appointed on 25 May 2021
Christopher Andre Kula	Appointed on 25 May 2021
Christopher David Elkins	Appointed on 02 December 2020 and resigned on 25 May 2021
Neil Jonathan Robson	Appointed on 02 December 2020 and resigned on 25 May 2021
Raoul René Hofland	Resigned on 25 May 2021
Gerardus Johannes Schipper	Resigned on 25 May 2021

Secretary
Intertrust (UK) Limited

Registered office
Queens Court
9-17 Eastern Road, Romford
Essex
RM1 3NG

Independent auditor
KPMG LLP
15 Canada Square
London
E14 5GL

Strategic report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2021.

Review of the business

The principal activities of the Company during the period from 1 April 2020 to 31 March 2021 were the management and operation of 15 Holiday Inn hotels and 1 Crowne Plaza hotel.

As at 31 March 2021, the loss for the year amounted to £25,246,000 (2020: Loss £6,972,000), which reflected the continued COVID-19 pandemic effect, and the further lockdowns and restrictions were seen in late 2020 and early 2021 but all hotels remained open throughout to support key workers. The Company is part of the HIN JB Limited group of companies (the "Group").

Key performance indicators

The Company's key financial and other performance indicators during the year were as follows:

Average Rate: £ 56.40 (2020: £75.14)

Occupancy: 33.7% (2020: 73.1%)

RevPAR: £19.01 (2020: £54.94)

Turnover (continuing operations): £23,973,000 (2020: £70,691,000)

Principal risks and uncertainties

The Company is exposed to economic risk common to the hotel industry such as:

- Increased risk from economic downturn, terrorism and political and social instability;
- Exposure to price, liquidity and cash flow risk; and
- Supply risk.

Brexit related risks

Initially as we exited Europe in early 2020, the Group had highlighted several risks around Brexit, which included shortages of staff and recruitment of EU citizens, food and beverage cost increases, supply chain issues and short-term sales decline as companies adapted to the new rules.

The COVID-19 pandemic started to manifest itself in early March 2020 and the Hotels were mandated to shut in mid-March 2020, which resulting in the Brexit risks disappearing as the focus switched to managing through the pandemic and new government rules of lockdowns, tiered openings and then subsequent further lockdowns.

Looking forward the challenges around the supply chain caused by COVID-19 and the shortage of quality staff will be the biggest risks for the foreseeable future.

Covid-19 related risks

All hotels operated by the Group closed to the general public in late March 2020 due to the coronavirus ("COVID-19") pandemic and re-opened in July 2020. Further lockdowns and restrictions were seen in late 2020 and early 2021 but all hotels remained open throughout to support key workers.

The COVID-19 pandemic has had a significant adverse impact on revenue, profitability, cashflows, valuations and reserves, however the directors have availed of government assistance and other self-help measures, where possible, to manage liquidity in the immediate short term.

The Group's liquidity continued to be adversely impacted as restrictions remained in place until the late spring 2021. The sale of the portfolio in May 2021, resulted in a significant improvement in liquidity through new debt and equity investment on the portfolio. Further COVID-19 restrictions were introduced in Winter 2021 due to Omicron and this had subsequent negative impact on economic activity, but the group had secured a number of key worker contracts which helped mitigate a proportion of the trading effect of the restrictions. The Company may experience further negative results should restrictions be re-introduced in 2022 but with key worker contracts in place, the business aims to minimise this.

Strategic report *(continued)*

Statement under S172 (1) Companies Act 2006

The Directors understand and appreciate their duty under s.172 of the Companies Act 2006 to act in the way in which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

a) the likely consequences of any decision in the long term;

b) the interests of the Company's employees;

c) the need to foster the Company's business relationships with suppliers, customers and others;

d) the impact of the Company's operations on the community and the environment;

e) the desirability of the Company maintaining a reputation for high standards of business conduct; and

f) the need to act fairly between members of the Company, (the "s.172(1) Matters"). The Board meet on a regular basis at which they are reminded of the s.172(1) matters.

The directors have had regards to the matters set out in Sections 172 (1) (a) – (f) when discharging their Section 172 duties.

The company is a hospitality business which is part way through a substantial capital investment programme. Upon completion, it will allow assets to be repositioned and / or rebranded to benefit from the sales outperformance against the market. The key revenue streams will still be focussed on the corporate and leisure market, as well as additionally refocusing on the meeting and events sector where the directors see significant potential for upside going forward. The companies undertake many community engagements, with each Hotel adopting a local charity, which is decided by the team, with the aim that the Hotel becomes a key part of the local community.

The Company strives to make a positive contribution to the economy by supporting its customers and seeks to behave responsibly, treating them fairly and equally. The Board, in liaison with the Management Company and Hotel Brands consistently reviews its customer strategy and receives updates on new initiatives to enhance customer service.

We are committed to the ensuring high standards of Health and Safety, with both internal and external audits completed regularly on all Hotels and reviewed by the Management Company. All actions are tracked and completed in a timely manner to ensure the Hotels are complaint with legislation.

We assess suppliers across a number of key risk areas including their ethical trading policy, which is completed when on boarding a new supplier and annually thereafter.

We are committed to minimising our impact on the environment through working in partnership with our stakeholders. An example of this is that all hotels have signed up to Green Tourism, with the target to reduce CO2 by 5% per annum, reduce plastic by 2 million items compared to prior year levels and support the Woodland Trust to reforest the UK by planting 10,000 trees per annum.

Employees

We are committed to the principal of equal opportunity in employment and to health and safety at work for all employees.

Employee welfare and wellbeing is at the core of our values with each Hotel having a trained wellbeing specialist on site and monthly wellness sessions, which are tracked as part of the Hotels Key Performance Indicators (KPI).

The Company's employment policies for recruitment, selection, training, development and promotion are designed to ensure that no job applicant or employee receives less favourable treatment on the grounds of race, colour, nationality, ethnicity or national origin, religion, age, gender or marital status.

The Directors recognise the importance of ongoing training for all employees, whether that is Brand or role specific or generic training for all employees. We are committed to involving all employees in the performance and development of the company as a whole. Employees are encouraged to discuss with management matters affecting the day to day running of the group through staff consultation meetings which are held at each Hotel.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned.

In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employees are kept up to-date on developments through the company intranet site, team member briefings with the Hotel General Managers and Town Hall meetings with the Management Company. The meetings cover both financial and commercial issues relating to the specific Hotels and the company as a whole.

Employee access to Group policies is available through a dedicated intranet site.

Streamlined Energy & Carbon Reporting

The below statement contains HICP Limited's annual energy consumption, associated relevant greenhouse gas emissions and addition related information, as required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Methodology

Scope 1 and 2 consumption and CO2e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. All consumption data for HICP Ltd was complete for the reporting year, and as such no estimations were required.

Consumption (kWh) and Greenhouse Gas emissions (tCO2e)

Scope 1 consumption and emissions relate to direct combustion of natural gas, and fuels utilised for transportation operations, such as company vehicle fleets and grey fleet.

Scope 2 consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity in day to day business operations.

The total consumption (kWh) figures for energy supplies reportable by HICP ltd are as follows:

Utility and Scope	**2020/2021 UK Consumption (kWh)**
Grid-Supplied Electricity (Scope 2)	7,381,913
Gaseous and other fuels (Scope 1)	20,880,480
Transportation (Scope 1)	53,206
Total	**28,315,599**

The total emission (tCO2e) figures for energy supplies reportable by HICP Ltd are as follows:

Utility and Scope	**2020/2021 UK Consumption (tCO2e)**
Grid-Supplied Electricity (Scope 2)	1,721
Gaseous and other fuels (Scope 1)	3,839
Transportation (Scope 1)	13
Total	**5,573**

Strategic report *(continued)*

Streamlined Energy & Carbon Reporting *(continued)*

Intensity Metric

An intensity metric of tCO2e per m2 has been applied for the annual total emissions of HICP Ltd. Also, an intensity metric of tCO2e per bed has been applied to the annual total emissions of HICP Ltd. The methodology of the intensity metric calculations is detailed in the appendix, and results of this analysis is as follows:

Intensity metric	2020/2021 UK Intensity metric
tCO2e per m2	0.05
tCO2e per bed	2.35

Energy Efficiency Improvements

HICP Ltd is committed to year-on-year improvements in their operational energy efficiency. As such, a register of energy efficiency measures available to HICP Ltd has been compiled, with a view to implementing these measures in the next 5 years.

Within the period of 1st April 2020 to 31st March 2021, HICP Ltd have completed a number of energy enhancements to our plant and equipment across the hotel estate. The ownership takes great interest to ensure all plant and equipment is replaced with the latest available energy efficiency systems which best drives better consumption and control

Measures ongoing and undertaken through 2020/21

HVAC Upgrade - in the period of 2020 / 2021 we continued to upgrade the hotels, with a further two hotels updated and plans to upgrade a further four hotels in the next 24 months. We have replaced the old air conditioning systems to the latest available energy efficient VRF air conditioning to all guest rooms and updated the public area with a heat recovery AHU system with DX cooling.

Lift Upgrades – a full review of the lifts across the estate has been completed and orders have been placed for the first three hotel upgrades. The replacement lifts will be designed and procured to ensure they are energy efficient and using the latest technology to reduce energy consumption.

LED Lighting - We continue to upgrade the hotel bedrooms and are planning to complete the remaining six hotel upgrades over the next 18 months which will include all guest bedroom lighting to an effective new LED fitting from the old BC / ES lamp fitting types.

Combined Heat & Power - During - 2020 and early 2021, we finished the installation and commissioning of the remaining CHP units, all seventeen Hotels now have CHP units. 3 x 50kw & and 1 x 100kw CHP units to four hotels.

During 2021, we have started working with EP&T global to optimise the Hotel building performance, with the goal to optimise the energy usage and reduce the carbon emissions of the Hotels. We believe this will further reduce our energy consumption and improve the energy efficiency of the hotels.

Strategic report *(continued)*

Future developments

The private equity owners decided to sell the wider Group in late 2020, which completed in late May 2021.

The new owners Bryant Park Hospitality SARL, acquired the Group with the intension to invest in the portfolio, including up-branding several the Hotels and ensuring the hotels are in the prime condition to maximise from the economic recovery post COVID-19.

The ownership change allowed the Group to be restructured allowing for the overall financial position to be significantly improved. The Group now benefits post acquisition from a 5-year facility with its external lenders, as part of these arrangements, the Group's external lenders have agreed to not test the covenants for the initial years.

C. A. Kula
Director

09th June 2022

Queens Court
9-17 Eastern Road, Romford
Essex
RM1 3NG

Company registered number: 09450061

Directors' report

The Directors present their annual report and audited statements for HICP Limited ("the Company") for the year ended 31 March 2021.

Directors

The directors who held office during the year were as follows:

Jonathan Patrick Braidley	Appointed on 25 May 2021
Bhriz Holloway	Appointed on 25 May 2021
Christopher Andre Kula	Appointed on 25 May 2021
Christopher David Elkins	Appointed on 02 December 2020 and resigned on 25 May 2021
Neil Jonathan Robson	Appointed on 02 December 2020 and resigned on 25 May 2021
Raoul René Hofland	Resigned on 25 May 2021
Gerardus Johannes Schipper	Resigned on 25 May 2021

Dividend

There was no dividend declared during the year (2020: £ nil).

Review of the business

The principal activities of the Company during the year 1 April 2020 to 31 March 2021 were the management and operation of hotels and similar accommodation. As at 31 March 2021, the loss for the year amounted to £25,246,000 (2020: Loss £6,972,000).

Financial instruments

The Company finances its activities through operating cash flow and a loan from a related party. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities. There are no other financial instruments which are being used by the Company.

Political contributions

The Company made no charitable or political donations during the year (2020: £Nil).

Employees

It is the Company's policy to train and develop its staff in close relationship with various training organisations. The Company recognises the need to ensure effective communication with employees. Senior management is regularly informed of developments in strategic, financial, commercial and personnel matters to enable them to inform and discuss these issues with employees as appropriate. The company believes in promoting from within the organisation on the basis of ability and merit.

The Directors value each employee's contribution in achieving the standards of service set by the Company and recognize their contribution in ensuring the continuing high performance of the Company.

Disclosure of information to auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 3. Each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report *(continued)*

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Going concern

The Company's business activities, together with the factors likely to affect future development, performance and position are set out in the strategic report.

The Company is part of the group of companies headed by HIN JB Limited (the "wider Group") and its activities are hotel operations. As a result, the ability of the wider Group to continue as a going concern is based on the ability of the trading entities within the wider Group to continue as a going concern.

All hotels operated by the wider Group closed to the general public in late March 2020 due to the coronavirus ("COVID-19") pandemic and re-opened in July 2020. Further lockdowns and restrictions were seen in late 2020 and early 2021 but all hotels remained open throughout to support key workers. This closure and follow-on restrictions have had a significant negative impact on revenue, profitability, cash flows, valuations and reserves, however the directors have availed of government assistance and other self-help measures, where possible, to manage liquidity in the immediate short term.

The wider Group's ultimate parent was previously owned by a private equity group, the private equity owners decided to sell the wider Group in 2020, which completed in late May 2021. The new directors prepared cashflow forecasts reflecting their best estimate of trading activity for the cross-collateralised wider Group for the period up to June 2023, based on the significant improvement in the trading environment since the restrictions have been eased in Summer 2021, which indicate that the wider Group is expected to have sufficient funds available to meet all operating and debt service commitments over that period. The wider Group is forecasting average occupancy for the 12 months to June 2023 of 77% which is prudent in comparison to average occupancy achieved for the 12 months to March 2020 (i.e. pre-COVID-19). The directors acknowledge that their forecasts and the related funding requirements include several critical assumptions and are, in particular, highly sensitive to assumptions about market demand as the wider Group operates with the continuing fall out of COVID-19.

The wider Group benefited post acquisition from a 5-year facility with its external lenders totalling £143,250,000. As part of these arrangements, the Group's external lenders have agreed to not test the covenants for the initial three years up to 15 August 2024. As part of the agreement, Bryant Park Hospitality S.A.R.L., the immediate parent, is required to inject 35% of the required funding before the Group is able to drawdown on the available funds. As such, the forecasts are dependent on the required funding as set out in the loan agreement with the external lenders. The ultimate shareholder, Marathon ECO IV SCA SICAV-RAIF has indicated its intention to continue to make available such funds as are needed by the Group for the period covered by the forecasts. As with any Group placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

On this basis, the directors have a reasonable expectation that they will have adequate liquidity to allow the Company to continue their activities for a period of not less than 12 months from the date of approval of these financial statements. This is in part due to strong relationships with external debt providers and the ongoing support of its shareholder.

The directors acknowledge however that the uncertain trading environment caused by COVID-19 and its impact on profitability and cash generation as outlined above but the subsequent sale and new bank facilities has removed the significant doubt over the Company's ability to continue as a going concern. Having assessed these matters, the directors continue to have a reasonable expectation that the Company will have adequate liquidity to continue their activities for the foreseeable future and ensure all debts can be discharged as they fall due. Accordingly, they continue to adopt the going concern basis in preparing the Company financial statements.

By order of the board

C. A. Kula
Director

09th June 2022

Queens Court
9-17 Eastern Road, Romford
Essex
RM1 3NG

Company registered number: 09450061

Statement of directors' responsibilities in respect of the directors' report and financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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 company and of the profit or loss of the company 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 estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HICP LIMITED

Opinion

We have audited the financial statements of HICP Limited ("the company") for the year ended 31 March 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act of 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are limited judgements and revenue is simple in nature and comprises of high-volume low value items, therefore reducing the opportunity and incentive to commit fraud.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included:
    - Journal entries made to revenue and cash with unexpected corresponding entries

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and the Coronavirus Job Retention Scheme legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, employment law, and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

For the non-compliance matter discussed in note 19 we assessed the disclosures against our understanding from inquiries with management and correspondence between the Company and their legal advisors.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 12, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report.

Reasonable assurance is a high level of assurance, but does not 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 the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Chrissy Douka (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
Date: 14th June 2022

Profit and Loss Account and Other Comprehensive Income

For year ended 31 March 2021

	Note	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Revenue	*3*	23,973	70,691
Cost of sales		(14,405)	(29,297)
Gross profit		**9,568**	**41,394**
Administrative expenses		(1,660)	(752)
Other income	*5*	5,141	-
Other operating expenses		(31,194)	(40,615)
Operating Loss / (Profit)		**(18,145)**	**27**
Financial expenses	*10*	(6,856)	(7,045)
Loss before tax		**(25,001)**	**(7,018)**
Taxation	*7*	(245)	-
Loss for the year		**(25,246)**	**(7,018)**
Profit from discontinued operations		-	46
Loss for the year		**(25,246)**	**(6,972)**

The Company has no recognised gains or losses in the year other than those included within the Statement of Profit and Loss Account and Statement of Other Comprehensive Income. There is no other comprehensive income during the year.

The accompanying notes on pages 21 to 39 form an integral part of these financial statements.

Balance Sheet

At 31 March 2021

	Note	31 March 2021 £000	31 March 2020 £000
Non-current assets			
Property, plant and equipment	*8*	14,136	18,907
Right-of-use asset	*9*	122,175	130,897
		136,311	**149,804**
Current assets			
Inventories	*11*	108	219
Trade and other receivables	*12*	2,489	5,038
Tax receivable		617	617
Cash and cash equivalents	*13*	1,938	3,915
		5,152	**9,789**
Total assets		**141,463**	**159,593**
Current liabilities			
Intercompany loan	*14*	(21,353)	(17,722)
Lease liability	*10*	(11,133)	(10,915)
Trade and other payables	*14*	(19,074)	(10,865)
Tax Payable		(245)	-
Bank overdraft	*13*	-	(244)
		(51,805)	**(39,746)**
Non-current liabilities			
Lease liability	*10*	(118,851)	(123,794)
Total liabilities		**(118,851)**	**(123,794)**
Net assets		**(29,193)**	**(3,947)**
Equity			
Share capital	*17*	-	-
Profit and loss account		(29,193)	(3,947)
Total equity		**(29,193)**	**(3,947)**

The accompanying notes on pages 21 to 39 form an integral part of these financial statements.
These financial statements were approved by the board of directors on 09th June 2022 and were signed on its behalf by:

C.A. Kula
Director
Queens Court
9-17 Eastern Road, Romford
Essex
RM1 3NG

09th June 2022

Company registered number: 09450061

Statement of Changes in Equity

	Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2020	-	(3,947)	(3,947)
Loss for the year	-	(25,246)	(25,246)
Total comprehensive income for the year	**-**	**(25,246)**	**(25,246)**
Dividends paid	-	-	-
Balance at 31 March 2021	**-**	**(29,193)**	**(29,193)**

	Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2019	-	3,025	3,025
Loss for the year	-	(6,972)	(6,972)
Total comprehensive income for the year	**-**	**(6,972)**	**(6,972)**
Dividends paid	-	-	-
Balance at 31 March 2020	**-**	**(3,947)**	**(3,947)**

The accompanying notes on pages 21 to 39 form an integral part of these financial statements.

Cash Flow Statement
For year ended 31 March 2021

	Note	Year end 31 March 2021 £000	Year end 31 March 2020 £000
Cash flows from operating activities			
Loss for the year before tax		**(25,001)**	**(6,972)**
Adjustments for:			
Depreciation, amortisation and impairment	*8*	6,580	5,528
Depreciation of right-of-use-asset	*9*	8,722	8,722
Transfer of property, plant and equipment	*8*	-	1,658
Decrease/(increase) in trade and other receivables	*12*	2,549	(2,052)
Increase/(decrease) in trade and other payables	*14*	8,209	(1,760)
Purchase/(sale) of inventory	*11*	111	(3)
Tax paid		-	-
Net cash from operating activities		**1,170**	**5,121**
Cash flows from investing activities			
Acquisition of property, plant and equipment	*8*	(1,809)	(4,704)
Disposal of property, plant and equipment	*8*	-	509
Net cash from investing activities		**(1,809)**	**(4,195)**
Cash flows from financing activities			
Proceeds from loan		3,631	1,100
Payment of lease liabilities	*10*	(4,725)	(4,909)
Net cash from investing activities		**(1,094)**	**(3,809)**
Net increase in cash and cash equivalents		(1,733)	(2,883)
Proceeds from bank overdraft		(244)	(1,489)
Cash and cash equivalents at 1 April 2020		3,915	8,287
Cash and cash equivalents at 31 March 2021	*13*	**1,938**	**3,915**

The accompanying notes on pages 21 to 39 form an integral part of these financial statements.

Notes

(forming part of the financial statements)

1 Reporting entity

HICP Limited (the "Company") is a private company incorporated and domiciled in England, United Kingdom.

These financial statements present information about the Company as an individual undertaking.

The company financial statements have been prepared and approved by the directors in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 ('Adopted IFRSs').

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The principal accounting policies adopted by the Company are set out in note 2.

2 Accounting policies

The financial statements have been prepared in accordance with IFRS.

The results of HICP Limited are included in the consolidated financial statements of HIN JB Limited.

2.1 Measurement convention

The financial statements are prepared on the historical cost basis.

2.2 Going concern

The Company's business activities, together with the factors likely to affect future development, performance and position are set out in the strategic report.

The Company is part of the group of companies headed by HIN JB Limited (the "wider Group") and its activities are hotel operations. As a result, the ability of the wider Group to continue as a going concern is based on the ability of the trading entities within the wider Group to continue as a going concern.

All hotels operated by the wider Group closed to the general public in late March 2020 due to the coronavirus ("COVID-19") pandemic and re-opened in July 2020. Further lockdowns and restrictions were seen in late 2020 and early 2021 but all hotels remained open throughout to support key workers. This closure and follow-on restrictions have had a significant negative impact on revenue, profitability, cash flows, valuations and reserves, however the directors have availed of government assistance and other self-help measures, where possible, to manage liquidity in the immediate short term.

The wider Group's ultimate parent was previously owned by a private equity group, the private equity owners decided to sell the wider Group in 2020, which completed in late May 2021. The new directors prepared cashflow forecasts reflecting their best estimate of trading activity for the cross-collateralised wider Group for the period up to June 2023, based on the significant improvement in the trading environment since the restrictions have been eased in Summer 2021, which indicate that the wider Group is expected to have sufficient funds available to meet all operating and debt service commitments over that period. The wider Group is forecasting average occupancy for the 12 months to June 2023 of 77% which is prudent in comparison to average occupancy achieved for the 12 months to March 2020 (i.e. pre-COVID-19). The directors acknowledge that their forecasts and the related funding requirements include several critical assumptions and are, in particular, highly sensitive to assumptions about market demand as the wider Group operates with the continuing fall out of COVID-19.

The wider Group benefited post acquisition from a 5-year facility with its external lenders totalling £143,250,000. As part of these arrangements, the Group's external lenders have agreed to not test the covenants for the initial three years up to 15 August 2024. As part of the agreement, Bryant Park Hospitality S.A.R.L., the immediate parent, is required to inject 35% of the required funding before the Group is able to drawdown on the available funds. As such, the forecasts are dependent on the required funding as set out in the loan agreement with the external lenders. The ultimate shareholder, Marathon ECO IV SCA SICAV-RAIF has indicated its intention to continue to make available such funds as are needed by the Group for the period covered by the forecasts. As with any Group placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Notes *(continued)*

2.2 Going concern (continued)

On this basis, the directors have a reasonable expectation that they will have adequate liquidity to allow the Company to continue their activities for a period of not less than 12 months from the date of approval of these financial statements. This is in part due to strong relationships with external debt providers and the ongoing support of its shareholder.

The directors acknowledge however that the uncertain trading environment caused by COVID-19 and its impact on profitability and cash generation as outlined above but the subsequent sale and new bank facilities has removed the significant doubt over the Company's ability to continue as a going concern. Having assessed these matters, the directors continue to have a reasonable expectation that the Company will have adequate liquidity to continue their activities for the foreseeable future and ensure all debts can be discharged as they fall due. Accordingly, they continue to adopt the going concern basis in preparing the Company financial statements.

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Notes *(continued)*

2 Accounting policies *(continued)*

2.4 Financial instruments

Financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

2.5 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading; and
- Expected to be realised within twelve months after the reporting period;

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.
A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading; and
- It is due to be settled within twelve months after the reporting period;

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Notes *(continued)*

2 Accounting policies *(continued)*

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- IT equipment 3 years
- Fixtures and fittings 5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the last-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

2.8 Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Notes *(continued)*

2 Accounting policies *(continued)*

2.8 Impairment excluding inventories and deferred tax assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

2.9 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably

2.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

2.11 Revenue

Revenue comprises room sales, food and beverages sales, club and spa and other sales to external customers (excluding VAT and other sales taxes). Consideration received from customers is only recorded as revenue to the extent that the company has performed its contractual obligations in respect of that consideration.

2.12 Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Financing income and expenses

Financing expenses comprise interest payable, and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes *(continued)*

2 Accounting policies *(continued)*

2.13 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2.14 Non-current assets held for sale and discontinued operations

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Company's accounting policies. Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation has been discontinued from the start of the comparative period.

2.15 Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. There was no impact to the balances at 1 April 2019 as a result of this approach. The details of accounting policies under IAS 17 and IFRC 4 are disclosed separately in note 2.6.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 April 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

Notes *(continued)*

2 Accounting policies *(continued)*

The right-of-use asset ("ROU") is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.16 Coronavirus Job Retention Scheme (CJRS) grants

Coronavirus Job Retention Scheme (CJRS) grants were received during the year in respect of furloughed staff for the purpose of providing immediate financial support to the company as a result of Covid-19 pandemic. These grants are not recognised until there is reasonable assurance that the company has complied with the conditions attaching to them and that the grants will be received. CJRS grants are recognised in profit or loss in the same period in which the expense was incurred and are recorded as other income.

Notes *(continued)*

3 Revenue and other operating income

	31 March 2021 £000	31 March 2020 £000
Room sales	15,885	45,405
Food and beverages	5,050	20,166
Club and spa	231	2,285
Other	2,807	2,835
	23,973	**70,691**
Revenue and other operating income from discontinued operations	-	4,817
	23,973	**75,508**

There is no other operating income during the year (2020: £ nil).

4 Expenses and auditor's remuneration

Included in the profit and loss account are the following:

	31 March 2021 £000	31 March 2020 £000
Lease expenses	(6,190)	-
Depreciation	(15,302)	(14,032)
Auditor remuneration	(66)	(49)
Management fees	(469)	(1,515)
Professional fees	(1,415)	(648)
Property rates	155	(3,381)
Insurance	(593)	(643)

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number 31 March 2021	Number 31 March 2020
Administrative staff	106	184
General staff	736	1,048
Total staff	**842**	**1,232**

The aggregate payroll costs of these persons were as follows:

	31 March 2021 £000	31 March 2020 £000
Wages and salaries	(13,168)	(18,776)
Social security costs	(1,042)	(1,316)
Contributions to defined contribution plans	(261)	(354)
	(14,471)	**(20,446)**

In the UK, the Government has provided funding towards the salary costs of employees who have been 'furloughed' through the Coronavirus Job Retention Scheme. The scheme rules remain complex to interpret and apply to the claims. This funding meets the definition of a government grant, and a total of £5,141,117 has been recorded within other income.

6 Directors' remuneration

During the year the Company's allocation of the directors' remuneration amounted to £Nil (2020: £Nil). In the current year, directors' remuneration was borne by the Cerberus Group, the ultimate parent at the balance sheet date. The amount of directors' remuneration borne by the ultimate parent was £nil.

Notes *(continued)*

7 Taxation

Recognised in the income statement

	31 March 2021 £000	**31 March 2020 £000**
Current tax credit/(expense)	-	-
Deferred tax credit/(expense)	-	-
Adjustments in respect of prior periods	(245)	-
Total tax expense	**(245)**	-

The tax on profit before tax for the period is the standard rate of corporation tax in the UK of 19% (2020: 19%).

Reconciliation of effective tax rate

	31 March 2021 £000	**31 March 2020 £000**
Loss for the year	(25,246)	(6,972)
Total tax credit/(expense)	(245)	-
Loss before tax	**(25,001)**	**(6,972)**
Tax using the UK corporation tax rate of 19% (2020:19%)	4,750	1,324
Non-deductible expenses	(1,834)	(119)
Non-deductible depreciation	-	(2,666)
Deferred tax not recognised	(858)	-
Adjustment in respect of prior year	(245)	-
Group relief received from affiliated entities	(2,058)	1,461
Total tax expense	**(245)**	-

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. In the 3 March 2021 budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Company's future tax charge. The deferred tax asset / (liability) at 31 March 2021 has been calculated at 19% (2020: 19%).

Notes *(continued)*

8 Property, plant and equipment

	IT Equipment	Fixtures & fittings	Total
Cost	**£'000**	**£'000**	**£'000**
At 1 April 2020	1,854	31,969	33,823
Additions	99	1,710	1,809
At 31 March 2021	**1,953**	**33,679**	**35,632**
Depreciation and impairment			
At 1 April 2020	(1,580)	(13,336)	(14,916)
Charge for year	(123)	(6,457)	(6,580)
At 31 March 2021	**(1,703)**	**(19,793)**	**(21,496)**
Net book value			
At 1 April 2020	274	18,633	18,907
At 31 March 2021	**250**	**13,886**	**14,136**

9 IFRS 16 Right-of-use assets

The Company leases its properties. The leased properties comprises a total of sixteen commercial properties, situated in the United Kingdom, which are leased from an affiliated entity.

	31 March 2021	31 March 2020
	£'000	**£'000**
Right-of-use asset		
Balance at 1 April 2020	130,897	-
Acquisition of right-of-use asset	-	139,619
Depreciation charge for the year	(8,722)	(8,722)
Balance at 31 March 2021	**122,175**	**130,897**

Notes *(continued)*

10 Lease liability

	31 March 2021	31 March 2020
Maturity analysis - contractual undiscounted cash flows	**£'000**	**£'000**
Less than one year	11,133	10,915
One to five years	46,806	45,888
More than five years	119,906	131,957
Total undiscounted lease liabilities at 31 March 2021	**177,845**	**188,760**
Lease liabilities included in the statement of financial position at 31 March 2021	**129,984**	**134,709**
Current	11,133	10,915
Non-current	118,851	123,794

The Company applied a discount rate of 5% in measuring the lease liability. Amounts recognised in profit/(loss) include interest on the lease liabilities of £6,190,000 (2020: £6,415,000).

Sensitivity analysis

A 1% movement in the discount rate will have the following impact on the closing position of the right-of-use asset and lease liability:

	1% increase £'000	1% decrease £'000
Right-of-use asset	(7,578)	(8,410)
Lease liability	(7,133)	(7,823)

11 Inventories

	31 March 2021 £'000	31 March 2020 £'000
Finished goods	108	219
	108	**219**

Notes *(continued)*

12 Trade and other receivables

	31 March 2021 £'000	31 March 2020 £'000
Trade receivables	1,410	2,973
Other trade receivables due from related parties	200	1,446
Prepayments	580	619
VAT	299	-
	2,489	**5,038**

No amounts included in trade and other receivables are expected to be recovered in more than 12 months.

The amounts owed from related parties are interest free and repayable on demand.

13 Cash and cash equivalents

	31 March 2021 £'000	31 March 2020 £'000
Cash and cash equivalents per balance sheet	1,938	3,915
Bank overdrafts	-	(244)
Net cash position	**1,938**	**3,671**

Notes *(continued)*

14 Trade and other payables

	31 March 2021	31 March 2020
	£'000	£'000
Trade payables	(2,259)	(2,852)
Other payables and accrued expenses	(4,034)	(6,278)
Amounts due to affiliated companies	(12,781)	(1,525)
Other taxes payable	-	(210)
Trade and other payables	**(19,074)**	**(10,865)**
Loan from affiliated company	(21,353)	(17,722)
Loan from affiliated company	**(21,353)**	**(17,722)**

No amounts included within trade and other payables are expected to be settled in more than 12 months.

On the 19 December 2017 a loan was provided from an affiliated company, HICP Holdings Limited. The loan was provided for working capital purposes. The loan carries a 3.1% Margin + 3 month Libor, which was 3.27% at 31 March 2021. The maturity date for the loan was 15 December 2020. However, as at 31 March 2021, the loan has not yet been fulfilled and is still in place.

The Company's exposure to liquidity risk related to trade and other payables is disclosed in the note on financial instruments (note 15). The estimated fair values of payables are the discounted amount of the estimated future cash outflows and approximate their carrying amounts. Expected cash flows are discounted at current market rates to determine fair values.

Notes *(continued)*

15 Financial instruments

Financial risk management objectives and policies

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Overview

The Company has exposure to the following risks arising from financial instruments which are being monitored on a continuous basis:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from clients and deposits with banks and financial institutions.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

		31 March 2021 £'000	31 March 2020 £'000
Trade receivables	*12*	1,410	2,973
Other trade receivables due from related parties	*12*	200	1,446
Cash and cash equivalents	*13*	1,938	3,915
		3,548	**8,334**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

Trade receivables

Revenue is attributable to transactions with hotel guests and other clients. Credit risk is managed by reviews at monthly asset management meetings of KPIs such as Days Credit Sales Outstanding and percentage receivables over 60 days outstanding. No impairment loss has been recognised.

Notes *(continued)*

15 Financial instruments *(continued)*

Cash and cash equivalents

The Company held cash and cash equivalents (net of overdraft) of £1,938,000 at 31 March 2021 (2020: £3,671,000), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with reputable bank and financial institution counterparties located in the United Kingdom. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. There is permanent monitoring and planning by the cash management department to ensure the Company has sufficient funds to pay its liabilities for a certain period.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:
31 March 2021

	Carrying amount	Contractual Cash flows	6 months or less	6 to 12 months	1 - 2 years	2 - 5 years
	£000	£000	£000	£000	£000	£000
Non-derivative financial liabilities						
Trade payables	(2,259)	(2,259)	(2,259)	-	-	-
Amounts due to affiliated companies	(12,781)	(12,781)	(12,781)	-	-	-
Loan from affiliated company	(21,353)	(21,353)	-	(21,353)	-	-
Other payables and accruals	(4,034)	(4,034)	(4,034)	-	-	-
	(40,427)	**(40,427)**	**(19,074)**	**(21,353)**	**-**	**-**

Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments are generally of a short-term nature and fair values are usually not significantly different from the carrying values.

For an amount of £21,353,000 of intercompany loan there is no hedge in place, but this interest risk reduced to zero by an on-loan agreement with an affiliated entity. This entity loans the same amount under the exact same terms and conditions. At 31 March 2021, after taking into account the effect of the on-loan agreement, 100% of the Company's borrowings are hedged or have a fixed interest rate.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Notes *(continued)*

15 Financial instruments *(continued)*

Capital management

Capital consists of ordinary shares, and retained earnings of the Company. The Board of Managing Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

16 Employee benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £261,000 (2020: £354,000).

The pension premium unpaid and due at 31 March 2021, included in trade and other payables, was £44,000 (2020: £4,000).

17 Capital and reserves

	31 March 2021 No.	31 March 2020 No.
Allotted, called up and fully paid		
Number of shares	1	1
Ordinary share of £1 each	1	1

There is 1 ordinary share in issue. This share has a par value of £1. The holder of the ordinary share is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company.

Notes *(continued)*

18 Related parties

The Company entered into lease agreements for the lease of hotels (see note 9 and 10) from affiliated companies.

	Receivables outstanding 31 March 2021 £000	Payables outstanding 31 March 2021 £000	Operating leases 31 March 2021 £000	Advisory services 31 March 2021 £000
HICP Holdings Limited	-	(32,030)	-	-
Other related parties	200	(2,089)	-	(418)
	200	**(34,119)**	**-**	**(418)**

	Receivables outstanding 31 March 2020 £000	Payables outstanding 31 March 2020 £000	Operating leases 31 March 2020 £000	Advisory services 31 March 2020 £000
HICP Holdings Limited	-	(17,722)	-	-
Other related parties	280	(1,423)	-	438
	280	**(19,145)**	**-**	**438**

Notes *(continued)*

19 Contingencies

The Company is subject to various legislations including those introduced in relation to the Coronavirus pandemic. Due to the post year-end sale of the Company to new shareholders and during the handover process it was identified that not all required documentation was retained by all locations. Whilst the directors acknowledge that this gives rise to a risk, they are confident that the non-compliance issues are of a technical nature.

20 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of HIN JB Limited which is the ultimate parent company incorporated in Jersey (22 Grenville Street, St Helier, Jersey, JE4 8PX). Ultimately the company is owned by investment funds affiliated with the Cerberus Group as at the balance sheet date. Subsequent to the year end, from late May 2021 onwards the Company is now ultimately owned by investment funds affiliated with the Marathon Group. The Company has taken advantage of the exemptions in FRS 101 Section 8 from disclosing transactions with other members of the Group.

The group in which the results of the Company are consolidated is that headed by HIN JB Limited, incorporated in Jersey.

21 Subsequent events

The owners decided to sell the wider Group in late 2020, which completed in late May 2021.

The new owners Bryant Park Hospitality SARL (Part of the Marathon Group), acquired the Group with the intension to invest in the portfolio, including up-branding several the Hotels and ensuring the hotels are in the prime condition to maximise from the economic recovery post COVID-19.

The ownership change allowed the Group to be restructured allowing for the overall financial position to be significantly improved. The Group now benefits post acquisition from a 5-year facility with its external lenders, as part of these arrangements, the Group's external lenders have agreed to not test the covenants for the initial years.