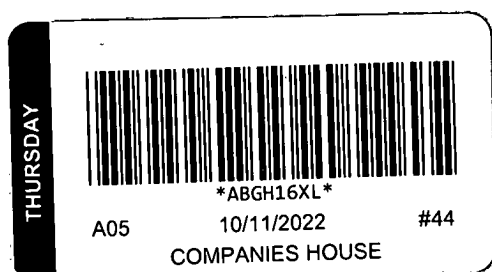


Company Registration No. 09750209 (England and Wales)

HEATHROW T4 HOTEL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022



Arora
GROUP

HEATHROW T4 HOTEL LIMITED

COMPANY INFORMATION

Directors	Surinder Arora Carlton Brown Sanjay Arora Sanjeev Roda	(Appointed 11 March 2022) (Appointed 11 March 2022)
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Company number	09750209
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Registered office	World Business Centre 3 Newall Road London Heathrow Airport Hounslow England TW6 2TA
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Auditor	BDO LLP 55 Baker Street London W1U 7EU
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HEATHROW T4 HOTEL LIMITED

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HEATHROW T4 HOTEL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

Introduction

Heathrow T4 Hotel Limited "the company" is one of the companies that forms part of the Arora Group, a successful UK- focused private group of companies, which leverages synergies across its specialist property, construction and hotel divisions to its strategic advantage. Since 1999, the Group has built its standing through meticulously managing projects from inception to delivery and beyond. Today, it owns and manages a diverse portfolio of flagship assets across the nation's key business locations, partnering with some of the world's most recognised brands to deliver consistently high service levels and sustainable growth.

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

- delivering sound long-term value to our stakeholders;
- continuing to expand, develop and consolidate a diversified property asset portfolio in targeted UK locations; and
- sustaining our reputation for quality, integrity and social responsibility.

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

Review of business

Despite the COVID 19 impact on trading throughout the financial year, the hotel benefitted from fixed term contracted revenue for the majority of the year.

The hotel continued to operate with reduced teams and cluster roles were created to give both commercial and operational benefits. Productivity and efficiencies achieved due to the pandemic were developed and improved to effectively manage costs and profit conversion.

Recruitment has become the biggest priority across all departments. The over reliance on agency staff, particularly in housekeeping has led to higher payroll costs. The impact of these rises has been minimised through leaner management structures and better efficiencies put in place during COVID.

Key Performance Indicators

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

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

	2022	2021
	£	£
Turnover	19,730,190	3,181
Trading EBITDA	1,691,754	(1,489,555)

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

HEATHROW T4 HOTEL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Environmental Sustainability Policy Statement

To see ways in which the Arora 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 company's activities are credit risk, interest rate risk and liquidity risk. These are monitored by the board of directors and were not considered to be significant at the balance sheet date.

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

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

In addition, the company'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 company 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 company.

Political and Charitable Donations

Arora Charitable Foundation was established in 2010 to create a structure for Arora group's social responsibilities initiatives. For more information go to <https://aroracharitablefoundation.com/>. During the year, the company did not make charitable donations or any political contributions.

Employee Involvement Policy

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

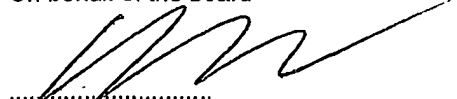
Future Developments

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

Going Concern

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

On behalf of the board



.....
Carlton Brown
Director

Date: 02/11/2022

HEATHROW T4 HOTEL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the company during the year was that of a hotelier.

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

Athos Yiannis

(Resigned 11 March 2022)

Sanjay Arora

(Appointed 11 March 2022)

Sanjeev Roda

(Appointed 11 March 2022)

Results and dividends

The results for the year are set out on page 8.

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

Qualifying third party indemnity provisions

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

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 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 statements; 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.

HEATHROW T4 HOTEL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

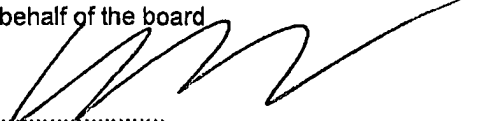
Statement of disclosure to auditor

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.

On behalf of the board



.....
Carlton Brown
Director

Date: 02/11/2022

HEATHROW T4 HOTEL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEATHROW T4 HOTEL LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit 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.

We have audited the financial statements of Heathrow T4 Hotel Limited ("the Company") for the year ended 31 March 2022 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Material uncertainty related to going concern

We draw attention to note Note 1.2 to the financial statements, which indicates that there is a risk that the Company's immediate parent may breach financial performance related covenants for its bank facility, for which the Company is a guarantor. The Company's immediate parent is also in discussions with the lender about refinancing the facility which expires in December 2022; however, the refinancing is not yet agreed. As stated in Note 1.2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, 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.

HEATHROW T4 HOTEL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEATHROW T4 HOTEL LIMITED

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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 Strategic report or the Directors' report.

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

Responsibilities of Directors

As explained more fully in the Statement of directors' responsibilities, 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.

HEATHROW T4 HOTEL LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEATHROW T4 HOTEL LIMITED

Extent to which the audit was capable of detecting irregularities, including fraud

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

- We obtained an understanding of the procedures and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures were designed to provide reasonable assurance that the financial statements were free of fraud or error.
- Based on the understanding obtained we designed audit procedures to identify non-compliance with the laws and regulations, as noted above. This included enquiries of local and group Management, review of Board minutes, and reviews of relevant correspondence.
- We tested journal entries, focusing on journal entries containing characteristics of audit interest such as manual journals and journals relating to revenue.
- We tested and challenged the key estimates and judgements made by management in preparing the financial statements for indications of bias or management override when presenting the results and financial position of the Company.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.



David Campbell (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

4/11/22
Date:

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

HEATHROW T4 HOTEL LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £	2021 £
Turnover		19,730,190	3,181
Cost of sales		(1,983,759)	(77,097)
Gross profit/(loss)		17,746,431	(73,916)
Administrative expenses		(16,088,407)	(2,916,513)
Other operating income	4	26,299	1,493,364
Operating profit/(loss)	3	1,684,323	(1,497,065)
Interest receivable and similar income	7	-	79
Profit/(loss) before taxation		1,684,323	(1,496,986)
Tax on profit/(loss)	8	2,259	1,451
Profit/(loss) for the financial year		1,686,582	(1,495,535)

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

HEATHROW T4 HOTEL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	2022 £	2021 £
Profit/(loss) for the year	1,686,582	(1,495,535)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the year	<u>1,686,582</u>	<u>(1,495,535)</u>

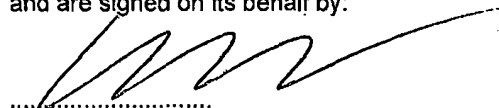
HEATHROW T4 HOTEL LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Note	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	9		14,474		21,905
Current assets					
Stocks	10	29,950		2,827	
Debtors	11	763,057		210,499	
Cash at bank and in hand		1,968,090		53,075	
		<u>2,761,097</u>		<u>266,401</u>	
Creditors: amounts falling due within one year	12	<u>(6,513,347)</u>		<u>(5,712,664)</u>	
Net current liabilities			<u>(3,752,250)</u>		<u>(5,446,263)</u>
Net liabilities			<u>(3,737,776)</u>		<u>(5,424,358)</u>
Capital and reserves					
Called up share capital	15		1		1
Profit and loss reserves	16		<u>(3,737,777)</u>		<u>(5,424,359)</u>
Total equity			<u>(3,737,776)</u>		<u>(5,424,358)</u>

The financial statements were approved by the board of directors and authorised for issue on 02/11/2022 and are signed on its behalf by:



Carlton Brown
Director

Company Registration No. 09750209

HEATHROW T4 HOTEL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2020	1	(3,928,824)	(3,928,823)
Year ended 31 March 2021:			
Loss and total comprehensive loss for the year	-	(1,495,535)	(1,495,535)
Balance at 31 March 2021	<u>1</u>	<u>(5,424,359)</u>	<u>(5,424,358)</u>
Year ended 31 March 2022:			
Profit and total comprehensive income for the year	-	1,686,582	1,686,582
Balance at 31 March 2022	<u>1</u>	<u>(3,737,777)</u>	<u>(3,737,776)</u>

HEATHROW T4 HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Heathrow T4 Hotel 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. 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.

HEATHROW T4 HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.2 Going concern

The Company is now also impacted by ongoing economic conditions that include supply chain constraints, price inflation, interest rate rises, increases in the cost of living and wider uncertainties deriving from the impacts of Brexit and hostilities in Europe. The directors continue to monitor all of these matters and take actions, where possible, to mitigate their impacts.

The Directors have modelled cash flow forecasts that take into account the economic conditions noted above for a period of 15 months from the date of approval of these accounts which include a ramp up in trading, albeit to a lower level than pre-COVID-19. These forecasts include a level of judgement specifically around occupancy which is reliant on air travel increasing over time, however, the directors are confident the Company will be cash generative, hence the financial statements are drawn up on a going concern basis.

The Company has also received confirmation from relevant group undertakings that loans will not be recalled for a period of 12 months from the date of signing these financial statements if this would cause a cash flow issue.

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

Based on the forecasts prepared by the Directors however there is the risk that the Company's immediate parent may breach financial performance related covenants of a £49m bank loan facility, for which the Company is a guarantor. The bank has provided covenant waivers during the year and the Directors are confident that a waiver can be obtained again, but this is not guaranteed. This facility is also due for repayment in December 2022. The Company's immediate parent is in discussions with the lender about refinancing this facility and are confident this will happen in due course, but this refinancing is not yet agreed.

If there are future covenant breaches and a waiver is not obtained, or if the bank facility is not successfully refinanced as anticipated, then the Company may require additional funding. At this stage it is unclear whether the Company will require additional funding, and if it does whether this could be obtained. These circumstances indicate a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on a basis other than the going concern basis.

1.3 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.

1.4 Tangible fixed assets

Tangible fixed assets 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 company. 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.

HEATHROW T4 HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

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:

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 directors 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.

1.5 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.

1.6 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.

1.7 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 HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Fair value measurement of financial instruments

The company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in no-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cashflow and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of cash or the consideration, expected to be paid, or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or finance at a rate of interest that is not a market rate or in case of an out-right short-term loan not a market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of the estimated cash flow discounted at the asset's original effective rate. If a financial asset has a variable rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

HEATHROW T4 HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Impairment of financial assets

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

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

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company 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 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.

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.

HEATHROW T4 HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.8 Equity instruments

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.

1.9 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.

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 company 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.

1.10 Employee benefits

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

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

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

1.11 Retirement benefits

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

HEATHROW T4 HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.12 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 leases asset are consumed.

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

1.13 Government grants

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

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

1.14 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.

1.15 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.

HEATHROW T4 HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2 Judgements and key sources of estimation uncertainty

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

Property portfolio valuation

The Hotel properties are stated at fair value, as accounted for by the directors. The valuation is on the basis of Market Value ("MV"), which is defined in the RICS Valuation Standards as:

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

The Hotel properties are revalued at each year end at MV by the directors with the surplus 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 hubs, investment yields, anticipated outgoings and maintenance costs, future development expenditure and appropriate discount rates. As domestic and international travel continues to recover, occupancy rates and consequently expected future EBITDA has the most impact on valuations resulting in significant estimation uncertainty.

Going concern

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

3 Operating profit/(loss)

	2022 £	2021 £
Operating profit/(loss) for the year is stated after charging:		
Auditors' remuneration	40,000	20,000
Depreciation of owned tangible fixed assets	7,431	7,510
Operating lease charges	5,079,684	-
	<u>5,127,115</u>	<u>27,510</u>

4 Other operating income

	2022 £	2021 £
Government grants - Coronavirus Job Retention Scheme	2,299	1,473,007
Government grants - Business Grant Fund	24,000	20,357
	<u>26,299</u>	<u>1,493,364</u>

HEATHROW T4 HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

5 Employees

The average monthly number of persons employed by the company during the year was:

	2022 Number	2021 Number
Operations	133	118

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	3,288,618	1,999,774
Social security costs	234,752	147,064
Pension costs	42,513	40,431
	3,565,883	2,187,269

6 Directors' remuneration

None of the directors were paid emoluments for their services as directors of Heathrow T4 Hotel Limited during the year (2021: £nil).

7 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	-	79

8 Taxation

	2022 £	2021 £
Deferred tax		
Origination and reversal of timing differences	(2,259)	(1,587)
Changes in tax rates	-	136
Total deferred tax	(2,259)	(1,451)

HEATHROW T4 HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

8 Taxation

(Continued)

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

	2022 £	2021 £
Profit/(loss) before taxation	1,684,323	(1,496,986)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	320,021	(284,427)
Utilisation of tax losses	(321,749)	283,221
Effect of change in tax rate	-	(245)
Effect of difference in tax rate between deferred tax and corporation tax	(531)	-
Taxation credit for the year	(2,259)	(1,451)

9 Tangible fixed assets

Fixtures and
fittings
£

Cost

At 1 April 2021 and 31 March 2022

35,956

Depreciation and impairment

At 1 April 2021

14,051

Depreciation charged in the year

7,431

At 31 March 2022

21,482

Carrying amount

At 31 March 2022

14,474

At 31 March 2021

21,905

10 Stocks

2022
£

2021
£

Raw materials and consumables

29,950

2,827

Stocks recognised in cost of sales during the period as an expense amounted to £1,846,278 (2021: £968).

HEATHROW T4 HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

11 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	344,615	-
Amounts owed by related parties	30,386	22,996
Other debtors	103,252	25,957
Prepayments and accrued income	181,524	60,525
	<u>659,777</u>	<u>109,478</u>
Deferred tax asset (note 13)	3,280	1,021
	<u>663,057</u>	<u>110,499</u>
Amounts falling due after more than one year:		
Other debtors	<u>100,000</u>	<u>100,000</u>
Total debtors	<u>763,057</u>	<u>210,499</u>

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

12 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	189,059	69,916
Amounts owed to group undertakings	3,867,016	3,705,000
Taxation and social security	46,044	111,155
Amounts due to related parties	207,740	-
Other creditors	1,225,427	705,496
Accruals and deferred income	978,061	1,121,097
	<u>6,513,347</u>	<u>5,712,664</u>

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

HEATHROW T4 HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

13 Deferred taxation

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

	Assets 2022 £	Assets 2021 £
Balances:		
Accelerated capital allowances	945	90
Retirement benefit obligations	2,335	931
	<u>3,280</u>	<u>1,021</u>
Movements in the year:		£
Asset at 1 April 2021		(1,021)
Credit to income statement		(2,259)
Asset at 31 March 2022		<u>(3,280)</u>

14 Retirement benefit schemes

	2022 £	2021 £
Defined contribution schemes		
Charge to income statement in respect of defined contribution schemes	<u>42,513</u>	<u>40,431</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Defined contribution scheme payment accrual recognised as a liability at the year end was £9,400 (2021: £3,726).

15 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary share of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

16 Profit and loss reserves

Includes all current and prior period profits and losses.

HEATHROW T4 HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

17 Related party transactions

Amounts owed to/by related parties

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

	Amount owed to		Amounts owed by	
	2022	2021	2022	2021
	£	£	£	£
Excel Hotel Management Limited	207,740	-	-	-
Grove Developments Limited	-	-	30,386	22,996

All the above entities are related by virtue of common directorship being S Arora and C Brown.

During the year the company entered into the following transactions with related parties:

	2022	2021
Income from providing goods and services	79,725	173,293
Purchase of goods and services	1,588,105	84,705

18 Ultimate controlling party

The immediate and ultimate parent company is Heathrow T4 LP, a UK Limited partnership.