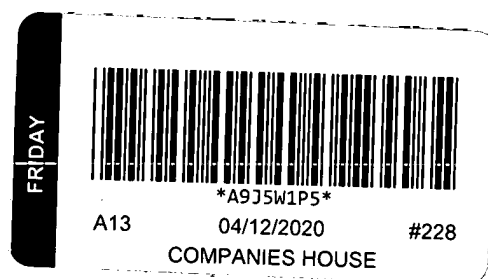


Company Registration No. 12107460 (England and Wales)

**ARORA SLG LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2020**



**Arora**  
GROUP

# ARORA SLG LIMITED

## COMPANY INFORMATION

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|                  |                |                          |
|------------------|----------------|--------------------------|
| <b>Directors</b> | Carlton Brown  | (Appointed 17 July 2019) |
|                  | Athos Yiannis  | (Appointed 17 July 2019) |
|                  | Surinder Arora | (Appointed 17 July 2019) |
|                  | Sanjay Arora   | (Appointed 17 July 2019) |

**Company number** 12107460

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

**Auditor** BDO LLP  
55 Baker Street  
London  
W1U 7EU

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# **ARORA SLG LIMITED**

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# ARORA SLG LIMITED

## STRATEGIC REPORT

**FOR THE PERIOD ENDED 31 MARCH 2020**

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### Introduction

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

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

- Delivering sound long-term value to our stakeholders
- Continuing to expand, develop and consolidate a diversified property asset portfolio in targeted UK locations
- Sustaining our reputation for quality, integrity and social responsibility

More information about group can be found on [www.thearoragroup.com](http://www.thearoragroup.com).

### Review of business

On 30 September 2019 the operating lease, and with it all the business activity, was acquired by Arora SLG Limited from Grove HR Limited, a group company with a common ultimate parent company. This event has no direct impact on the company or any of its stakeholders, the transfer was completed for the purpose of group simplification.

This transaction was part of a wider group transaction completed during September in which the freehold on which the Sofitel Gatwick business operates was sold to a third party whereby Arora SLG Limited has entered into a 30 year leasehold agreement with the third party freehold owner. As part of the transaction the third party freehold owner committed to incur an agreed amount of funds to complete a refurbishment plan of the property.

The property performed in line with management's expectations with occupancy trading at 82.0% and costs were controlled appropriately through costs controls and review of expenditure.

The covid-19 pandemic impacted the hotel shuttering to customers from the 31 March 2020 onwards, whilst the property is closed it is undergoing an extensive refurbishment programme and once the refurbishment programme is completed the property shall reopen.

### Key Performance Indicators

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

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

|                | 2020<br>£  |
|----------------|------------|
| Turnover       | 10,529,049 |
| Trading EBITDA | 826,501    |

### Balanced Scorecard

This sets out to measure guest satisfaction, labour turnover, cash management, internal financial controls, Health and Safety and Environmental audits and profit achievement as the 7 key indicators of the health of the business. The hotel has performed satisfactorily in all categories despite the economic climate.

# ARORA SLG LIMITED

## STRATEGIC REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2020

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### Environmental Sustainability Policy Statement

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

### Principal risks and uncertainties

The main financial risks arising from the company's activities are Covid-19 risk, credit risk, interest rate risk and liquidity risk. These are monitored by the board of directors and only Covid-19 was considered to be significant at the balance sheet date.

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

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

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

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

### Policy for Employment of Disabled Persons

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

### Political and Charitable Donations

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

### Employee Involvement Policy

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

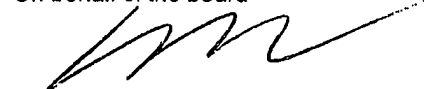
### Future Developments

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

### Going Concern

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

On behalf of the board



.....  
Carlton Brown

Director

..... 1/6/2020

# ARORA SLG LIMITED

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 31 MARCH 2020

---

The company was incorporated on the 17 July 2019. The directors present their annual report and financial statements for the period ended 31 March 2020.

#### Principal activities

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

#### Directors

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

|                |                          |
|----------------|--------------------------|
| Carlton Brown  | (Appointed 17 July 2019) |
| Athos Yiannis  | (Appointed 17 July 2019) |
| Surinder Arora | (Appointed 17 July 2019) |
| Sanjay Arora   | (Appointed 17 July 2019) |

#### Results and dividends

The results for the period are set out on page 7.

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

#### Qualifying third party indemnity provisions

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

#### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

# ARORA SLG LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 MARCH 2020**

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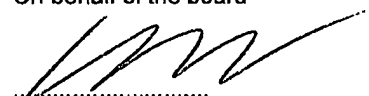
### Statement of disclosure to auditor

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

### Auditor

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

On behalf of the board



Carlton Brown  
Director

Date: 1/10/2020

# ARORA SLG LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ARORA SLG LIMITED

---

#### Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the period 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 1 to the financial statements, which explains the directors' considerations over going concern including the potential impacts of Covid-19 and the potential need for additional funds. At this stage it is unclear whether the company will require additional funding, and if it does whether this could be obtained. As stated in note 1, these events or conditions, along with other matters as set out in note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

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

#### Other information

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

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

We have nothing to report in this regard.



# ARORA SLG LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF ARORA SLG LIMITED

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#### Opinions on other matters prescribed by the Companies Act 2006

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

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

#### Matters on which we are required to report by exception

In 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 and the directors' report.

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

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

#### Responsibilities of directors

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

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

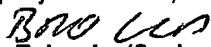
#### Auditor's responsibilities for the audit of the financial statements

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

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

#### Use of our report

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

  
**Marc Reinecke (Senior Statutory Auditor)**

For and on behalf of BDO LLP, statutory auditor  
London

  
2/10/20

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

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# ARORA SLG LIMITED

## INCOME STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2020

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|                                      | Notes | Period<br>ended<br>31 March<br>2020<br>£ |
|--------------------------------------|-------|--|
| Turnover                             |       | 10,529,049                               |
| Cost of sales                        |       | (569,190)                                |
| <b>Gross profit</b>                  |       | <b>9,959,859</b>                         |
| Administrative expenses              |       | (10,641,214)                             |
| Other operating Income               | 4     | 394,309                                  |
| <b>Loss before taxation</b>          |       | <b>(287,046)</b>                         |
| Tax on loss                          | 7     | -  |
| <b>Loss for the financial period</b> |       | <b>(287,046)</b>                         |

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

# ARORA SLG LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2020

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|  | Period<br>ended<br>31 March<br>2020<br>£ |
|--|--|
| Loss for the period                        | (287,046)                                |
| Other comprehensive income                 |  |
| Revaluation of tangible fixed assets       | 1,092,405                                |
| Tax relating to other comprehensive income | (28,383)                                 |
| Other comprehensive income for the period  | 1,064,022                                |
| Total comprehensive income for the period  | 776,976                                  |

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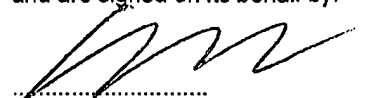
# ARORA SLG LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2020

|   | Notes | 2020<br>£    | £            |
|---|-------|--------------|--------------|
| <b>Fixed assets</b>                                   |       |              |              |
| Tangible assets                                       | 8     |              | 43,087,585   |
| <b>Current assets</b>                                 |       |              |              |
| Stocks  | 9     | 50,898       |              |
| Debtors   | 10    | 13,715,151   |              |
| Cash at bank and in hand                              |       | 1,866,476    |              |
|   |       | 15,632,525   |              |
| <b>Creditors: amounts falling due within one year</b> | 11    | (54,004,272) |              |
| <b>Net current liabilities</b>                        |       |              | (38,371,747) |
| <b>Total assets less current liabilities</b>          |       |              | 4,715,838    |
| <b>Provisions for liabilities</b>                     | 12    |              | (3,938,762)  |
| <b>Net assets</b>                                     |       |              | 777,076      |
| <b>Capital and reserves</b>                           |       |              |              |
| Called up share capital                               | 15    |              | 100          |
| Revaluation reserve                                   |       |              | 1,064,022    |
| Profit and loss reserves                              | 16    |              | (287,046)    |
| <b>Total equity</b>                                   |       |              | 777,076      |

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



Carlton Brown  
Director

Company Registration No. 12107460

# ARORA SLG LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2020

|  | Notes | Share capital<br>£ | Revaluation reserve<br>£ | Profit and loss reserves<br>£ | Total<br>£     |
|--|-------|--------------------|--------------------------|-------------------------------|----------------|
| <b>Period ended 31 March 2020:</b>         |       |                    |                          |                               |                |
| Loss for the period                        |       | -                  | -                        | (287,046)                     | (287,046)      |
| Other comprehensive income:                |       |                    |                          |                               |                |
| Revaluation of tangible fixed assets       |       | -                  | 1,092,405                | -                             | 1,092,405      |
| Tax relating to other comprehensive income |       | -                  | (28,383)                 | -                             | (28,383)       |
| Total comprehensive income for the period  |       | -                  | 1,064,022                | (287,046)                     | 776,976        |
| Issue of share capital                     | 15    | 100                | -                        | -                             | 100            |
| <b>Balance at 31 March 2020</b>            |       | <b>100</b>         | <b>1,064,022</b>         | <b>(287,046)</b>              | <b>777,076</b> |

# ARORA SLG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

---

### 1 Accounting policies

#### Company information

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

#### 1.1 Accounting convention

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

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

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

The financial statements of the company are consolidated in the financial statements of Arora Hotels Limited. These consolidated financial statements are available from its registered office, World Business Centre 3, Newall Road, London Heathrow Airport, Hounslow, TW6 2TA.

# ARORA SLG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2020

---

#### 1 Accounting policies

(Continued)

##### 1.2 Going concern

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

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

The hotel has previously traded profitably and it is the expectation of the directors that normal operations will be able to resume once the restrictions in relation to Covid-19 are fully lifted. The company's hotel however is highly dependent on a significant increase in airline travel.

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

These forecasts indicate that over the period under review support is required from the wider group and 555 Limited, a fellow group company, has confirmed that it intends to provide such support for a period of at least twelve months from the date of signing these financial statements.

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

It is, however, difficult to estimate how the Covid-19 outbreak will impact the company's trading and for how long, and the directors consider this as the key uncertainty over which they have no control. In the event that the hotel trading levels take longer to pick up than the forecast scenarios, then the company may require additional funds. At this stage it is unclear whether the company will require additional funding, and if it does whether this could be obtained which indicates a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business.

The directors consider that they will be able to raise additional finance and/or realise cash from the sale of some of the wider group's investment properties and tangible fixed assets, hence the financial statements are drawn up on a going concern basis.

##### 1.3 Turnover

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

# ARORA SLG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2020

### 1 Accounting policies

(Continued)

#### 1.4 Tangible fixed assets

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

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

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

|                                  |                      |
|----------------------------------|----------------------|
| Leasehold property               | Over length of lease |
| Plant and equipment              | 7 years              |
| Fixtures, fittings and equipment | 2 - 10 years         |

If the company is entitled to extend the lease term under relevant legislation, and the directors are confident that the extension will be taken, then the likely extension period is taken into account.

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

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

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

#### 1.5 Stocks

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

#### 1.6 Cash at bank and in hand

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

#### 1.7 Financial instruments

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

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

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



# ARORA SLG LIMITED

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

---

### 1 Accounting policies

(Continued)

#### **Basic financial assets**

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

#### **Other financial assets**

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

#### **Impairment of financial assets**

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

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

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

#### **Derecognition of financial assets**

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

#### **Classification of financial liabilities**

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

# ARORA SLG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2020

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### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

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

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

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

#### **Other financial liabilities**

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

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

#### **Derecognition of financial liabilities**

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

### 1.8 Equity Instruments

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

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

### 1.9 Employee benefits

A liability is recognised to the extent of an unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

### 1.10 Retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged to the profit and loss account as they become payable in accordance with the rule of the scheme. At the year end, no amounts relating to pensions costs were accrued or prepaid.

# ARORA SLG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE PERIOD ENDED 31 MARCH 2020**

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### **1 Accounting policies**

**(Continued)**

#### **1.11 Leases**

Rentals payable under operating leases are charged to profit and loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

#### **1.12 Debtors**

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

#### **1.13 Creditors**

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

#### **1.14 Rental Income**

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

# ARORA SLG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2020

### 2 Judgements and key sources of estimation uncertainty

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

#### Property portfolio valuation

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

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

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

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

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

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

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

#### Going concern

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

### 3 Operating loss

|   | 2020      |
|---|-----------|
| Operating loss for the period is stated after charging: | £         |
| Auditors remuneration                                   | 12,240    |
| Depreciation of owned tangible fixed assets             | 1,113,901 |
| Operating lease charges - variable                      | 3,670,829 |

# ARORA SLG LIMITED

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

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### 4 Other Operating Income

|                     | 2020<br>£ |
|---------------------|-----------|
| Other rental income | 394,309   |

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the period was:

|            | 2020<br>Number |
|------------|----------------|
| Operations | 254            |

Their aggregate remuneration comprised:

|                       | 2020<br>£ |
|-----------------------|-----------|
| Wages and salaries    | 2,350,466 |
| Social security costs | 205,088   |
| Pension costs         | 52,719    |
|                       | 2,608,273 |

### 6 Directors' remuneration

None of the directors of the company were paid emoluments for their services to the company during the year. It is not considered practicable to allocate their remuneration between the companies which they are directors. Their remuneration is disclosed in the financial statements of the parent company, Grove Acquisitions Limited. No directors accrued benefits under defined contribution schemes during the year.

# ARORA SLG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2020

#### 7 Taxation

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

|   | 2020<br>£ |
|---|-----------|
| Loss before taxation  | (287,046) |
| Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% | (54,539)  |
| Tax effect of expenses that are not deductible in determining taxable profit          | 3,169     |
| Group relief  | (159,572) |
| Fixed asset differences   | 210,942   |
| Taxation charge for the period  | -         |

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

|   | 2020<br>£ |
|---|-----------|
| Deferred tax arising on:<br>Revaluation of property | 28,383    |

#### 8 Tangible fixed assets

|                                    | Leasehold<br>property<br>£ | Plant and<br>equipment<br>£ | Fixtures,<br>fittings and<br>equipment<br>£ | Total<br>£ |
|------------------------------------|----------------------------|-----------------------------|---|------------|
| <b>Cost</b>                        |                            |                             |   |            |
| At 17 July 2019                    | -                          | -                           | -   | -          |
| Additions                          | 42,278,781                 | 115,718                     | 714,582                                     | 43,109,081 |
| Revaluation                        | 1,092,405                  | -                           | -   | 1,092,405  |
| At 31 March 2020                   | 43,371,186                 | 115,718                     | 714,582                                     | 44,201,486 |
| <b>Depreciation and Impairment</b> |                            |                             |   |            |
| At 17 July 2019                    | -                          | -                           | -   | -          |
| Depreciation charged in the period | 943,021                    | 11,192                      | 159,688                                     | 1,113,901  |
| At 31 March 2020                   | 943,021                    | 11,192                      | 159,688                                     | 1,113,901  |
| <b>Carrying amount</b>             |                            |                             |   |            |
| At 31 March 2020                   | 42,428,165                 | 104,526                     | 554,894                                     | 43,087,585 |

# ARORA SLG LIMITED

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

### 9 Stocks

|                                     | 2020<br>£ |
|-------------------------------------|-----------|
| Finished goods and goods for resale | 50,898    |

Stocks recognised in cost of sales during the period as an expense was £502,919.

### 10 Debtors

|                                      | 2020<br>£  |
|--------------------------------------|------------|
| Amounts falling due within one year: |            |
| Trade debtors                        | 1,299,218  |
| Corporation tax recoverable          | 453,301    |
| Amounts owed by group undertakings   | 5,243      |
| Other debtors                        | 10,034,112 |
| Prepayments and accrued income       | 1,923,277  |
|                                      | 13,715,151 |

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

### 11 Creditors: amounts falling due within one year

|                                    | 2020<br>£  |
|------------------------------------|------------|
| Trade creditors                    | 2,368,653  |
| Amounts due to group undertakings  | 39,814,009 |
| Other taxation and social security | 475,079    |
| Other creditors                    | 923,001    |
| Accruals and deferred income       | 10,423,530 |
|                                    | 54,004,272 |

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

### 12 Provisions for liabilities

|                          | Notes | 2020<br>£ |
|--------------------------|-------|-----------|
| Deferred tax liabilities | 13    | 3,938,762 |

# ARORA SLG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2020

### 13 Deferred taxation

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

|  | <b>Liabilities<br/>2020<br/>£</b> |
|--|-----------------------------------|
| <b>Balances:</b>                         |                                   |
| Deferred tax on fixed asset revaluations | 3,938,762                         |
|  | <u>3,938,762</u>                  |
|  |                                   |
|  | <b>2020<br/>£</b>                 |
| <b>Movements in the period:</b>          |                                   |
| Liability at 17 July 2019                | -                                 |
| Charge to other comprehensive income     | 28,383                            |
| Received on acquisition                  | 3,910,379                         |
|  | <u>3,938,762</u>                  |
| Liability at 31 March 2020               | <u>3,938,762</u>                  |

### 14 Retirement benefit schemes

|   | <b>2020<br/>£</b> |
|---|-------------------|
| <b>Defined contribution schemes</b>                                       |                   |
| Charge to the income statement in respect of defined contribution schemes | 52,719            |

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

Defined contribution scheme recognised as an asset at the year end was £4,877.

### 15 Share capital

|                                | <b>2020<br/>£</b> |
|--------------------------------|-------------------|
| <b>Ordinary share capital</b>  |                   |
| Issued and fully paid          |                   |
| 100 Ordinary shares of £1 each | 100               |



# ARORA SLG LIMITED

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

### 16 Profit and loss reserves

The company's reserves are as follows:

#### Called up share capital

Called up share capital represents the nominal value and shares issued.

#### Profit and loss reserves

The profit and loss reserves represents cumulative profit or losses, net dividends paid and other adjustments.

#### Revaluation reserve

Represents the cumulative unrealised valuation movement on investment properties, which is transferred from the profit and loss reserves, net of any deferred tax.

### 17 Acquisition of a business

On 30 September 2019 the company acquired the operating lease with trade and business of a hotel for consideration equal to the net working capital of the business of £39,899,437.

|   | Fair Value<br>£ |
|---|-----------------|
| Property, plant and equipment   | 43,087,585      |
| Inventories   | 54,912          |
| Trade and other receivables   | 656,915         |
| Cash and cash equivalents   | 10,404          |
| Deferred tax  | (3,910,379)     |
| Total identifiable net assets   | 39,899,437      |
| Goodwill  | -               |
| Total consideration   | 39,899,437      |
| Satisfied by:   | £               |
| Payment - settled via intercompany payable  | 39,899,437      |
| Contribution by the acquired business for the reporting period since acquisition: | £               |
| Turnover  | 10,529,049      |
| Loss after tax  | (287,046)       |

# ARORA SLG LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2020

### 18 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                            | 2020<br>£          |
|----------------------------|--------------------|
| Within one year            | 7,150,000          |
| Between two and five years | 21,450,000         |
| In over five years         | 182,325,000        |
|                            | <u>210,925,000</u> |

### 19 Related party transactions

The company is a wholly-owned subsidiary of the Arora Family Trust No.2 and utilises the exemption contained in Financial Reporting Standards 102 'Related Party Disclosures' not to disclose any transactions with wholly-owned entities that are part of the group.

### 20 Ultimate controlling party

The immediate parent of Arora SLG Limited is Arora Hotels Limited, a company registered in the United Kingdom.

The ultimate parent entity of Arora SLG Limited is Arora Family Trust No. 2, a trust registered in Jersey, and the parent of the largest group for which group accounts are drawn up and of which the company is a member.

The ultimate controlling entity of the company is Apex Financial Services (Trustees) Limited, a regulated trust company administered in Jersey.

### 21 Events after the reporting date

Following the shuttering of the hotel in March 2020 due to Covid-19, the hotel is expected to re-open in January 2021.