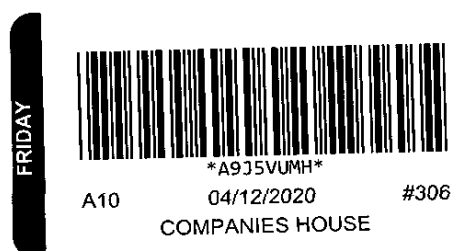


Company Registration No. 09734640 (England and Wales)

HEATHROW T4 GP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

(This set of accounts form part of a group package for Heathrow T4 LP - company registration: LP016794)



Arora
GROUP

HEATHROW T4 GP LIMITED

COMPANY INFORMATION

Directors	Surinder Arora Carlton Brown Siu Tung Tony Yeung Whitebridge Hospitality Limited
Secretary	Athos Yiannis
Company number	09734640
Registered office	World Business Centre 3 Newall Road London Heathrow Airport Hounslow England TW6 2TA
Auditor	BDO LLP 55 Baker Street London W1U 7EU

HEATHROW T4 GP LIMITED

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HEATHROW T4 GP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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

Principal activities

The principal activity of the company continued to be that of a general partner.

Directors

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

Surinder Arora
Carlton Brown
Siu Tung Tony Yeung
Whitebridge Hospitality Limited

Qualifying third party indemnity provisions

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

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statement; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

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

Auditor

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

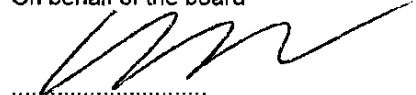
This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

HEATHROW T4 GP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

On behalf of the board



.....
Carlton Brown
Director

Date: 1/6/2020
.....

HEATHROW T4 GP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEATHROW T4 GP LIMITED

Opinion

We have audited the financial statements of Heathrow T4 GP Limited (the 'company') for the year ended 31 March 2020 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

HEATHROW T4 GP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HEATHROW T4 GP LIMITED

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities for the audit of the financial statements

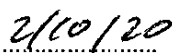
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

Use of our report

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


Marc Reinecke (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London


.....

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

HEATHROW T4 GP LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

		2020	2019
	Notes	£	£
Profit before taxation		-	-
Tax on profit	6	-	-
Profit for the financial year		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

The income statement has been prepared on the basis that all operations are continuing operations.

HEATHROW T4 GP LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	£	£
Profit for the year	-	-
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	-	-
	<hr/>	<hr/>

HEATHROW T4 GP LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Investments	7		4		4
Current assets					
Debtors	9	1,000		1,000	
Creditors: amounts falling due within one year	10	(4)		(4)	
Net current assets			996		996
Total assets less current liabilities			1,000		1,000
Capital and reserves					
Called up share capital	11		1,000		1,000

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 1/10/2020 and are signed on its behalf by:



Carlton Brown
Director

Company Registration No. 09734640

HEATHROW T4 GP LIMITED

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

	Share capital £
Balance at 1 April 2018	1,000
Year ended 31 March 2019:	
Profit and total comprehensive income for the year	-
	<hr/>
Balance at 31 March 2019	1,000
Year ended 31 March 2020:	
Profit and total comprehensive income for the year	-
	<hr/>
Balance at 31 March 2020	<u>1,000</u>

HEATHROW T4 GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Heathrow T4 GP Limited is a private company limited by shares incorporated in England and Wales. The registered office is World Business Centre 3, Newall Road, London Heathrow Airport, Hounslow, England, TW6 2TA.

1.1 Accounting convention

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

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

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

HEATHROW T4 GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Basic financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

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

1.4 Taxation

Current tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

2 Judgements and key sources of estimation uncertainty

There are no material judgements or estimates in preparation of these financial statements.

HEATHROW T4 GP LIMITED

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

3 Employees

There were no staff for the year ended 31 March 2020 (2019: nil).

4 Directors' remuneration

None of the directors were paid emoluments for their services as directors of Heathrow T4 GP Limited during the year (2019: £nil).

5 Auditors' Remuneration

Auditors' remuneration in respect of audit fees has been borne by Heathrow T4 LP, a group company.

6 Taxation

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 March 2020 nor for the period ended 31 March 2019.

7 Fixed asset investments

	2020 £	2019 £
Investments in Limited Partnership	4	4

8 Subsidiaries

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

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
Heathrow T4 LP	England	Property investment	Ordinary	0.20	-

9 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Other debtors	1,000	1,000

HEATHROW T4 GP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

10 Creditors: amounts falling due within one year

	2020 £	2019 £
Amounts due to group undertakings	4	4
	<u>4</u>	<u>4</u>

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

11 Share capital

	2020 £	2019 £
Ordinary share capital Issued and fully paid		
500 Ordinary A of £1 each	500	500
500 Ordinary B of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>

12 Profit and loss reserves

Includes all current and prior period profits and losses.

Limited Partnership No. LP016794 (England and Wales)

HEATHROW T4 LP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

(To be attached and filed with Heathrow T4 GP Limited - company registration: 09734640)

THESE PARTNERSHIP
ACCOUNTS FORM
PART OF THE ACCOUNTS
OF COMPANY
No. 09734640

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04/12/2020
COMPANIES HOUSE

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Arora
GROUP

HEATHROW T4 LP

LIMITED PARTNERSHIP INFORMATION

Designated member 555 Limited
Heathrow T4 GP Limited
LJ T4 GP Limited

Limited partnership number LP016794

Registered office World Business Centre 3
Newall Road
London Heathrow Airport
Hounslow
England
TW6 2TA

Auditor BDO LLP
55 Baker Street
London
W1U 7EU

HEATHROW T4 LP

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HEATHROW T4 LP

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

Introduction

Heathrow T4 LP and its subsidiary "the group" owns the property and operates the dual branded hotel Crowne PlazaT4 and Holiday Inn Express T4 directly connected to Heathrow Terminal 4.

Review of the business

The trading year was the business's second year of trading but first year of a full twelve months of trading. Turnover has increased demonstrating an upward trend on the prior year turnover with occupancy and average room rate growth. In addition, the business demonstrated improved departmental operating profit conversion in the trading year as the business grows towards stabilisation.

The business won a number of key airline crew contracts towards the end of the year, some contributed to the trading year result and the remainder are contracted to start in the following trading year, which shall contribute positively to building a strong customer base for the business.

The covid-19 pandemic impacted the hotel with it shuttering to customers from 27 March onwards.

Key Performance Indicators

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

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

	2020	2019
	£	£
Turnover	14,505,595	4,766,658
Trading EBITDA	2,649,251	(2,895,879)

Balanced Scorecard

This sets out to measure guest satisfaction, labour turnover, cash management, internal financial controls, Health and Safety and Environmental audits and profit achievement as the 7 key indicators of the

HEATHROW T4 LP

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Environmental Sustainability Policy Statement

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

Principal risks and uncertainties

The main financial risks arising from the limited partnership's activities are Covid-19 risk, credit risk, interest rate risk and liquidity risk. These are monitored by the board of members and only Covid-19 is considered to be significant at the balance sheet date. Further details are given note 1.

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

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

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

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

Policy for Employment of Disabled Persons

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

Political and Charitable Donations

During the year, the group did not make charitable donations or any political contributions.

Employee Involvement Policy

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

Future Developments

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

Going Concern

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

On behalf of the board

.....
555 Limited

Designated Member

2/11/20
.....

HEATHROW T4 LP

MEMBERS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

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

Principal activities

The principal activity of the limited partnership and group continued to be that of the operation of hotels.

Results for the year and allocation to members

The loss for the year before members' remuneration and profit share was £3,647,910 (2019: £6,010,787).

Members' drawings, contributions and repayments

The members' drawing policy allows each member to draw a proportion of their profit share, subject to the cash requirements of the business.

Members

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

555 Limited
Heathrow T4 GP Limited
LJ T4 GP Limited

Statement of members' responsibilities

The members are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company Law (as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008) requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under company Law (as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008) the members 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 limited partnership and of the profit or loss of the limited partnership for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008). They are also responsible for safeguarding the assets of the limited partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

Each of the members in office at the date of approval of this annual report confirms that:

- so far as the members are aware, there is no relevant audit information of which the limited partnership's auditor is unaware, and
- the members have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the limited partnership's auditor is aware of that information.

HEATHROW T4 LP

MEMBERS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Auditor

In accordance with the limited partnership's membership agreement, a notice proposing that BDO LLP be reappointed as auditor of the limited partnership will be put at a Members' Meeting.

Approved by the members on 2/11/20 and signed on behalf by



.....
555 Limited

Designated Member

HEATHROW T4 LP

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEATHROW T4 LP

Opinion

We have audited the financial statements of Heathrow T4 LP (the 'limited partnership') and its subsidiary (the 'group') for the year ended 31 March 2020 which comprise the group income statement, the group statement of comprehensive income, the group statement of financial position, the group statement of cash flows, the limited partnership statement of financial position, the group reconciliation of members' interest, the limited partnership reconciliation of members' interest and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the limited partnership's affairs as at 31 March 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

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 limited partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 1 to the financial statements, which explains the members' considerations over going concern including the potential impacts of Covid-19 and the potential need for additional funds. At this stage it is unclear whether the group will require additional funding, and if it does whether this could be obtained. As stated in note 1, these events or conditions, along with other matters as set out in note 1, indicate that a material uncertainty exists that may cast significant doubt on the group and limited partnership's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

We draw attention to note 2 to the financial statements which explains that as a result of the impact of the outbreak of Covid-19 on the market, the members have advised that less certainty, and a higher degree of caution, should be attached to their property valuations than would normally be the case. In particular, the members have had to exercise judgement in respect of occupancy rates and consequently expected future EBITDA. Our opinion is not modified in respect of this matter.

HEATHROW T4 LP

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HEATHROW T4 LP

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the limited partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and members' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the limited partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the limited partnership financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

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

In preparing the financial statements, the members are responsible for assessing the group's and the limited partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intends to liquidate the group or the limited partnership or to cease operations, or have no realistic alternative but to do so.

HEATHROW T4 LP

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HEATHROW T4 LP

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the limited partnership's members, as a body, in accordance with the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the limited partnership'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 limited partnership and the limited partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



Marc Reinecke (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
London, UK

2 November 2020
.....

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

HEATHROW T4 LP

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover		14,505,594	4,766,659
Cost of sales		(962,253)	(290,875)
Gross profit		13,543,341	4,475,784
Administrative expenses		(13,019,877)	(8,395,450)
Other operating income		20,254	2,237
Operating profit/(loss)	3	543,718	(3,917,429)
Interest receivable and similar income	7	991	739
Interest payable and similar expenses	8	(3,704,681)	(2,710,265)
Loss before taxation		(3,159,972)	(6,628,955)
Tax on corporate subsidiary	9	(487,938)	487,508
(Loss)/profit for the financial year before members' remuneration and profit share		(3,647,910)	(6,139,447)
(Loss)/profit for the financial year before members' remuneration and profit share		(3,647,910)	(6,139,447)
Member's remuneration charged as an expense	6	-	-
(Loss)/profit for the financial year available for the discretionary division among members		(3,647,910)	(6,139,447)

Loss for the financial year is all attributable to the owners of the limited partnership.

HEATHROW T4 LP

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

	2020 £	2019 £
(Loss)/profit for the financial year available for discretionary division among members	(3,647,910)	(6,139,447)
Other comprehensive income		
Revaluation of tangible fixed assets	2,100,000	13,993,181
Total comprehensive income for the year	(1,547,910)	7,853,734

Total comprehensive income for the year is all attributable to the owners of the limited partnership.

HEATHROW T4 LP

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	10	102,929,415		102,914,774	
Current assets					
Stocks	14	12,478		42,656	
Debtors	15	718,906		1,666,046	
Cash at bank and in hand		2,815,262		2,183,841	
		3,546,646		3,892,543	
Creditors: amounts falling due within one year	16	(3,229,449)		(3,745,790)	
Net current assets		317,197		146,753	
Total assets less current liabilities		103,246,612		103,061,527	
Creditors: amounts falling due after more than one year	17	(49,472,542)		(49,602,965)	
Provisions for liabilities	20	(430)		-	
Net assets attributable to members		53,773,640		53,458,562	
Represented by:					
Loans and other debts due to members within one year					
Other amounts		37,678,455		39,463,377	
		37,678,455		39,463,377	
Member's other interests					
Member's capital classified as equity		2,004		2,004	
Revaluation reserve		15,699,773		13,864,521	
Other reserves		393,408		128,660	
		16,095,185		13,995,185	
		53,773,640		53,458,562	
Total members' interests					
Loans and other debts due to members	26	37,807,115		39,592,037	
Members' other interests		15,966,525		13,866,525	
		53,773,640		53,458,562	

HEATHROW T4 LP

GROUP STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2020

The financial statements were approved by the members and authorised for issue on 2/11/20 and are signed on its behalf by:



.....
555 Limited

Designated member

Limited Partnership No. LP016794

HEATHROW T4 LP

LIMITED PARTNERSHIP STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Investment properties	11	102,900,000		102,900,000	
Investments	12		1		1
		<u>102,900,001</u>		<u>102,900,001</u>	
Current assets					
Debtors	15	2,345,670	1,828,188		
Cash at bank and in hand		2,453,376	830,341		
		<u>4,799,046</u>	<u>2,658,529</u>		
Creditors: amounts falling due within one year	16	<u>(524,040)</u>	<u>(114,447)</u>		
Net current assets		<u>4,275,006</u>	<u>2,544,082</u>		
Total assets less current liabilities		<u>107,175,007</u>	<u>105,444,083</u>		
Creditors: amounts falling due after more than one year	17	<u>(49,472,542)</u>	<u>(49,602,965)</u>		
Net assets attributable to members		<u><u>57,702,465</u></u>	<u><u>55,841,118</u></u>		
Represented by:					
Loans and other debts due to members within one year					
Amounts due in respect of profits		7,299,825	7,301,467		
Other amounts		50,400,636	48,537,647		
Members' capital classified as equity		2,004	2,004		
		<u>57,702,465</u>	<u>55,841,118</u>		
Total members' interest					
Loans and other debts due to members		57,700,461	55,839,114		
Members' other interests		2,004	2,004		
		<u>57,702,465</u>	<u>55,841,118</u>		

As permitted by Companies Act 2006 (as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008), the limited partnership has not presented its own income statement and related notes. The limited partnership's loss for the year was £1,641 (2019: £10,236,290 profit).

HEATHROW T4 LP

LIMITED PARTNERSHIP STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2020

The financial statements were approved by the board of members and authorised for issue on 2/11/20
and are signed on its behalf by:


.....
555 Limited

Designated member

Limited Partnership No. LP016794

HEATHROW T4 LP

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

	Members' capital £	Revaluation reserve £	Other reserves £	Total £
Balance at 1 April 2018	2,004	-	-	2,004
Year ended 31 March 2019:				
Loss for the year	-	-	(6,139,447)	(6,139,447)
Other comprehensive income:				
Revaluation of tangible fixed assets	-	13,993,181	-	13,993,181
Total comprehensive income for the year	-	13,993,181	(6,139,447)	7,853,734
Other division of losses	-	-	6,139,447	6,139,447
Transfer of difference between depreciation based on historical and revalued amount	-	(128,660)	128,660	-
Balance at 31 March 2019	2,004	13,864,521	128,660	13,995,185
Year ended 31 March 2020:				
Loss for the year	-	-	(3,647,910)	(3,647,910)
Other comprehensive income:				
Revaluation of tangible fixed assets	-	2,100,000	-	2,100,000
Total comprehensive income for the year	-	2,100,000	(3,647,910)	(1,547,910)
Other division of losses	-	-	3,647,910	3,647,910
Transfer of difference between depreciation based on historical and revalued amount	-	(264,748)	264,748	-
Balance at 31 March 2020	2,004	15,699,773	393,408	16,095,185

HEATHROW T4 LP

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

	Members' capital £	Other reserves £	Total £
Balance at 1 April 2018	2,004	-	2,004
Year ended 31 March 2019:			
Profit and total comprehensive income for the year	-	10,236,290	10,236,290
Other division of profits	-	(10,236,290)	10,236,290
Balance at 31 March 2019	2,004	-	2,004
Year ended 31 March 2020:			
Loss and total comprehensive income for the year	-	(1,641)	(1,641)
Other division of profits	-	1,641	1,641
Balance at 31 March 2020	2,004	-	2,004

HEATHROW T4 LP

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

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Loss for the financial year available for the discretionary division among members		(3,647,910)		(6,139,447)	
Interest payable	8	3,704,681		2,710,265	
Interest receivable	7	(991)		(739)	
Depreciation		2,105,533		1,021,550	
Taxation	9	487,938		(487,508)	
Decrease/(increase) in stocks		30,178		(42,656)	
Decrease in debtors		419,444		641,117	
Decrease in creditors		(428,878)		(1,255,319)	
Net cash inflow/(outflow) from operating activities		2,669,995		(3,552,737)	
Investing activities					
Purchase of tangible fixed assets		(20,174)		(24,157,400)	
Funding from bank loans		-		27,490,675	
Interest received		991		739	
Net cash (used in)/generated from investing activities		(19,183)		3,334,014	
Financing activities					
Funding (to)/from related parties		(49,580)		139,677	
Repayment of bank loans		(312,500)		-	
Interest paid		(1,657,311)		(477,974)	
Net cash used in financing activities		(2,019,391)		(338,297)	
Net increase/(decrease) in cash and cash equivalents		631,421		(557,020)	
Cash and cash equivalents at beginning of year		2,183,841		2,740,861	
Cash and cash equivalents at end of year		2,815,262		2,183,841	

HEATHROW T4 LP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Limited partnership information

Heathrow T4 LP ("the limited partnership") is a private limited partnership domiciled and incorporated in England and Wales. The registered office is World Business Centre 3, Newall Road, London Heathrow Airport, Hounslow, TW6 2SF.

The group consists of Heathrow T4 LP and Heathrow T4 Hotel Limited.

1.1 Accounting convention

These financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in January 2017, together with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 (as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008).

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

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

1.2 Basis of consolidation

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

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of Heathrow T4 LP and its subsidiary (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

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

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

HEATHROW T4 LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.3 Going concern

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

However, the members are taking comprehensive steps to ensure that the business is able to continue in operation for the foreseeable future. In line with Government's lockdown requirements on 23 March 2020, the group shuttered the hotel. The hotel is planning to reopen in April 2021. Whilst the hotel has been shuttered, cost savings are being made wherever possible including taking advantage of Government supported measures, such as business rates relief, furloughing of employees and VAT deferrals for the periods that are available.

This has had an impact on the limited partnership as the tenant that occupies its investment property is used for the purpose of a hotel trade and its revenue is recognised based on the hotel's trading performance.

The hotel has previously traded profitably and it is the expectation of the members that normal operations will be able to resume once the restrictions in relation to Covid-19 are fully lifted.

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

These forecasts indicate that over the period under review support is required from itmembers 555 Limited and LJ Capital T4 Limited, of whom have both agreed a commitment to fund £3,000,000 to provide appropriate support to the business.

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

It is, however, difficult to estimate how the Covid-19 outbreak will impact the limited partnership's trading and for how long, and the members consider this as the key uncertainty over which they have no control. In the event that the hotel trading levels take longer to pick up than the forecast scenarios or in the event of any covenant breaches, covenant waivers are not obtained or cured, then the group may require additional funds. As a result a material uncertainty exists that may cast significant doubt on the group's and limited partnership's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business.

1.4 Turnover

Turnover is from sales to external customers at invoiced amounts less value added tax on sales. Turnover is recognised when the service is provided. Turnover is recognised on an accruals basis and is measured at the fair value of the consideration received or receivable. All turnover is derived from operations within the United Kingdom.

HEATHROW T4 LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.5 Members' participating interest

Members' participation rights are the rights of a member against the limited partnership that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed remuneration and profits).

Members' participation rights in the earnings or assets of the limited partnership are analysed between those that are, from the limited partnership's perspective, either a financial liability or equity, in accordance with section 22 of FRS 102. A member's participation rights including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the limited partnership has an unconditional right to refuse payment to members, in which case they are classified as equity.

All amounts due to members that are classified as liabilities are presented within 'Loans and other debts due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Undivided amounts that are classified as equity are shown within 'Members' other interests'. Amounts recoverable from members are presented as debtors and shown as amounts due from members within members' interests.

1.6 Tangible fixed assets

Tangible fixed assets excluding properties are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Costs of replacing items of fixed assets are capitalised when they are expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Leasehold land and buildings	50 years
Fixtures and fittings	2-10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Properties are revalued each year end by the members at open market value with the surplus being taken to the revaluation reserve.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of comprehensive income.

1.7 Fixed asset investments

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

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

HEATHROW T4 LP

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

1 Accounting policies

(Continued)

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

1.8 Impairment of fixed assets

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

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

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of no more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with significant risk of change in value.

HEATHROW T4 LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.11 Financial instruments

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

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

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

HEATHROW T4 LP

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

1 Accounting policies

(Continued)

Basic financial liabilities

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

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

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

Other financial liabilities

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

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

Derecognition of financial liabilities

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

1.12 Equity instruments

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

HEATHROW T4 LP

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

1 Accounting policies

(Continued)

1.13 Taxation

Current tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the limited partnership's subsidiaries operate and generate taxable income

Deferred tax

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.14 Employee benefits

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

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

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

1.15 Retirement benefits

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

1.16 Leases

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

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

HEATHROW T4 LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.17 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.18 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2 Judgements and key sources of estimation uncertainty

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

Property portfolio valuation

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

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

The Hotel property is revalued at each year end at market value by the members with the surplus being taken to the statement of comprehensive income.

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

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

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

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

Going concern

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

HEATHROW T4 LP

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

3 Operating profit/(loss)

	2020 £	2019 £
Operating profit/(loss) for the year is stated after charging:		
Depreciation of owned tangible fixed assets	2,105,533	1,021,550
Hire of plant and machinery	830	-
Operating lease charges - variable rent	382,914	1,200,590
	<u>2,489,277</u>	<u>2,222,140</u>

4 Auditor's remuneration

	2020 £	2019 £
Fees payable to the group's auditor and associates:		
For audit services		
Audit of the financial statements of the group and limited partnership	27,900	10,375
	<u>27,900</u>	<u>10,375</u>

5 Employees

The average monthly number of persons employed by the group and limited partnership during the year was:

	Group		Limited partnership	
	2020 Number	2019 Number	2020 Number	2019 Number
Operations	197	94	-	-
	<u>197</u>	<u>94</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group		Limited partnership	
	2020 £	2019 £	2020 £	2019 £
Wages and salaries	3,834,463	1,706,847	-	-
Social security costs	309,933	132,451	-	-
Pension costs	64,000	19,863	-	-
	<u>4,208,396</u>	<u>1,859,161</u>	<u>-</u>	<u>-</u>

6 Information in relation to members

None of the members of the group were paid emoluments for their services to the limited partnership during the year.

HEATHROW T4 LP

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

7 Interest receivable and similar income

	2020	2019
	£	£
Interest Income		
Interest on bank deposits	991	739
	<u>991</u>	<u>739</u>

8 Interest payable and similar expenses

	2020	2019
	£	£
Interest on bank overdrafts and loans	1,648,138	288,929
Other interest on financial liabilities	1,862,989	2,421,336
Finance costs for financial instruments measured at fair value through profit or loss	193,554	-
	<u>3,704,681</u>	<u>2,710,265</u>

HEATHROW T4 LP

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

9 Taxation on profit on ordinary activities in corporate subsidiaries

	2020 £	2019 £
Deferred tax		
Origination and reversal of timing differences	81	(487,508)
Changes in tax rates	37	-
Adjustment in respect of prior periods	487,820	-
Total deferred tax in corporate subsidiary	487,938	(487,508)

The actual charge/(credit) for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Loss before taxation in corporate subsidiary	(1,058,330)	(2,870,064)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(201,083)	(545,312)
Tax effect of expenses that are not deductible in determining taxable profit	-	450
Unutilised tax losses carried forward	201,164	-
Adjustments in respect of prior years	487,820	-
Effect of change in corporation tax rate	37	-
Effect of difference in tax rate between deferred tax and corporation tax	-	57,354
Taxation charge/(credit)	487,938	(487,508)

HEATHROW T4 LP

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

10 Tangible fixed assets

Group	Leasehold land and buildings £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 April 2019	103,920,542	15,782	103,936,324
Additions	-	20,174	20,174
Revaluation	2,100,000	-	2,100,000
At 31 March 2020	106,020,542	35,956	106,056,498
Depreciation and impairment			
At 1 April 2019	1,020,542	1,008	1,021,550
Depreciation charged in the year	2,100,000	5,533	2,105,533
At 31 March 2020	3,120,542	6,541	3,127,083
Carrying amount			
At 31 March 2020	102,900,000	29,415	102,929,415
At 31 March 2019	102,900,000	14,774	102,914,774

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

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

	Group		Limited partnership	
	2020 £	2019 £	2020 £	2019 £
Cost	89,927,361	89,927,361	-	-
Accumulated depreciation	(2,690,429)	(891,882)	-	-
Carrying value	87,236,932	89,035,479	-	-

The limited partnership's properties were revalued on 31 March 2020 by the members at open market value and the surplus was taken to the revaluation reserve. Further details of the judgements made are given in note 2.

HEATHROW T4 LP

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

11 Investment property

	Group £	Limited partnership £
Fair value		
At 1 April 2019 and 31 March 2020	-	102,900,000

The limited partnership's investment property was revalued at 31 March 2020 by the members at open market value, no surplus or deficit arose on revaluation.

12 Fixed asset investments

		Group 2020 £	2019 £	Limited partnership 2020 £	2019 £
	Notes				
Investments in subsidiaries	13	-	-	1	1

Movements in fixed asset investments Limited partnership

	Shares in group undertakings £
Cost or valuation	
At 1 April 2019 and 31 March 2020	1
Carrying amount	
At 31 March 2020	1
At 31 March 2019	1

13 Subsidiaries

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

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
Heathrow T4 Hotel Limited	UK	Hotelier	Ordinary	100.00	

HEATHROW T4 LP

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

14 Stocks

	Group		Limited partnership	
	2020	2019	2020	2019
	£	£	£	£
Finished goods and goods for resale	12,478	42,656	-	-

15 Debtors

	Group		Limited partnership	
	2020	2019	2020	2019
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	387,248	716,861	-	-
Amounts owed by group undertakings	-	-	2,193,313	1,661,262
Amounts owed by related parties	940	29,651	-	-
Other debtors	29,872	144,166	26,662	26,662
Prepayments and accrued income	200,846	187,860	125,695	140,264
	618,906	1,078,538	2,345,670	1,828,188
Deferred tax asset (note 20)	-	487,508	-	-
	618,906	1,566,046	2,345,670	1,828,188
Amounts falling due after more than one year:				
Other debtors	100,000	100,000	-	-
Total debtors	718,906	1,666,046	2,345,670	1,828,188

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

HEATHROW T4 LP

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

16 Creditors: amounts falling due within one year

		Group		Limited partnership	
	Notes	2020	2019	2020	2019
		£	£	£	£
Trade creditors		268,570	346,124	1,800	1,800
Other taxation and social security		259,260	569,731	97,314	65,276
Amounts due to related parties		110,258	188,549	4,119	-
Other creditors		1,733,397	1,595,116	-	-
Accruals and deferred income		857,964	1,046,270	420,807	47,371
		<u>3,229,449</u>	<u>3,745,790</u>	<u>524,040</u>	<u>114,447</u>

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

17 Creditors: amounts falling due after more than one year

		Group		Limited partnership	
	Notes	2020	2019	2020	2019
		£	£	£	£
Bank loans and overdrafts	18	<u>49,472,542</u>	<u>49,602,965</u>	<u>49,472,542</u>	<u>49,602,965</u>

HEATHROW T4 LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

18 Loans and overdrafts

	Group		Limited partnership	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	49,472,542	49,602,965	-	-

Analysis of the maturity of loans is given below:

	2020	2019
	£	£
Loan payable within 1 year		
Bank loan	-	-
Finance charges (classified to prepayments and accrued income)	(125,694)	(140,264)
Loan payable between 1 to 2 years		
Bank loan	-	-
Finance charges	(125,694)	(140,264)
Loan payable between 2 and 5 years		
Bank loan	49,687,500	50,000,000
Finance charges	(89,264)	(256,771)

On 15 December 2017, a new loan was provided to the limited partnership. The loan is secured by fixed and floating charges over the assets of the limited partnership.

The facility is to be repaid on 15 December 2022. The interest rate is based on a margin at a commercial rate.

19 Provisions for liabilities

		Group		Limited partnership	
	Notes	2020	2019	2020	2019
		£	£	£	£
Deferred tax liabilities	20	430	-	-	-

HEATHROW T4 LP

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

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and limited partnership, and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
Group				
Accelerated capital allowances	430	-	-	(312)
Tax losses	-	-	-	487,820
	<u>430</u>	<u>-</u>	<u>-</u>	<u>487,508</u>

The limited partnership has no deferred tax assets or liabilities.

	Group £	Limited partnership £
Movements in the year:		
Asset at 1 April 2019	(487,508)	-
Charge to income statement	487,938	-
	<u>430</u>	<u>-</u>
Liability at 31 March 2020		

21 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>64,000</u>	<u>19,863</u>

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

Defined contribution scheme payment accrual recognised as a liability at the year end was £13,856 (2019: £9,721).

22 Events after the reporting date

Following the shuttering of Heathrow T4 Hotel in March 2020 due to Covid-19, the hotel is due to reopen in April 2021.

HEATHROW T4 LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

23 Related party transactions

At the year end, the group had the following amounts owed to/due from the following entities:

	Amounts owed to		Amounts owed by	
	2020	2019	2020	2019
	£	£	£	£
Group				
Arora Management Services Limited	-	130,991	-	-
Excel Hotel Management Limited	106,139	57,558	-	-
Grove Developments Limited	4,119	-	-	27,918
Grove HR Limited	-	-	-	1,733
Grove T5 Limited	-	-	940	-
	<u>110,258</u>	<u>188,549</u>	<u>940</u>	<u>29,651</u>

All the above entities are related through 555 Limited which is the parent of all above companies.

HEATHROW T4 LP

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

24	Group reconciliation of members' interest	EQUITY		DEBT		TOTAL MEMBERS' INTERESTS
		Members' capital (classified as equity) £	Members' other interests Revaluation reserve £	Other reserves £	Loans and other debts due to members less any amounts due from members in debtors Total £	
	Amounts due to members					
	Members' interests at 1 April 2019	2,004	13,864,521	128,660	39,463,377	53,458,562
	Loss for the financial year available for discretionary division among members	-	-	(3,647,910)	-	(3,647,910)
	Members' interests after loss for the year	2,004	13,864,521	(3,519,250)	39,463,377	49,810,652
	Allocation of loss for the financial year	-	-	-	(3,647,910)	(3,647,910)
	Other divisions of losses	-	-	3,647,910	-	3,647,910
	Surplus arising on revaluation of fixed assets	-	2,100,000	-	-	2,100,000
	Introduced by members	-	-	-	1,862,988	1,862,988
	Other movements	-	(264,748)	264,748	-	-
	Members' interests at 31 March 2020	2,004	15,699,773	393,408	37,678,455	53,773,640
	Amounts due to members				37,678,455	
	Amounts due from members, included in debtors				-	
					37,678,455	

HEATHROW T4 LP

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

25

Limited partnership reconciliation of members' Interest

	EQUITY		DEBT		TOTAL MEMBERS' INTERESTS
	Members' other interests		Loans and other debts due to members less any amounts due from members in debtors		
	Members' capital (classified as equity)	Other reserves	Total	Other amounts	
	£	£	£	£	£
Amounts due to members				55,839,114	
Members' interests at 1 April 2019	2,004	-	2,004	55,839,114	55,841,118
Effect of change in accounting policy	-	-	-	-	-
Loss for the financial year available for discretionary division among members	-	(1,641)	(1,641)	-	(1,641)
Members' interests after loss for the year	2,004	(1,641)	363	55,839,114	55,839,477
Allocation of loss for the financial year	-	-	-	(1,641)	(1,641)
Other divisions of losses	-	1,641	1,641	-	1,641
Introduced by members	-	-	-	1,862,988	1,862,988
Members' interests at 31 March 2020	2,004	-	2,004	57,700,461	57,702,465
Amounts due to members				57,700,461	
Amounts due from members, included in debtors				-	
				57,700,461	

HEATHROW T4 LP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

26 Loans and other debts due to members

	2020	2019
	£	£
Analysis of loans		
Amounts falling due after more than one year	<u>37,678,455</u>	<u>39,463,377</u>