Company registration number 12107460 (England and Wales)

ARORA SLG LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

Arora
GROUP

ARORA SLG LIMITED

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ARORA SLG LIMITED

COMPANY INFORMATION

Directors	Carlton Brown Surinder Arora Sanjay Arora Sanjeev Roda
Company number	12107460
Registered office	World Business Centre 2 Newall Road London Heathrow Airport Middlesex United Kingdom TW6 2SF
Auditor	Moore Kingston Smith LLP 9 Appold Street London UK EC2A 2AP

ARORA SLG LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2023

Introduction

The Company operates the Sofitel London Gatwick Hotel.

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.

Review of business

The hotel operated as a government quarantine facility until the beginning of 2022, with a slow reopening in March 2022. By then, the demand in Gatwick had an unprecedented increase following the Travel Restrictions being removed ahead of Easter Holidays. Passenger numbers reached 32.8 million (70.4% of 2019) driven by increased demand in Q2. Sofitel Gatwick is connected to the North Terminal where the largest UK airlines operate from, EasyJet and Tui.

With limited availability of hotels and increasing demand in the area, Sofitel Gatwick was able to maximise its revenue. The airport witnessed a increased rate of flight operations from wet leases airlines in Q1 & Q2 which were split between Hilton and Sofitel Gatwick, serving as a base for airlines. The increase in the number of transient guests resulted in a total revenue of £24,550,253 (FY22 £14,265,466) and EBITDAR of £11,852,017 (FY22 £8,235,703).

Towards Q3, the demand in Gatwick Airport started to slow down due to all the concerns about cost of living and inflation; however due to our performance in Q1 & Q2; the hotel delivered a very profitable year.

Key Performance Indicators

The company uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial and the most significant of these are the key performance indicators.
The key performance indicators are turnover and trading EBITDA. These indicators are set out below:

	2023	2022
	£	£
Turnover	24,550,253	14,265,466
Trading EBITDA	3,621,377	(1,111,095)

Trading EBITDA is widely used as a standard measure of operational performance, debt servicing capability and business value added. It stands for "Earnings before interest, taxes, depreciation and amortisation" and below is reconciliation to income statement:

	2023	2022
	£	£
Profit/(loss) before taxation	2,996,900	(3,234,830)
Add		
Depreciation charge	624,477	2,123,735
Trading EBITDA	3,621,377	(1,111,095)

Balanced Scorecard
This sets out to measure guest satisfaction, labour turnover, cash management, internal financial controls, Health and Safety and Environmental audits and profit achievement as the 6 key indicators of the health of the business. The hotel has performed satisfactorily in all categories despite the economic climate.

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

Principal risks and uncertainties
The main financial risks arising from the company's activities are credit risk, interest rate risk and liquidity risk. These are monitored by the board of directors and none were considered to be significant at the balance sheet date.

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

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

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
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 1.2 of this report.

On behalf of the board

....
Carlton Brown
Director

Date 16.11.23

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

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

Directors

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

Carlton Brown
Surinder Arora
Sanjay Arora
Sanjeev Roda

Results and dividends

The results for the year are set out on page 9.

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

Qualifying third party indemnity provisions

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

Statement of directors' responsibilities

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

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

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.

ARORA SLG LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Auditor

Moore Kingston Smith LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

On behalf of the board

....

Carlton Brown

Director

Date: 16.11.23

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 year ended 31 March 2023 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 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 2023 and of its profit for the year then ended;

· have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

· have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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

We have nothing to report in this regard.

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 year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters 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 set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

· Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's responsibilities for the audit of the financial statements

· Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.

· Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

· Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Companies Act 2006, UK financial reporting standards as issued by the Financial Reporting Council, and UK taxation legislation.
- Enquiry of management including considerations of known or suspected instances of non-compliance with laws and regulations and fraud.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Identifying and testing journal entries, focusing on journal entries containing characteristics of audit interest such as manual journals and journals relating to revenue.
- Challenging assumptions and judgements made by management in their significant accounting estimates.
- Reviewed any correspondence with relevant regulatory bodies.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.

Alex Crompton

Alex Crompton (Senior Statutory Auditor)
For and on behalf of Moore Kingston Smith LLP , Statutory Auditor

Date 16 November 2023

6th Floor
9 Appold Street
London
EC2A 2AP

ARORA SLG LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Turnover		24,550,253	14,265,466
Cost of sales		(1,033,825)	(1,074,056)
Gross profit		23,516,428	13,191,410
Administrative expenses		(20,851,801)	(16,528,936)
Other operating income	4	332,273	102,696
Profit/(loss) before taxation		2,996,900	(3,234,830)
Tax on profit/(loss)	7	1,737,156	(8,966)
Profit/(loss) for the financial year		4,734,056	(3,243,796)

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

ARORA SLG LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £
Profit/(loss) for the year	4,734,056	(3,243,796)
Other comprehensive income		
Revaluation of tangible fixed assets	360,345	1,886,433
Tax relating to other comprehensive income	30,255	(1,261,790)
Other comprehensive income for the year	390,600	624,643
Total comprehensive income/(loss) for the year	5,124,656	(2,619,153)

ARORA SLG LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	8		43,087,585		43,087,585
Current assets					
Stocks	9	48,498		30,008	
Debtors	10	3,909,387		2,595,113	
Cash at bank and in hand		1,898,424		2,775,580	
		5,856,309		5,400,701	
Creditors: amounts falling due within one year	11	(51,490,546)		(54,071,610)	
Net current liabilities			(45,634,237)		(48,670,909)
Total assets less current liabilities			(2,546,652)		(5,583,324)
Provisions for liabilities					
Deferred tax liability	12	(3,114,631)		(5,202,615)	
			(3,114,631)		(5,202,615)
Net liabilities			(5,661,283)		(10,785,939)
Capital and reserves					
Called up share capital	14		100		100
Revaluation reserve			3,942,335		3,815,992
Profit and loss reserves	15		(9,603,718)		(14,602,031)
Total equity			(5,661,283)		(10,785,939)

The financial statements were approved by the board of directors and authorised for issue on ...16.11.23..... and are signed on its behalf by:

....
Carlton Brown
Director

Company Registration No. 12107460

ARORA SLG LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 April 2021	100	3,191,349	(11,358,235)	(8,166,786)
Year ended 31 March 2022:				
Loss for the year	-	-	(3,243,796)	(3,243,796)
Other comprehensive income:				
Revaluation of tangible fixed assets	-	1,886,433	-	1,886,433
Tax relating to other comprehensive income	-	(1,261,790)	-	(1,261,790)
Total comprehensive loss for the year	-	624,643	(3,243,796)	(2,619,153)
Balance at 31 March 2022	100	3,815,992	(14,602,031)	(10,785,939)
Year ended 31 March 2023:				
Profit for the year	-	-	4,734,056	4,734,056
Other comprehensive income:				
Revaluation of tangible fixed assets	-	360,345	-	360,345
Tax relating to other comprehensive income	-	30,255	-	30,255
Total comprehensive loss for the year	-	390,600	4,734,056	5,124,656
Transfers	-	(264,257)	264,257	-
Balance at 31 March 2023	100	3,942,335	(9,603,718)	(5,661,283)

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 2, Newall Road, London Heathrow Airport, Hounslow, England, TW6 2SF.

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; and
- 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 2, Newall Road, London Heathrow Airport, Hounslow, England, TW6 2SF.

1.2 Going concern

The financial statements have been prepared on the going concern basis which the directors consider to be appropriate for the reason set out below:

The company has prepared cash flow projections for a period of 15 months from the date the accounts were signed which show that the company will continue to trade for the foreseeable future. The company also received a confirmation of support from its parent company, Arora Hotels Limited to confirm that amounts owed to the parent company will not be called until the company is in position to settle its obligations.

On this basis, the directors consider that it is appropriate to prepare the company's financial statements 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. All turnover is derived from operations within the United Kingdom.

1 Accounting policies **(Continued)**

Other income primarily represents rental income invoiced to tenants, excluding value added tax and derives solely in the United Kingdom.

Rental income is recognised on an accruals basis, whereby any reduction in rent arising from any rent free periods provided to tenants are spread across the length of the lease period.

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 Accounting policies **(Continued)**

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.

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.

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 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

1 Accounting policies **(Continued)**

Deferred tax

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

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the company can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.10 Employee benefits

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.

1.11 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.

1.12 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.

1.13 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.

1.14 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.

1.15 Reclassification of prior year amounts

Certain prior year amounts have been reclassified for consistency with the current year presentation.

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 properties are stated at fair value, as accounted for by the directors. The valuation is on the basis of Market Value ("MV"), which is defined in the RICS Valuation Standards as: "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The Hotel properties are revalued at each year end at MV by the directors with the surplus being taken to the statement of comprehensive income.

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

Deferred tax assets
The recoverability of deferred tax assets depends upon availability of future taxable profits or reversal of deferred tax liabilities. The directors considerations and judgements regarding deferred tax balances are set out in Note 1.9.

3 Operating profit/(loss)

	2023	2022
Operating profit/(loss) for the year is stated after charging:	£	£
Auditor's remuneration	35,000	30,232
Depreciation of owned tangible fixed assets	624,477	2,123,735
Operating lease charges	8,245,270	7,150,000

The depreciation of owned tangible assets is included within administrative expenses. During the year, the depreciation charge on leasehold property was adjusted to revise the lease term over which the property is being depreciated. The impact of this adjustment was a £1,072,717 credit to the income statement.

4 Other Operating income

	2023	2022
	£	£
Other rental Income	332,273	18,851
Government grants - Coronavirus job retention scheme	-	83,845
	332,273	102,696

5 Employees

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

	2023 Number	2022 Number
Operations	151	119

Their aggregate remuneration comprised:

	2023 £	2022 £
Wages and salaries	3,159,634	2,208,040
Social security costs	245,748	176,200
Pension costs	48,082	43,890
	3,453,464	2,428,130

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.

7 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	320,573	-
Deferred tax		
Origination and reversal of timing differences	(2,057,729)	28,514
Changes in tax rates	-	(19,548)
Total deferred tax	(2,057,729)	8,966
Total tax (credit)/charge	(1,737,156)	8,966

7 Taxation (Continued)

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

	2023	2022
	£	£
Profit/(loss) before taxation	2,996,900	(3,234,830)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2022: 19.00%)	569,411	(614,618)
Tax effect of expenses that are not deductible in determining taxable profit	-	363,954
Change in unrecognised deferred tax assets	(2,100,562)	-
Effect of change in corporation tax rate	-	(19,548)
Group relief	(293,954)	287,843
Permanent capital allowances in excess of depreciation	98,916	(13,526)
Other permanent differences	(11,145)	-
Deferred tax adjustments in respect of prior years	-	(1,599)
Difference between deferred tax and corporation tax	178	6,460
Taxation (credit)/charge for the year	(1,737,156)	8,966

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

	2023	2022
	£	£
Deferred tax arising on:		
Revaluation of property	(30,255)	1,261,790

8 Tangible fixed assets

	Leasehold property	Plant and equipment	Fixtures, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 April 2022	47,441,544	115,718	959,801	48,517,063
Additions	-	-	264,132	264,132
Revaluation	360,345	-	-	360,345
At 31 March 2023	47,801,889	115,718	1,223,933	49,141,540
Depreciation and impairment				
At 1 April 2022	4,715,105	55,959	658,414	5,429,478
Depreciation charged in the year	480,972	12,212	131,293	624,477
At 31 March 2023	5,196,077	68,171	789,707	6,053,955
Carrying amount				
At 31 March 2023	42,605,812	47,547	434,226	43,087,585
At 31 March 2022	42,726,439	59,759	301,387	43,087,585

If the company's properties had not been revalued they would have been included at the following historical cost:

	2023	2022
	£	£
Short leasehold	42,278,781	42,278,781

The company's properties were revalued on 31 March 2023 by the directors at open market value and the surplus was taken to the revaluation reserve. Further details of the judgements made are given in note 2.

9 Stocks

	2023	2022
	£	£
Finished goods and goods for resale	48,498	30,008

Stocks recognised in cost of sales during the year as an expense was £951,943 (2022: £1,007,437).

10 Debtors

Amounts falling due within one year:	2023 £	2022 £
Trade debtors	1,100,300	483,639
Other debtors	261,814	263,628
Prepayments	2,547,273	1,847,846
	3,909,387	2,595,113

11 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	3,122,924	4,338,824
Amounts owed to group undertakings	46,154,141	48,157,294
Corporation tax	16,415	-
Other taxation and social security	376,094	33,150
Other creditors	1,050,593	988,017
Accruals	770,379	554,325
	51,490,546	54,071,610

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

Previous year numbers have been reclassified in accordance with current year classifications.

12 Deferred taxation

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

Balances:	Liabilities 2023 £	Liabilities 2022 £
Accelerated capital allowances	(8,525)	(50,617)
Tax losses	(2,100,563)	-
Revaluations	5,226,895	5,257,150
Retirement benefit obligations	(3,176)	(3,918)
	3,114,631	5,202,615

12 Deferred taxation **(Continued)**

Movements in the year:	2023 £
Liability at 1 April 2022	5,202,615
Credit to profit or loss	(2,057,729)
Credit to other comprehensive income	(30,255)
Liability at 31 March 2023	3,114,631

Deferred tax has not been recognised on tax losses of £0.69m in the financial statements.

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

13 Retirement benefit schemes

Defined contribution schemes	2023 £	2022 £
Charge to the income statement in respect of defined contribution schemes	48,082	43,890

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 a liability at the year end was £12,706 (2022: £15,670).

14 Share capital

Ordinary share capital	2023 Number	2022 Number	2023 £	2022 £
Issued and fully paid				
Ordinary shares of £1 each	100	100	100	100

15 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 the leasehold property, which is transferred from the profit and loss reserves, net of any deferred tax.

16 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:

	2023	2022
	£	£
Within one year	7,150,000	7,150,000
Between two and five years	28,600,000	28,600,000
In over five years	153,725,000	160,875,000
	189,475,000	196,625,000

17 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.

18 Ultimate controlling party

The immediate parent of Arora SLG Limited is Arora Hotels Limited, a company registered in England and Wales.

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.