

COMPANY NUMBER: 11092400

PPHE SUPPORT SERVICES LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019



PPHE SUPPORT SERVICES LIMITED

Company number: 11092400

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PPHE SUPPORT SERVICES LIMITED

Company number: 11092400

COMPANY INFORMATION

Directors

V Ebbon
G Hegarty

Registered office

County Hall – Riverside Building 2nd
Floor
Belvedere Road
London
England
SE1 7GP

Company Number

11092400

Registered auditor

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Bankers

Santander UK Plc

PPHE SUPPORT SERVICES LIMITED

Company number: 11092400

STRATEGIC REPORT

The directors present their report together with the audited financial statements for the year ended 31 December 2019.

Principal activities

The company was incorporated on 1 December 2017. Its principal activity is provision of services to hotels.

Review of business

The result for the year has been in line with expectations given the company is in the first full year of trading. The company's turnover increased by £5,129k in the year to £11,423k (2018: £6,294k) and therefore maintained costs in the year and the company has made a profit of £156k for the year (2018: Loss of £88k).

The statement of financial position shows that the net carrying value of the Company's net assets at the year-end was £68k (2018: Net liabilities of £88k).

We do not believe there to be any significant risks and uncertainties facing our business, other than those normally encountered within our industry.

Principal risks and uncertainties

a. Treasury operations

The company has no borrowings and so its principal instruments are cash balances. In addition the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from the operations of the business.

b. Liquidity risk

The company manages its cash requirements centrally to maximise interest income and minimise interest expense, whilst ensuring that the company has sufficient liquid resources to meet the operating needs of its business.

c. Interest rate risk

The company is exposed to fair value interest rate risk on its bank overdraft facility only.

d. Foreign currency risk

At the year end there were no commitments to forward purchase any foreign currency.

PPHE SUPPORT SERVICES LIMITED

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STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

e. Credit risk

Investments of cash surpluses are made with the company's main bankers. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

f. Brexit risk

On 23 June 2016, the United Kingdom voted to formally resign its membership of the European Union and the country is currently in a stage of transition since leaving on 31 January 2020. We do not expect Brexit to impact the company and the performance of the hotel.

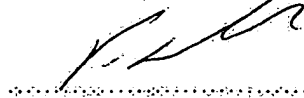
g. COVID-19 risk

Due to the current global COVID-19 coronavirus situation, the Company is monitoring the current situation and assessing the impact on a daily basis as the situation evolves. Further details are included in our subsequent events review in Note 19.

Future business developments

The directors expect the company to continue with the level of trading into the foreseeable future, based on the current strategies. However following the current situation with COVID-19 globally, the company expects 2020 to be a challenging year due to factors beyond the company's control.

Approved by the Board and signed on its behalf by



V Ebbon
Director

Date: 13-10-2020

PPHE SUPPORT SERVICES LIMITED

Company number: 11092400

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2019.

Matters covered in the strategic report

A review of the business including future developments and principal risks and uncertainties are not shown in the Directors' Report as this information is included within the Strategic Report under s414C(11) of the Companies Act 2006.

Results and dividends

The results for the period are set out on page 10.

The directors have not recommended a dividend for the current year.

Directors

The directors of the Company from incorporation and until the date of this report were:

V Ebbon
G Hegarty

Going concern

As at 31 December 2019 the company's assets exceeded liabilities by £68k (2018: liability of £88k). The directors have reviewed detailed business plans and cash flow projections to 31 December 2020 and believe that the company has sufficient cash resources to cover both working capital and capital expenditure requirements. The ultimate parent company and its subsidiaries have declared that they do not intend to call in any balances owed to them for a period of at least 12 months from the date of signing the financial statements. Please see Note 19 for further details.

The directors are satisfied that it is appropriate to prepare accounts on a going concern basis.

Subsequent events

Since the year end, the Company is facing the challenges in relation to COVID-19 which is impacting the business and trade in 2020. This has occurred post year end and is a non-adjusting post balance sheet event and more disclosure is within the notes of the accounts. There were no events subsequent to the balance sheet date that required adjustment to or disclosure in the financial statements.

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

As at 31 December 2019, the number of creditor days in relation to trade creditors outstanding at the year end was 2 days (2018: 2 days).

PPHE SUPPORT SERVICES LIMITED

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REPORT OF THE DIRECTORS (continued)

Disabled Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled employees should, as far as possible be identical to that of other employees.

Employee involvement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings, company intranet and newsletter. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Details of the number of employee and related costs can be found in note 5 to the financial statements.

Disclosure of information to the auditor

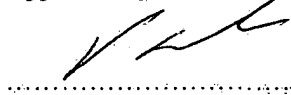
So far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information, and taken such other steps for that purpose, as were required by their duty as directors of the company to exercise due care, skill and diligence.

Auditor

It is proposed that Mazars LLP will continue in office in accordance with the Companies Act 2006 section 487(2).

Approved by the Board and signed on its behalf by



V Ebbon

Director

Date: 13-10-2020

PPHE SUPPORT SERVICES LIMITED

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DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable UK law and regulations. Company law requires the directors to prepare financial statements for each financial period. 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 those financial statements, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * comply with applicable UK Accounting Standards 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

PPHE SUPPORT SERVICES LIMITED

Company number: 11092400

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PPHE SUPPORT SERVICES LIMITED

Opinion

We have audited the financial statements of PPHE Support Services Limited (the 'company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, 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 101 "Reduced Disclosure Framework" (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 December 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

Emphasis of matter – impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 3, and the consideration in the going concern basis of preparation on page 13 and non-adjustment post balance sheet events on page 23.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19, the potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company and group's trade, customers, suppliers and the wider economy.

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.

PPHE SUPPORT SERVICES LIMITED

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PPHE SUPPORT SERVICES LIMITED (continued)

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 the audit:

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

Matters on which we are required to report by exception

In 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 specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

PPHE SUPPORT SERVICES LIMITED

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PPHE SUPPORT SERVICES LIMITED (continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.



Jonathan Seaman (Senior statutory auditor)

for and on behalf of Mazars LLP, Chartered Accountants (Statutory auditor)

Tower Bridge House

St Katharine's Way

London

E1W 1DD

Date: 13 October 2020

PPHE SUPPORT SERVICES LIMITED

Company number: 11092400

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | | Year ended 31 December 2019 | 13 month Period ended 31 December 2018 |
|--|-------------|--|---|
| | Note | £'000 | £'000 |
| Turnover | 2,4 | 11,423 | 6,294 |
| Cost of sales | | (11,142) | (6,254) |
| Gross Profit | | <u>281</u> | <u>40</u> |
| Administrative expenses | | (126) | (129) |
| Operating profit/(loss) | 7 | <u>155</u> | <u>(89)</u> |
| Interest receivable and similar income | 8 | 1 | 1 |
| Profit/(loss) before taxation | | <u>156</u> | <u>(88)</u> |
| Taxation | 9 | - | - |
| Profit/(loss) for the year/period | | <u>156</u> | <u>(88)</u> |
| Other comprehensive income for the period | | - | - |
| Total comprehensive income/(loss) for the year/period | | <u>156</u> | <u>(88)</u> |

All the company's activities were derived from continuing operations in the current year and preceding year.

The notes on pages 13 to 24 form part of these financial statements.

PPHE SUPPORT SERVICES LIMITED

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STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

| | | 31 December 2019 | | 31 December 2018 | |
|--|------|------------------|------------|------------------|-------------|
| | Note | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Tangible fixed assets | 10 | | 137 | | 157 |
| | | | <u>137</u> | | <u>157</u> |
| Current assets | | | | | |
| Debtors | 11 | 1,318 | | 722 | |
| Cash and cash equivalents | | <u>284</u> | | <u>205</u> | |
| | | 1,602 | | 927 | |
| Current liabilities | | | | | |
| Trade and other payables | 12 | <u>(1,671)</u> | | <u>(872)</u> | |
| Net current (liabilities)/assets | | (69) | | 55 | |
| Total assets less current liabilities | | | 68 | | 212 |
| Non-current liabilities | | | | | |
| Long term Loan | 13 | | | | (300) |
| Net assets/(liabilities) | | | <u>68</u> | | <u>(88)</u> |
| Capital and reserves | | | | | |
| Share capital | 14 | | - | | - |
| Retained earnings/(loss) | 15 | | <u>68</u> | | <u>(88)</u> |
| Total shareholders' funds - equity | | | <u>68</u> | | <u>(88)</u> |

The accompanying notes are an integral part of this statement of financial position.

Approved by the Board and authorised for issue by:



V Ebbon

Director

Date: 13-10-2020

PPHE SUPPORT SERVICES LIMITED

Company number: 11092400

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | Share Capital £'000 | Retained Profit £'000 | Total £'000 |
|---|------------------------------------|--------------------------------------|------------------------|
| As at 1 December 2017 | - | - | - |
| Loss for the period | - | (88) | (88) |
| Other comprehensive income for the period | - | - | - |
| Total comprehensive loss for the period | - | (88) | (88) |
| As at 31 December 2018 | - | (88) | (88) |
| Profit for the year | - | 156 | 156 |
| Other comprehensive income for the period | - | - | - |
| Total comprehensive income for the period | - | 156 | 156 |
| As at 31 December 2019 | - | 68 | 68 |

PPHE SUPPORT SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

PPHE Support Services Limited is a Company incorporated in the United Kingdom under the Companies Act. The nature of the Company's operations and its principal activities are set out in the Directors Report on pages 4 and 5. The address of the Company's registered office is set out on page 1.

The Company is an immediate subsidiary of Park Plaza Hotels (UK) Services Limited and the ultimate parent is PPHE Hotel Group Limited, incorporated in Guernsey.

2. Accounting policies

Basis of preparation

The financial statements of PPHE Support Services Limited have been prepared in accordance with International Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The recognition, measurement and disclosure requirements (except for certain disclosure exemptions detailed below) of Financial Reporting Standards as adopted by the EU (EU-adopted IFRSs) have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008/410 ('Regulations').

The financial statements have been prepared on the historical cost basis. The principal accounting policies set out below have been consistently applied to all periods presented.

Going concern

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

As at 31 December 2019 the company's assets exceeded liabilities by £68k (2018: Liability of £88k). The directors have reviewed detailed business plans and cash flow projections to 31 December 2020 and believe that the company has sufficient cash resources to cover both working capital and capital expenditure requirements. The ultimate parent company and its subsidiaries have declared that they do not intend to call in any balances owed to them for a period of at least 12 months from the date of signing the financial statements. Please see Note 19 for further details.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS101 paragraph 8:

- (i) The requirement of IFRS 7 'Financial Instruments : Disclosures' relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;
- (ii) The applicable requirements of IAS 36 'Impairment of Assets' relating to the disclosures of estimates used to measure recoverable amounts;
- (iii) The applicable requirements of IAS 1 'Presentation of Financial Statements' relating to the disclosure of comparative information in respect of the number of shares outstanding at the beginning and end of the period (IAS 1.79a, iv), the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73e) and the reconciliation of the carrying amount of intangible assets (IAS 18.118e);
- (iv) The requirement of IAS 1 'Presentation of Financial Statements' paragraph 10(d), the requirements to make an explicit and unreserved statement of compliance with IFRS;
- (v) The requirements of IAS 1 'Presentation of Financial Statements' paragraphs 38A to 40D relating to disclosures of comparative information;
- (vi) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives;
- (vii) The requirements of IAS 7 'Statement of Cash Flows' and IAS 1 'Presentation of Financial Statements' paragraph 10(d), 111 relating to the presentation of a Cash Flow Statement;
- (viii) The requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31 relating to the disclosure of standards, amendments and interpretations in issue but not yet effective; and
- (ix) The requirements of IAS 24 'Related Party Disclosures' paragraph 17 relating to the disclosure of key management personnel compensation and relating to the disclosure of related party transactions entered into between the Company and other wholly-owned subsidiaries of the group.

For the disclosure exemptions listed in points i to ii, the equivalent disclosures are included in the consolidated financial statements of the PPHE Hotel Group Limited which the Company is consolidated into and that are publicly available from www.pphe.com

PPHE SUPPORT SERVICES LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****2. Accounting policies (continued)****Standards, amendments and interpretations adopted in the current financial year ended 31 December 2019**

None of the new standards, interpretations and amendments effective for the first time from 1 January 2019, have had a material effect on the financial statements.

| | EU effective date – periods beginning on or after* | Non-EU effective date – periods beginning on or after |
|--|---|--|
| IAS 19 <i>Employee Benefits</i> : Amendment in relation to plan amendment, curtailment or settlement | 1 January 2019 | 1 January 2019 |
| IAS 28 <i>Investments in Associates and Joint Ventures</i> : Amendment in relation to Long-term interests in Associates and Joint Ventures | 1 January 2019 | 1 January 2019 |
| IFRS 9 <i>Financial Instruments</i> : Amendment in relation to Prepayment features with negative compensation | 1 January 2019 | 1 January 2019 |
| IFRS 16 <i>Leases</i> | 1 January 2019 | 1 January 2019 |
| Annual Improvements to IFRSs (2015 - 2017) | 1 January 2019 | 1 January 2019 |
| IFRIC 23 <i>Uncertainty over Income Tax Treatments</i> | 1 January 2019 | 1 January 2019 |

Standards, amendments and interpretations in issue but not yet effective

The directors are currently assessing the impact of adopting the new standards and interpretations noted below.

| | EU effective date – periods beginning on or after | Non-EU effective date – periods beginning on or after |
|---|--|--|
| Amendments to IAS 1 and IAS 8: Definition of Material | 1 January 2020 | 1 January 2020 |
| Amendment to IFRS 3 Business Combinations: Definition of a Business | 1 January 2020 | 1 January 2020 |

PPHE SUPPORT SERVICES LIMITED

Company number: 11092400

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****2. Accounting policies (continued)****Standards, amendments and interpretations in issue but not yet effective (continued)**

| | | |
|--|----------------|----------------|
| IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures (Amendments): Interest Rate Benchmark Reform | 1 January 2020 | 1 January 2020 |
| Conceptual Framework (Amendment): Amendments to References to the Conceptual Framework in IFRS Standards | 1 January 2020 | 1 January 2020 |
| IFRS 17 Insurance Contracts | 1 January 2021 | 1 January 2021 |

Revenue recognition

Turnover represents the amounts invoiced, excluding value added tax, in respect of services provided to the hotels. All of the revenue is derived from UK operations.

Functional currency

The functional currency of the Company is GBP sterling, the currency in which the majority of the Company's transactions are denominated, and all values are rounded to the nearest thousand (£'000), except where otherwise indicated.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into Sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the profit and loss account.

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Company number: 11092400

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

Taxation

Current and deferred tax charges are recognised in the profit and loss, except where the tax charge relates to items which are recognised directly in equity or other comprehensive income.

Current tax comprises the expected tax payable or receivable in respect of taxable profits or losses in the period plus any prior period adjustments. It is measured using the UK tax rates and laws enacted or substantially enacted at the reporting date.

Deferred taxation is provided in respect of temporary timing differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxation is measured on a non-discounted basis, using the UK tax rates and laws that are enacted or substantially enacted at the reporting date and are expected to apply in the periods in which the timing differences are expected to reverse.

Deferred tax assets are recognised only to the extent that it is probable that there will be sufficient future taxable profits against which it can be utilised.

Deferred tax assets and liabilities are off set when there is a legally enforceable right to do so, when they relate to income taxation by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Tangible fixed assets are shown at historical cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost, net of anticipated disposal proceeds, of each asset on a straight-line basis over its expected useful life, as follows:

| | |
|-------------------------|---------|
| Furniture and Equipment | 7 years |
| Computer Equipment | 3 years |

Financial instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument.

PPHE SUPPORT SERVICES LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)
Financial assets

The Company classifies its financial assets as trade and other receivables. Classification of financial assets depends on the purpose for which the financial assets are required. The Company determines the classification of its financial assets at initial recognition.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and subsequently measured at amortised cost. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are recognised as financial assets. They comprise cash held by the Group and short term bank deposits with an original maturity date of three months or less.

Financial liabilities

The Company classifies its financial liabilities as trade and other payables. Classification of financial liabilities depends on the purpose for which the financial liabilities are required. The Company determines the classification of its financial liabilities at initial recognition.

Trade payables

Trade payables are initially recognised as financial liabilities measured at fair value, and subsequent to initial recognition measured at amortised cost.

Bank borrowings

Interest bearing bank loans, overdrafts and other loans are recognised as financial liabilities and recorded at fair value, net of direct issue costs. Finance costs are accounted for on the accruals basis in the income statement using the effective interest rate.

PPHE SUPPORT SERVICES LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****3. Critical accounting judgements and key sources of estimation uncertainty**

The Company's significant accounting policies are outlined in note 2 to the financial statements. No other significant accounting policies require the directors to make difficult, subjective or complex judgements or estimates.

4. Revenue

An analysis of the Company's revenue is as follows:

| | 2019 £'000 | 2018 £'000 |
|---------------------------------|---------------|---------------|
| Revenue from the United Kingdom | <u>11,423</u> | <u>6,294</u> |

5. Staff costs

| | 2019 £'000 | 2018 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 9,703 | 5,712 |
| Social security costs | 761 | 431 |
| Pension costs | 126 | 48 |
| | <u>10,590</u> | <u>6,191</u> |

The average monthly number of employees during the year was:

| | 2019 Number | 2018 Number |
|--------------------|----------------|----------------|
| Management & Admin | 27 | 4 |
| Accommodation | 574 | 542 |
| | <u>601</u> | <u>546</u> |

The company operates a defined contribution scheme for employees. The assets of the scheme are held in a separate trustee administered fund. The pension costs charge represents contributions payable by the company to the fund amounting to £125,895 (2018: £47,859). There were no outstanding contributions at the year-end (2018: £nil).

6. Directors' emoluments

The Company's directors did not receive any emoluments during the period in respect of their services to the company (2018: £nil).

PPHE SUPPORT SERVICES LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****7. Operating profit/(loss)**

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Depreciation | 28 | 18 |
| Auditors remuneration – audit | 5 | 7 |
| Auditors remuneration – other services | - | 1 |

Audit fees have been borne by a fellow group company, Park Plaza Hotels (UK) Services Limited.

8. Interest receivable and similar income

| | 2019 £'000 | 2018 £'000 |
|---------------|---------------|---------------|
| Bank interest | <u>1</u> | <u>1</u> |

9. Taxation

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Current tax expense | - | - |
| In respect of prior period | <u>-</u> | <u>-</u> |
| Deferred tax expense | <u>-</u> | <u>-</u> |
| Total income tax charge in the statement of total comprehensive income | <u>-</u> | <u>-</u> |

Factors affecting tax charge for the current year

The tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK: 19% (2018: 19%)

| | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| Reconciliation of effective tax rate | | |
| Profit/(loss) before tax | <u>156</u> | <u>(88)</u> |
| Tax at the applicable tax rate of 19% | 30 | (17) |
| Unrelieved tax losses | (30) | 17 |
| Total income tax expense | <u>-</u> | <u>-</u> |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****10. Tangible Fixed Assets**

| | Furniture and Equipment | Computer Equipment | Total |
|-----------------------|--|-------------------------------|--------------|
| | £'000 | £'000 | £'000 |
| Costs | | | |
| At 1 January 2019 | 159 | 16 | 175 |
| Additions | - | 8 | 8 |
| At 31 December 2019 | <u>159</u> | <u>24</u> | <u>183</u> |
| Depreciation | | | |
| At 1 January 2019 | 15 | 3 | 18 |
| Charge for the year | 23 | 5 | 28 |
| At 31 December 2019 | <u>38</u> | <u>8</u> | <u>46</u> |
| Net book value | | | |
| At 31 December 2019 | <u>121</u> | <u>16</u> | <u>137</u> |
| At 31 December 2018 | <u>144</u> | <u>13</u> | <u>157</u> |

11. Trade and other receivables

| | 2019 | 2018 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Trade receivables | 46 | 36 |
| Amounts due from related party undertakings | 1,268 | 683 |
| Prepayments and accrued income | 4 | 3 |
| | <u>1,318</u> | <u>722</u> |

All amounts fall due within one year.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****12. Trade and other payables**

| | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| Trade payables | 3 | 1 |
| Amounts due to related party undertakings | 691 | 94 |
| Taxation and social security costs | 864 | 699 |
| Accruals and deferred income | 113 | 78 |
| | <u>1,671</u> | <u>872</u> |

13. Long term creditor

| | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| Amounts due to related party undertakings | - | 300 |
| | <u>-</u> | <u>300</u> |

14. Share capital

| | 2019 £ | 2018 £ |
|--|------------|------------|
| Authorised, allotted, called up and fully paid: | | |
| 100 Ordinary shares (2018:£100) of £1 each | <u>100</u> | <u>100</u> |

The Company has one class of ordinary shares which carry no right to fixed income.

15. Equity

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Share capital | - | - |
| Retained profit/(loss) for the year/period | <u>68</u> | <u>(88)</u> |
| | <u>68</u> | <u>(88)</u> |

Retained profit/(loss)

Retained profit/(loss) represents accumulated comprehensive profit/(loss) for the year/period.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****16. Capital commitments**

At 31 December 2019 and 31 December 2018 the Company had no capital commitments.

17. Related parties

The Company has taken advantage of the exemption under IAS 24, "Related Party Disclosures", not to disclose transactions with group undertakings as it is a subsidiary undertaking which is 100% controlled by the ultimate parent undertaking.

For the year-ended 31 December 2018 the Company had the following transactions with other subsidiaries of PPHE Hotel Group Limited that are not 100% owned.

| Related Party | Creditors | | Debtors | | Revenue | | Purchases | |
|------------------------|-----------|-------|---------|-------|---------|-------|-----------|-------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Park Plaza County Hall | - | - | 46 | - | 82 | - | - | - |

18. Control

The company's immediate parent is Park Plaza Hotels (UK) Services Limited and ultimate parent undertaking was PPHE Hotel Group Limited, a company registered in Guernsey.

The company's ultimate undertaking was PPHE Hotel Group Limited, a company registered in Guernsey. Copies of the consolidated financial statements of PPHE Hotel Group Limited are available to the public on the Company's website at www.pphe.com.

19. Subsequent Events

At the beginning of 2020, the Covid-19 virus spread rapidly many countries across the globe, including the UK. Many countries dealt with the rapid outbreak of the virus in various ways, mainly by imposing a partial or complete lockdown on the population, closing businesses, social distancing and significantly reducing movement between countries which resulted in very material damage to the Company's ongoing activities.

To further protect the balance sheet position and significantly reduce cash outflow during this challenging period, the Company has taken a number of exceptional measures, which are outlined below.

- The Company's largest fixed expense is its payroll costs and various measures are being taken to significantly reduce payroll, including furlough of the majority of employees, halting of contract labour, shortening of working hours and temporary progressive salary reductions. These reductions shall be reviewed on a rolling basis. In addition, the Company is utilising the Job Retention Scheme and as business continues to pick up, the Company will make use of the flexible furlough scheme to bring employees back to work, whilst managing payroll costs.

PPHE SUPPORT SERVICES LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

19. Subsequent Events (continued)

- The Company has deferred its 2019 discretionary staff incentive payments, and will reconsider such payments, if appropriate, in due course.
- The Company also benefits the business rates' holiday in the UK from 1 April 2020 until 31 March 2021 and made arrangement to defer its VAT and PAYE payment.

It should be noted that a material part of the Company's expense base is variable and reduces in line with the reduced capacity of the business, including cost of sales, which reduce in line with the revenue decline.

The directors have reviewed the cash flow forecast of the Company until 31 December 2021 which was prepared under the assumption that the hotels within the group will reopen during 2020 and increase performance over 2020 and 2021. According to this cash flow forecast, the Company will return to a positive cash generating position and is expected to generate sufficient cash in the period of twelve month from the date of this report in order to meet its financial indebtedness.

Should business not reach expected levels within the following 12 months, the Company would explore further measures to reduce expenditure including: conditional relief on building associated costs, arranging further payment terms with suppliers and statutory bodies, and reviewing its internal structure.

The Company's directors believes that actions described above together with the cash flow forecast, will enable the Company to meet all its liabilities in the next twelve months from the date of this report.