

F&A HOTELS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2021

Company No: 11391899



F&A HOTELS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

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F&A HOTELS LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 AUGUST 2021

Company registration number:	11391899
Registered office:	Jubilee House 7-9 The Oaks Ruislip Middlesex HA4 7LF
Directors:	Amirali H M Janmohamed Alim A Janmohamed
Secretary:	Alim A Janmohamed
Bankers:	HSBC Bank Plc 69 Pall Mall London SW1Y 5EZ
Solicitors:	ReedSmith LLP The Broadgate Tower 20 Primrose Street London EC2A 2RS
Auditor:	Grant Thornton UK LLP Chartered Accountants 30 Finsbury Square London EC2A 1AG

F&A HOTELS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 AUGUST 2021

The directors present their report and audited financial statements for the year ended 31 August 2021.

Results and dividends

There was a loss for the year after taxation amounting to £1,957,189 (2020: £1,627,549).

The directors do not recommend payment of a dividend for the year under review (2020: £nil).

Directors

The directors in office during the year are listed below:

Amirali H M Janmohamed
Alim A Janmohamed

Directors' responsibilities for the financial statements

The directors are responsible for preparing the Strategic Report, Report of the Directors 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs and of the loss of the group and company for that period. In preparing these financial statements the directors are required to:

- * select suitable accounting policies for the group and company's financial statements 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 and group will continue in business. The going concern basis for the preparation of the attached financial statements has been considered by the directors and is set out within accounting policies in note 2.

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 group 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 group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

F&A HOTELS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 AUGUST 2021 (continued)

Directors' responsibilities for the financial statements (continued)

The directors confirm that:

- * So far as each director is aware there is no relevant audit information of which the company and group's auditor is unaware; and
- * the directors have taken all 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 and the group's auditor is aware of that information.

Donations

No charitable or political donations were paid in either year by the group.

Disabled employees

As an equal opportunity employer, it is the group's policy to give full and fair consideration to every application for employment from disabled persons, bearing in mind the abilities and aptitudes of the applicants in relation to available vacancies. Where existing employees become disabled, their services will be retained wherever practicable. It is the policy of the company that retraining, career development and promotion opportunities should be available to all employees.

Employee involvement

The directors consider that the involvement of employees is important to the success of the group. Employees are regularly informed of the group's performance and progress at both formal and informal meetings.


Future developments and financial risk management

In accordance with s414C(11) of the Companies Act, the Directors have disclosed future developments for the group and company and financial risk management for the group and company in the strategic report.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Companies Act 2006.

This report was approved by the Board of Directors and signed by.



A A Janmohamed

Company Director

30th May 2022

F&A HOTELS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2021

Principal activities

The principal activity of the group is the provision of guest accommodation services, operating six hotels in the London area. The company does not trade and acts as a holding company only.

Review of the business

The group accounts consolidate the accounts of the company and each of the subsidiary companies detailed in note 12 to the financial statements.

The group revenue was £1.9m for the year ending August 2021. The advent of the Covid-19 pandemic in 2020 necessitated a comprehensive change in strategy to focus on cost reduction, cash flow protection and safe working.

The group has sought to minimise supply chain pressures and labour shortages by diversifying and identifying low risk suppliers and maintaining all key staff.

Despite the challenges of Covid-19, the desire to travel for business and leisure remains strong and the group is beginning to see the recovery of the market, evidenced by resilient and increasing numbers of forward bookings.

The main Key Performance Indicators which are used by management to monitor performance are occupancy levels and average daily rates.

The principal risks and uncertainties per Companies Act requirement facing the business is the ongoing Covid-19 pandemic and fluctuating requirements for entry into the UK and other countries disrupting international travel. The risk of future domestic lockdowns is subsiding but still prevalent.

The financial position of the group and company, its cash flows and liquidity position, are shown in the balance sheet, cash flow statement and subsequent notes.

The directors have assessed working capital requirements and capital expenditure plans over the next twelve months and, taking into consideration measures introduced in the light of the pandemic to preserve cash and control costs and the fact that the forecast period indicates there being sufficient financial resources available, the directors believe that the group and company is in a position to manage their business risks successfully despite the current economic climate and the prevailing situation.

Financial risk management objectives and policies

The group and company use a variety of financial instruments, including cash, loans, inter-company debt and trade creditors that arise directly from operations. The main purpose of these financial instruments is to provide working capital for the group and company's operations.

The directors consider the main risks arising from the group and company's financial instruments to be interest rate risk and liquidity risk and therefore set and review policies for managing these risks.

F&A HOTELS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2021 (continued)

Future developments

Despite the severe impact of Covid-19 on the London Hotel Market, F&A hotels have adapted to the adjusted environment and are well positioned as the recovery occurs. Some feasibility studies have been carried out for refurbishment of certain hotels within the group, but there are no definite plans at this stage pending a clearer picture of the economic outlook and costs involved.

Interest rate risk

The group finances its operations through a combination of bank loans and overdrafts and the directors have decided that it is in the group's best interest to agree floating rate interest charges. Inter-company debt is interest free and considered to be payable on demand.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely. Cash is monitored on a weekly basis and funding is secured for significant new acquisitions before any commitment is made.

Fixed assets and investments

The movements in the group's fixed assets and investments during the year are set out in notes 10 to 12.

Supplier payment policy

The group's policy is to pay amounts as they fall due on confirmation of goods and services provided.

This report was approved by the Board of Directors and signed on their behalf.



A A Janmohamed

Company Director

30th May 2022

Opinion

We have audited the financial statements of F&A Hotels Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2021, which comprise Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- * true and fair view of the state of the group's and of the parent company's affairs as at 31 August 2021 and of the group's loss for the year then ended;
- * have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- * have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which indicates that there is a risk that future loan covenants may not be met during the going concern period. If renegotiation of a revised covenant agreement is not agreed with the bank, it could result in the bank loans being due upon demand. As stated in note 2 these events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group and 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 director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

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.

F&A HOTELS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF F&A HOTELS LIMITED (CONTINUED)

Other information (continued)

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.

Matter on which we are required to report under the Companies Act 2006

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.

Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- * the parent company 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 for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- * We obtained an understanding of how the group is complying with the legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes (where available) and review of legal and professional fees incurred in the year;
- * We obtained an understanding of the legal and regulatory frameworks that are applicable to the and determined that the most significant in the context of the company are those related to the financial reporting framework being FRS 102 and the Companies Act 2006;
- * In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statement and those laws and regulations relating to health and safety, employee matters, environmental, and bribery and corruption practices;
- * We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. Our audit procedures performed by the engagement team included:
 - obtaining an understanding of the design and implementation of controls that management has in place to prevent and detect fraud;
 - journal entry testing, with a focus on material manual journals, including those with unusual account combinations; and
 - challenging assumptions and judgements made by management in its significant accounting estimates; and
 - testing the completeness of the groups related party transactions.
- * In addition, we completed audit procedures to conclude on the compliance of disclosures in the report and accounts with the applicable financial reporting framework requirements;
- * These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- * The engagement Director assessed whether the engagement team collectively had the appropriate competence and capabilities to identify and recognise non-compliance with laws and regulations through assessment of the teams's:
 - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation; and
 - knowledge of the industry in which the group operates; and
 - understanding of the legal and regulatory requirements specific to the group, including the provisions of the applicable legislation.

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.

Grant Thornton UK LLP

Krishan Sivathondan BSc(Hons) FCA

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

LONDON

30th May 2022

F&A HOTELS LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021	2020
		£	£
Turnover	3	1,905,809	4,529,184
Cost of sales		<u>(123,079)</u>	<u>(272,911)</u>
Gross profit		1,782,730	4,256,273
Other operating income	5	560,788	348,276
Other operating costs		<u>(3,458,119)</u>	<u>(4,941,614)</u>
Operating loss		(1,114,601)	(337,065)
Other interest receivable and similar income	6	10,676	13,293
Interest payable and similar charges	7	<u>(980,873)</u>	<u>(1,338,168)</u>
Loss on ordinary activities before taxation	3	(2,084,798)	(1,661,940)
Tax on loss on ordinary activities	8	<u>127,609</u>	<u>34,391</u>
Loss for the financial year		<u><u>(1,957,189)</u></u>	<u><u>(1,627,549)</u></u>
Attributable to owners of the parent company		(1,802,632)	(1,516,551)
Attributable to non-controlling interests		<u><u>(154,557)</u></u>	<u><u>(110,998)</u></u>

All transactions arise from continuing operations.

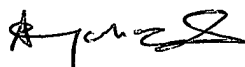
There were no recognised gains or losses other than the loss for the year.

The accompanying accounting policies and notes on pages 15 to 29 form an integral part of these financial statements.

F&A HOTELS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 AUGUST 2021

	Note	2021		2020	
		£	£	£	£
Fixed assets					
Tangible assets	10		29,735,082		30,573,722
Intangible assets	11		<u>2,656,105</u>		<u>3,026,725</u>
			32,391,187		33,600,447
Current assets					
Stocks	13	1,687		3,396	
Debtors falling due within one year	14	5,204,250		4,905,356	
Cash at bank and in hand	15	<u>1,385,041</u>		<u>432,349</u>	
		6,590,978		5,341,101	
Creditors: amounts falling due within one year	16	<u>(4,428,217)</u>		<u>(4,191,546)</u>	
Net current assets			<u>2,162,761</u>		<u>1,149,555</u>
Total assets less current liabilities			34,553,948		34,750,002
Creditors: amounts falling due after more than one year	17		(39,126,003)		(37,358,218)
Provision for liabilities	18		<u>(500)</u>		<u>(7,150)</u>
Net liabilities			<u>(4,572,555)</u>		<u>(2,615,366)</u>
Equity					
Share capital	20		517		517
Merger reserve			155		155
Retained earnings			<u>(4,294,093)</u>		<u>(2,491,461)</u>
Equity attributable to owners of the parent company			<u>(4,293,421)</u>		<u>(2,490,789)</u>
Non-controlling interest			<u>(279,134)</u>		<u>(124,577)</u>
Shareholders' deficit			<u>(4,572,555)</u>		<u>(2,615,366)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30th May 2022 and signed on their behalf by:



A A Janmohamed

Director

The accompanying accounting policies and notes on pages 15 to 29 form an integral part of these financial statements.

F&A HOTELS LIMITED
Company no. 11391899

COMPANY STATEMENT OF FINANCIAL POSITION AT 31 AUGUST 2021

	Note	2021	2020
		£	£
Fixed assets			
Investment in subsidiaries	12	5,040,396	5,040,396
Current assets			
Debtors falling due within one year	14	-	-
Debtors falling due after more than one year	14	35,088,596	33,895,697
Cash at bank and in hand	15	887,213	1,000
		<u>35,975,809</u>	<u>33,896,697</u>
Creditors: amounts falling due within one year	16	<u>(1,889,685)</u>	<u>(1,606,249)</u>
Net current assets		<u>34,086,124</u>	<u>32,290,448</u>
Total assets less current liabilities		39,126,520	37,330,844
Creditors: amounts falling due after more than one year	17	<u>(39,126,003)</u>	<u>(37,330,327)</u>
Total assets less current liabilities		<u>517</u>	<u>517</u>
Equity			
Share capital	20	517	517
Retained earnings		-	-
Shareholders' funds		<u>517</u>	<u>517</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30th May 2022 and signed on their behalf by:



A A Janmohamed

Director

The accompanying accounting policies and notes on pages 15 to 29 form an integral part of these financial statements.

F&A HOTELS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Called up share capital	Merger reserve	Profit and loss account	Equity attributable to the owners of the parent company	Non- controlling interest	Total
	£	£	£	£	£	£
At 1 September 2019	517	155	(974,910)	(974,238)	(13,579)	(987,817)
Loss for the year	-	-	(1,516,551)	(1,516,551)	(110,998)	(1,627,549)
At 31 August 2020	517	155	(2,491,461)	(2,490,789)	(124,577)	(2,615,366)
Loss for the year	-	-	(1,802,632)	(1,802,632)	(154,557)	(1,957,189)
At 31 August 2021	517	155	(4,294,093)	(4,293,421)	(279,134)	(4,572,555)

F&A HOTELS LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY**

	Called up share capital	Profit and loss account	Total
	£	£	£
At 1 September 2019	517	-	517
Profit and loss	-	-	-
At 31 August 2020	517	-	517
Profit and loss	-	-	-
At 31 August 2021	517	-	517

F&A HOTELS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021	2020
		£	£
Cash flows from operating activities			
Loss after tax for the year		(1,957,189)	(1,627,549)
Adjustments for			
Amortisation of intangible assets	11	370,620	370,620
Depreciation of tangible assets	10	838,640	909,303
Interest paid	7	980,873	1,338,168
Interest received	6	(10,676)	(13,293)
Taxation on loss	8	(127,609)	(34,391)
Decrease in stock		1,709	189
(Increase)/decrease in debtors	14	(298,894)	428,700
Increase/(decrease) in creditors	16	140,577	(8,966,256)
		<u>(61,949)</u>	<u>(7,594,509)</u>
Corporation tax paid		<u>(53,448)</u>	<u>(83,981)</u>
Net cash used in operating activities		<u>(115,397)</u>	<u>(7,678,490)</u>
Cash flows from investing activities			
Purchase/(refunds) of tangible assets		-	(16,445)
Interest received	6	<u>10,676</u>	<u>13,293</u>
Net cash generated from/(used in) investing activities		<u>10,676</u>	<u>(3,152)</u>
Cash flows from financing activities			
Receipt of bank loans		2,500,000	38,017,827
Repayment of bank loans		(454,324)	(31,252,229)
Repayment of HP and finance lease obligations		(7,390)	(12,188)
Interest paid	7	<u>(980,873)</u>	<u>(1,338,168)</u>
Net cash generated from financing activities		<u>1,057,413</u>	<u>5,415,242</u>
Net increase/(decrease) in cash and cash equivalents		952,692	(2,266,400)
Cash and cash equivalents brought forward	15	<u>432,349</u>	<u>2,698,749</u>
Cash and cash equivalents carried forward	22	<u><u>1,385,041</u></u>	<u><u>432,349</u></u>
Cash and cash equivalents at the end of the period comprise:			
Cash at bank and in hand	22	<u><u>1,385,041</u></u>	<u><u>432,349</u></u>

The accompanying accounting policies and notes on pages 15 to 29 form an integral part of these financial statements.

The company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under paragraph 1.12(b) of FRS 102 not to present the company statement of cash flows.

F&A HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1 GENERAL INFORMATION

F&A Hotels Limited is a private company limited by shares incorporated in England. The registered office is Jubilee House, 7-9 The Oaks, Ruislip, Middlesex HA4 7LF.

2 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The group's functional and presentational currency is in sterling (£). The financial statements are rounded to the nearest £1.

The group financial statements consolidate the financial statements of F&A Hotels Limited and its subsidiary undertakings listed under note 12 and which are drawn up to 31st August each year.

The company has taken advantage of the following exemptions in its individual financial statements:

- * from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows;
- * from the financial instrument disclosures, required under FRS 102 paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A, as the information is provided in the consolidated financial statement disclosures;
- * from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.
- * from presenting its company profit and loss account under section 408 of the Companies Act 2006.

All intra-group transactions and balances are eliminated on consolidation.

Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying its accounting policies, the group is required to make certain estimates, judgements and assumptions based on the information available. These judgements, estimates and assumptions affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting periods presented.

On an ongoing basis the group evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give to the revision become known.

The directors do not consider there to be any critical estimates and judgements in these financial statements.

Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure. Government grants include furlough income received in the year.

2 ACCOUNTING POLICIES (continued)

Business combinations and impairment of intangible assets

The recognition of business combinations requires the excess of the purchase price of acquisitions over the net book value of assets acquired to be allocated to the assets and liabilities of the acquired entity. The group makes judgements and estimates in relation to the fair value allocation of the purchase price. Any unallocated portion, whether positive or negative, is recognised on the Statement of financial position as goodwill or negative goodwill respectively.

The amount of goodwill initially recognised as a result of a business combination is dependant on the allocation of the purchase price to the fair value of the identifiable assets acquired, including intangible assets, and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement.

For an intangible to be recognised it has to be legally and contractually separable.

The group tests, when there are indications of impairment, whether goodwill has suffered any impairment, in accordance with its accounting policies. The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of estimates.

Key assumptions in the budgets and plans include anticipated future revenue and pricing. These assumptions are based on historical data and future expectations.

The directors have concluded that the carrying value of the goodwill should be amortised over a period of 10 years.

Related party receivables

Management applies judgement in evaluating the recoverability of the receivables. To the extent that the directors believe related party receivables will not be recoverable, they have been provided for in the financial statements. The group discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the group financial statements.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position have been considered in depth as part of the preparation of the statements and the Directors' assessment of the group's ability to continue as a going concern.

The principal activity of the group is the provision of guest accommodation services, operating six hotels in the London area. The company does not trade and acts as a holding company only. The financial position of the group, its cash flows, liquidity position and borrowing facilities are described in these financial statements.

The measures that were introduced following the advent of Covid-19 to minimise risks and preserve cash by maintaining its usual tightly controlled management of costs alongside introducing various cash saving actions such as cutting all non-essential operating expenditure have been continued. During the periods of lock down the group was restricted to servicing the needs of key workers, essential travel and available contracts for temporary accommodation.

The ongoing impact of Covid-19 has been carefully considered in budget and cash flow projections which have been based on current market conditions. The group has sufficient headroom on its banking facilities for at least the next 12 months from the date of approval of the balance sheet. Further comfort is given, due to current trading outperforming its forecast.

2 ACCOUNTING POLICIES (continued)**Liquidity assessment**

In assessing the going concern assumptions, the Board has undertaken a rigorous assessment of the forecast outturns and assessed identified downside risks and mitigating actions. The downside risks include a severe but plausible downside scenario incorporating underperformance against the business plan, execution risk and possible further lockdown and the impact of these on forecast occupancy. The broader political and economic uncertainty coupled with the potential future impact on the Group of the recent COVID-19 outbreak has been factored into the scenarios considered as part of the Group's adoption of the going concern basis. In the Group's severe but plausible downside scenario, the Group is forecast to have sufficient resources to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and for each scenario, cost saving actions were not instigated as part of the analysis. If these adverse scenarios were to occur, controllable mitigating actions are available to the Group should they be required. As an additional provision, the Directors also reviewed the results of a reverse stress test on liquidity performed on the level of occupancy and consider the likelihood of this scenario as highly remote. The group is confident in managing any financial risk by ensuring sufficient liquidity is available to meet foreseeable needs through its support available.

Covenant assessment

Due to Covid-19, in March 2021 the group obtained a waiver for some of its covenants and renegotiated a new, temporary covenant with the bank following a refinancing in October 2019 and strongly believes in the positive outcome of ongoing negotiations to extend the revised covenant which expired in February 2022.

The base case forecast indicates that whilst the market still recovers, there is a risk that future covenants may not be met. Whilst ongoing discussions and historic arrangements provide confidence going forward, this gives rise to a material uncertainty, as defined in auditing and accounting standards related to events or conditions that may cast significant doubt on an entity's ability to continue as a going concern and, in such circumstances, the entity and its group may therefore be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors have determined that the actions taken are sufficient to mitigate the uncertainty and have therefore prepared the financial statements on a going concern basis.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding value added tax and other sales taxes.

Revenue

Revenue is recognised when all of the following conditions are satisfied.

- * the amount of revenue can be measured reliably;
- * it is probable that the group will receive the consideration due under the transaction; and
- * the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Other operating income

Other operating income is recognised in the period to which it relates or when received if no specific period is applicable.

Tangible fixed assets

Tangible fixed assets under the cost model 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.

F&A HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

2 ACCOUNTING POLICIES (continued)

Tangible fixed assets (continued)

Depreciation is calculated to write down the cost or valuation of all tangible fixed assets other than freehold land over their expected useful lives. The rates generally applicable are:

Freehold premises	- 50 years
Plant and machinery	- 10% straight line
Fixtures, fittings and equipment	- 10 - 20% straight line
Motor vehicles	- 10% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. In cases where there is no residual value anticipated, the assets are depreciated to nil.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

Investments

Investments in the company's subsidiary undertakings are stated at cost less any provision for impairment.

Other investments are stated at cost less provision for impairment based on available financial information and the directors' assessment of recoverability.

Tangible assets other than goodwill

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. All intangible assets are considered to have a finite useful life. If a reliable estimate of this useful life cannot be made, the useful life shall not exceed ten years.

Tangible assets - goodwill

Goodwill represents the difference between amounts paid for acquisitions and the acquirer's interest in the fair value of identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis on average over 10 years to the statement of comprehensive income, being, in the opinion of the directors, its useful economic life.

Impairment of goodwill

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered impairment loss. If there is an indication of possible impairment, the irrecoverable amount of any affected asset is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit and loss.

Stocks

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

At each balance sheet date, stocks are measured for impairment. If stock is impaired, the carrying amount is reduced to the selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2 ACCOUNTING POLICIES (continued)

Debtors

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

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Short term trade creditors are measured at 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.

Finance costs

Finance costs are charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the statement of financial position and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the statement of comprehensive income over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the statement of comprehensive income on a straight line basis over the lease term.

Operating leases

Rentals payable under operating leases are charged to profit and loss account on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable or payable, are initially measured at present value of the future cash flows 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 the cash or other 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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at 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.

2 ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets that are measured at cost and amortised cost 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 Statement of comprehensive income.

For financial assets that are measured at amortised cost, the impairment loss is measured at the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest 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 group would receive for the asset if it were to be sold at the balance sheet date.

Basic financial liabilities, including creditors, 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 payable within one year are not amortised.

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.

Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in sundry creditors as a liability. The assets of the plan are held separately from the group in independently administered funds.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Income statement, except that a charge attributable to an item of income and 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 group operates and generates income.

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

- * 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; and
- * Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

2 ACCOUNTING POLICIES (continued)

Current and deferred taxation (continued)

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 difference between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using the tax rates that have been enacted or substantively enacted by the reporting date.

Holiday pay accrual

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward at the accounting date. The provision is measured at the salary cost payable for the period of absence.

Provisions for liabilities

Provisions are assessed by reference to available data and best estimates at the time of the preparation of the financial statements. Any variances will be adjusted in the accounting period in which the actual amounts become known.

3 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and results have been derived from the operations of the group within the UK and are attributable to the principal activity of guest accommodation services. Additional food and beverage facilities are available. The amount of revenue for food and beverage is not material in the current and prior year.

Operating profit is stated after:	2021	2020
	£	£
Auditor's remuneration:		
- audit of Group and parent company accounts	52,000	84,500
- non audit services	-	15,000
Depreciation of tangible fixed assets, owned	833,264	903,927
Depreciation of tangible fixed assets, held under hire purchase	5,376	5,376
Amortisation of goodwill	370,620	370,620

4 DIRECTORS AND EMPLOYEES

	2021	2020
	£	£
Staff costs during the year amounted to:		
Wages and salaries	1,161,514	1,529,605
Social security costs	97,870	125,684
Pension contributions	19,226	25,356
	1,278,610	1,680,645

The directors received no remuneration during the year (2020: £Nil) in respect of services rendered to the group. The value ascribed to qualifying services in 2021 was nil (2020: £nil).

	2021	2020
	Number	Number
The average number of employees of the group during the year	55	81

There are no employees of the parent company (2020: nil).

F&A HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

5 OTHER OPERATING INCOME	2021	2020
	£	£
Government and local authority grants	560,788	302,463
Insurance claim	-	45,813
	<u>560,788</u>	<u>348,276</u>
6 INTEREST RECEIVABLE AND SIMILAR INCOME	2021	2020
	£	£
Interest from related parties	10,676	12,928
Other interest received	-	365
	<u>10,676</u>	<u>13,293</u>
7 INTEREST PAYABLE AND SIMILAR CHARGES	2021	2020
	£	£
Interest on bank loans and overdrafts	958,463	1,150,532
Interest on related party loans	18,119	184,690
Other	4,291	2,946
	<u>980,873</u>	<u>1,338,168</u>

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the results for the year and represents:	2021	2020
	£	£
Corporation tax @ 19% (2020: 19%)	(120,959)	(28,691)
Deferred taxation credit	(6,650)	(5,700)
	<u>(127,609)</u>	<u>(34,391)</u>

In March 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. This new law was substantively enacted after the Finance Bill 2021 third reading on 24 May 2021.

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom at 19% (2020: 19%). The differences are explained as follows:

	2021	2020
	£	£
Loss on ordinary activities before taxation	<u>(2,084,798)</u>	<u>(1,661,940)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom at 19% (2019: 19%)	(396,000)	(315,000)
Effect of:		
Expenses not deductible for tax purposes	210,000	210,000
Tax at higher rates on non resident companies and other differences	58,391	70,609
Tax credit for the year	<u>(127,609)</u>	<u>(34,391)</u>

9 RESULTS FOR THE FINANCIAL YEAR

The parent company did not trade during the current or previous period, hence there are no profit or loss transactions in either year.

F&A HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

10 TANGIBLE FIXED ASSETS

The group	Freehold premises & improvements £	Plant & machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 September 2020 and at 31 August 2021	<u>36,401,587</u>	<u>632,180</u>	<u>601,500</u>	<u>53,758</u>	<u>37,689,025</u>
Depreciation					
At 1 September 2020	6,482,826	180,977	443,435	8,065	7,115,303
Charge for year	<u>728,030</u>	<u>63,459</u>	<u>41,775</u>	<u>5,376</u>	<u>838,640</u>
At 31 August 2021	<u>7,210,856</u>	<u>244,436</u>	<u>485,210</u>	<u>13,441</u>	<u>7,953,943</u>
Net book amount					
At 31 August 2021	<u>29,190,731</u>	<u>387,744</u>	<u>116,290</u>	<u>40,317</u>	<u>29,735,082</u>
Net book amount					
At 31 August 2020	<u>29,918,761</u>	<u>451,203</u>	<u>158,065</u>	<u>45,693</u>	<u>30,573,722</u>

The net book value of motor vehicles purchased under hire purchase contracts is £40,317 (2020: £45,693).

Depreciation charged in respect of motor vehicles purchased under hire purchase contracts amounted to £5,376 (2020: £5,376).

All fixed assets are pledged as security under fixed and floating charges in relation to bank borrowings.

F&A HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

11 INTANGIBLE FIXED ASSETS

Goodwill

The group

£

Cost

At 1 September 2020 and at 31 August 2021

3,706,195

Amortisation

At 1 September 2020

679,470

Amortisation

At 31 August 2021

370,620

1,050,090

Net book value

At 31 August 2021

2,656,105

Net book value

At 31 August 2020

3,026,725

12 FIXED ASSETS INVESTMENTS

The group

The company

Total fixed asset investments comprise:

2021 2020

2021 2020

£ £

£ £

Interest in subsidiary undertakings

- -

5,040,396

5,040,396

F&A HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

12 FIXED ASSETS INVESTMENTS (continued)

At 31 August 2021 and 31 August 2020 the company held investments in the following undertakings:

The following subsidiary companies are directly held by F&A Hotels Limited.

Name of subsidiary undertaking	Country of registration	Class of capital held	Interest	Nature of business	Address
Ariyan Limited	Jersey	Ordinary	80%	Holding Company	No 2 The Forum, Grenville Street, St Helier
Cartage Holdings Limited	England	Ordinary	100%	Holding Company	Jubilee House, 7-9 The Oaks, Ruislip, Middlesex
Mornington Investments Limited	Jersey	Ordinary	100%	Property	No 2 The Forum, Grenville Street, St Helier
NYX Limited	Jersey	Ordinary	100%	Property	No 2 The Forum, Grenville Street, St Helier
Tiamat Limited	Jersey	Ordinary	100%	Hotel	No 2 The Forum, Grenville Street, St Helier
World Credit Limited	England	Ordinary	100%	Hotel	Jubilee House, 7-9 The Oaks, Ruislip, Middlesex

At 31 August 2021 and 31 August 2020 Ariyan Limited held investments in the following undertakings, which are therefore indirectly held by F&A Hotels Limited:

Ace Investments Limited	England	Ordinary	100%	Hotel	Jubilee House, 7-9 The Oaks, Ruislip, Middlesex
Ariyan Hotels Limited	England	Ordinary	100%	Hotel	Jubilee House, 7-9 The Oaks, Ruislip, Middlesex

At 31 August 2021 and 31 August 2020 Cartage Holdings Limited held investments in the following undertaking which is therefore indirectly held by F&A Hotels Limited:

Hammonds Properties Limited	England	Ordinary	100%	Hotel	Jubilee House, 7-9 The Oaks, Ruislip, Middlesex
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The investment value in the parent undertaking, F&A Hotels Limited, includes the above entities subject to merger accounting. Merger accounting is presented as if it had always existed.

At 31 August 2021 and 31 August 2020 the company held a direct investment in the following undertaking:

Mornington Limited	England	Ordinary	100%	Hotel	Jubilee House, 7-9 The Oaks, Ruislip, Middlesex
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The subsidiary companies that are registered in England listed above have taken a parent company guarantee by virtue of s479A of Companies Act 2006, as a consequence of which the individual accounts of the subsidiary companies do not require an audit.

F&A HOTELS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021
13 STOCKS

	The group		The company	
	2021	2020	2021	2020
	£	£	£	£
Food and provisions	<u>1,687</u>	<u>3,396</u>	<u>-</u>	<u>-</u>

There were no impairment losses recognised or reversed during the current or prior year.

14 DEBTORS

	The group		The company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	43,060	22,047	-	-
Amounts owed by related undertakings	4,767,935	4,742,961	35,086,413	33,895,451
Other debtors	54,556	72,002	100	100
Prepayments and accrued income	338,699	68,346	2,083	146
	<u>5,204,250</u>	<u>4,905,356</u>	<u>35,088,596</u>	<u>33,895,697</u>

Amounts owed by related undertakings are unsecured, payable on demand and have no fixed repayment date.

15 CASH AND CASH EQUIVALENTS

	The group		The company	
	2021	2020	2021	2020
	£	£	£	£
Cash at bank and in hand	<u>1,385,041</u>	<u>432,349</u>	<u>887,213</u>	<u>1,000</u>

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The group		The company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans and overdrafts	812,500	562,500	812,500	562,500
Trade creditors	493,204	217,560	-	-
Other creditors and advance deposits	1,231,414	1,339,959	-	-
Amounts owed to group undertakings	-	-	864,199	952,363
Amounts owed to related undertakings	962,594	965,444	-	-
Corporation tax	28,823	203,230	-	-
Social security and other taxation	181,171	371,965	-	-
Accruals and deferred income	688,414	521,292	212,986	91,386
Amounts due under hire purchase contracts	30,097	9,596	-	-
	<u>4,428,217</u>	<u>4,191,546</u>	<u>1,889,685</u>	<u>1,606,249</u>

Amounts owed to group and related undertakings are unsecured, payable on demand and have no fixed repayment date.

F&A HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The group		The company	
	2021	2020	2021	2020
	£	£	£	£
Bank loans	39,126,003	37,330,327	39,126,003	37,330,327
Amounts due under hire purchase contracts	-	27,891	-	-
	<u>39,126,003</u>	<u>37,358,218</u>	<u>39,126,003</u>	<u>37,330,327</u>

Borrowings are repayable as follows:

	The group		The company	
	2021	2020	2021	2020
	£	£	£	£
Within one year				
- bank	812,500	562,500	812,500	562,500
- hire purchase agreements	30,097	9,596	-	-
1 - 5 years				
- bank	39,126,003	37,330,327	39,126,003	37,330,327
- hire purchase agreements	-	27,891	-	-
	<u>39,968,600</u>	<u>37,930,314</u>	<u>39,938,503</u>	<u>37,892,827</u>

In March 2021 the company was granted an additional bank loan of £2,500,000, repayable by quarterly instalments of £125,000 commencing in April 2022. The previous bank loan continues to be repayable by quarterly instalments of £140,625.

The bank loans are secured by way of fixed and floating charges on the assets of the group and by a cross guarantee provided by the companies within the group. Interest is paid on bank borrowings at floating rates.

18 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Tax	
	The group	The company
	£	£
At 1 September 2020	7,150	-
Released during year	(6,650)	-
At 31 August 2021	<u>500</u>	<u>-</u>

Deferred taxation has been provided for in full and is analysed as follows:

On accelerated capital allowances	<u>500</u>	<u>-</u>
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19 FINANCIAL INSTRUMENTS

	The group		The company	
	2021	2020	2021	2020
	£	£	£	£
Financial assets				
Cash at bank and in hand	1,385,041	432,349	887,213	1,000
Financial assets measured at amortised cost	<u>4,865,551</u>	<u>4,837,010</u>	<u>35,086,513</u>	<u>33,895,551</u>
	<u>6,250,592</u>	<u>5,269,359</u>	<u>35,973,726</u>	<u>33,896,551</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>43,344,226</u>	<u>40,974,569</u>	<u>41,015,688</u>	<u>38,936,676</u>

F&A HOTELS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021****19 FINANCIAL INSTRUMENTS (continued)**

Financial assets measured at amortised cost comprise trade debtors, other debtors, amounts owed by group and related companies and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, amounts owed to group and related companies, bank loans and accruals.

20 SHARE CAPITAL

	2021	2020
	£	£
Allotted, called up and fully paid Ordinary shares of £1 each	<u>517</u>	<u>517</u>

21 RESERVES**Non-controlling interest**

The non-controlling interest represents the results attributable to the 20% shareholder in Ariyan Limited and that company's two subsidiaries, detailed in note 12.

Merger reserve

The merger reserve represents the difference between the share capital and redemption reserve in the subsidiary companies that were acquired through the merger and the ordinary shares issued by the parent company in exchange.

Profit and loss account

Profit and loss account includes all current and prior retained profits and losses.

22 ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2020	Cash flows	At 31 August 2021
	£	£	£
Cash at bank and in hand	432,349	952,692	1,385,041
Debt due within 1 year	(562,500)	(125,000)	(687,500)
Debt due after 1 year	(37,330,327)	(1,920,676)	(39,251,003)
Hire purchase contracts	(37,487)	7,390	(30,097)
	<u>(37,497,965)</u>	<u>(1,085,594)</u>	<u>(38,583,559)</u>

23 CAPITAL COMMITMENTS

The group had no capital commitments at 31 August 2021 or 31 August 2020.

24 CONTINGENT LIABILITIES

The group had no contingent liabilities at 31 August 2021 or 31 August 2020.

F&A HOTELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

25 RELATED PARTY TRANSACTIONS

The following are related parties in which the directors of this company are also directors. Balances at 31 August 2021 and at 31 August 2020 are detailed below:

	2021	2020
Amounts owed to the group	£	£
Chimera Properties Limited	293,425	296,275
Demipower Limited	-	455
Hydra Properties Limited	<u>55,746</u>	<u>55,746</u>
Amounts owed by the group	£	£
Alsager Limited	6,000	6,000
Alysha Properties Limited	582,841	585,691
Keld Limited	<u>373,753</u>	<u>373,753</u>

The above balances are unsecured and payable on demand and have arisen from intercompany funding between the related parties and have no fixed repayment date. Interest at 2.25% (2020: 2.5%) paid on balances owed to related parties amounted to £18,119 (2020: £59,690) and interest received at 2.25% (2020: 2.5%) on balances owed by related parties amounted to £10,676 (2020: £12,928).

At 31 August 2021 £14,621 (2020: £14,621) was owed to the director A H M Janmohamed.

At 31 August 2021 the F&A Trust owed the group £4,418,764 (2020: £4,390,485).

At 31 August 2021 £574,037 (2020: £574,037) was owed to S H M Janmohamed, the non-controlling interest shareholder in Ariyan Limited.

The group has taken advantage of the exemption provided by FRS 102 Section 33 not to disclose transactions with its wholly owned subsidiary undertakings.

The directors are considered to be the only key management personnel.

26 CONTROLLING PARTY

The F&A Trust at No 2 The Forum, Grenville Street, St Helier, Jersey is the ultimate controlling related party by virtue of its ownership of 100% of the issued share capital of F&A Hotels Limited.