HICP Limited

Directors' report and financial statements

Year ended 31 March 2023

Registered number: 09450061

HICP Limited

Directors' report and financial statements

Contents | *Page*

Contents	*Page*
Directors' and other information	1
Strategic report	2
Directors' report	7
Statement of directors' responsibilities in respect of the directors' report, strategic report and financial statements	9
Independent auditor's report to the members of HICP Limited	10
Profit and loss account and other comprehensive income	14
Balance sheet	15
Statement of changes in equity	16
Cash flow statement	17
Notes forming part of the financial statements	18

HICP Limited

Directors' and other information

Directors	Jonathan Braidley Bhriz Holloway Christopher Kula
Secretary	Intertrust (UK) Limited
Registered office	St James House 3rd Floor South Wing 27-43 Eastern Road Romford Essex RM1 3NH
Independent auditor	KPMG The Soloist Building 1 Lanyon Place Belfast BT1 3LP
Registered number	09450061

HICP Limited

Strategic report

The directors present their strategic report for the year ended 31 March 2023.

Principal activity

The Company's principal activity is the management and operation of 15 Holiday Inn hotels and 1 Crowne Plaza hotel.

The Company is part of the HIN JB Limited group of companies ("the wider Group").

Business review

The results for the year are set out in the statement of profit and loss and other comprehensive income on page 14 and in the related notes.

Revenue for the year is £74,598,000 *(2022: £55,936,000)* and the operating loss for the year is £1,939,000 *(2022: £9,339,000).*

The directors note that the hotels have experienced a significant improvement in revenue during the year and are on track for a full recovery post Covid, owing to the resurgence of both domestic and international inbound hotel demand. The significant increase in RevPAR and especially Average Daily Rate has helped to offset the rising cost of labour, food inflation, and utility costs witnessed within the trading results of the hotels operated by the Group for the year.

The business has benefitted significantly from the support of the shareholders and the Group's external lenders since the change of ownership in the prior year. This, coupled with the significant improvement in trade and operating results since the easing of restrictions in Spring 2022, support the directors' view that the business is well placed to recover and return to profitability.

Key financial and performance indicators

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

Average rate: £85.97 *(2022: £75.95)*
Occupancy: 74% *(2022: 60.7%)*
RevPAR: £63.70 *(2022: £46.11)*
Turnover (continuing operations): £74,598,000 *(2022: £55,936,000)*

Principal risks and uncertainties

The Company is part of the group of companies headed by HIN JB Limited (the "wider Group") and its activities are that of an operational management company. As such, the principal risks and uncertainties of the Company are the same as those facing the wider Group.

Management of the wider Group's business and execution of the wider Group's strategy are subject to a number of risks. The key risks and uncertainties currently judged to have the greatest impact on the wider Group's performance include:

- Cost inflation and the effect on consumer spending power
- Employee retention
- Competition from other hotels
- Fluctuations in property valuations
- Other market risks – hotels may be adversely impacted by changes in or failure to comply with regulations.
- The hotels operate under franchise agreements which require adherence to quality standards and criteria.

Financial risk management

The Company's operations expose it to a variety of financial risks which include liquidity and credit risk. Working capital requirements are financed with borrowings from other Group companies. Credit risk is managed via a formal credit policy.

Liquidity strategy, capital management and treasury activities are co-ordinated centrally across the wider Group. Funding includes external cross-collateralised borrowings held in the name of HICP Holdings Limited, on behalf of, and secured by way of fixed charge over the assets of, the consolidated Group.

Given the size of the Company and wider Group, the directors have not delegated responsibility for monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the wider Group's finance department.

Future outlook

The directors have noted the continued improvement in trade since the easing of restrictions in February 2022, initially driven by the UK domestic market and more recently, the return of corporate demand, group bookings, major city events, meetings, and social banqueting. This is supported by the continued resurgence of large-scale events and strong programmes have been scheduled at key event venues in the remaining part of 2023 and beyond which are expected to go ahead. The directors expect this will create further demand in the portfolio's key locations, although event attendance is still marginally lower than pre pandemic times.

This positive outlook could also be tempered by the risk of eroding consumer confidence caused by the inflationary cost headwinds, but the pressure for staff to return to office working should see an increase in corporate demand. Overseas traveller booking volumes have increased in late 2022 and it is expected that this additional demand will continue throughout 2023 as travel restrictions ease but fears of Covid transmission whilst travelling, may suppress in-bound demand.

The ownership change in the prior year allowed the wider Group to be refinanced with the overall financial position significantly improved. Consequently, the wider Group has benefited from a 5-year facility with its external lenders. As part of these arrangements, the wider Group's external lenders have agreed to not test the covenants for the initial years through to August 2024.

Statement under S172 (1) Companies Act 2006

The directors understand and appreciate their duties 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 directors have had regard to the matters set out in Sections 172 (1) (a) – (f) when discharging their Section 172 duties. The Board meet on a regular basis at which they are reminded of the s.172(1) matters.

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 Hotels 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.

HICP Limited

Strategic report *(continued)*

Statement under S172 (1) Companies Act 2006 *(continued)*

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 compliant 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 CO_2 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 wider 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 the wider Group's policies is available through a dedicated intranet site.

Streamlined energy and 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.

Strategic report *(continued)*

Streamlined energy and carbon reporting *(continued)*

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 the direct combustion of natural gas and fuels utilised for transportation operations, such as company vehicles.

Scope 2 consumption and emissions relate to indirect emissions relating to the consumption of purchased electricity from the grid and from electricity and heat generated on site from CHP generation owned and operated by others.

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

Utility and scope	**2022/2023 UK Consumption (kWh)**	2021/2022 UK Consumption (kWh)
Grid-Supplied Electricity (Scope 2)	**7,997,233**	6,162,980
Gaseous and other fuels (Scope 1)	**17,993,111**	32,636,884
Transportation (Scope 1)	**57,821**	52,067
CHP Heat (Scope 2)	**10,970,087**	-
CHP Electric (Scope 2)	**8,184,432**	-
Total	**45,202,684**	38,851,931

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

Utility and scope	**2022/2023 UK Consumption (tCO2e)**	2021/2022 UK Consumption (tCO2e)
Grid-Supplied Electricity (Scope 2)	**1,547**	1,309
Gaseous and other fuels (Scope 1)	**3,284**	5,978
Transportation (Scope 1)	**13**	12
CHP Heat (Scope 2)	**1,873**	-
CHP Electric (Scope 2)	**1,583**	-
Total	**8,300**	7,299

Intensity metric

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

Intensity metric	**2022/2023 UK Intensity metric**	2021/2022 UK Intensity metric
tCO2e per m2	0.07	0.07
tCO2e per bed	3.50	3.08

Strategic report *(continued)*

Consumption (kWh) and greenhouse gas emissions (tCO2e) *(continued)*

Intensity metric *(continued)*

The energy use and emissions figures for FYE 2023 are the truest reflection of the estate since reporting started as the first 2 years of reporting are Covid affected.

Gas consumption is the lowest over the last 3 years. The introduction of CHP during 2020 / 2021 saw a rise in gas consumption as the CHP were connected to the main gas meter. Separate supplies have been installed to most of the CHP's and HICP pay for the heat and electric generated at each site. We are not party to the gas supplied to the CHP so the calculations for the emissions are based only on the energy supplied.

Energy efficiency improvements

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

Within the period of 1st April 2022 to March 2023, HICP Limited has continued to complete 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 2022/23

HVAC Upgrade - in the period of 2022 / 2023 we continued to upgrade the hotels, during the bedroom refurbishment of four hotels we also upgraded the HVAC system of two hotels and have plans to upgrade a further two hotels when we complete the up-branding of them over the next 12 months. During the upgrades we replace 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 was completed in late 2022 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 have upgraded 11 hotel bedrooms over the last 12 months, and now have over 95% of all lighting being via effective new LED fitting from the old BC / ES lamp fitting types.

Combined Heat & Power – During early 2022, we finished commissioning of the remaining CHP units, fifteen Hotels now have CHP units. 3 x 50kw & and 1 x 100kw CHP units to four hotels. The CHP units are monitored in real time to ensure they are running efficiently and delivering the power required for the hotels.

Windows –a full review of the windows across the estate has been completed and works have been completed for the first four hotel window replacements, with further hotels to be completed over the next 24 months. The replacements will be designed and procured to ensure they are energy efficient, and we expect that the new windows will reduce energy consumption.

We continue to work 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.

On behalf of the board

C. A. Kula
Director

2 October 2023

HICP Limited

Directors' report

The directors present their report and audited financial statements for HICP Limited ("the Company") for the year ended 31 March 2023.

Directors

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

Jonathan Braidley
Bhriz Holloway
Christopher Kula

Dividends

No dividends were paid in the year *(2022: £Nil)*.

Employees

It is the Company's policy to train and develop its staff closely 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 recognise their contribution in ensuring the continuing high performance of the Company.

Going concern

The Group's ability to continue as a going concern is based on the ability of the wider Group to continue as a going concern and to generate sufficient cash flows to repay its external loans and other liabilities, driven by the cross-collateralisation of the wider Group's external facilities.

As noted in the strategic report, since the easing of COVID-19 restrictions, the directors have noted a significant rebound in revenue, RevPAR and ADR during the year, and are on track for a full recovery post Covid, owing to the resurgence of both domestic and international inbound hotel demand. Furthermore, the directors believe the future outlook in the remaining period of 2023 and beyond is extremely positive due to the continued resurgence of large-scale events and strong programmes in the pipeline together with an increase in corporate demand and overseas travellers which will create further demand in the portfolio's key locations.

The directors have prepared cashflow forecasts reflecting their best estimate of trading activity for the cross-collateralised wider Group for the period up to September 2024, 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 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.

The wider Group operates within a 5-year facility with its external lenders totalling £170,225,000. As part of these arrangements, the wider Group's external lenders have agreed to not test the covenants for the initial three years up to 15 August 2024. The ultimate shareholder, Marathon ECO IV SCA SICAV-RAIF has committed under the facility agreement to provide additional funding to support an agreed capital expenditure refurbishment programme.

The wider Group has received a letter of support from Bryant Park Hospitality SARL, its parent company, confirming it will continue to make available such funds as required by the wider Group to discharge its liabilities as they fall due in the normal course of business for a period of no less than 12 months from the date of signing the accounts and that they will not recall any amounts due to the extent to which such call for payment would put any company in the wider Group into such financial position that they are no longer able to discharge their liabilities as they fall due in the normal course of business.

Directors' report *(continued)*

Going concern *(continued)*

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.

Political contributions

The Company made no political donations nor incurred any political expenditure during the year *(2022: £Nil)*.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

On behalf of the board

C. A. Kula
Director

2 October 2023

St James House 3rd Floor
South Wing
27-43 Eastern Road
Romford
Essex
RM1 3NH

HICP Limited

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

The directors are responsible for preparing the directors' report, strategic 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 UK adopted international 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 Company and of the profit or loss of the Company for that year.

In preparing the 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 applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 controls 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.

On behalf of the board

C. A. Kula
Director

2 October 2023

KPMG

KPMG

Audit
The Soloist Building
1 Lanyon Place
Belfast BT1 3LP
Northern Ireland

Independent auditor's report to the members of HICP Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of HICP Limited ("the Company") for the year ended 31 March 2023, set out on pages 14 to 37, 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 summary of significant accounting policies set out in note 1.

The financial reporting framework that has been applied in their preparation is UK Law and UK adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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.

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 Company's ability to continue as a going concern for a period of at least twelve months from the date 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.

Independent auditor's report to the members of HICP Limited *(continued)*

Report on the audit of the financial statements *(continued)*

Conclusions relating to going concern *(continued)*

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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

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 imposition of fines and litigation. We identified the following areas as those most likely to have such an effect: health and safety and employment law.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. We identified a fraud risk in relation to the valuation of investment property. On this audit, we do not believe there is a fraud risk related to revenue recognition.

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

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 (irregularities) 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 remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

KPMG

Independent auditor's report to the members of HICP Limited *(continued)*

Report on the audit of the financial statements *(continued)*

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic report and the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information 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 other information.

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information undertaken during the course of the audit:

- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report 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.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for: the preparation of the financial statements including 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.

KPMG

Independent auditor's report to the members of HICP Limited *(continued)*

Respective responsibilities and restrictions on use *(continued)*

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, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A 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

Our 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.

2 October 2023

Colm O'Sé *(Senior Statutory Auditor)*
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants
The Soloist Building
1 Lanyon Place
Belfast
BT1 3LP

HICP Limited

Profit and loss account and other comprehensive income
for year ended 31 March 2023

	Note	**2023 £'000**	2022 £'000
Revenue	2	**74,598**	55,936
Cost of sales		**(34,993)**	(27,664)
Gross profit		**39,605**	28,272
Administrative expenses		**(39,512)**	(34,607)
Other income	5	**-**	177
Other expenses	4	**(2,032)**	(3,181)
Operating loss		**(1,939)**	(9,339)
Financial expenses	7	**(6,458)**	(6,234)
Loss before tax		**(8,397)**	(15,573)
Taxation	8	**-**	-
Loss for the year		**(8,397)**	(15,573)

The Company had no other comprehensive income in the current or prior year other than that dealt within the profit and loss account, and accordingly, a statement of other comprehensive income has not been presented.

The notes on pages 18 to 37 form an integral part of these financial statements.

HICP Limited

Balance sheet
as at 31 March 2023

	Note	2023 £'000	2022 £'000
Non-current assets			
Property, plant and equipment	*9*	**17,837**	10,346
Right-of-use asset	*14*	**95,085**	98,495
Total non-current assets		**112,922**	108,841
Current assets			
Inventories	*10*	**450**	414
Trade and other receivables	*11*	**5,916**	6,008
Cash and cash equivalents	*12*	**3,871**	4,491
Total current assets		**10,237**	10,913
Total assets		**123,159**	119,754
Current liabilities			
Loan from fellow group undertakings	*13*	**(21,353)**	(21,353)
Other interest-bearing loans and borrowings	*15*	**(6,490)**	(5,924)
Trade and other payables	*13*	**(48,459)**	(34,878)
Tax payable		**(40)**	(30)
Total current liabilities		**(76,342)**	(62,185)
Non-current liabilities			
Other interest bearing-loans and borrowings	*15*	**(96,923)**	(99,278)
Total liabilities		**(173,265)**	(161,463)
Net liabilities		**(50,106)**	(41,709)
Equity			
Share capital	*18*	**-**	-
Profit and loss account		**(50,106)**	(41,709)
Shareholders' deficit		**(50,106)**	(41,709)

These financial statements were approved by the board of directors on 2 October 2023 and were signed on its behalf by:

C. A. Kula
Director

Company registered number: 09450061

The notes on pages 18 to 37 form an integral part of these financial statements.

HICP Limited

Statement of changes in equity
for the year ended 31 March 2023

	Share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 April 2021	-	(26,136)	(26,136)
Comprehensive loss			
Loss for the year	-	(15,573)	(15,573)
Total comprehensive loss for the year	-	(15,573)	(15,573)
Balance at 31 March 2022	**-**	**(41,709)**	**(41,709)**
Balance at 1 April 2022	-	(41,709)	(41,709)
Comprehensive loss			
Loss for the year	-	(8,397)	(8,397)
Total comprehensive loss for the year	-	(8,397)	(8,397)
Balance at 31 March 2023	**-**	**(50,106)**	**(50,106)**

The notes on pages 18 to 37 form an integral part of these financial statements.

HICP Limited

Cash flow statement

for year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Cash flows from operating activities			
Loss for the year before tax		**(8,397)**	(15,573)
Adjustments for:			
Depreciation, amortisation and impairment	*9*	**6,497**	6,543
Depreciation of right-of-use-asset	*14*	**7,950**	7,581
Financial expenses	*7*	**6,458**	6,234
Decrease/(increase) in trade and other receivables		**795**	(3,519)
Increase in trade and other payables		**11,980**	15,008
Increase in inventory	*10*	**(36)**	(306)
Tax paid		**-**	402
Net cash from operating activities		**25,247**	16,370
Cash flows from investing activities			
Acquisition of property, plant and equipment	*9*	**(14,168)**	(2,753)
Net cash from investing activities		**(14,168)**	(2,753)
Cash flows from financing activities			
Payment of lease liabilities	*15*	**(11,699)**	(11,064)
Net cash from financing activities		**(11,699)**	(11,064)
Net (decrease)/increase in cash and cash equivalents		**(620)**	2,553
Cash and cash equivalents at beginning of year		**4,491**	1,938
Cash and cash equivalents at end of year	*12*	**3,871**	4,491

The notes on pages 18 to 37 form an integral part of these financial statements.

HICP Limited

Notes

forming part of the financial statements

1 Accounting policies

HICP Limited ("the Company") is a private company incorporated, domiciled and registered in the UK. The registered number is 09450061, and the registered address is Queens Court, 9-17 Eastern Road, Romford, Essex, England, RM1 3NG.

The financial statements have been prepared and approved by the directors in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

These financial statements are presented in sterling, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 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 ability of the Company to continue as a going concern is based on the ability of the wider Group to continue as a going concern and to generate sufficient cash flows to repay its external loans and other liabilities.

As noted in the strategic report, since the easing of COVID-19 restrictions, the directors have noted a significant rebound in revenue, RevPAR and ADR during the year, and are on track for a full recovery post Covid, owing to the resurgence of both domestic and international inbound hotel demand. Furthermore, the directors believe the future outlook in the remaining period of 2023 and beyond is extremely positive due to the continued resurgence of large-scale events and strong programmes in the pipeline together with an increase in corporate demand and overseas travellers which will create further demand in the portfolio's key locations.

The directors have prepared cashflow forecasts reflecting their best estimate of trading activity for the cross-collateralised wider Group for the period up to September 2024, 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 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.

The wider Group operates within a 5-year facility with its external lenders totalling £170,225,000. As part of these arrangements, the wider Group's external lenders have agreed to not test the covenants for the initial three years up to 15 August 2024. The ultimate shareholder, Marathon ECO IV SCA SICAV-RAIF has committed under the facility agreement to provide additional funding to support an agreed capital expenditure refurbishment programme.

The wider Group has received a letter of support from Bryant Park Hospitality SARL, its parent company, confirming it will continue to make available such funds as required by the wider Group to discharge its liabilities as they fall due in the normal course of business for a period of no less than 12 months from the date of signing the accounts and that they will not recall any amounts due to the extent to which such call for payment would put any company in the wider Group into such financial position that they are no longer able to discharge their liabilities as they fall due in the normal course of business.

HICP Limited

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern *(continued)*

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 its 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.

Having assessed these matters, the directors continue to have a reasonable expectation that the Company will have adequate liquidity to continue its 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.

1.3 Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: (i) amortised cost; (ii) FVOCI – debt investment; (iii) FVOCI – equity investment; or (iv) FVTPL.

Financial assets are not reclassified subsequent to initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

1 **Accounting policies** *(continued)*

1.3 Financial instruments *(continued)*

(ii) Classification and subsequent measurement *(continued)*

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

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 Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

(b) Subsequent measurement and gains and losses

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is held-for-trading, is a derivative or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value with net gains and losses, including any interest expense, recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Intra-group financial instruments
Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such times as it becomes probable that the Company will be required to make a payment under the guarantee.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Financial instruments *(continued)*

(iii) Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECLs.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

1 Accounting policies *(continued)*

1.4 Impairment of non-financial assets excluding inventories and deferred tax 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.

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").

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 prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.5 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.

Depreciation is charged to the statement of profit and loss 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:

- Buildings 35 to 60 years
- Fixtures and fittings 3 to 15 years

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

1.6 Inventories

Inventories are stated at the lower of cost and net realisable value.

1.7 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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.7 Employee benefits *(continued)*

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.

1.8 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.

1.9 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.

1.10 Expenses

Financial 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.

1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of profit and loss 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 year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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. 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 reporting 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.

1 Accounting policies *(continued)*

1.12 Leases

On 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.

As a lessee

On commencement or modification of a contract that contains a lease component, the Company accounts for each lease component separately from the non-lease components. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset 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 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. 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.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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, 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, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.13 Government grants

Government grants are included within deferred government grants in the balance sheet and credited to the profit and loss account on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

The Company has elected to present grants related to income separately under the heading "Other income".

2 Revenue

	2023 £'000	2022 £'000
Room sales	**53,107**	40,709
Food and beverages	**8,849**	11,667
Club and spa	**-**	1,085
Other	**12,642**	2,475
	74,598	55,936

All revenue derives from the Company's principal activity which is carried out in the United Kingdom.

3 Expenses and auditor's remuneration

	2023 £'000	2022 £'000
Included in profit/(loss) are the following:		
Depreciation	**14,542**	14,124
Auditor's remuneration		
Audit of these financial statements	**56**	52
Taxation compliance services	**7**	8
All other services	**3**	3

4 Other operating expenses

	2023 £'000	2022 £'000
Legal and professional fees in respect of acquisition and refinancing	**-**	3,162
Other expenses	**2,032**	19
	2,032	3,181

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 2023	Number 2022
Administrative staff	**106**	101
General staff	**734**	706
Total staff	**840**	807

The aggregate payroll costs of these persons were as follows:

	2023 £'000	2022 £'000
Wages and salaries	**23,425**	14,631
Social security costs	**1,456**	1,134
Contributions to defined contribution plans	**310**	227
	25,191	15,992

In the UK, the Government provided funding towards the salary costs of employees who were 'furloughed' through the Coronavirus Job Retention Scheme. This funding meets the definition of a government grant, and a total of £Nil *(2022: £176,510)* is recorded within other income in this regard.

6 Directors' remuneration

The directors did not receive any emoluments for services provided to the Company during the year *(2022: £Nil)*.

7 Financial expenses

	2023 £'000	2022 £'000
Interest payable on amounts owed to group undertakings	**1,089**	785
Interest expense on lease liabilities	**5,369**	5,438
Other interest	**-**	11
	6,458	6,234

Notes *(continued)*

8 Taxation

	2023 £'000	2022 £'000
Recognised in the profit and loss account		
Current tax expense	-	-
Deferred tax expense	-	-
Adjustments in respect of prior periods	-	-
Total tax charge	-	-

Reconciliation of effective tax rate	**2023 £'000**	2022 £'000
Loss for the year	**(8,397)**	(15,573)
Total tax charge	-	-
Loss before tax	**(8,397)**	(15,573)
Tax using the UK corporation tax rate of 19% *(2022:19%)*	**(1,595)**	(2,959)
Non-deductible expenses	**734**	735
Deferred tax not recognised	**(480)**	781
Adjustment in respect of prior periods	-	-
Group relief received from affiliated entities	**1,226**	1,443
Impact of change in tax rates	**115**	-
Total tax charge	-	-

Following Finance Act 2021, the corporation tax rate will increase from 19% to 25% with effect from 1 April 2023 and this will have a consequential effect on the Company's future tax charge. Accordingly, deferred tax has been calculated at 25%, the corporation tax rate enacted at the balance sheet date. A deferred tax asset of £5,116k *(2022: £5,581k)* has not been recognised due to the uncertainty of recoverability in the future.

Notes *(continued)*

9 Property, plant and equipment

	IT equipment £'000	Fixtures and fittings £'000	Total £'000
Cost			
At 1 April 2022	2,611	35,774	38,385
Additions	306	13,862	14,168
Disposals	(56)	(142)	(199)
At 31 March 2023	**2,861**	**49,494**	**52,354**
Depreciation and impairment			
At 1 April 2022	(1,872)	(26,167)	(28,039)
Charge for year	(305)	(6,192)	(6,497)
Disposals	7	12	19
At 31 March 2023	**(2,170)**	**(32,347)**	**(34,517)**
Net book value			
At 1 April 2022	739	9,607	10,346
At 31 March 2023	**691**	**17,147**	**17,837**

10 Inventories

	2023 £'000	2022 £'000
Consumables	**450**	414

11 Trade and other receivables

	2023 £'000	2022 £'000
Trade receivables	**2,392**	2,094
Other receivables	**1,418**	1,699
Amounts owed from related party	**692**	1,017
Prepayments	**1,414**	597
VAT	**-**	601
	5,916	6,008

All amounts included in trade and other receivables are due within one year.

Notes *(continued)*

12 Cash and cash equivalents

	2023 £'000	2022 £'000
Cash and cash equivalents per balance sheet	**3,871**	4,491
Cash and cash equivalents per cash flow statement	**3,871**	4,491

13 Trade and other payables

	2023 £'000	2022 £'000
Trade payables	**404**	3,293
Other payables and accrued expenses	**7,992**	5,946
Amounts owed to fellow group undertakings	**40,030**	25,639
Other tax and social security	**33**	-
Trade and other payables	**48,459**	34,878
Loan from fellow group undertakings	**21,353**	21,353
Loan from fellow group undertakings	**21,353**	21,353

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

Loans totalling £21,353,000 *(2022: £21,353,000)* are payable to HICP Holdings Limited, a fellow subsidiary undertaking of HIN JB Limited. The loan was provided in December 2017 for working capital purposes. The loan incurs interest at SONIA +3.1% and is repayable on demand.

The Company's exposure to liquidity risk related to trade and other payables is disclosed in the note on financial instruments *(note 16)*. 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.

Changes in liabilities from financing activities	**Loan from fellow group undertakings £'000**
Balance at 1 April 2022	24,227
Changes from financing cash flows	
Proceeds from loan	-
Total changes from financing cash flows	-
Other changes	
Interest payable	1,089
Total other changes	**1,089**
Balance at 31 March 2023	**25,316**

13 Trade and other payables ***(continued)***

Changes in liabilities from financing activities	**Loan from fellow group undertakings £'000**
Balance at 1 April 2021	23,442
Changes from financing cash flows	
Proceeds from loan	-
Total changes from financing cash flows	-
Other changes	
Interest payable	785
Total other changes	**785**
Balance at 31 March 2022	**24,227**

14 Leases

(a) Leases as a lessee

Right-of-use assets

The Company leases its properties. The leased properties comprise a total of sixteen hotels/hotel properties situated in the United Kingdom which are leased from fellow subsidiary undertakings of HIN JB Limited *(see note 19)*.

	2023 £000	2022 £000
Balance at beginning of year	**98,495**	104,674
Additions to right-of-use assets	**-**	89
Depreciation charge for the year	**(7,950)**	(7,581)
Remeasurement	**4,540**	1,313
Balance at end of year	**95,085**	98,495

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	2023 £000	2022 £000
Interest expense on lease liabilities	**5,369**	5,438

Notes *(continued)*

14 Leases *(continued)*

(a) Leases as a lessee *(continued)*

Amounts recognised in statement of cash flows

	2023 £000	2022 £000
Total cash outflow for leases	**(11,699)**	(11,064)

The key inputs into the lease liability calculation include cash flows for the rental income and the Company's incremental borrowing rate. Rental income under these lease agreements is subject to annual indexation uplift and is remeasured annually by management accordingly. An increase in cashflows payable under the leases will result in a corresponding increase in the IFRS 16 lease liability and the associated right of use asset.

15 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing borrowings, which are measured at amortised cost.

	2023 £'000	2022 £'000
Non-current liabilities		
Lease liabilities	**96,923**	99,278
Current liabilities		
Current portion of lease liabilities	**6,490**	5,924

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2023 £'000	Carrying amount 2023 £'000	Face value 2022 £'000	Carrying amount 2022 £'000
Lease liabilities	GBP	5%	2035	**138,134**	**103,413**	143,687	105,202

Notes *(continued)*

15 Other interest-bearing loans and borrowings *(continued)*

Changes in liabilities from financing activities	Lease liabilities £'000
Balance at 1 April 2022	105,202
Changes from financing cash flows	
Payment of lease liabilities	(11,699)
Total changes from financing cash flows	**(11,699)**
Other changes	
Interest payable	5,370
Remeasurement	4,540
Total other changes	**9,910**
Balance at 31 March 2023	**103,413**

	Lease liabilities £'000
Balance at 1 April 2021	109,426
Changes from financing cash flows	
Acquisition of lease liabilities	89
Payment of lease liabilities	(11,064)
Total changes from financing cash flows	(10,975)
Other changes	
Interest payable	5,438
Remeasurement	1,313
Total other changes	6,751
Balance at 31 March 2022	**105,202**

16 Financial instruments

Financial risk management objectives and policies

The Company's principal financial liabilities comprise trade and other payables and lease liabilities. 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; and
- Interest rate 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:

	2023	2022
	£'000	£'000
Trade receivables *(see note 11)*	**2,392**	2,094
Other receivables *(see note 11)*	**1,418**	1,699
Cash and cash equivalents *(see note 12)*	**3,871**	4,491
	7,681	8,284

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

Notes *(continued)*

16 Financial instruments *(continued)*

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.

Cash and cash equivalents

The Company held cash and cash equivalents of £3,871,000 at 31 March 2023 *(2022: £4,491,000)*, 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 2023	Carrying amount £'000	Contractual cash flows £'000	1 year or less £'000	1 to <2 years £'000	2 to <5 years £'000	5 years and over £'000
Non-derivative financial liabilities						
Trade payables	404	404	404	-	-	-
Amounts owed to fellow group undertakings	40,030	40,030	40,030	-	-	-
Loan from fellow group undertakings	21,353	21,353	21,353	-	-	-
Other payables and accruals	7,992	7,992	7,992	-	-	-
Lease liabilities	103,413	138,134	11,541	11,524	34,521	80,548
	173,192	**207,913**	**81,320**	**11,524**	**34,521**	**80,548**

Notes *(continued)*

16 Financial instruments *(continued)*

Liquidity risk *(continued)*

31 March 2022	Carrying amount £'000	Contractual cash flows £'000	1 year or less £'000	1 to <2 years £'000	2 to <5 years £'000	5 years and over £'000
Non-derivative financial liabilities						
Trade payables	3,292	3,292	3,292	-	-	-
Amounts owed to fellow group undertakings	21,748	21,748	21,748	-	-	-
Loan from fellow group undertakings	24,227	24,227	24,227	-	-	-
Other payables and accruals	5,946	5,946	5,946	-	-	-
Lease liabilities	105,202	143,687	11,081	11,081	33,156	88,369
	160,415	**198,900**	**66,294**	**11,081**	**33,156**	**88,369**

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.

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.

Capital management

Capital consists of ordinary shares and retained earnings of the Company. The directors monitor the return on capital as well as the level of dividends to ordinary shareholders.

17 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 £310,000 *(2022: £227,000)*. The pension premium unpaid and due at 31 March 2023, included in trade and other payables, was £72,000 *(2022: £37,000)*.

18 Capital and reserves

	2023 £	2022 £
Allotted, called up and fully paid		
1 ordinary share of £1	1	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)*

19 Related party transactions

Under IAS 24 Related Party Disclosures, the Company has a related party relationship with shareholders and key management personnel, including directors of the Company.

Parent and ultimate controlling party

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 Marathon Group.

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

Related party transactions

The following transactions were conducted with related parties during the year:

	2023 £'000	2022 £'000
Management fees payable to asset manager	**2,430**	1,710
HICP Holdings Limited		
Interest payable	**1,089**	784
Fellow subsidiary undertakings of HIN JB Limited		
Rent payable to fellow subsidiary undertakings of HIN JB Limited	**11,699**	11,046

The following balances remain outstanding at year end:	2023 £'000	2022 £'000
Receivables		
Amounts owed by New Century (East Grinstead) Limited	**692**	1,017
Payables		
Amounts owed to HIN JB Limited	**3**	18
Amounts owed to HICP Holdings Limited	**29,466**	21,953
Loan from HICP Holdings Limited (including interest)	**25,316**	24,227
Amounts owed to Felbridge Holdings Limited	**14**	19
Amounts owed to fellow subsidiary undertakings of HIN JB Limited	**6,584**	780

Valor Hospitality Europe Limited is the appointed asset manager of the Company and has been deemed a related party by virtue of its influence over the management and strategic operations of the Company.

Felbridge Holdings Limited and New Century (East Grinstead) Limited are related parties under common control.

Remuneration of key management

Key management is defined as the directors of the Company. Details of remuneration paid are outlined in note 5 above.

20 Subsequent events

There are no significant subsequent events requiring adjustment to, or disclosure in, the financial statements for the year ended 31 March 2023.