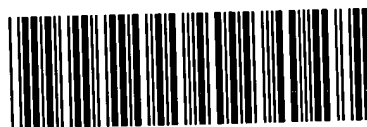


Commercial In confidence.

F&A HOTELS LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2019
Company No: 11391899

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F&A HOTELS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

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F&A HOTELS LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 AUGUST 2019

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 2019

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

Incorporation

The company was incorporated on 31 May 2018.

Results and dividends

There was a loss for the year after taxation amounting to £165,470 (2018: profit £259,418).

The directors do not recommend payment of a dividend for the year under review (2018: £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 2019 (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

The group made charitable donations of £nil (2018: £29,488) during the year. No political were paid in either year.

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

29th September 2021

F&A HOTELS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2019

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 company was incorporated in May 2018 and in November 2018 acquired the share capital of 8 companies following a merger to create a group of companies that operated within the hotel industry. The acquired companies had all previously been in existence and, as the beneficial interest in the acquired companies remained unchanged following their acquisition by F&A Hotels Limited, the merger basis of accounting has been adopted, such that the newly formed group is treated as a continuing entity and had existed prior to the actual date of its formation. Accordingly the financial statements of the merged entities have been consolidated and presented as if they had been in existence in the financial years 2018 and 2019.

In November 2018 the company acquired the controlling interest in Mornington Limited which operated as a London hotel but under different ownership. The consideration for the purchase, including costs, for the entire issued share capital of the company amounted to £5,039,880, as set out in note 25 to the financial statements.

The Group revenue was £7.74M in the year ending August 2019 and grew by 5.7%. Our strategy focused on growing occupancy, which led to an increase from 91% to 94.7%. Our average daily rate as a result of our occupancy strategy reached £84.83 and revenue per available room grew from £76.74 to £80.33.

The advent of Covid-19 in 2020 and looking forward to the future is referred to in the going concern note to these financial statements.

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 are confident that the group and company has secured sufficient financial resources. As a consequence, the directors believe that the group and company is able to manage their business risks successfully despite the current economic climate.

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 2019 (continued)

Future developments

The London Hotel Market has been severely impacted by the Covid-19 pandemic. However 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.

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

29th September 2021

F&A HOTELS LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF F&A HOTELS LIMITED****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 2019, which comprise Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2019 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 group and the parent 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 the company may not be successful in obtaining an extension to its new, temporary financial covenant due to expire in November 2021. In this situation, the financial covenants revert to those signed with the lender in October 2019 and based on the group's base case forecast, there is a risk of a banking covenant breach in the going concern period. 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 parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other matter – prior year financial statements are unaudited

The group and company were not required to have a statutory audit for the year ended 31 August 2018 as it was entitled to exemption from the provision of the Companies Act 2006 relating to the audit of the financial statements for the period by virtue of Section 477 and no member or members requested an audit pursuant to Section 476 of the Act. Accordingly, the corresponding figures for the year ended 31 August 2018 are unaudited.

The impact of uncertainties arising from the UK exiting the European Union on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group and parent company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the group and parent company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for group and parent company's associated with a course of action such as Brexit.

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 group and the parent 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
- * 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 group's and the parent 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 group or the parent 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.

F&A HOTELS LIMITED

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

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

Jai Raja
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
LONDON

29th September 2021

F&A HOTELS LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019	2018
		£	(unaudited)
			£
Turnover	3	7,204,567	4,508,069
Cost of sales		<u>(431,844)</u>	<u>(252,500)</u>
Gross profit		6,772,723	4,255,569
Other operating income	5	109,228	690,000
Other operating costs		<u>(5,652,374)</u>	<u>(3,451,033)</u>
Operating profit		1,229,577	1,494,536
Other interest receivable and similar income	6	28,603	12,949
Interest payable and similar charges	7	<u>(1,096,726)</u>	<u>(977,512)</u>
Profit on ordinary activities before taxation	3	161,454	529,973
Tax on profit on ordinary activities	8	<u>(326,924)</u>	<u>(270,555)</u>
(Loss)/profit for the financial year		<u><u>(165,470)</u></u>	<u><u>259,418</u></u>
Attributable to owners of the parent company		(123,601)	262,865
Attributable to non-controlling interests		<u><u>(41,869)</u></u>	<u><u>(3,447)</u></u>

All transactions arise from continuing operations.

There were no recognised gains or losses other than the (loss)/profit for the year.

The accompanying accounting policies and notes on pages 15 to 30 form an integral part of these financial statements.

F&A HOTELS LIMITED**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 AUGUST 2019**

	Note	2019	2018 (unaudited)
		£	£
Fixed assets			
Tangible assets	10	31,466,580	32,122,351
Intangible assets	11	<u>3,397,345</u>	<u>-</u>
		34,863,925	32,122,351
Current assets			
Stocks	13	3,585	-
Debtors falling due within one year	14	5,334,056	5,561,799
Cash at bank and in hand	15	<u>2,698,749</u>	<u>1,456,454</u>
		8,036,390	7,018,253
Creditors: amounts falling due within one year	16	<u>(40,458,388)</u>	<u>(8,814,022)</u>
Net current liabilities		<u>(32,421,998)</u>	<u>(1,795,769)</u>
Total assets less current liabilities		2,441,927	30,326,582
Creditors: amounts falling due after more than one year	17	(3,416,894)	(31,136,179)
Provision for liabilities	18	<u>(12,850)</u>	<u>(12,750)</u>
Net liabilities		<u>(987,817)</u>	<u>(822,347)</u>
Equity			
Share capital	20	517	517
Merger reserve		155	155
Retained earnings		<u>(974,910)</u>	<u>(851,309)</u>
Equity attributable to owners of the parent company		<u>(974,238)</u>	<u>(850,637)</u>
Non-controlling interest		<u>(13,579)</u>	<u>28,290</u>
Shareholders' deficit		<u>(987,817)</u>	<u>(822,347)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29th September 2021 and signed on their behalf by:



A A Janmohamed

Director

The accompanying accounting policies and notes on pages 15 to 30 form an integral part of these financial statements.

F&A HOTELS LIMITED
Company no. 11391899

COMPANY STATEMENT OF FINANCIAL POSITION AT 31 AUGUST 2019

	Note	2019 £	2018 (unaudited) £
Fixed assets			
Investment in subsidiaries	12	5,040,396	-
Current assets			
Debtors falling due within one year	14	1	1
Debtors falling due after more than one year	14	-	-
Cash at bank and in hand	15	-	-
		<u>1</u>	<u>1</u>
Creditors: amounts falling due within one year	16	<u>(5,039,880)</u>	<u>-</u>
Net current (liabilities)/assets		<u>(5,039,879)</u>	<u>1</u>
Total assets less current liabilities		517	1
Creditors: amounts falling due after more than one year	17	<u>-</u>	<u>-</u>
Total assets less current liabilities		<u>517</u>	<u>1</u>
Equity			
Share capital	20	517	1
Retained earnings		<u>-</u>	<u>-</u>
Shareholders' funds		<u>517</u>	<u>1</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29th September 2021 and signed on their behalf by:



A A Janmohamed

Director

The accompanying accounting policies and notes on pages 15 to 30 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 2017 (unaudited)	517	155	(1,114,174)	(1,113,502)	31,737	(1,081,765)
Profit/(loss) for the year	-	-	262,865	262,865	(3,447)	259,418
At 31 August 2018 and at 1 September 2018 (unaudited)	517	155	(851,309)	(850,637)	28,290	(822,347)
Loss for the year	-	-	(123,601)	(123,601)	(41,869)	(165,470)
At 31 August 2019	517	155	(974,910)	(974,238)	(13,579)	(987,817)

F&A HOTELS LIMITED**COMPANY 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 2017 (unaudited)	-	-	-	-	-	-
Issue of ordinary shares	1	-	-	1	-	1
At 31 August 2018 and at 1 September 2018 (unaudited)	1	-	-	1	-	1
Issue of ordinary shares	516	-	-	516	-	516
At 31 August 2019	<u>517</u>	<u>-</u>	<u>-</u>	<u>517</u>	<u>-</u>	<u>517</u>

F&A HOTELS LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019	2018
		£	(unaudited)
		£	£
Cash flows from operating activities			
(Loss)/Profit after tax for the year		(165,470)	259,418
Adjustments for			
Amortisation of intangible assets	11	308,850	-
Depreciation of tangible assets	10	842,245	765,006
Loss on disposals		-	9,858
Interest paid	7	1,096,726	977,512
Interest received	6	(28,603)	(12,949)
Taxation on (loss)/profit	8	326,924	270,555
Reduction in stock		749	-
Decrease/(increase) in debtors	14	2,458,275	(711,371)
Increase in creditors	16	4,627,753	1,214,574
		<u>9,467,449</u>	<u>2,772,603</u>
Corporation tax paid		<u>(296,966)</u>	<u>(339,517)</u>
Net cash generated from operating activities		<u>9,170,483</u>	<u>2,433,086</u>
Cash flows from investing activities			
Purchase of business net of cash acquired	25	(4,543,878)	-
Purchase/(refunds) of tangible assets		1,341	(965,485)
Interest received	6	<u>28,603</u>	<u>12,949</u>
Net cash outflow from investing activities		<u>(4,513,934)</u>	<u>(952,536)</u>
Cash flows from financing activities			
Loan advances		-	1,146,254
Repayment of bank loans		(2,313,446)	(913,425)
Repayment of HP and finance lease obligations		(4,082)	-
Interest paid	7	<u>(1,096,726)</u>	<u>(977,512)</u>
Net cash outflow in financing activities		<u>(3,414,254)</u>	<u>(744,683)</u>
Net increase in cash and cash equivalents		1,242,295	735,867
Cash and cash equivalents brought forward	15	<u>1,456,454</u>	<u>720,587</u>
Cash and cash equivalents carried forward	22	<u>2,698,749</u>	<u>1,456,454</u>
Cash and cash equivalents at the end of the period comprise:			
Cash at bank and in hand	22	<u>2,698,749</u>	<u>1,456,454</u>

The accompanying accounting policies and notes on pages 15 to 30 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 2019

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

2019 is the first year for which financial statements have been prepared for the company.

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 drawn up to 31st August each year.

The basis of the consolidation of the subsidiary companies, other than in relation to new acquisitions, is under merger accounting such that the group is treated as if it had always existed. Accordingly the results of the subsidiary companies, as listed in note 12, and their assets and liabilities are included in the financial statements of the group in the current and preceding accounting periods. The results of Mornington Limited, which was purchased in November 2018, as detailed in note 25, are included from the date of acquisition only.

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 unconsolidated 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.

F&A HOTELS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019****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 the financial statements on pages 13 to X.

In March 2020 as a result of Covid-19, the company took steps 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. During the periods of lock down we have been restricted to servicing the needs of key workers, essential travel and available contracts for temporary accommodation.

The potential future impact of Covid-19 has been carefully considered in budget and cash flow projections which have been based on current market conditions. The company 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.

F&A HOTELS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019****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 expires in November 2021.

The above situation gives rise to a material uncertainty, as defined in auditing and accounting standards, related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern and in such circumstances, the entity 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 that it has taken are sufficient to mitigate the uncertainty and has therefore prepared the financial reporting 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 2019****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.

F&A HOTELS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019****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.

F&A HOTELS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019****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.

F&A HOTELS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019****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:	2019	2018 (unaudited)
	£	£
Auditor's remuneration:		
- audit of Group and parent company accounts	49,000	-
- audit of the accounts of the Company's subsidiaries by the Group auditors	53,500	28,435
- non audit services	9,050	-
Depreciation of tangible fixed assets, owned	839,556	765,006
Depreciation of tangible fixed assets, held under hire purchase	2,689	-
Loss on disposals	-	9,858
Amortisation of goodwill	308,849	-

4 DIRECTORS AND EMPLOYEES

Staff costs during the year amounted to:	2019	2018 (unaudited)
	£	£
Wages and salaries	1,632,613	949,674
Social security costs	163,392	64,723
Pension contributions	24,030	8,895
	<u>1,820,035</u>	<u>1,023,292</u>

The directors received no remuneration during the year (2018: £Nil) in respect of services rendered to the group. The value ascribed to qualifying services in 2019 was nil (2018: £nil).

	2019	2018 (unaudited)
	Number	Number
The average number of employees of the group during the year	<u>91</u>	<u>95</u>

There are no employees of the parent company (2018: nil).

F&A HOTELS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019**

5 OTHER OPERATING INCOME	2019	2018 (unaudited)
	£	£
Rent receivable	<u>109,228</u>	<u>690,000</u>
6 INTEREST RECEIVABLE AND SIMILAR INCOME	2019	2018 (unaudited)
	£	£
Interest from related parties	28,598	12,435
Bank interest received	5	514
	<u>28,603</u>	<u>12,949</u>
7 INTEREST PAYABLE AND SIMILAR CHARGES	2019	2018 (unaudited)
	£	£
Interest on bank loans and overdrafts	1,048,123	927,427
Interest on related party loans	45,707	48,601
Other	2,896	1,484
	<u>1,096,726</u>	<u>977,512</u>

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the results for the year and represents:

	2019	2018 (unaudited)
	£	£
Corporation tax @ 19% (2018: 19%)	326,824	270,655
Deferred taxation credit	100	-
	<u>326,924</u>	<u>270,655</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% (2018: 19%). The differences are explained as follows:

	2019	2018 (unaudited)
	£	£
Profit on ordinary activities before taxation	<u>161,454</u>	<u>529,973</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom at 19% (2018: 19%)	31,000	101,000
Effect of:		
Expenses not deductible for tax purposes	220,000	150,000
Tax at higher rates on non resident companies and other differences	75,924	19,655
Tax charge for the year	<u>326,924</u>	<u>270,655</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 2019****10 TANGIBLE FIXED ASSETS**

The group	Freehold premises & improvements	Plant & machinery	Fixtures, fittings & equipment	Motor vehicles	Total
Cost	£	£	£	£	£
At 1 September 2018 (unaudited)	36,410,328	628,773	447,005	-	37,486,106
Additions					
Business combinations	-	3,407	130,651	1	134,059
Additions	-	-	7,653	53,757	61,410
Reallocation	(8,995)	-	-	-	(8,995)
At 31 August 2019	<u>36,401,333</u>	<u>632,180</u>	<u>585,309</u>	<u>53,758</u>	<u>37,672,580</u>
Depreciation					
At 1 September 2018 (unaudited)	5,026,775	52,398	284,582	-	5,363,755
Charge for year	728,006	64,199	47,351	2,689	842,245
At 31 August 2019	<u>5,754,781</u>	<u>116,597</u>	<u>331,933</u>	<u>2,689</u>	<u>6,206,000</u>
Net book amount					
At 31 August 2019	<u>30,646,552</u>	<u>515,583</u>	<u>253,376</u>	<u>51,069</u>	<u>31,466,580</u>
Net book amount					
At 31 August 2018 (unaudited)	<u>31,383,553</u>	<u>576,375</u>	<u>162,423</u>	<u>-</u>	<u>32,122,351</u>

The net book value of motor vehicles purchased under hire purchase contracts is £51,068 (2018: £nil).

Depreciation charged in respect of motor vehicles purchased under hire purchase contracts amounted to £2,689 (2018: £nil).

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 2019****11 INTANGIBLE FIXED ASSETS****Goodwill****The group****£****Cost**

At 1 September 2018

-

Additions on acquisition of business (note 25)

3,706,195

At 31 August 2019

3,706,195**Amortisation**

At 1 September 2018

-

Amortisation

308,850

At 31 August 2019

308,850**Net book value**

At 31 August 2019

3,397,345**Net book value**

At 31 August 2018

-**12 FIXED ASSETS INVESTMENTS****Total fixed asset investments comprise:****The group****2019 2018
(unaudited)****£****£****The company****2019 2018
(unaudited)****£****£**

Interest in subsidiary undertakings

--5,040,396-

F&A HOTELS LIMITED

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

12 FIXED ASSETS INVESTMENTS (continued)

At 31 August 2019 and 31 August 2018 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 2019 and 31 August 2018 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 2019 and 31 August 2018 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 2019 and 1 November 2018 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 2019**

13	STOCKS	The group		The company	
		2019	2018 (unaudited)	2019	2018 (unaudited)
		£	£	£	£
	Food and provisions	3,585	-	-	-

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

14	DEBTORS	The group		The company	
		2019	2018 (unaudited)	2019	2018 (unaudited)
		£	£	£	£
	Trade debtors	43,444	135,308		
	Amounts owed by related undertakings	4,810,071	4,862,569	1	-
	Other debtors	93,006	135,877	-	-
	Prepayments and accrued income	387,535	428,045	-	-
		<u>5,334,056</u>	<u>5,561,799</u>	<u>1</u>	<u>-</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	
		2019	2018 (unaudited)	2019	2018 (unaudited)
		£	£	£	£
	Cash at bank and in hand	2,698,749	1,456,454	-	-

16	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	The group		The company	
		2019	2018 (unaudited)	2019	2018 (unaudited)
		£	£	£	£
	Bank loans and overdrafts	27,750,414	2,304,496	-	-
	Trade creditors	592,434	449,257	-	-
	Other creditors	6,433,879	1,051,436	5,000,000	-
	Amounts owed to group undertakings	-	-	39,380	-
	Amounts owed to related undertakings	4,243,479	3,931,730	-	-
	Corporation tax	315,902	219,355	-	-
	Social security and other taxation	448,401	205,470	-	-
	Accruals and deferred income	664,283	652,278	-	-
	Amounts due under hire purchase contracts	9,596	-	-	-
		<u>40,458,388</u>	<u>8,814,022</u>	<u>5,039,880</u>	<u>-</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 2019****17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	The group		The company	
	2019	2018	2019	2018
	£	£	£	£
		(unaudited)		(unaudited)
Bank loans	3,376,815	31,136,179	-	-
Amounts due under hire purchase contracts	40,079	-	-	-
	<u>3,416,894</u>	<u>31,136,179</u>	<u>-</u>	<u>-</u>

Borrowings are repayable as follows:

	The group		The company	
	2019	2018	2019	2018
	£	£	£	£
		(unaudited)		(unaudited)
Within one year				
- bank	27,750,414	2,304,496	-	-
- hire purchase agreements	9,596	-	-	-
1 - 5 years				
- bank	3,376,815	31,136,179	-	-
- hire purchase agreements	40,079	-	-	-
	<u>31,176,904</u>	<u>33,440,675</u>	<u>-</u>	<u>-</u>

The bank loans are repayable by quarterly instalments totalling approximately £252,000 (2018: £252,000). Two loans aggregating £14,322,200 were repayable in 2020. In October 2019 all the existing loans were refinanced by a new bank loan to the parent company, F&A Hotels Limited.

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 2018 (unaudited)	12,750	-
Provided for the year	100	-
At 31 August 2019	<u>12,850</u>	<u>-</u>

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

On accelerated capital allowances	<u>12,850</u>	<u>-</u>
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19 FINANCIAL INSTRUMENTS

	The group		The company	
	2019	2018	2019	2018
	£	£	£	£
		(unaudited)		(unaudited)
Financial assets				
Cash at bank and in hand	2,698,749	1,456,454	-	-
Financial assets measured	<u>4,946,521</u>	<u>5,133,754</u>	<u>1</u>	<u>-</u>
	<u>7,645,270</u>	<u>6,590,208</u>	<u>1</u>	<u>-</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>43,110,979</u>	<u>39,525,376</u>	<u>5,039,980</u>	<u>-</u>

F&A HOTELS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019****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

	2019	2018 (unaudited)
	£	£
Allotted, called up and fully paid Ordinary shares of £1 each	517	1

516 £1 ordinary shares were issued in exchange for shares in the subsidiary companies acquired as a consequence of the merger.

The company's own balance sheet represents the legal position of the issued share capital at the year end dates, however, due to merger accounting which assumes the group had always existed, the share capital in the consolidated balance sheet is disclosed as part of the opening position.

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 2018 (unaudited)	Cash flows	Other non cash changes	At 31 August 2019
	£	£	£	£
Cash at bank and in hand	1,456,454	1,242,295	-	2,698,749
Debt due within 1 year	(2,304,496)	(12,592,856)	-	(14,897,352)
Debt due after 1 year	(31,136,179)	14,906,302	-	(16,229,877)
Hire purchase contracts	-	4,082	(53,757)	(49,675)
	<u>(31,984,221)</u>	<u>3,559,823</u>	<u>(53,757)</u>	<u>(28,478,155)</u>

23 CAPITAL COMMITMENTS

The group had no capital commitments at 31 August 2019 or 31 August 2018.

24 CONTINGENT LIABILITIES

The group had no contingent liabilities at 31 August 2019 or 31 August 2018.

F&A HOTELS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019****25 ACQUISITIONS**

On 1 November 2018 the company acquired 100% of the issued share capital in Mornington Limited. The book and fair values of assets acquired are as follows:

	Book values	Adjustments	Fair values
£	£	£	£
Tangible fixed assets	134,058		134,058
Cash	495,902		
Stock	4,334		
Debtors	2,230,532		
Creditors	(1,464,552)		
Taxation	(66,589)		
Total net current assets	1,199,627		1,199,627
Goodwill	291,428	(291,428)	3,706,195
			<u>5,039,880</u>

Satisfied by:

Cash consideration paid	5,000,000
Transaction costs	39,880
	<u>5,039,880</u>

The adjustment of £291,428 above represents the write-off of goodwill held in the accounts of Mornington Limited at the acquisition date.

The goodwill represents the difference between the purchase consideration and the fair value of the assets acquired and is being amortised over a period of 10 years from the acquisition date.

Results from new acquisitions included in consolidation:

Turnover	2,436,402
Profit for the financial year	<u>62,055</u>

26 RELATED PARTY TRANSACTIONS

The following are related parties in which the directors of this company are also directors. Balances at 31 August 2019 and at 31 August 2018 are detailed below:

	2019	2018 (unaudited)
	£	£
Amounts owed to the group		
A&A Capital Limited	35,000	35,000
Chimera Properties Limited	293,425	293,230
Demipower Limited	-	4,742
Hydra Properties Limited	<u>45,456</u>	<u>45,456</u>
Amounts owed by the group		
Alsager Limited	1,056,870	1,011,871
Aysha Properties Limited	585,691	600,481
Demipower Limited	508,745	-
Demipower (2017) Limited	1,100,000	-
Keld Limited	417,896	367,896
NUR Limited	314,768	65,000
Sherrygold No.1 Limited	155,509	55,508
Sherrygold (Restaurants) Ltd	<u>104,000</u>	<u>104,000</u>

F&A HOTELS LIMITED

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

26 RELATED PARTY TRANSACTIONS (continued)

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 2.5% paid on balances owed to related parties amounted to £45,707 (2018: £48,601) and interest received at 2.5% on balances owed by related parties amounted to £28,598 (2018: £12,435).

At 31 August 2019 £5,014,621 (2018: £14,621) was owed to the director A H M Janmohamed.

At 31 August 2019 the F&A Trust owed the group £4,436,189 (2018: £4,484,141).

In addition, at 31 August 2018 £1,726,974 was owed to Mornington Limited, which company was acquired by the group in November 2018.

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.

27 CONTROLLING PARTY

Prior to the merger, the F&A Trust at No 2 The Forum, Grenville Street, St Helier, Jersey was the ultimate controlling related party by virtue of its ownership of the issued share capital of the merged subsidiary companies and the F&A Trust remains the ultimate controlling related party, by virtue of its ownership of 100% of the issued share capital of F&A Hotels Limited.

28 SUBSEQUENT EVENTS

The Covid-19 pandemic has developed rapidly from March 2020 to date, with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity and the group's business in various significant ways. Recent trading on relaxation of rules has seen a positive impact on trading and forecast.

Due to government measures taken, certain hotels were required to close off rooms from March 2020 to mitigate costs. As a result of Covid-19, the groups operating results have seen a decline on the previous year.

The UK Governments announced the implementation of government assistance measures which mitigated some of the impact of the Covid-19 pandemic on the results and liquidity. To the extent appropriate application has been made for such government assistance in the year in which the group operates. The group continues to assess the implications for the business available, and has modelled these in the forecasts and planning.

In October 2019 all the existing loans were refinanced by a new bank loan to the parent company, F&A Hotels Limited. A further amount was borrowed in March 2021.

Covid-19 is considered to be a non adjusted post balance sheet event.