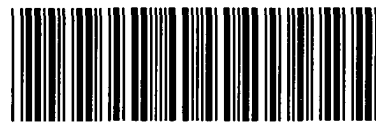


**GLH Hotels Limited**  
**Annual report and financial statements**  
**Registered number 00262958**  
**30 June 2021**

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## Strategic Report

The directors present their Strategic Report for the year ended 30 June 2021.

### Company status and principal activities

GLH Hotels Limited ('the Company') is a limited liability company domiciled and registered in England. The principal activity of the Company is the ownership and operation of hotels in the UK.

### Strategy and Developments

During the year ended 30 June 2021 the Company and its subsidiaries operated 16 hotels, which also comprises the 'Group'.

In the past year, the Group has continued to operate in challenging trading conditions for the hospitality industry as a result of the global issues brought about by the COVID-19 pandemic. The impacts of COVID-19 on the business, and the mitigations, are discussed throughout these accounts. At the time of signing the accounts the pandemic continues to have a significant impact on the Group, and the recovery from the pandemic is uncertain. This has been highlighted recently by the increase in cases of the Omicron variant of the virus, and the increased regulation from the UK Government. Possible impacts of the new variant include cancellations of bookings and further restrictions reducing demand for hotels and elongating the period of recovery. In light of this it remains critical the Group is operated in an agile manner, with constant management review of how best to protect revenue, maximise profitability and appropriately manage cash flow and funding.

Notwithstanding the impacts of the COVID-19 pandemic, the Group continues to focus on driving value from its portfolio of hotels both through operational excellence and asset transformation.

During the current year the Amba Charing Cross and Amba Hotel Grosvenor were rebranded as The Clermont Charing Cross and The Clermont Victoria, respectively.

The Group has loan borrowings of £211.7m (2020: £151.5m) of which £55.3m (2020: £55.3m) are listed on the London Stock Exchange. During the year the Group has drawn-down £60.0m of the RCF (2020: £10.0m). Further details are set out in note 16. At the date of the approval of these financial statements a net repayment of £25.0m has been made on the RCF (further detail in note 27).

### Review of the business

As a result of the outbreak of COVID-19, and the UK wide lockdown enforced by the UK government from 23 March 2020, all hotels were temporarily closed. During the financial year 11 hotels reopened for periods when restrictions eased. At the date of approval of the financial statements 11 hotels remain open.

The situation around the pandemic remains fluid and the directors continue to monitor closely all developments and UK Government announcements. Measures are implemented to minimise the impact of any changes and the directors remain confident in the underlying fundamentals of the market the Group operates in.

To minimise the impact on the Group of the pandemic, the directors have taken measures to ensure all costs have been reduced to minimum levels including contractual costs and critical operational spend required to maintain the hotels. Additionally, all available support to the Group has been explored and utilised including the UK Government's Coronavirus Job Retention Scheme ('CJRS') and the business rates holiday. At the time of signing these accounts the majority of this support from the UK Government has ceased, although the Group will benefit in the Financial Year ended 30 June 2022 from CJRS support up to 30 September 2021 and £2.0m discount from business rates.

The consolidated results for the year ended 30 June 2021 show a 92% decrease in revenue due to the closure of the hotels. Following reopening of the hotels average room rate continues to be competitive with a predominantly domestic customer base, however average room rate is expected to improve as international travel corridors reopen. Expenses dropped in the year as a result of the measures implemented to control costs. Employee costs were controlled through a substantial restructuring exercise and a move to a more flexible work force, and by making use of the Coronavirus Job Retention Scheme, with a 72% decrease seen in the year ended 30 June 2021. Property management costs also show a significant decrease of 83%, due to the heightened control around expenditure of this nature. Management fees reduced significantly due to the temporary closure of the hotels. Right of use asset depreciation and lease liability interest remained significant expenses in the current year, at £14.6m (2020: £15.0m) and £33.8m (2020: £34.3m) respectively. Expenses also includes impairment of property, plant and equipment of £79,000 (2020: £1,973,000) and right-of-use assets of £911,000 (2020: £12,768,000) relating to the Barbican hotel. In the current year the Group received business interruption insurance claim income of £13.1m (2020: £nil). All the above has resulted in an overall loss before tax for the year of £70.1m (2020: £21.9m).

The Company results for the year ended 30 June 2021 include an investment impairment of £117.6m (2020: £6.8m), and a provision against amounts owed by subsidiaries of £55.6m (2020: £nil). See details in Note 11 and 14 respectively.

The net asset position of the Group has reduced to £402.2m (2020: £451.8m), due to the impact of the losses for the year.

The Key Performance Indicators (KPIs) used to measure trading performance of the hotel are occupancy percentage, average room rate (ARR) and revenue per available room (RevPAR).

#### KPIs: Movement vs. prior year

	Year ended 30 June 2021 %	Year ended 30 June 2020 %
Occupancy (percentage points)	(90.7)	(29.9)
Average room rate (ARR)	(51.0)	4.8
Revenue per available room (RevPAR)	(95.1)	(26.8)

### Engaging with our stakeholders (section 172(1) statement)

The Directors have a duty to promote the success of the Company and the Group for the benefit of its members as a whole, having regard to the interests of our customers, our people, our relationship with our suppliers and the impact of our operations on the communities in which we operate, and to ensure that we maintain a reputation for high standards of business conduct.

Our key stakeholders are our customers, employees, lenders, landlords, the beneficiaries of the DB pension scheme and the community and environment. All key Group decisions consider the impact on relevant stakeholders. Increasingly, stakeholders are looking to understand our performance across multiple areas, including products and services, innovation, governance and workplace practices. The Company endeavours to gain an understanding of the perceptions and attitudes of each stakeholder group and the weight they give to different issues. Where the views of the different stakeholder groups do not align, the Group must decide on the best course to promote the Group's long-term success.

## Strategic Report (continued)

### Engaging with our stakeholders (section 172(1) statement) (continued)

#### Customers

Customers are the core focus of our business. We strive to deliver outstanding customer experiences in order to build long-term and sustainable relationships. Key issues for our customers include high quality service which meets their high expectations and competitive pricing.

#### Employees

As a service organisation, our employees are critical to our business. We ensure our people are engaged and empowered to deliver the best service for our customers and be happier themselves.

The Group strives to ensure our employees maintain and embody the Group values. Our values encourage employees to:

- **Respect** our guests, our environment and each other,
- Have **integrity**, so are trusted to do what is right
- **Support** all colleagues to deliver the best results
- Take **ownership** of their goals and ambitions
- Work at **pace** and aim for 'right first time'
- Be a **team player** and work as part of an energetic and fun-loving team

See Employee matters section in the Directors' report for further information on how we engage with our employees.

#### Lenders

The Group prioritises strong relationships with its lenders and continues to build on long-term established relationships. These relationships work not just by fulfilling contractual performance obligations, but also include regular communications on business strategy and working as partners towards shared objectives.

#### Landlords

The location and quality of the Group's hotels underpins our business and is fundamental to the service we provide. Good relationships with the landlords of our properties (across multiple contractual relationships) are pivotal to ensure our properties are maintained to a high standard, offer a compelling offering to our guests and support the long-term growth strategy of the Group.

#### DB Pension Scheme

The Group operates two defined benefit schemes, both of which are closed to new members and their assets are held in separate funds administered by Trustees.

The Group have nominated representatives on the board of trustees. They attend regular meetings to discuss relevant issues with the pension scheme administrators and external advisor to ensure the Group are fulfilling all requirements.

#### Community and environment

The Group host and encourage involvement in a number of events throughout the financial year, partnering with charities and fund raising exercises which aim to have a positive impact on the community in which we operate.

Environment is a priority for the Group, with a group-wide carbon footprint assessment undertaken to ensure the Group are well equipped to make constructive changes where necessary.

### Principal risks and uncertainties

Principal Risks	Mitigating Activities
<p><b>Brand reputation</b></p> <p>(1) The Group is reliant upon the reputation of the GLH Hotels Group brands. Any event that materially damages the reputation of one or more of the Group's brands and/or failure to sustain the appeal of the Group's brands to its customers may have an adverse impact on subsequent revenues from that brand or related operation.</p> <p>(2) The Group is also reliant upon the reputation of the Hard Rock International and Hard Rock Cafe ("Hard Rock") brands. Any event that materially damages the reputation of one or more of these brands and/or failure to sustain the appeal of these brands to its customers may have an adverse impact on subsequent revenues from that brand or related operation.</p>	<p>(1) Each of the brands in our portfolio are designed to meet specific guest needs. The consistency of our brands is managed through the brand standard requirements. We continually review ways to increase awareness and loyalty towards our brands.</p> <p>We are committed to conducting business in a responsible manner. We have put in place a set of internal policies and procedures, which are supported by training, monitoring and reporting.</p> <p>(2) Hard Rock has stipulated brand standards to be applied by all of their operations worldwide to ensure that the brand image and consistency is maintained. We are required to comply with these standards also. With a portfolio of operations around the globe they are required to continually review ways to increase awareness and loyalty towards their brands and have mitigation processes in place should anything occur which may challenge a brand.</p> <p>We also have a legal ability to walk away from the hotel franchise agreement should an event occur which meets certain criteria and means that we would prefer to operate the hotel under a different brand. However, this would be seen as a last resort, and instead, we rely on robust governance and management of the relationships with Hard Rock to ensure that their and our best interests are served.</p>
<p><b>Pandemic</b></p> <p>The risk of further government-mandated lockdowns in relation to the COVID-19 pandemic, or a similar pandemic, along with restrictions on international travel, social distancing and health and safety, present significant challenges to the operations and financial results of the Group. Loss of trade puts pressure on profitability and cashflow, which may require additional sources of funding.</p>	<p>The health and safety of guests and employees is a top priority for the Group. Policies and procedures are regularly reviewed by Management to ensure they are appropriate and that the Group remains compliant with applicable regulations.</p>

## Strategic Report (continued)

### Principal risks and uncertainties (continued)

Principal Risks	Mitigating Activities
<p><b>Pandemic (continued)</b></p> <p>The pandemic continues to have a significant impact on the business and remains an evolving situation, as seen by the rise of the Omicron variant in the UK in December 2021.</p> <p>Loss of trade and reduction of profitability as a result of a pandemic could have a significant negative impact on the valuation of property, plant and equipment, recoverability of Company's investment in subsidiaries and other areas that depend on forecasts.</p>	<p>Financial forecasts are updated regularly and reviewed by Management to ensure the longer-term prospects of the Group are understood and appropriate funding is secured. This includes extensive scenario modelling to ensure the impact of further potential restrictions is considered.</p> <p>Management have undertaken a detailed review of expenditure within the Group making appropriate savings as necessary to safeguard the business during the COVID-19 pandemic. Tight controls are in place over spending, both on operational costs and capital expenditure.</p> <p>Management have and will continue to utilise available Government support as applicable.</p>
<p><b>Political or economic uncertainty</b></p> <p>The Company and the Group are exposed to the risk of adverse political or economic developments. The state of world economies and consumer confidence affect demand in the hospitality sector. With the effects of the COVID-19 pandemic, it remains difficult to clearly assess the impact of Britain's exit from the European Union on the business. Headwinds which the business currently faces into which may be influenced by the exit from the EU include supply chain delays, price inflation and challenges in the supply of labour.</p> <p>The Group is susceptible to fluctuations in major world currencies, which can impact the cost and therefore propensity to travel of overseas guests.</p> <p>Similar to nearly all other business concentrated in London hospitality, our current workforce contains a diverse mix of nationalities. Legislation restricting freedom of movement of labour has adversely impacted both the availability and cost of labour, with difficulties filling vacancies seen in many areas of the workforce. Labour supply shortages present a risk to the operating model and the ability of the Group to adequately preserve a positive guest experience and could constrain occupancy.</p> <p>The Group is potentially impacted by political decisions which may influence the supply of oil and gas, and impact energy prices. At the time of signing the accounts the energy crisis has resulted in record high utilities costs.</p> <p>A negative impact on the Group's revenue and profitability will also have a direct impact on the valuation of property, plant and equipment, recoverability of Company's investment in subsidiaries and other areas that depend on forecasts.</p>	<p>The Group operates a diverse range of brands, with hotels in the 3, 4 and 5 star markets. These brands have been designed to have international appeal, and the customer base is not concentrated in any specific geographical region.</p> <p>Pricing strategy is under constant review and the Group is able to respond proactively to fluctuations in demand in order to maximise returns. This includes the assessment of when it is economically beneficial to open or close a site, with resources reallocated accordingly.</p> <p>The Group retains a proactive focus on costs and the Group's Procurement team regularly review the risks associated in the Group's supply chain. This includes:</p> <ul style="list-style-type: none"> <li>- Joint business plans with key suppliers, to mitigate risks caused by currency fluctuations and potential changes in import procedures;</li> <li>- Implementation of risk management procedures including contingency planning;</li> <li>- Where there is a potential risk of increased costs in the supply chain due to a shortage of raw materials and/or manpower, price fixes/ price caps were negotiated;</li> <li>- For high risk products, alternative suppliers and products have been identified and alternative menus developed for high risk products to ensure business continuity.</li> </ul> <p>The Group constantly reviews its approach to being a compelling employer choice for UK nationals and overseas nationals alike. This includes focusing on creating a great place to work, career development opportunities, employee engagement as well as competitive compensation and benefits, which are benchmarked against industry standards.</p> <p>A flexible staffing model has been employed in order to channel staff resource into the hotels and departments with the most demand, facilitated by multi-skilling of employees. The mix of agency staff vs employees is also optimised to support short term staffing requirements.</p> <p>Regarding the potential negative impact on the value of property, plant and equipment, the short, medium and long term trading strategy are constantly reviewed by management to ensure revenue and profitability is maximised, as discussed above in the review of the business. The forecasts which inform the asset valuations are regularly reviewed, allowing management to identify any signs of impairment and take decisive action to protect asset value.</p>
<p><b>Treasury risk</b></p> <p>The Group is exposed to treasury risks relating to interest rates on overdrafts, counterparty credit and management of cash, ensuring liabilities are met as they fall due.</p> <p>Cash management has been a heightened risk in the current year, as a result of the COVID-19 pandemic, and the reduced revenues and cash inflow as a result.</p>	<p>The Group's Treasury function manages both the activities of all operating companies within the Group and the Group's borrowings. Rolling cash flow forecasts are maintained by the Group to ensure sufficient headroom is maintained to meet all future liabilities.</p> <p>The Group's treasury activities, including the use of financial instruments, are overseen by GL Limited (Note 29).</p>

## Strategic Report (continued)

### Principal risks and uncertainties (continued)

Principal Risks	Mitigating Activities
<p><b>Treasury risk (continued)</b></p> <p>In the financial year ended 30 June 2022 there are the following debt repayments due: (1) £6m term loan due September 2021 and (2) £55.4m debentures due June 2022. Additionally, in September 2022 a further £25m of the term loan is due for repayment.</p>	<p>The £6m term loan repayment due was made in September 2021. Funding of £55.4m via an intercompany loan was obtained from the Group's parent in December 2021. This will be used to refinance the £55.4m debentures in June 2022. Prior to that it will be used to reduce the Group's Revolving Credit Facility liability. It has been agreed with the Group's external lender that the £25m term loan repayment due in September 2022 will be deferred until September 2023.</p>
<p><b>Cyber risk</b></p> <p>The Group, similar to all organisations, is exposed to the ongoing risk of cyber-attacks, and attempts to access systems, for example through phishing emails.</p> <p>There are risks of financial loss if systems are compromised, in particular through payments made to incorrect bank details, or loss of key system data.</p>	<p>The Group is continuously reviewing and improving systems to ensure this risk is managed. Mitigating activities include:</p> <ol style="list-style-type: none"> <li>1) Strict Network Access Controls and Conditional Access Policies restrict who can gain access to the Group's network, and also for those who have permission to ensure they can only access the areas they need.</li> <li>2) Systems are regularly reviewed to ensure versions are up to date with the latest security updates.</li> <li>3) Multi-factor authentication is required to access systems to ensure the Group's user accounts cannot easily be compromised.</li> </ol>

Signed:



Chew Seong Aun  
Director  
14 December 2021

## Directors' Report

The directors present their Directors' Report and financial statements for the year ended 30 June 2021.

### Result and dividends

The results for the year ended 30 June 2021 are set out in the Consolidated Statement of Profit and Loss and Other Comprehensive Income on page 17. Loss after tax for the year was £50.7m (2020: £16.7m). The increased loss before tax is explained in the Strategic Report on page 1. The Group's taxation credit for the year increased to £19.4m (2020: £5.1m) predominantly due to an increase in the Group's deferred tax asset for losses.

The directors have not proposed a dividend in the current financial year (2020: £nil).

### Directors & directors' interests

The directors who held office during the financial year were as follows:

Leng Hai Kwek

Seong Aun Chew (appointed 01 January 2021)

Cynthia Cheng (appointed on 01 June 2021)

Hong Cheong Tang (resigned 01 January 2021)

Kah Meng Ho (resigned 01 June 2021)

Alan Morgan (resigned 01 April 2021)

No director had any interests in, or rights to subscribe for, shares or debentures in the Company or any fellow subsidiary during the financial year.

Leng Hai Kwek and Seong Aun Chew are directors of the intermediate parent company, GL Limited, and their interests in its shares and share options are disclosed in that company's accounts.

The directors benefited from qualifying third-party indemnity provisions in place during the financial year and at the date of this report.

### Going concern

After making due enquiries, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The basis of this assessment is detailed on page 22. For this reason they continue to adopt the going concern basis in preparing the accounts.

The Company has net assets of £439.0m (2020: £462.5m) and a modest gearing ratio of 33% (2020: 24%).

The Group has net assets of £402.2m (2020: £451.8m) and a modest gearing ratio of 34% (2020: 25%).

The Gearing Ratio Calculation has been calculated as follows:

$$\frac{\text{Borrowings}}{\text{Borrowings} + \text{Total Equity}}$$

### Financial Risk

The Group's policy and objectives related to financial risk management, including the policy for hedging, is considered in Note 20 to the financial statements. This also considers the position in relation to credit risk, liquidity risk and interest rate risk.

### Employee matters

The Group's policy of providing employees with information about the Company and the Group has continued and regular meetings are held between management and employees to allow exchanges of information and ideas.

The Group gives every consideration to applications for employment by disabled persons where the requirements of the job may be adequately filled by a disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under similar terms and conditions and to provide training, career development and promotion wherever appropriate.

See Engaging with our stakeholder's section in the Strategic report on page 2 for further information on how we engage with our employees.

### Charitable Donations and Political contributions

The Company made no charitable donations or incurred any political expenditure during the year (2020: £nil).

## Directors' Report (continued)

### Carbon emissions

In line with the UK Government's streamlined energy and carbon reporting requirements the Group are required to report carbon emissions for the year from 1st July 2020 to 30th June 2021.

Our reporting methodology aligns with Defra's Environmental reporting guidelines (2019) and uses the government's greenhouse gas reporting conversion factors (2020) to quantify emissions in tonnes of Carbon Dioxide equivalent (tCO<sub>2</sub>e). Total emissions are reported using the financial control boundary criteria.

For the purposes of evaluating performance to date we have compared our emissions on a like for like basis against our baseline year of 2019/20. Further information can be found below:

Emissions source	2019/20 (Baseline Yr)	2020/21	Change	% Change
Direct Fugitive Emissions from Refrigeration, Air Conditioning etc - Refrigerant Gas	0	0	0	0.0%
Direct Emissions From Mobile Combustion Sources - Vehicle Fuel Consumption	0	0	0	0.0%
Direct Emissions From Stationary Combustion - Natural Gas Consumption	5,703	3,945	-1,758	-30.8%
Direct Emissions From Stationary Combustion - Other Fuel Consumption	206	132	-73	-35.5%
<b>Total Scope 1 (tCO<sub>2</sub>e)</b>	<b>5,908</b>	<b>4,078</b>	<b>-1,831</b>	<b>-31.0%</b>
Indirect Emissions From Purchased Electricity	7,811	4,417	-3,394	-43.5%
<b>Total Scope 2 (tCO<sub>2</sub>e) - Location Based</b>	<b>7,811</b>	<b>4,417</b>	<b>-3,394</b>	<b>-43.5%</b>
<b>Total Scope 2 (tCO<sub>2</sub>e) - Market Based</b>	<b>2,348</b>	<b>0</b>	<b>-2,348</b>	<b>-100.0%</b>
<b>Total Scope 1 &amp; 2 (tCO<sub>2</sub>e) - Location Based</b>	<b>13,719</b>	<b>8,494</b>	<b>-5,225</b>	<b>-38.1%</b>
<b>Total Scope 1 &amp; 2 (tCO<sub>2</sub>e) - Market Based</b>	<b>8,256</b>	<b>4,078</b>	<b>-4,178</b>	<b>-50.6%</b>
<b>Intensity Metrics</b>				
Total Gross Internal Area* (m <sup>2</sup> )	119,226	266,419	147,193	123.5%
<b>Scope 1 &amp; 2 emissions per unit (tCO<sub>2</sub>e/m<sup>2</sup>)</b>	<b>0.1151</b>	<b>0.0319</b>	<b>-0.08</b>	<b>-72.3%</b>
Total Gross Annual £m Revenue (£'000)	£189,528	£13,473	-£176,055	-92.9%
<b>Scope 1 &amp; 2 emissions per unit (tCO<sub>2</sub>e/£ Revenue)</b>	<b>0.0724</b>	<b>0.6305</b>	<b>0.56</b>	<b>771.0%</b>
Total Rooms Sold	969,743	92,051	-877,692	-90.5%
<b>Scope 1 &amp; 2 emissions per unit (tCO<sub>2</sub>e/Room Sold)</b>	<b>0.0141</b>	<b>0.0923</b>	<b>0.08</b>	<b>552.3%</b>

Energy Consumption by source (kWh)	2019/20 (Baseline)	2020/21	Change	% Change
Electricity	30,559,577	18,945,261	-11,614,316	-38.0%
Gas	31,017,307	21,455,462	-9,561,846	-30.8%
Purchased Fuel	800,371	515,924	-284,447	-35.5%
Renewable Generation	0	0	0	0.0%
Company Car	0	0	0	0.0%
Fleet Vehicle	0	0	0	0.0%
<b>Total</b>	<b>62,377,255</b>	<b>40,916,646</b>	<b>-21,460,609</b>	<b>-34.4%</b>

Overall energy use and absolute carbon emissions have reduced significantly this year which can be directly attributed to fewer visitors using our buildings, this is due to the impacts that ongoing COVID-19 restrictions have had on our business and operations. Our intensity metric which normalises overall emissions against rooms sold and revenue also has significant variances this year as a result. However, some reductions can be directly attributed to carbon efficiency measures which have been undertaken during the reporting period, these include the procurement of REGO backed renewable electricity tariffs which have reduced our market based emissions by 50%.



## Directors' Report (continued)

### Risk Management & Internal Controls

The Board recognises the importance of a sound system of internal controls to safeguard shareholders' interests and investments and the Group's assets, and to manage risks. The Board determines the Group's risk profile and oversees the formulation, implementation and monitoring of the Group's internal controls. Management articulates the Group's risk policies by identifying significant risks which might impact the Group's business. The Group maintains a Risk Register which is reviewed periodically by the Board and Management of Guoco Group Limited, intermediate parent of the Group. A risk rating system has been established to identify the tolerance level for the various identified risks and to determine the likelihood of incidence of such risks. Guidelines and strategies for the mitigation of such risks are set out in the Risk Register. The Board ensures the effective implementation and monitoring of internal controls by Management and the Internal Audit Department. The Internal Audit Department reports directly to the Board. The Internal Audit Department adheres to an audit plan approved by the Board in reviewing and testing the adequacy and effectiveness of the Group's internal controls. On an annual basis, an Internal Audit and Risk Assurance Report is presented to the Board on significant risks and risk exposures impacting the Group's key businesses and the measures taken by Management to address them. The Board recognises that no system of control will provide absolute assurance against material misstatement or loss. However, based on reviews carried out by the Internal Audit Department and Management, the Board is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems, are adequate and effective. On 14 December 2021, the Board received assurance from Mr Jon Scott and Gavin Taylor, who are the Chief Executive Officer and Chief Financial Officer respectively of the Company, that:

- The financial records of the Company have been properly maintained and the financial statements for FY2021 give a true and fair view of the Company's operations and finances; and
- The Company's system of risk management and internal controls is effective in addressing the material risks in its current business environment including financial, operational, compliance and information technology risks.

### Disclosure of Information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Other Information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



Chew Seong Aun

Director

14 December 2021

## Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the Company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of their profit or loss for that year. In preparing each of the Group and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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 its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and Directors' Report that complies with that law and those regulations.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.



Chew Seong Aun

Director

14 December 2021



# Independent auditor's report

## to the members of GLH Hotels Limited

### 1. Our opinion is unmodified

We have audited the financial statements of GLH Hotels Limited ("the Company") for the year ended 30 June 2021 which comprise the Consolidated Statement of Profit and Loss and Other Comprehensive income, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Changes in Equity, Consolidated and Company Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, and as applied in accordance with the provisions of, the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation to the extent applicable.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors in 2004. The period of total uninterrupted engagement is for the 18 financial years ended 30 June 2021. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

#### Overview

<b>Materiality:</b>	£4m (2020:£0.855m)
group financial statements as a whole	0.3% of total assets (2020: 0.5% of revenue)
<b>Coverage</b>	93% of total assets (2020: 79% of revenue)

#### Key audit matters vs 2020

<b>Recurring risks</b>	Going concern	◄►
	Carrying amount of property, plant and equipment	◄►
	Defined benefit pension obligation	◄►
	Recoverability of parent Company's investments in subsidiaries	◄►

In addition, we applied group materiality of £1 million to payroll expenses, revenue, and reciprocal revenue balances for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could be reasonably expected to influence the company's members' assessment of the financial performance of the group.

## 2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters unchanged from 2020, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
<p><b>Going concern</b></p> <p><i>We draw attention to note 1 in the financial statements which explains the Group's and the parent Company's ability to continue as going concern is dependent on continued financial support from the parent and the remaining uncommitted facilities available.</i></p>	<p><b>Disclosure quality:</b></p> <p>The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company.</p> <p>That judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group's and Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements.</p> <p>The risks most likely to adversely affect the Group's and Company's available financial resources over this period were:</p> <ul style="list-style-type: none"> <li>• Continued uncertainty over the future impact of COVID-19, specifically its impact on the hospitality industry and reopening of international borders; and</li> <li>• Continued availability of external financing, including 3<sup>rd</sup> party financing facilities, and parent support from Guoco Group Limited, including the provision of new intercompany loans to repay the Group's debentures due in June 2022.</li> </ul> <p>There are also less predictable but realistic second order impacts, such as the impact of Brexit and the erosion of customer or supplier confidence, which could result in a rapid reduction of available financial resources.</p> <p>The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>— <b>Assessing transparency:</b> We assessed the completeness and accuracy of the matters covered in the going concern disclosures by evaluating the assumptions used by the directors to prepare the downside cash flows.</li> <li>— <b>Funding assessment:</b> We assessed the Group's current and future funding, including compliance with covenants on third party financing. We also assessed the forecast cash position and the available committed facilities to understand the financial resources available to the Group during the forecast period.</li> <li>— <b>Historical accuracy:</b> We evaluated assumptions used, in particular those relating to forecast revenue growth and profit margins by considering the historical accuracy of the previous forecasts.</li> <li>— <b>Sensitivity analysis:</b> We assessed the reasonableness of management's budgets/forecasts and evaluated whether revenue and cost projections are within a reasonable range, and assessed the plausible but severe downside scenarios particularly whether those downside scenarios reflect plausible impacts of COVID-19 on the business.</li> <li>— <b>Assessing completeness:</b> We evaluated whether management's assessment has failed to identify events or conditions that may cast significant doubt on going concern and whether the method used by management is appropriate.</li> <li>— <b>Assessment of key assumptions:</b> We evaluated whether there is adequate support for the assumptions underlying management's assessment, whether they are realistic and achievable and consistent with the external and/or internal environment and other matters identified in the audit.</li> </ul> <p><b>Our results</b></p> <ul style="list-style-type: none"> <li>— We have not identified any events or conditions that would cast a significant doubt on the entity's ability to continue as a going concern.</li> </ul>

## 2. Key audit matters: our assessment of risks of material misstatement (continued)

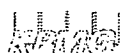
	The risk	Our response
<p><b>Carrying amount of property, plant and equipment and Right of Use Asset</b></p> <p>PPE: £631.2 million; 2020: £643.2 million</p> <p>ROU: £497.5 million; 2020: £510.2 million</p> <p><i>Refer to note 1 (accounting policy) and notes 10, 12 and 28 (financial disclosures)</i></p>	<p><b>Forecast-based valuations:</b></p> <p>The Group has significant hotel assets which are carried at cost less depreciation and impairment, and are subject to an annual review to assess whether or not they have any indicators of impairment.</p> <p>There is a degree of subjectivity in the determination of appropriate assumptions and market conditions prevailing at the balance sheet date with the key assumptions relating to the discount rate, projected short and long term revenue growth rates, and exit multiple. There is greater estimation uncertainty relating to future cash flows due to the impact of COVID-19 and the recovery curve of the hospitality industry.</p> <p>The net book value of the property, plant and equipment and right of use asset are significant to the Group and there are inherent judgements involved which leads us to consider this to be a significant audit risk.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the carrying amount of the property, plant and equipment has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.</p> <p>The financial statements (note 28) disclose the sensitivity estimated by the Group.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>— <b>Assessment of the Group's review of indicators:</b> We assessed the directors' identification of impairment indicators within the individual cash generating units.</li> <li>— <b>Retrospective review of historical forecasts:</b> We assessed the reasonableness of the budgets by considering the historical accuracy of the previous forecasts.</li> <li>— <b>Sensitivity analysis:</b> We performed breakeven analysis on the projected economic growth and discount rates.</li> <li>— <b>Assessment of key assumptions:</b> With assistance from KPMG specialists, we analysed the key assumptions used within the calculation of recoverable amount including the discount rate, projected short and long term revenue growth rates and exit multiple.</li> <li>— <b>Assessing transparency:</b> We assessed the Group's disclosures over the property, plant and equipment impairment review, including disclosures regarding the sensitivity of the outcome of the impairment reviews to changes in key assumptions.</li> </ul> <p><b>Our results</b></p> <ul style="list-style-type: none"> <li>— We found the resulting estimate of the recoverable amount of the properties to be acceptable (2020 result: acceptable).</li> </ul>
<p><b>Defined benefit pension obligation</b></p> <p>£106.1million; 2020: £109.4 million</p> <p><i>Refer to note 1 (accounting policy) and note 24 (financial disclosures)</i></p>	<p><b>Subjective valuation:</b></p> <p>The Company operates two defined benefit pension schemes. The estimate of the defined benefit obligations is inherently uncertain and requires significant estimates around assumptions relating to mortality improvements, inflation and discount rates.</p> <p>Small changes in the assumptions and estimates used to value the parent Company's pension obligation (before deducting scheme assets) would have a significant effect on the net pension surplus.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the valuation of the defined benefit pension obligation has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.</p> <p>The financial statements (note 24) disclose the sensitivity estimated by the parent Company.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>— <b>Assessing external actuary's credentials:</b> We critically assessed the qualifications and experience of the external actuary to determine if they have the knowledge and experience to perform the valuation of the defined benefit pensions schemes.</li> <li>— <b>Benchmarking assumptions:</b> We challenged the key assumptions applied: the discount rate, inflation rate and mortality/ life expectancy against externally derived data to estimate the sensitivity of the defined benefit pension obligation, supported with the involvement of our own actuarial specialists.</li> <li>— <b>Assessing transparency:</b> We assessed the parent Company's disclosures for adequacy in respect of the assumptions used in calculating the defined benefit obligation against the requirements.</li> </ul> <p><b>Our results</b></p> <ul style="list-style-type: none"> <li>— We found the resulting estimate of defined benefit pension obligation to be acceptable (2020 result: acceptable).</li> </ul>

## 2. Key audit matters: our assessment of risks of material misstatement (continued)

	The risk	Our response
<b>Recoverability of parent Company's investments in subsidiaries</b> £665.1million; 2020: £598.4 million <i>Refer to note 1 (accounting policy) and note 11 (financial disclosures)</i>	<b>Forecast-based valuations:</b> The carrying amount of the parent Company's investments in subsidiaries are significant and at risk of recoverability due to the assumptions and market conditions prevailing at the balance sheet date. The estimated recoverable amount of these balances is subjective due to the inherent uncertainty in forecasting trading conditions and cash flows used in the budgets. There is also a greater risk when determining assumptions such as the performance of the hotels, with increased uncertainty of future cash flows due to COVID- 19. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of the parent Company's investments in subsidiaries has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 28) disclose the sensitivity estimated by the parent Company.	Our procedures included: <ul style="list-style-type: none"> <li>— <b>Tests of detail:</b> We compared the carrying amount of the total investments with each subsidiaries' draft balance sheet to identify whether their net assets, as an approximate of the minimum recoverable amount, were in excess of their carrying amount and.</li> <li>— <b>Comparing valuations:</b> In situations where the carrying amount of the investments exceeded the net asset value, we compared the carrying amount of the investment with the expected future value based on the discounted cash flows to support the carrying value of the property, plant and equipment in each subsidiary. We assessed the consistency of the assumptions with those used in the impairment assessment.</li> <li>— <b>Historical comparisons:</b> We assessed the reasonableness of the budgets by considering the historical accuracy of the previous forecasts.</li> <li>— <b>Addressing transparency:</b> We assessed the adequacy of the parent Company's disclosures in respect of the carrying amount of the investment in subsidiaries.</li> </ul> <b>Our results</b> <ul style="list-style-type: none"> <li>— We found the parent Company's assessment of the recoverability of investments in subsidiaries to be acceptable (2020 result: acceptable).</li> </ul>

We performed the detailed tests above rather than seeking to rely on any of the group's controls because our knowledge of the design of these controls indicated that we would not be able to obtain the required evidence to support reliance on controls.

We continue to perform procedures over IFRS 16: Lease arrangements and assessing the impact of uncertainties due to the UK exiting the European Union on our audit. However, following the completion of the IFRS 16 transition in prior year and reduced uncertainties over the impact of Brexit, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.



### 3. Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £4m (2020: £855K), determined with reference to a benchmark of group total assets (2020: benchmark of group revenue). We consider total assets to be the most appropriate benchmark as it provides a more stable measure year on year than group revenue.

Materiality for the parent company financial statements as a whole was set at £600K (2020: £299K), determined with reference to a benchmark of company total assets, of which it represents 0.07% (2020: 0.06%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

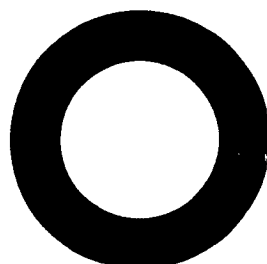
Performance materiality was set at 65% (2020: 65%) of materiality for the financial statements as a whole, which equates to £2.6m (2020: £555K) for the group and £390K (2020: £194K) for the parent company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £200K (2020: £42k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 20 (2020: 20) reporting components, we subjected 9 (2020: 7) to full scope audits for group purposes and 7 (2020: 6) to specified risk-focused audit procedures. The latter were not individually financially significant enough to require a full scope audit for group purposes, but did present specific individual risks that needed to be addressed. The components within the scope of our work accounted for the percentages illustrated opposite.

The remaining 15% (2020: 21%) of total group revenue, 20% (2020: 6%) of group loss before tax and 7% (2020: 6%) of total group assets is represented by reporting components, none of which individually represented more than 5.9% (2020: 7.5%) of any of total group revenue, group loss before tax or total group assets. For these components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

**Group Total Assets**  
£1,317m (2020: £1,308m)



■ Total Assets  
■ Group materiality

**Group materiality**  
£4m (2020: £855K)

**£4m**

Whole financial statements materiality (2020: £855K)

**£2.6m**

Whole financial statements performance materiality (2020: £555K)

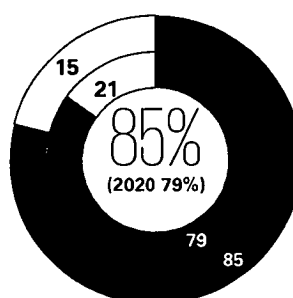
**£2.4m**

Range of materiality at 20 components (£2.4m-£400K) (2020: £42K to £347K)

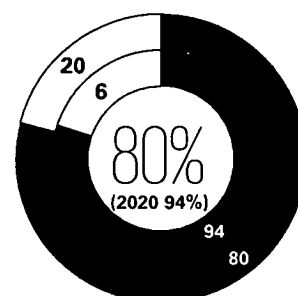
**£200K**

Misstatements reported to the audit committee (2020: £42K)

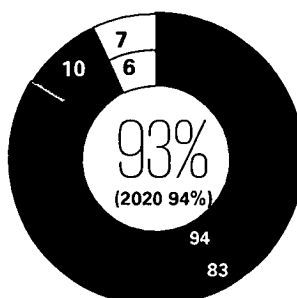
**Group revenue**



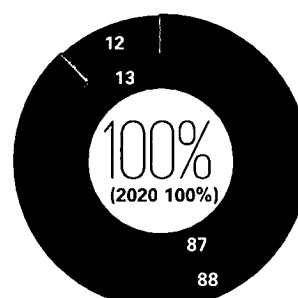
**Group loss before tax**



**Group total assets**



**Group Property, Plant & Equipment**



■ Full scope for group audit purposes 2021  
■ Specified risk-focused audit procedures 2021  
■ Full scope for group audit purposes 2020  
■ Specified risk-focused audit procedures 2020  
■ Residual components



#### 4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1 to be acceptable

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

#### 5. Fraud and breaches of laws and regulations – ability to detect

##### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected, or alleged fraud;
- Reading board minutes;
- Considering remuneration incentive schemes and performance targets; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as impairment and pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue transactions are non-complex and generally very low in value, therefore the risk that this revenue would be deliberately manipulated is considered minimal and it would require a significant degree and volume of manipulation for it to be material and this is considered highly unlikely. There are also limited incentives for management to manipulate revenue given the compensation structure.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unrelated accounts and those relating to related parties including Directors.
- Assessing significant accounting estimates for bias

##### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors as required by auditing standards, and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.



## **5. Fraud and breaches of laws and regulations – ability to detect**

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**6. We have nothing to report on the other information in the Annual Report**

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

*Strategic report and directors' report*

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

**7. We have nothing to report on the other matters on which we are required to report by exception**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

**8. Respective responsibilities**

*Directors' responsibilities*

As explained more fully in their statement set out on page 8, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

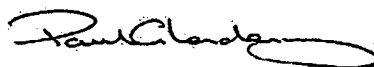
*Auditor's responsibilities*

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**9. The purpose of our audit work and to whom we owe our responsibilities**

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.



**Paul Glendenning (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

15 Canada Square  
London  
E14 5GL  
15 December 2021

**Consolidated statement of profit and loss and other comprehensive income  
for the year ended 30 June 2021**

		Year ended 30 June 2021	Year ended 30 June 2020
	Note	£000's	£000's
Revenue	3	13,812	183,165
Finance Income	6	1,851	3,695
Depreciation and Amortisation	4	(28,625)	(27,878)
Management fees	25	(501)	(18,390)
Franchise fees		(53)	(1,196)
Employee Benefits expense	5	(11,574)	(41,143)
Finance costs	7	(41,070)	(42,149)
Professional Fees		(3,308)	(6,444)
Direct expenses		(5,881)	(14,016)
Property management cost		(3,361)	(19,944)
Rooms commissions		484	(11,794)
Food and beverage cost of sales		(747)	(7,424)
Profit on Disposal through Compulsory Purchase Order	8	-	12,526
Insurance claim income		13,107	-
Loss on Disposal of Fixed Assets	8	(761)	(306)
Impairment of Fixed Assets and Right-of-use Assets	4	(990)	(14,741)
Provisions made	18	(1,251)	(5,247)
Other costs		(1,242)	(10,571)
<b>Loss before tax</b>		<b>(70,100)</b>	<b>(21,857)</b>
Taxation credit	9	19,445	5,147
<b>Loss for the year</b>		<b>(50,655)</b>	<b>(16,710)</b>
Loss for the year attributable to:			
Equity Holders of the Parent		(50,655)	(16,710)
Non-controlling interest		-	-
<b>Loss for the year</b>		<b>(50,655)</b>	<b>(16,710)</b>
<b>Other comprehensive income</b>			
<u>Items that will not be reclassified to Profit or Loss</u>			
Actuarial losses on defined benefit pension plans	24	(710)	(2,781)
Deferred tax credit on other comprehensive income	9	677	208
Current tax credit on other comprehensive income	9	-	271
<u>Items that are or may be reclassified subsequently to profit or loss</u>			
Change in fair value on cashflow hedge	17	1,201	(426)
Deferred tax (charge)/credit on change in fair value on cash flow hedge	9	(151)	130
<b>Total comprehensive income for the year</b>		<b>(49,638)</b>	<b>(19,308)</b>
<b>Total Comprehensive income for the year attributable to:</b>			
Equity Holders of the Parent		(49,638)	(19,308)
Non-controlling interest		-	-
<b>Total comprehensive income for the year</b>		<b>(49,638)</b>	<b>(19,308)</b>

There were no items of recognised income or expense other than as shown in the Consolidated Statement of Profit and Loss and Other Comprehensive Income above.

The accompanying notes on pages 22 to 51 form an integral part of these financial statements.

**Consolidated and company statement of financial position  
for the year ended 30 June 2021**

		Group		Company	
	Note	30 June 2021	30 June 2020 (Restated)	30 June 2021	30 June 2020 (Restated)
		£'000	£'000	£'000	£'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	631,234	643,156	-	-
Investment in subsidiaries	11	-	-	547,497	598,408
Right-of-use assets	12	497,448	510,129	-	-
Deferred tax assets	19	32,655	13,695	749	-
Pension benefit surplus	24	4,801	5,039	4,801	5,039
Trade and other receivables <sup>1</sup>	14	119,323	108,146	139,027	203,746
<b>Total non-current assets</b>		<b>1,285,461</b>	<b>1,280,165</b>	<b>692,074</b>	<b>807,193</b>
<b>Current assets</b>					
Inventories	13	565	606	-	-
Trade and other receivables <sup>1</sup>	14	4,636	5,307	199	4,314
Cash and cash equivalents		26,515	22,492	26,546	22,225
<b>Total current assets</b>		<b>31,716</b>	<b>28,405</b>	<b>26,745</b>	<b>26,539</b>
<b>Total assets</b>		<b>1,317,177</b>	<b>1,308,570</b>	<b>718,819</b>	<b>833,732</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' equity</b>					
Share capital	21	79,655	79,655	79,655	79,655
Share premium	21	10,794	10,794	10,794	10,794
Hedging reserve	22	(1,272)	(2,322)	(1,272)	(2,322)
Retained earnings	23	315,020	365,708	349,804	374,412
		404,197	453,835	438,981	462,539
Non-Controlling interest	23	(1,983)	(1,983)	-	-
<b>Total equity</b>		<b>402,214</b>	<b>451,852</b>	<b>438,981</b>	<b>462,539</b>
<b>Non-current liabilities</b>					
Borrowings	16	156,342	151,486	156,342	151,486
Lease liabilities	12	650,412	654,623	-	-
Deferred tax liabilities	19	-	-	-	188
Derivative financial instrument	17	1,667	2,868	1,667	2,868
Provisions	18	5,564	4,786	5,564	4,786
<b>Total non-current liabilities</b>		<b>813,985</b>	<b>813,763</b>	<b>163,573</b>	<b>159,328</b>
<b>Current liabilities</b>					
Bank overdraft		-	1,232	-	-
Borrowings	16	55,331	-	55,331	-
Trade and other payables	15	28,211	30,901	60,000	211,404
Lease liabilities	12	16,502	10,361	-	-
Provisions	18	934	461	934	461
<b>Total current liabilities</b>		<b>100,978</b>	<b>42,955</b>	<b>116,265</b>	<b>211,865</b>
<b>Total liabilities</b>		<b>914,963</b>	<b>856,718</b>	<b>279,838</b>	<b>371,193</b>
<b>Total equity and liabilities</b>		<b>1,317,177</b>	<b>1,308,570</b>	<b>718,819</b>	<b>833,732</b>

<sup>1</sup> Prior year trade and other receivables for the Group and Company have been restated. See details in Note 14.

**Consolidated and company statement of financial position  
for the year ended 30 June 2021 *(continued)***

The accompanying notes on pages 22 to 51 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 14 December 2021 and were signed on its behalf by:

  
Chew Seong Aun

Director

14 December 2021

**Consolidated statement of changes in equity  
for the year ended 30 June 2021**

	Share Capital	Share Premium	Hedging Reserve	Retained Earnings	Non- Controlling Interests	Total
	£000's	£000's	£000's	£000's	£000's	£000's
<b>Balance at 30 June 2019</b>	79,655	10,794	(2,026)	384,720	(1,983)	471,160
<b>Total Comprehensive Income for the year</b>						
Loss	-	-	-	(16,710)	-	(16,710)
Other Comprehensive income	-	-	(426)	(2,781)	-	(3,207)
Deferred Tax on other comprehensive income	-	-	130	208	-	338
Current tax on other comprehensive income	-	-	-	271	-	271
<b>Balance at 30 June 2020</b>	<u>79,655</u>	<u>10,794</u>	<u>(2,322)</u>	<u>365,708</u>	<u>(1,983)</u>	<u>451,852</u>
<b>Total Comprehensive Income for the year</b>						
Loss	-	-	-	(50,655)	-	(50,655)
Other Comprehensive income	-	-	1,201	(710)	-	491
Deferred tax on other comprehensive income	-	-	(151)	677	-	526
<b>Balance at 30 June 2021</b>	<u>79,655</u>	<u>10,794</u>	<u>(1,272)</u>	<u>315,020</u>	<u>(1,983)</u>	<u>402,214</u>

**Company statement of changes in equity  
for the year ended 30 June 2021**

	Share Capital	Share Premium	Hedging Reserve	Retained Earnings	Total
	£000's	£000's	£000's	£000's	£000's
<b>Balance at 30 June 2019</b>	79,655	10,794	(2,026)	390,567	478,990
<b>Total Comprehensive income</b>					
Loss	-	-	-	(13,853)	(13,853)
Other Comprehensive income	-	-	(426)	(2,781)	(3,207)
Deferred Tax on other comprehensive income	-	-	130	208	338
Current tax on other comprehensive income	-	-	-	271	271
<b>Balance at 30 June 2020</b>	<u>79,655</u>	<u>10,794</u>	<u>(2,322)</u>	<u>374,412</u>	<u>462,539</u>
<b>Total Comprehensive income</b>					
Loss	-	-	-	(24,575)	(24,575)
Other Comprehensive income	-	-	1,201	(710)	491
Deferred Tax on other comprehensive income	-	-	(151)	677	526
<b>Balance at 30 June 2021</b>	<u>79,655</u>	<u>10,794</u>	<u>(1,272)</u>	<u>349,804</u>	<u>438,981</u>

The accompanying notes on pages 22 to 51 form an integral part of these financial statements.

**Consolidated and company statement of cash flows  
for the year ended 30 June 2021**

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2021</b>	<b>30 June 2020</b>	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cash flows from operating activities</b>				
Loss for the year	(50,655)	(16,710)	(24,575)	(13,853)
Adjustments for:				
Taxation	(19,445)	(5,147)	(838)	(1,315)
Finance Costs	40,725	41,641	6,888	7,214
Finance Income	(1,851)	(3,695)	(3,659)	(5,646)
Impairment of Investments	-	-	117,574	6,820
Impairment of fixed assets	79	1,973	-	-
Impairment of right-of-use assets	911	12,768	-	-
Depreciation & Amortisation	28,625	27,878	-	-
Pension fund payments in excess of P&L charge	(384)	(2,065)	(384)	(2,065)
Amortisation of Debenture fees	345	508	345	508
Loss on disposal of fixed assets	751	306	-	-
Changes in working capital:				
Decrease in inventories	41	400	-	-
(Increase)/Decrease in trade & other receivables	(9,494)	21,035	2,173	5,251
(Decrease)/Increase in trade & other payables	(158)	(5,305)	(147,606)	29,371
Increase in provisions	1,251	5,247	1,251	5,247
<b>Cash (used in)/generated from operating activities</b>	<b>(9,259)</b>	<b>78,834</b>	<b>(48,731)</b>	<b>31,532</b>
Interest Paid	(34,521)	(41,869)	(6,792)	(7,598)
Tax Refund	-	1,733	-	1,733
<b>Net Cash (used in)/generated from operating activities</b>	<b>(43,780)</b>	<b>38,698</b>	<b>(55,523)</b>	<b>25,667</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(2,780)	(15,613)	-	-
Interest Received	2	114	2	114
<b>Net cash (used in)/generated from investing activities</b>	<b>(2,778)</b>	<b>(15,499)</b>	<b>2</b>	<b>114</b>
<b>Cash flows from financing activities</b>				
Repayment of loans by parent company of the group on behalf of the Group and Company	-	(23,000)	-	(23,000)
Repayment of lease liabilities	(8,029)	(8,683)	-	-
Drawdown of loan facility	60,000	10,000	60,000	10,000
Loan fees paid	(158)	-	(158)	-
<b>Net cash generated from/(used in) financing activities</b>	<b>51,813</b>	<b>(21,683)</b>	<b>59,842</b>	<b>(13,000)</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,255</b>	<b>1,516</b>	<b>4,321</b>	<b>12,781</b>
<b>Cash and cash equivalent at the start of the year</b>	<b>21,260</b>	<b>19,744</b>	<b>22,225</b>	<b>9,444</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>26,515</b>	<b>21,260</b>	<b>26,546</b>	<b>22,225</b>
Trade and other payables includes the following non-cash adjustments:				
Intercompany interest	1,761	3,112	3,469	5,499
Property, plant and equipment transfers from related parties	(160)	(1,778)	-	-

The accompanying notes on pages 22 to 51 form an integral part of these financial statements.

## Notes to the financial statements

### 1 – Accounting policies

#### (A) Basis of preparation

GLH Hotels Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 00262958 and the registered address is 110 Central Street, London, EC1V 8AJ.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") and equity account the Group's interest in associates and Joint Ventures. The Company financial statements present information about the Company as a separate entity and not about its group.

The Group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The Company has elected to prepare its Company financial statements in accordance with IFRS; these are presented on pages 17 to 51.

On publishing the parent company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of comprehensive income and related notes that form a part of these approved financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 28.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### *Going Concern*

The financial statements have been prepared on the going concern basis which the directors consider to be appropriate for the following reasons.

The directors of the Group have prepared consolidated cash flow forecasts for a period to June 2023. The directors expect the performance of the Group to continue improving after this period following recovery from the pandemic. As at 30 June 2021, the Group was financed by a combination of an unsecured bank loan of £87m with an external lender, unsecured RCF of £70m (of which £62m is uncommitted and £8m is committed) with an external lender, £55.4m of debentures, falling due in June 2022, and cash of £26.5m. The Group also had £42m of committed, unsecured facility which was undrawn at the balance sheet date. At the date of approval of these financial statements, £6m has been repaid on the unsecured bank loan leaving £81m outstanding, and a net £25m repayment has been made on the unsecured RCF, leaving £67m RCF facility undrawn (of which £17m is uncommitted and £50m is committed). Since the balance sheet date £25m of the £81m unsecured bank loan, due for repayment in September 2022, was deferred to September 2023 through an amendment to the Facility Agreement. The bank loan includes four financial covenants and a waiver has been obtained by the Group from the external lender for the interest service cover ratio covenant for the 30 June 2022 testing. All other covenants are expected to be compliant for the 30 June 2022 testing.

The directors of the Group have separately considered the uncertainty as to the future impact of COVID-19 on the cash flow forecasts. At the date of approval of the financial statements 11 of the 16 hotels within the Group were open. In the specific severe but plausible downside scenario considered in relation to COVID-19, it has been assumed that all Group hotels will be closed for 2-months in January and February 2022 as a result of UK Government enforced lockdown, and will generate no revenue for these two months. This forecast includes the impact of mitigating actions, including the deferral of substantially all non-essential capital expenditure. Capital expenditure considered essential in nature has been included in the forecast, including expenditure for the Hard Rock Hotel London air conditioning works. No government support has been assumed during the 2-month lockdown as part of the plausible downside scenario.

This specific downside cash flow forecast indicates that the Group is expected, over the cash flow forecast period, to be able to operate within the facilities available to the Group and with support from the intermediate parent of the Group, Guoco Group Limited. Guoco Group Limited indicated its intention to make available funds to support the Group in making repayment of the £55.4m debentures, with this amount received by the Group on 7 December 2021 in the form of an intercompany loan. It is expected Guoco Group Limited would provide any further support required using its own available financial resources.

The Group are already making considerations for refinancing of the unsecured bank loan and RCF, maturing September 2023 and totalling £126m at the date of approval of these financial statements. It is expected that these will be refinanced through external bank borrowings, supported by the strong balance sheet of the Group. Guoco Group Limited have indicated their intention to support the Group if external financing is not available.

Outside of the GLH Hotels Limited group, but within the wider GLH Group is a £6.6m intercompany loan owing by GLH Hotels Holding Limited to GLH Hotels Group Limited, which will not be recalled in the next 12 months. A letter has been obtained from GLH Hotels Group Limited confirming repayment will not be sought during this period. Additionally, £118.3m of lending through Quoted Eurobonds is due to mature in June 2024. GLH Hotels Group Limited are the sole owner of these loan notes, due from GLH RHG Limited and GLH KG Limited, and it is expected they will be refinanced with GLH Hotels Group Limited.

With regards to the support by the intermediate parent, as with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on the above, the directors believe it remains appropriate to prepare the financial statements on a going concern basis.



## Notes to the financial statements (continued)

### 1 – Accounting policies (continued)

#### (B) Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies to all periods presented in these financial statements.

##### i) Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

##### *Impact on accounting for changes in lease payments applying the exemption*

The Group has applied the practical expedient retrospectively to all rent concessions that meet the conditions in IFRS 16:46B and has not restated prior period figures.

The Group has benefited from a 9-month partial lease payment holiday on buildings. The payment holiday reduced payments in the period to June 2021 by £9,132,000 and increases payments in the period to June 2022 by the same amount.

The Group has remeasured the lease liability using the revised lease payments and the discount rate originally applied to the lease, resulting in a decrease in the lease liability of £493,000, which has been recognised as a negative finance lease interest expense in profit or loss. The Group continued to recognise interest expense on the lease liability.

##### ii) IBOR reform

In September 2019, the International Accounting Standards Board issued amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform, effective for annual reporting periods beginning on or after 1 January 2021 with early adoption permitted. This change arose from the fundamental reform of major interest rate benchmarks undertaken globally to replace or reform IBOR with alternative nearly risk-free rates (referred to as 'IBOR reform'). These amendments provide temporary relief from specific hedge accounting requirements affected by IBOR reform. These amendments replace the need for specific judgements to determine whether certain hedge accounting relationships that hedge the variability of cash flows or interest rate risk exposures for periods after the interest rate benchmarks are expected to be reformed or replaced continue to qualify for hedge accounting. The IASB is expected to provide further guidance on the implication for hedge accounting during the reform process and after the reform uncertainty is resolved.

The Group applied the interest rate benchmark reform amendments retrospectively to hedging relationships that existed at 1 July 2020 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments also apply to the gain or loss recognised in other comprehensive income that existed at 1 July 2020. The details of the accounting policies are disclosed in Note 1(M). See also Note 17 for related disclosures about hedge accounting.

##### iii) Other new and amended IFRS Standards that are effective for the current year

The following amended standards and interpretations issued by the IASB that are effective for annual periods beginning after 1 July 2020 have been applied by the Group and the Company. There has been no significant impact on the Group's and the Company's financial statements:

##### *International Financial Reporting Standards*

- *Amendments to References to Conceptual Framework in IFRS Standards.*
- *Definition of a Business (Amendments to IFRS 3).*
- *Definition of Material (Amendments to IAS 1 and IAS 8).*

## Notes to the financial statements (continued)

### 1 – Accounting policies (continued)

#### (C) Future changes to accounting standards

There are a number of standards and interpretations issued by the IASB that are effective for annual periods beginning after 1 July 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's financial statements:

#### *International Financial Reporting Standards*

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16);
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
- References to Conceptual Framework (Amendments to IFRS 3);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12);
- Sales or Contribution of Assets between an investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

#### (D) Measurement convention

The financial statements are prepared on the historical cost basis except for certain assets and liabilities which are measured at fair value as described below.

#### (E) Basis of consolidation

##### Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

##### Joint Arrangements

A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. These joint arrangements are in turn classified as:

- Joint ventures whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities; and
- Joint operations whereby the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

##### Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

##### Application of the equity method to associates and joint ventures

Associates and joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

#### (F) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

##### Separate company financial statements.

In the Company financial statements, all investments in subsidiaries are carried at cost less impairment.

## Notes to the financial statements (continued)

### 1 – Accounting policies (continued)

#### (G) Property, plant and equipment

All property, plant and equipment is stated at cost or deemed cost less depreciation and any necessary provision for accumulated impairment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Residual values are assigned to assets where appropriate, based on the estimated amount the Group would obtain from disposal of the asset, less costs of disposal.

The principal expected useful economic lives are:

Freehold land	Not depreciated
Core elements of freehold buildings	Up to 100 years
Integral plant and non-core elements of buildings	15 to 30 years
Plant, equipment and fit out costs	5 to 15 years

Repairs and maintenance costs are expensed as incurred.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

#### (H) Leases

##### As a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group made a remeasurement in the current year of £2,823,000 (2020: £6,718,000).

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 1(O).

##### As a lessor

The Group assesses the classification of a sub-lease with reference to the right-of-use asset. All of the Group's recognised sub-leases have been assessed to fall as operating leases under IFRS 16. Income is therefore recognised on a straight-line basis through the profit and loss.

## Notes to the financial statements (continued)

### 1 – Accounting policies (continued)

#### (I) Inventories

Inventories comprise food, beverages, Hard Rock shop merchandise and retail vouchers for resale and are stated at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items.

Cost is based on the first-in first-out principle that includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition.

#### (J) Classification of financial instruments

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### (K) Classification of non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

##### Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

##### Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

##### Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

##### Investments in debt and equity securities

Debentures are stated at amortised cost less impairment. Financial instruments held for trading are stated at fair value, with any resultant gain or loss recognised in profit or loss.

#### (L) Classification of derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

## Notes to the financial statements (continued)

### 1 – Accounting policies (continued)

#### (M) Cash flow hedge

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

The Group early adopted the amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform issued in September 2020 as part of its project on interest rate benchmark reform. Under the temporary exemptions from applying specific hedge accounting requirements, Interbank Offered Rates ("IBOR") are assumed to continue unaltered for the purposes of hedge accounting until such time as the uncertainty is resolved. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Group assumes that the benchmark interest rate is not altered as a result of IBOR reform. The Group will cease to apply the amendments to its retrospective and prospective effectiveness assessment of the hedging relationship when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, or when the hedging relationship is discontinued. However, as at 30 June 2021, the uncertainty continued to exist and so the temporary exemptions apply to all of the Group's hedge accounting relationships that reference benchmarks subject to reform or replacement.

#### (N) Impairment of non-derivative financial assets

The Group recognises loss allowances for expected credit losses ("ECL") on all financial assets measured at amortised cost.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

#### Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

#### General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

#### Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

#### Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

## Notes to the financial statements (continued)

### 1 – Accounting policies (continued)

#### (N) Impairment of non-derivative financial assets (continued)

##### Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

##### Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

#### (O) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to Cash-Generating Units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### (P) Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the risks specific to the liability.

#### (Q) Revenue

Revenue from hotel operations is in the profit and loss at the point at which room and related services are provided. Revenue from hotel operations includes income earned from sales of food and beverages, meetings and events income, shop merchandise sales and other miscellaneous income. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration. All revenue is excluding VAT and is generated in the UK.

#### (R) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of profit and loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### (S) Financing income and costs

Financing costs comprise interest payable, finance charges on shares classified as liabilities and finance leases, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

## Notes to the financial statements (continued)

### 1 – Accounting policies (continued)

#### (T) Foreign currency

Transactions in foreign currencies are translated to sterling at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to sterling at foreign exchange rates ruling at the dates the fair value was determined.

#### (U) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

#### (V) Defined benefit pension schemes

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), adjusted for employer contributions paid into the Scheme.

The discount rate is the yield at the reporting date on AA credit rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

A formal actuarial valuation is performed at least once every three years by a qualified actuary and informal valuations are carried out in the intervening years using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Re-measurements of the net defined benefit liability comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in OCI and all expenses related to defined benefit plans in employee benefits expense in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

#### (W) Retirement benefit costs

Payments to defined contribution pension schemes are charged as an expense as they fall due. For defined benefit pension schemes, the cost of providing benefits is determined using the projected unit credit actuarial cost method, with informal actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the income statement and are presented in the SOCI.

Both current and past service costs are the amounts recognised in the income statement, reflecting the expense associated with the individuals. Current service cost represents the increase in the present value of the scheme liabilities expected to arise from employee service in the current period. Past service cost is recognised immediately to the extent that the benefits are already vested. Gains and losses on curtailments or settlements are recognised in the income statement in the period in which the curtailment or settlement occurs.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligations as adjusted for unrecognised past service costs, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds (which is only recognised to the extent that the Group has an unconditional right to receive it) and reductions in future contributions to the scheme. To the extent that an economic benefit is available as a reduction in future contributions and there is a minimum funding requirement required of the Group, the economic benefit available as a reduction in contributions is calculated as the present value of the estimated future service cost in each year, less the estimated minimum funding contributions required in respect of the future accrual and benefits in the year.

#### (X) Government grants

The Group recognises government grants related to income in the period that the expense is incurred.

The Group has adopted to deduct income related government grants from the relevant expense in the statement of profit and loss and other comprehensive income.

#### (Y) Franchise fees

Expenses from franchise fees are recognised in the profit or loss at the point in which the fees are due, based on the underlying franchise agreement.

## Notes to the financial statements (continued)

### 2 - Operating Segments

The Group operates the following brands: Guoman, The Clermont, Amba, Thistle, Thistle Express and Hard Rock. All hotels are operated in or around the London area and there is no one customer that represents a material proportion of the Group's total revenues. In the current year, the Charing Cross and Victoria hotels have rebranded to The Clermont brand (2020: Guoman and Amba respectively).

#### Profit and loss statement for the year ended 30 June 2021

	Guoman £000's	The Clermont £000's	Amba £000's	Thistle, Thistle Express £000's	Hard Rock £000's	Central £000's	Total £000's
Revenue	4,991	908	1,689	4,359	1,865	-	13,812
Depreciation	(6,628)	(3,300)	(2,533)	(8,652)	(7,512)	-	(28,625)
Management fees	(189)	(12)	(22)	(95)	(8)	(175)	(501)
Employee benefit expense	(3,435)	(1,677)	(1,200)	(3,465)	(1,781)	(16)	(11,574)
Finance (costs)/income	(4,378)	(46)	(173)	(10,364)	(20,584)	(3,674)	(39,219)
Other Income/(costs)	1,678	466	1,069	(3,338)	(2,666)	(1,303)	(3,993)
Loss before tax	(7,961)	(3,661)	(1,170)	(21,555)	(30,585)	(5,168)	(70,100)
Tax (expense)/credit	3,337	(646)	(427)	5,113	11,230	838	19,445
Loss for the year	(4,624)	(4,307)	(1,597)	(16,442)	(19,355)	(4,330)	(50,655)

#### Profit and loss statement for the year ended 30 June 2020

	Guoman £000's	Amba £000's	Thistle, Thistle Express £000's	Hard Rock £000's	Central £000's	Total £000's
Revenue	63,618	49,625	39,701	30,221	-	183,165
Depreciation	(8,349)	(4,024)	(9,414)	(6,091)	-	(27,878)
Management fees	(6,366)	(5,569)	(3,855)	(2,468)	(132)	(18,390)
Employee benefit expense	(14,449)	(8,409)	(9,644)	(8,627)	(14)	(41,143)
Finance (costs)/income	(4,328)	602	(11,093)	(21,766)	(1,869)	(38,454)
Other Costs	(27,493)	(14,668)	(17,896)	(12,768)	(6,332)	(79,157)
Profit/(Loss) before tax	2,633	17,557	(12,201)	(21,499)	(8,347)	(21,857)
Tax (expense)/credit	(1,193)	(3,453)	2,943	5,536	1,314	5,147
Profit/(Loss) for the year	1,440	14,104	(9,258)	(15,963)	(7,033)	(16,710)



## Notes to the financial statements (continued)

### 2 – Operating Segments (continued)

#### Statement of financial position as at 30 June 2021

	Guoman £000's	The Clermont £000's	Amba £000's	Thistle, Thistle Express £000's	Hard Rock £000's	Central £000's	Total £000's
<b>Non-current assets</b>							
Property, plant and equipment	218,595	164,497	171,376	34,011	42,755	-	631,234
Right-of-use assets	62,169	-	2,474	127,815	304,990	-	497,448
Pension benefit surplus	-	-	-	-	-	4,801	4,801
Deferred Tax	46	(1,576)	(2,450)	9,961	26,835	(161)	32,655
Trade and other receivables	-	-	-	-	-	119,323	119,323
<b>Current assets</b>							
Inventories	80	41	17	27	385	15	565
Trade and other receivables	285	839	292	44,895	57	(41,732)	4,836
Cash and cash equivalents	10	(64)	(89)	93	22	26,543	26,516
<b>Non-current liabilities</b>							
Borrowings	-	-	-	-	-	(156,342)	(156,342)
Lease Liabilities	(73,291)	-	(3,462)	(187,755)	(385,904)	-	(650,412)
Derivative financial instrument	-	-	-	-	-	(1,667)	(1,667)
Provisions	-	-	-	-	-	(5,564)	(5,564)
<b>Current liabilities</b>							
Borrowings	-	-	-	-	-	(55,331)	(55,331)
Lease Liabilities	(3,489)	-	(2)	(6,926)	(6,085)	-	(16,502)
Provisions	-	-	-	-	-	(934)	(934)
Trade and other payables	(10,114)	(5,747)	(2,645)	(19,577)	(41,040)	50,912	(28,211)
<b>Net assets/(liabilities)</b>	<b>194,291</b>	<b>157,990</b>	<b>165,611</b>	<b>2,544</b>	<b>(57,985)</b>	<b>(60,137)</b>	<b>402,214</b>

#### Statement of financial position as at 30 June 2020

	Guoman £000's	Amba £000's	Thistle, Thistle Express £000's	Hard Rock £000's	Central (Restated) £000's	Total (Restated) £000's
<b>Non-current assets</b>						
Property, plant and	319,763	240,594	36,546	46,253	-	643,156
Right-of-use assets	66,289	2,502	134,703	308,635	-	510,129
Pension benefit surplus	-	-	-	-	5,039	5,039
Deferred tax	(2,769)	(2,671)	3,311	16,012	(188)	13,695
Trade and other receivables	-	-	-	-	108,146	108,146
<b>Current assets</b>						
Inventories	106	51	58	376	15	606
Trade and other receivables	54,095	95,975	55,322	8,872	(208,957)	5,307
Cash and cash equivalents	-	171	88	-	22,233	22,492
<b>Non-current liabilities</b>						
Borrowings	-	-	-	-	(151,486)	(151,486)
Lease Liabilities	(76,780)	(3,462)	(192,554)	(381,827)	-	(654,623)
Derivative financial instrument	-	-	-	-	(2,868)	(2,868)
Provisions	-	-	-	-	(4,786)	(4,786)
<b>Current liabilities</b>						
Bank overdraft	(672)	(250)	(153)	(157)	-	(1,232)
Lease Liabilities	(3,315)	(1)	(6,441)	(604)	-	(10,361)
Provisions	-	-	-	-	(461)	(461)
Trade and other payables	(14,015)	(4,237)	(24,342)	(82,876)	94,569	(30,901)
<b>Net assets/(liabilities)</b>	<b>342,702</b>	<b>328,672</b>	<b>6,538</b>	<b>(87,316)</b>	<b>(138,744)</b>	<b>451,852</b>

## Notes to the financial statements (continued)

### 3 – Revenue

Revenue consists of the following revenue streams:

	Year ended 30 June 2021 £000's	Year ended 30 June 2020 £000's
Rooms revenue	6,654	146,138
Food and beverage	2,842	19,281
Meetings and events	624	11,056
Other	3,692	6,690
	<b>13,812</b>	<b>183,165</b>

### 4 - Expenses and Auditor's Remuneration

	Year ended 30 June 2021 £000's	Year ended 30 June 2020 £000's
The Group's loss before tax is stated after charging:		
Amounts payable to auditor:		
Audit of these financial statements	42	131
Audit of financial statements of subsidiaries	378	188
Pension Scheme audit – defined benefit scheme	13	16
Audit-related assurance services	6	6
Depreciation of fixed assets	14,032	12,882
Depreciation of right-of-use assets	14,593	14,996
Impairment of fixed assets	79	1,973
Impairment of right-of-use assets	911	12,768
Equipment rentals payable under operating leases	124	554

### 5 - Employee, Directors and Key Management Information

	Year ended 30 June 2021 £000's	Year ended 30 June 2020 £000's
Employee costs during the year:		
Agency wages	754	12,876
Employee wages and salaries	17,656	29,903
Employer's social security costs	1,388	2,420
Employer's pension costs	628	887
Government grant	(8,752)	(4,943)
	<b>11,574</b>	<b>41,143</b>
Average monthly staff employed:		
Hotel Operating Staff (excluding agency)	<b>932</b>	<b>1,483</b>

All employees are employed by GLH Hotels Management (UK) Limited or GLH Hotels HR Limited and a recharge is made by these Companies in respect of the persons employed by each hotel.

Government grant income received is from the Government's Coronavirus Job Retention Scheme. This allowed the Group to reclaim an element of wages and salaries, social security and pension costs for employees who were furloughed after March 2020.

The expenses for employers' pension costs include expenses related to the defined benefit and defined contribution schemes.

The directors are remunerated for their services to the Group as a whole which is disclosed in the financial statements of GLH Hotels Management (UK) Limited and GL Limited. An amount of £116,000 (2020: £135,000) has been apportioned to the Group based on the services performed by directors for the individual undertakings within the Group.

**Notes to the financial statements (continued)**

**6 – Finance Income**

	Year ended 30 June 2021 £000's	Year ended 30 June 2020 £000's
Bank interest receivable	2	114
Other interest receivable	-	106
Interest on SWAP arrangements expired in the year	-	207
Interest paid by related parties	1,761	3,112
Net income on retirement benefit obligations	88	156
	<b>1,851</b>	<b>3,695</b>

**7 – Finance Costs**

	Year ended 30 June 2021 £000's	Year ended 30 June 2020 £000's
Debenture stock and loan interest	7,173	7,878
Lease liability interest (note 12)	33,837	34,271
Other finance costs	60	-
	<b>41,070</b>	<b>42,149</b>

**8 – (Loss)/Profit from Disposals of Fixed Assets**

	Year ended 30 June 2021 £000's	Year ended 30 June 2020 £000's
Profit from Disposal through Compulsory Purchase Order	-	12,526
Other loss on disposal	(751)	(306)
	<b>(751)</b>	<b>12,220</b>

Other loss on disposals in the current year related predominantly to asset disposals in the Hard Rock Hotel (London) Limited. Prior year relates to disposal of assets in The Grosvenor Hotel Victoria Limited. On 23 February 2017, Royal Assent was given to the HS2 rail line and the Government issued a Compulsory Purchase Order ("CPO"), with the Euston hotel closing on 4 October 2017. In 2020 the Group received and recognised the final compensation instalment of £12.5m. In 2018, the Group recognised a £6.7m loss on disposal of the assets held by Euston Hotel at the date of the CPO.

## Notes to the financial statements (continued)

### 9 – Taxation

		Year ended 30 June 2021 £000's		Year ended 30 June 2020 £000's
<i>Recognised in the statement of profit or loss</i>				
UK Corporation tax				
Current tax on loss for the year		(686)		194
Adjustments in respect of previous years		(325)		(1,625)
Current tax credit		(1,011)		(1,431)
<i>Deferred taxation</i>				
Current year tax credit		(12,049)		(2,960)
Adjustments in respect of previous years		882		841
Effect of changes in tax rates on:				
IFRS 16 transitional adjustment		(7,590)		(2,695)
Other deferred tax assets and liabilities		323		1,098
Deferred tax credit		(18,434)		(3,716)
Actual tax credit recognised in the statement of profit or loss		(18,446)		(5,147)
<i>Recognised in Other Comprehensive Income</i>				
Deferred tax on pension surplus		(410)		(208)
Deferred tax on losses		(267)		-
Deferred tax credit on other comprehensive income		(677)		(208)
Current tax on pension surplus		-		(271)
Current tax credit on other comprehensive income		-		(271)
Deferred tax on interest rate swap		151		(130)
Deferred tax charge/(credit) on change in fair value on cash flow hedge		151		(130)
Actual tax credit recognised in other comprehensive income		(526)		(609)
Reconciliation of Effective tax rate	%	Year ended 30 June 2021 £000's	%	Year ended 30 June 2020 £000's
Loss before tax for the year	100.0	(70,100)	100.0	(21,857)
Expected tax credit at 19.0% (2020: 19.0%)	19.0	(13,319)	19.0	(4,153)
Adjustments in respect of previous years	(0.8)	557	3.5	(784)
Items not subject to tax or deductible for tax purposes	(0.2)	113	(2.4)	523
Income not taxable	-	-	0.0	(3)
Tax rate changes:				
IFRS 16 transitional adjustment	10.8	(7,590)	12.3	(2,695)
Other	(0.5)	323	(5.0)	1,098
Amounts not recognised	(0.7)	471	(3.9)	867
Actual tax credit	27.6	(19,445)	23.5	(5,147)

On 24 May 2021 a change to the future corporation tax rate was substantively enacted. The corporation tax rate is to increase from 19% to 25% for the tax years starting on or after 1 April 2023. The deferred tax assets and liabilities at 30 June 2021 have been calculated based on these rates.

## Notes to the financial statements (continued)

### 10 - Property, plant and equipment

#### Group

	Land and buildings	Fit out costs, plant and equipment	Total
	£000's	£000's	£000's
<b>Cost</b>			
At the beginning of the year	666,335	223,670	890,005
Additions	1,538	1,242	2,780
Transfers	160	-	160
Reclassifications	6,519	(6,519)	-
Disposals	(206)	(5,989)	(6,195)
At the end of the year	<u>674,346</u>	<u>212,404</u>	<u>886,750</u>
<b>Depreciation</b>			
At the beginning of the year	86,602	160,247	246,849
Charge for the year	6,908	7,124	14,032
Disposals	(170)	(5,274)	(5,444)
Impairments	45	34	79
Reclassifications	1,197	(1,197)	-
At the end of the year	<u>94,582</u>	<u>160,934</u>	<u>255,516</u>
<b>Net book value</b>			
As at 30 June 2021	<u>579,764</u>	<u>51,470</u>	<u>631,234</u>

#### Group

	Land and buildings	Fit out costs, plant and equipment	Total
	£000's	£000's	£000's
<b>Cost</b>			
At the beginning of the year	666,153	207,244	873,397
Additions	499	15,114	15,613
Disposals	(317)	(466)	(783)
Transfers	-	1,778	1,778
At the end of the year	<u>666,335</u>	<u>223,670</u>	<u>890,005</u>
<b>Depreciation</b>			
At the beginning of the year	78,978	153,493	232,471
Charge for the year	6,270	6,612	12,882
Disposals	(165)	(312)	(477)
Impairments	1,519	454	1,973
At the end of the year	<u>86,602</u>	<u>160,247</u>	<u>246,849</u>
<b>Net book value</b>			
As at 30 June 2020	<u>579,733</u>	<u>63,423</u>	<u>643,156</u>

One property (2020: one) with aggregate carrying value of £98,768,000 (2020: £99,640,000) is charged as security for the Group's debenture borrowing facilities.

Transfers in the year ended 30 June 2021 and 30 June 2020 are from related party GLH Hotels Management (UK) Limited. The transfers were at net book value resulting in no gain or loss.

At 30 June 2021, the Group's properties were assessed for indications of impairment.

The recoverable amounts of the properties are determined from value in use calculations or fair value less costs to sell. In the value in use calculations the key assumptions used are in relation to discount and growth rates and exit multiple. Growth rates incorporate occupancy, room rate, volume and direct cost changes. Directors used a post-tax discount factor of 7.07% (2021: 8.37% pre-tax rate, 2020: 9.78% pre-tax rate) over the forecast period for all but one hotel, which used 6.95%. 6.95% was used for the Cumberland hotel because for this site the short-term forecasts were negatively impacted by the air conditioning correction work taking place at the site (information which was known at the balance sheet date). Therefore it was deemed reasonable to use a lower WACC given the already de-risked forecasts being used for the valuation. 4% of revenue was deemed an appropriate rate for replacement capex for the Group, based on the hotel operating agreements for hotels operated by the wider group. As a result, an impairment of £79,000 (2020: £1,973,000) was recorded in relation to the Barbican hotel, as noted in the Strategic Report on page 1.

Current year reclassification: £6,519,000 of assets previously categorised under fit out costs, plant and equipment were reclassified to Land and Buildings with associated depreciation of £1,197,000. Following a review it was deemed more appropriate to reclassify these assets as the assets were land & building in nature. This is a presentation only adjustment, and the assets had been depreciated appropriately.

Disposals during the year related to the disposal of assets in The Hard Rock Hotel (London) Limited. Prior year disposals were of asset in The Grosvenor Hotel Victoria Limited.

When performing the impairment review the relevant growth rates included were specific to each operating site. The process of determining these rates is discussed in note 28. This analysis took into account external views of the London hotel market and the likely time of continuing recovery from the current economic environment.

## Notes to the financial statements (continued)

### 11 - Investment in subsidiaries

#### Company

	£000's
<b>Cost</b>	
At the beginning of the financial year	803,347
Additions	66,663
At the end of the financial year	<u>870,010</u>
<b>Impairment</b>	
At the beginning of the financial year	204,939
Impairment made during the financial year	117,574
At the end of the financial year	<u>322,513</u>
<b>Net book value as at 30 June 2021</b>	<u><b>547,497</b></u>

	£000's
<b>Cost</b>	
At the beginning of the financial year	803,347
Additions	-
At the end of the financial year	<u>803,347</u>
<b>Impairment</b>	
At the beginning of the financial year	198,119
Impairment made during the financial year	6,820
At the end of the financial year	<u>204,939</u>
<b>Net book value as at 30 June 2020</b>	<u><b>598,408</b></u>

The Company holds 100% of the ordinary shares in the following companies:

Bloomsbury Hotel (London) Limited	The Grosvenor Hotel Victoria Limited	The Cumberland Hotel (London) Limited
Euston Hotel (London) Limited	The Tower Hotel (London) Limited	Barbican Hotel (London) Limited
Piccadilly Hotel (London) Limited	The Charing Cross Hotel Limited	Thistle Edinburgh Tenant Limited
Kensington Gardens Hotel (London) Limited	Heathrow Hotel (London) Limited	GLH Hotels HR Limited
The Royal Horseguards Hotel Limited	The Wiltshire Hotel (Swindon) Limited	Trafalgar Hotel (London) Limited
The Strathmore Hotel (Luton) Limited	Marble Arch Hotel (London) Limited	Hyde Park Hotel (London) Limited

All of the companies are registered and incorporated in the United Kingdom. The registered address for all the companies is 110 Central Street, London, EC1V 8AJ.

The Company is a 50% member of the limited liability partnership in the Grand Imperial Restaurant LLP, but holds a casting vote. This has been consolidated as a subsidiary in the Group accounts. The registered address for Grand Imperial Restaurant LLP is 110 Central Street, London, EC1V 8AJ.

The directors have performed a formal assessment of the carrying value of the cost of investment in subsidiary undertakings. The directors compared the value in use of each of the subsidiary undertakings, from the calculations in the property, plant and equipment impairment assessment detailed in note 11, to the carrying value of the investment in the subsidiary. See note 11 for details on key assumptions in the value in use calculations. As a result of this assessment, an impairment was recorded against the Company's investment in Heathrow Hotel (London) Limited, Trafalgar Hotel (London) Limited, Hyde Park Hotel (London) Limited, Barbican Hotel (London) Limited, The Cumberland Hotel (London) Limited, The Strathmore Hotel (Luton) Limited and The Wiltshire Hotel (Swindon) Limited.

### 12 - Leases (Group as lessee)

#### Group

Right-of-use assets comprise of leased assets that do not meet the definition of investment property.

The Group lease many assets, including land and buildings, IT equipment and other office furniture and equipment. Information about leases for which the Group is a lessee is presented below.

#### Right-of-use assets

	Property £000's	Total £000's
<b>As at 30 June 2021</b>		
Balance as at 1 July 2020	510,129	510,129
Additions	2,823	2,823
Depreciation charge for the year	(14,593)	(14,593)
Impairment charge	(911)	(911)
<b>Balance as at 30 June 2021</b>	<u><b>497,448</b></u>	<u><b>497,448</b></u>

## Notes to the financial statements (continued)

### 12 – Leases (Group as lessee) (continued)

	Property £000's	Total £000's
<b>As at 30 June 2020</b>		
Balance as at 1 July 2019	531,175	531,175
Additions	6,718	6,718
Depreciation charge for the year	(14,996)	(14,996)
Impairment charge	(12,768)	(12,768)
<b>Balance as at 30 June 2020</b>	<b>510,129</b>	<b>510,129</b>

Additions in the year relate to a remeasurement, as a result of a change in the future lease payments under the lease.

Depreciation charge for the year is on a straight-line basis over the remaining term of the underlying lease. Impairment charge relates to the right-of-use assets of the Barbican hotel following the Group's impairment assessment. See note 28 for details on key judgements and estimates in relation to this assessment.

#### Lease liabilities

Lease liabilities included in the statement of financial position:

	Year ended 30 June 2021 £000's	Year ended 30 June 2020 £000's
Current	16,502	10,361
Non-current	650,412	654,623
	<b>666,914</b>	<b>664,984</b>

#### Maturity Analysis

	30 June 2021 £000's	30 June 2020 £000's
Less than one year	50,334	43,220
One to five years	176,816	173,758
More than five years	1,799,516	1,833,682
<b>Total undiscounted lease liabilities</b>	<b>2,026,666</b>	<b>2,050,660</b>

The Group does not face a significant liquidity risk with regard to its lease liability. Lease liabilities are monitored within the Group's treasury function.

The leases operated by the Group contain extension options, enforceable and exercisable by the Group, up to one year before the end of the non-cancellable contract period. Where practical, the Group seeks to include extension options in new leases to provide operational flexibility. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant change in circumstances within its control. The lease liability would increase by £42,842,000 if all future lease extension options had been included within the Group's year-end lease liability.

#### Amounts recognised in Profit and Loss

The following amounts have been recognised in profit or loss for which the Group is a lessee:

	Year ended 30 June 2021 £000's	Year ended 30 June 2020 £000's
Interest on lease liabilities	(33,837)	(34,271)
Income from sub-leasing right-of-use assets	3,388	3,252
Expenses relating to short-term leases	(4)	(8)
Expenses relating to low-value assets, excluding short term leases of low-value assets	(120)	(147)

#### Amounts recognised in the Statement of Cash Flows

	Year ended 30 June 2021 £000's	Year ended 30 June 2020 £000's
Repayment of lease liabilities	(8,029)	(8,683)
Interest paid on lease liabilities	(27,729)	(34,271)
<b>Total cash outflow for leases</b>	<b>(35,758)</b>	<b>(42,954)</b>

## Notes to the financial statements (continued)

### 12 – Leases (Group as lessee) (continued)

The Group leases land and buildings for its hotels. The leases of hotel space run for periods between 8 and 147 years. The nature of the lease agreements contain extension and renewal options. The options to renew the leases will be on the same basis of the original contract term.

The lease arrangements do not contain variable lease payments, however, are subject to rent review in line with market conditions and consumer price indices.

The Group leases various IT equipment and office machinery, with lease terms ranging between one and five years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

### 13 - Inventories

	Food Inventory £000's	Beverage Inventory £000's	Retail Inventory £000's	Total £000's
<b>Group</b>				
<b>Cost</b>				
At the beginning of the year	91	232	283	606
Purchases	540	168	56	764
Utilised during the year	(540)	(207)	(68)	(805)
At the end of the year	<u>91</u>	<u>193</u>	<u>281</u>	<u>565</u>
<b>As at 30 June 2020</b>				
<b>Cost</b>				
At the beginning of the year	218	277	511	1,006
Purchases	5,655	1,597	6	7,258
Utilised during the year	(5,782)	(1,642)	(234)	(7,658)
At the end of the year	<u>91</u>	<u>232</u>	<u>283</u>	<u>606</u>

All inventories held are expected to be utilised within 12 months.

### Company

The Company did not hold any inventory (2020: £nil).

### 14 - Trade and other receivables

	<b>Group</b>		<b>Company</b>	
	30 June 2021	30 June 2020 (Restated)	30 June 2021	30 June 2020 (Restated)
	£'000	£'000	£'000	£'000
<b>Current Assets</b>				
Trade receivables	2,494	1,485	-	-
Provision for bad debt	(1,978)	(791)	-	-
Net trade receivables	<u>516</u>	<u>694</u>	<u>-</u>	<u>-</u>
Other receivables	2,607	2,980	199	110
Prepayments	244	640	-	51
Accrued income	56	104	-	-
Other taxation and social security	-	-	-	29
Corporation Tax	1,213	889	-	4,124
	<u>4,636</u>	<u>5,307</u>	<u>199</u>	<u>4,314</u>
<b>Non-Current Assets</b>				
Amounts owed by subsidiaries	-	-	19,704	95,600
Amounts owed by related parties	12,168	3,314	12,168	3,314
Amounts owed by immediate parent company	107,141	104,819	107,141	104,819
Amounts owed by parent company of the group	14	13	14	13
	<u>119,323</u>	<u>108,146</u>	<u>139,027</u>	<u>203,746</u>



## Notes to the financial statements (continued)

### 14 - Trade and other receivables (continued)

Amounts owed by related parties, immediate parent company and parent company of the group have been categorised as non-current assets as there is no intention for the Group and Company to recover these in 12 months. Amounts owed by subsidiaries have been categorised by the Company as non-current assets for the same reason. In the prior year there was also no intention for the Group and Company to recover these amounts in 12 months, as such the prior year comparatives have been restated to reallocate £108,146,000 and £203,746,000 from current assets to non-current assets in the Group and Company respectively. The adjustments have no impact on net assets or profit for the year.

Amounts owed by subsidiaries to the Company is net of a £55,626,000 provision (2020: £nil).

#### Trade receivables that are not impaired

	Group		Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	£'000	£'000	£'000	£'000
Neither past due nor impaired	384	(415)	-	-
Less than 1 month past due	411	(305)	-	-
1 to 3 months past due	18	799	-	-
Greater than 3 months past due	(297)	615	-	-
	<u>616</u>	<u>694</u>	<u>-</u>	<u>-</u>

Credit balances relate to unallocated cash at the year ended 30 June 2021 and 2020.

See note 20 for details of the Group's expected credit loss assessment.

### 15 - Trade and other payables

	Group		Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	£'000	£'000	£'000	£'000
<b>Current liabilities</b>				
Trade payables	3,461	4,221	-	-
Other taxation and social security	1,415	8,661	370	-
Other payables	12,931	14,780	4,904	7,003
Amounts owed to subsidiaries	-	-	43,141	203,399
Amounts owed to related parties	9,198	1,002	9,198	1,002
Accruals	1,206	2,237	-	-
Corporation Tax	-	-	2,387	-
	<u>28,211</u>	<u>30,901</u>	<u>60,000</u>	<u>211,404</u>

In the prior year financial statements dividends received by the Company from subsidiaries were disclosed in post balance sheet events, which were declared on 23 September 2020. It has subsequently been found that at the time of declaring the dividends four of the subsidiaries had insufficient distributable reserves to declare the dividend. On 10 December 2021 the directors of the Company have repaid these dividends, via settlement of intercompany balances, to the extent that there were insufficient reserves in the subsidiaries. Total amount of dividends received from these subsidiaries in the current financial year was £7,634,000, and amount repaid was £4,606,000.

### 16 - Borrowings

	Group		Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	£'000	£'000	£'000	£'000
<b>Non-current</b>				
Unsecured bank loan	156,342	96,201	156,342	96,201
7.875% fixed rate debenture stock – repayable June 2022	-	55,285	-	55,285
	<u>156,342</u>	<u>151,486</u>	<u>156,342</u>	<u>151,486</u>
	Group		Company	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	£'000	£'000	£'000	£'000
<b>Current</b>				
7.875% fixed rate debenture stock – repayable June 2022	55,331	-	55,331	-
	<u>55,331</u>	<u>-</u>	<u>55,331</u>	<u>-</u>

The unsecured £200m facility has a maturity date of September 2023 and an interest rate of Libor plus 1.12%. £157.0m of the facility was drawn-down as at 30 June 2021 (2020: £97.0m). During the current financial year, no amounts of the loan were repaid (2020: £23.0m), and £60.0m was drawn-down (2020: £10.0m). Further drawdowns and repayments were made after the balance sheet date, see note 27. £0.2m of loan amendment fees (2020: £nil) were paid during the year. During the financial year, £0.3m (2020: £0.5m) of loan fees were capitalised.

## Notes to the financial statements (continued)

### 16 – Borrowings (continued)

The fixed debenture stock is listed on the London Stock Exchange and is now a current debt due for repayment in June 2022. After the balance sheet date the Group received £55.4m from its parent to cover repayment of the debenture stock.

### 17 - Derivative Financial Instrument

	Group	Company
	30 June 2021	30 June 2020
Interest rate swaps	1,667	2,868
	£'000	£'000
	1,667	2,868
	2,868	1,667
	£'000	£'000

For purpose of hedging the change in interest rates in respect of the variable-rate bank loan, the Company has entered into hedges.

As result of extension of loan maturity date from 16 December 2019 to September 2023, two forward interest rate swaps with total nominal value of £75m (2020: £75m) and matching tenors to repayment due dates of the last two tranches of the loan (i.e. tenors of 33 months and 45 months) were entered into by the Company. These forward interest rate swaps require the Company to pay a fixed interest and receive a variable rate equal to LIBOR on the notional amount. The interest rate swaps are valued using valuation technique with market observable inputs. The valuation technique is swap model, using present value calculations, which incorporate various inputs including the credit quality of counterparty, interest rate and forward rate curve.

The Groups and the Company's exposure to credit, liquidity, interest rate and foreign currency risks and fair value information related to derivative financial instruments are disclosed in Note 20.

### 18 - Provisions

Group and Company			
As at 30 June 2021		As at 30 June 2020	
Balance as at 1 July 2020		5,247	
Provisions made during the year		1,251	
Balance as at 30 June 2021		6,498	
		£000's	
Legacy Lease		6,498	
Total		5,247	
		1,251	
		£000's	
		7,749	
As at 30 June 2021		15,741	
Balance as at 1 July 2019		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 2018		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 2017		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 2016		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 2015		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 2014		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 2013		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 2012		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 2011		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 2010		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 2009		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 2008		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 2007		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 2006		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 2005		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 2004		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 2003		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 2002		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 2001		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 2000		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1999		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1998		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1997		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1996		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1995		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1994		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1993		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1992		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1991		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1990		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1989		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1988		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1987		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1986		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1985		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1984		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1983		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1982		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1981		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1980		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1979		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1978		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1977		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1976		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1975		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£000's	
		10,494	
		5,247	
		£000's	
		15,741	
As at 30 June 2020		15,741	
Balance as at 1 July 1974		5,247	
Provisions made during the year		5,247	
Balance as at 30 June 2021		10,494	
		£00"></	

## Notes to the financial statements (continued)

### 18 – Provisions (continued)

Whilst the validity of the Guarantee has not been tested in court, as the Company may be required to meet rent and other amounts payable under the leases, the Company and Group has provided £6,498,000 (2020: £5,247,000) for all future rents on these leases.

Following the 30 June 2021 an agreement was signed by the Group documenting the Group's intention (on a non-binding and without prejudice basis) to meet the future payments for the leases as they fall due. The Group will continue to explore its options to recover these amounts from the relevant parties.

### 19 - Deferred tax assets and liabilities

The movements in deferred tax assets and liabilities were as follows:

	30 June 2020	Recognised in profit and loss	Recognised in other comprehensive income	30 June 2021
	£'000	£'000	£'000	£'000
<b>Group</b>				
<b>Liability/(Assets)</b>				
Employee Benefits	957	355	(410)	902
Property	10,250	3,260	-	13,510
IFRS 16 transitional adjustment	(24,812)	(6,812)	-	(31,624)
Losses	(6,687)	(17,174)	(267)	(24,128)
Gains	7,172	2,165	-	9,337
Interest Rate Swap	(545)	-	151	(394)
Provisions/unpaid Accruals	(30)	(61)	-	(91)
Loan relationships	-	(167)	-	(167)
	<u>(13,695)</u>	<u>(18,434)</u>	<u>(526)</u>	<u>(32,655)</u>
<b>Company</b>				
<b>Liability/(Assets)</b>				
Employee Benefits	957	355	(410)	902
Losses	(194)	(705)	(267)	(1,166)
Interest Rate Swap	(545)	-	151	(394)
Provisions/unpaid Accruals	(30)	(61)	-	(91)
	<u>188</u>	<u>(411)</u>	<u>(526)</u>	<u>(749)</u>
	30 June 2019	Recognised in profit and loss	Recognised in other comprehensive income	30 June 2020
	£'000	£'000	£'000	£'000
<b>Group</b>				
<b>Liability/(Assets)</b>				
Employee Benefits	952	213	(208)	957
Property	8,339	1,911	-	10,250
IFRS 16	(22,903)	(1,909)	-	(24,812)
Losses	(373)	(6,314)	-	(6,687)
Gains	4,803	2,369	-	7,172
Interest Rate Swap	(452)	37	(130)	(545)
Provisions/unpaid Accruals	(7)	(23)	-	(30)
	<u>(9,641)</u>	<u>(3,716)</u>	<u>(338)</u>	<u>(13,695)</u>
<b>Company</b>				
<b>Liability/(Assets)</b>				
Employee Benefits	952	213	(208)	957
Losses	-	(194)	-	(194)
Interest Rate Swap	(452)	37	(130)	(545)
Provisions/unpaid Accruals	(7)	(23)	-	(30)
	<u>493</u>	<u>33</u>	<u>(338)</u>	<u>188</u>

Deferred tax assets and liabilities are offset when there is a right to set off current tax assets and liabilities which relate to the same taxation jurisdiction. Deferred tax assets are recognised on the basis that they will be absorbed by forecast future taxable profits. It is the Group's policy to pay for any losses surrendered to fellow group companies. Directors estimate that the trading losses deferred tax asset will be recovered in 4 years based on current forecasts.

## Notes to the financial statements (continued)

### 19 - Deferred tax assets and liabilities (continued)

As at 30 June 2021, the Company has temporary differences of £3,251,000 (2020: £2,455,000) (unprovided deferred tax asset in respect of CIR) on which no deferred tax asset is recognised due to insufficient evidence that these amounts will be recovered in the foreseeable future.

### 20 - Financial Instruments

#### a) Financial risk management policies and objectives

Exposure to liquidity, credit, interest rate and currency risk arises in the normal course of the Group's business. The Group manages financial risk within its general risk management philosophy and framework.

Derivative financial instruments may be used to reduce the exposure of underlying assets and liabilities to fluctuations in interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged.

#### b) Liquidity risk

Liquidity is managed on a daily basis by the treasury and finance departments of the Group. They are responsible for ensuring that the Group has adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches. The Group manages liquidity risk on behalf of the Company, supported by intermediate parent company of the Group, Guoco Group Limited, ensuring sufficient liquid assets of appropriate quality are available to meet short term funding requirements.

The Group is financed by a combination of an unsecured bank loan with an external lender, unsecured RCF with an external lender, debentures and cash. The Group also has access to a committed, unsecured facility which is used as and when required to fund the Group's cash needs.

The following table details the remaining contractual maturities at the balance sheet date of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay.

In the financial year ended 30 June 2022 there are the following debt repayments due: (1) £6m term loan due September 2021 and (2) £55.4m debentures due June 2022. Additionally in September 2022 a further £25m of the term loan is due for repayment. The £6m term loan repayment due was made in September 2021. Funding of £55.4m via an intercompany loan was obtained from the Group's parent in December 2021. This will be used to refinance the £55.4m debentures in June 2022. Prior to that it will be used to reduce the Group's Revolving Credit Facility liability. It has been agreed with the Group's external lender that the £25m term loan repayment due in September 2022 will be deferred until September 2023.

As at 30 June 2021	Carrying amount	Total contractual undiscounted cashflow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	£000's	£000's	£000's	£000's	£000's	£000's
<b>Group</b>						
<b>Non-derivative financial liabilities:</b>						
Secure debenture stocks	55,331	69,738	59,738	-	-	-
Unsecured bank loans	156,342	161,239	7,894	1,876	151,469	-
Trade and other payables	28,211	28,211	28,211	-	-	-
<b>Derivative financial liabilities:</b>						
Interest rate swaps used for hedging (net settled)	1,667	1,996	1,037	784	175	-
	<u>241,551</u>	<u>251,184</u>	<u>96,880</u>	<u>2,660</u>	<u>151,644</u>	<u>-</u>
<b>As at 30 June 2020</b>						
	£000's	£000's	£000's	£000's	£000's	£000's
<b>Group</b>						
<b>Non-derivative financial liabilities:</b>						
Secure debenture stocks	55,285	64,098	4,360	59,738	-	-
Unsecured bank loans	96,201	101,051	7,476	7,380	86,195	-
Trade and other payables	30,901	30,901	30,901	-	-	-
Bank overdraft	1,232	1,232	1,232	-	-	-
<b>Derivative financial liabilities:</b>						
Interest rate swaps used for hedging (net settled)	2,868	3,032	1,037	1,037	958	-
	<u>186,487</u>	<u>200,314</u>	<u>45,006</u>	<u>68,155</u>	<u>87,153</u>	<u>-</u>

## Notes to the financial statements (continued)

### 20 - Financial Instruments (continued)

#### c) Credit risk

The Group's credit risks are primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Bank deposits are managed by the Group and are only deposited in, and debt securities are only purchased from, counterparties who have high credit quality. Transactions involving derivative financial instruments are with counterparties with sound credit ratings. The Group has limits for exposures to individual counterparty and country to manage concentration risk.

The hotel business' has its own credit policy to allow credit period of up to 60 days for its customers. The Group has no significant concentrations of credit risks and does not obtain any collateral from customers.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position after deducting any impairment allowance.

#### Expected credit loss ("ECL")

The Group applied the simplified approach to measure expected credit loss, i.e., the lifetime expected loss allowance for its trade receivables. In measuring the expected credit losses, trade receivables are grouped based on similar credit risk characteristics and days past due. The Group uses an allowance matrix to measure the ECLs of trade receivables. The expected loss rates are calculated based on historical credit losses, which are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

In view of the COVID-19 pandemic, the Group has also considered the following in its ECL computation for the current and prior financial year:

- The Group revisited its segmentation approach as the Group believes that certain sectors may have higher liquidity risk as compared to others which may not be impacted significantly. The Group reviewed on a customer-by-customer basis and assessed those without payment plans or promises as higher risk than those with these in place.

Considering the lockdown period and the operational restrictions faced by its customers, the Group believes that >90 days is still an appropriate default bucket for customers categorised in the high impact category.

On that basis, the loss allowances based on the ageing of trade receivables at the reporting date are as follows:

	Gross 30 June 2021 £000's	Allowances for impairment loss 30 June 2021 £000's	Gross 30 June 2020 £000's	Allowances for impairment loss 30 June 2020 £000's
Not past due nor impaired	384	-	(415)	-
Less than 1 month past due	653	(242)	(305)	-
1 to 3 months past due	37	(19)	799	-
Greater than 3 months past due	1,420	(1,717)	1,406	(791)
	<u>2,494</u>	<u>(1,978)</u>	<u>1,485</u>	<u>(791)</u>

Based on historical default rates and adjusted forward-looking macroeconomic data, the Group believes that, apart from the above, no other impairment allowance is necessary. These receivables are mainly relating to customers that have a good record with the Group. The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

The movement in allowances for impairment in respect of trade receivables during the year was as follows:

Lifetime ECL	£000's
At 1 July 2019	839
Reversal of impairment loss during the year	(48)
At 30 June 2020	791
Impairment loss recognised during the year	1,187
At 30 June 2021	<u>1,978</u>

#### d) Interest rate risk

The Group's and Company's interest rate risk arises from treasury activities and borrowings. Interest rate risk is managed by the treasury department within approved limits. The Group and Company also uses interest rate swaps to manage its interest rate exposure as appropriate.

As a result of extension of loan maturity date from 16 December 2020 to September 2023, two forward interest rate swaps with total nominal value of £75m (2020: £75m) and matching tenors to repayment due dates of the last two tranches of the loan (i.e. tenors of 33 months and 45 months) were entered into by the Company. These forward interest rate swaps require the Company to pay a fixed interest and receive a variable rate equal to LIBOR on the notional amount. The interest rate swaps are valued using valuation technique with market observable inputs. The valuation technique is swap model, using present value calculations, which incorporate various inputs including the credit quality of counterparty, interest rate and forward rate curve.

There is no sensitivity to changes in floating interest rates as movements in the floating rate of the unsecured bank loan will offset with the amount received on the interest rate swap.

## Notes to the financial statements (*continued*)

### 20 - Financial instruments (*continued*)

#### e) *Currency risk*

The Group's net monetary assets and liabilities are denominated in sterling and therefore are not subject to currency risk.

#### f) *Capital management*

The Group defines the capital that it manages as the Group's total equity and net debt balances.

The Group's objectives are to safeguard its ability to continue as a going concern providing returns to shareholders, through the optimization of the debt and equity balances, and to maintain a strong credit rating and headroom. The Group manages its capital structure and makes appropriate decisions in light of the current economic conditions and strategic objectives of the Group.

There has been no change in the objectives, policies or processes with regards to capital management during the years ended 30 June 2020 and 30 June 2021.

#### g) *Fair value of financial instruments*

The table below analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## Notes to the financial statements (continued)

### 20 - Financial Instruments (continued)

#### g) Fair value of financial instruments (continued)

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the statement of financial position are as follows:

#### Fair value of financial instruments

Group- As at 30 June 2021	Carrying amount £000's	Fair value £000's	Level 1 £000's	Level 2 £000's	Level 3 £000's
<b>Loans and receivables</b>					
Cash and cash equivalents	26,515	26,515	26,515	-	-
Trade receivables (note 14)	516	516	-	516	-
Other receivables (note 14)	2,663	2,663	-	2,663	-
<b>Total financial assets</b>	<b>29,694</b>	<b>29,694</b>	<b>26,515</b>	<b>3,179</b>	<b>-</b>
<b>Financial liabilities held for trading</b>					
Interest Rate Swaps (note 17)	(1,667)	(1,667)	-	(1,667)	-
<b>Financial liabilities</b>					
Trade payables (note 15)	(3,481)	(3,481)	-	(3,481)	-
Other payables (note 15)	(12,931)	(12,931)	-	(12,931)	-
<b>Total financial liabilities</b>	<b>(18,059)</b>	<b>(18,059)</b>	<b>-</b>	<b>(18,059)</b>	<b>-</b>
<b>Total financial instruments</b>	<b>11,635</b>	<b>11,635</b>	<b>26,515</b>	<b>(14,880)</b>	<b>-</b>
<b>Group- As at 30 June 2020</b>	<b>Carrying amount £000's</b>	<b>Fair value £000's</b>	<b>Level 1 £000's</b>	<b>Level 2 £000's</b>	<b>Level 3 £000's</b>
<b>Loans and receivables</b>					
Cash and cash equivalents. <sup>2</sup>	22,492	22,492	22,492	-	-
Trade receivables (note 14)	694	694	-	694	-
Other receivables (note 14)	3,084	3,084	-	3,084	-
<b>Total financial assets</b>	<b>26,270</b>	<b>26,270</b>	<b>22,492</b>	<b>3,778</b>	<b>-</b>
<b>Financial liabilities held for trading</b>					
Interest Rate Swaps (note 17)	(2,868)	(2,868)	-	(2,868)	-
<b>Financial liabilities</b>					
Trade payables (note 15)	(4,221)	(4,221)	-	(4,221)	-
Other payables (note 15)	(14,780)	(14,780)	-	(14,780)	-
Bank overdraft <sup>2</sup>	(1,232)	(1,232)	(1,232)	-	-
<b>Total financial liabilities</b>	<b>(23,101)</b>	<b>(23,101)</b>	<b>(1,232)</b>	<b>(21,869)</b>	<b>-</b>
<b>Total financial instruments</b>	<b>3,169</b>	<b>3,169</b>	<b>21,260</b>	<b>(18,091)</b>	<b>-</b>

#### Financial Instrument Interest rate swap

#### Valuation Technique

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

### 21 - Share Capital and share premium

	Number of shares 30 June 2021 No.	Number of shares 30 June 2020 No.	Nominal Value 30 June 2021 £'000	Nominal Value 30 June 2020 £'000
<b>Ordinary shares of 25.65 pence each</b>				
Issued and fully paid:				
At the beginning and end of the year	<b>310,545,214</b>	<b>310,545,214</b>	<b>79,655</b>	<b>79,655</b>

The holders of ordinary shares are entitled to receive dividends as declared from time-to-time and are entitled to one vote per share at meetings of the Company.

<sup>2</sup> Valuation technique for cash and cash equivalents and bank overdrafts have been adjusted to Level 1 in the prior year.

## Notes to the financial statements (continued)

### 22- Hedging Reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows effect profit or loss.

### 23- Retained earnings

The retained earnings reserve comprises the cumulative net gains and losses recognised in the consolidated statement of comprehensive income. During the financial year the Company issued a dividend of £nil (2020: £nil).

The non-controlling interest balance of £1,983,000 (2020: £1,983,000) relates to the loss attributable to the other members of the Grand Imperial Restaurant LLP.

### 24 - Retirement benefit obligations

The Group operates two Schemes, both of which are closed to new members, which are of the funded defined benefit type and their assets are held in separate funds administered by Trustees.

The amounts recognised in the statement of financial position have been determined by a qualified independent actuary by updating the latest full actuarial assessments of the schemes as at 28 June 2020 to 30 June 2021 and comprise:

#### Retirement Benefit Obligations

	30 June 2021 £000's	30 June 2020 £000's	30 June 2019 £000's	30 June 2018 £000's	30 June 2017 £000's	30 June 2016 £000's
Fair Value of Schemes' investment assets	110,881	114,429	100,563	98,044	98,108	94,473
Present value of unfunded obligations	(106,080)	(109,390)	(94,964)	(89,400)	(97,657)	(92,522)
Net Surplus in schemes	4,801	5,039	5,599	8,644	451	1,951

#### Statement of Financial Position Reconciliation

	Year ended 30 June 2021 £000's	Year ended 30 June 2020 £000's
Net asset at beginning of the year	5,039	5,599
Pension expense recognised in profit or loss in the financial year	(71)	17
Amounts recognised in OCI in the financial year	(710)	(2,781)
Employer contributions made in the financial year	543	2,204
Net asset at the end of the year	4,801	5,039

The below table provides an estimate of contributions for the year ended 30 June 2021

	Year ended 30 June 2021 £000's
Company contributions	543
Member contributions	2
Total	545

Neither scheme has any minimum funding requirements. The Group expects to pay £4,400,000 (2020: £2,000,000) in contributions to its defined benefit plans in 2022.

The Trustees are responsible for:

- Running the scheme (supported by advisors as required to fulfil their duties);
- Agreeing cash funding from the Company; and
- Setting a formal investment strategy for the scheme that balances risk and return.

The schemes are ring-fenced from the Company and administered under UK Trust Law.



## Notes to the financial statements (continued)

### 24 - Retirement benefit obligations (continued)

#### Principal actuarial assumptions

	Year ended 30 June 2021 %	Year ended 30 June 2020 %
<b>Financial assumptions</b>		
Discount rate	1.95	1.45
Inflation assumption (RPI)	3.00	2.80
Inflation assumption (CPI)	2.55	2.20
Rate of increase in salaries	1.00	1.00
Rate of increase to pensions in payment (RPI maximum 5% pa)	2.90	2.75
Rate of increase to pensions in payment (CPI maximum 3% pa)	2.15	1.95
Rate of increase to pensions in payment (CPI maximum 2.5% pa)	1.95	1.80
<b>Demographic assumptions</b>		
Life expectancy at age 65 of male member aged 65 at year-end	21.6 years	21.6 years
Life expectancy at age 65 of male member aged 45 at year-end	22.9 years	23.5 years

In the current financial year, the Group reduced the RPI and CPI gap to 0.45% (2020: 0.60%) to reflect current market conditions.

#### Changes in the fair value of the Schemes' assets

	Year ended 30 June 2021 £000's	Year ended 30 June 2020 £000's
Fair value of Schemes' assets at start of the financial year	114,429	100,563
Net interest on Scheme assets	1,624	2,298
Remeasurement loss on scheme assets	(983)	13,084
Contributions from the Company	543	2,204
Contributions from members	2	4
Benefits paid	(4,734)	(3,724)
Fair value of Schemes' assets at end of the financial year	<u>110,881</u>	<u>114,429</u>

#### Analysis of Scheme assets

	Year ended 30 June 2021 £000's	Year ended 30 June 2020 £000's
Equities / Diversified Growth Fund	62,460	68,821
Bonds	23,610	36,870
Cash	19,079	3,481
Insurance policy	5,732	5,257
Total market value of assets	<u>110,881</u>	<u>114,429</u>

All the Schemes' assets are quoted on active investments markets.

No amounts are included in the Schemes' assets in respect of the shares of the Company or its ultimate parent company.

In the prior financial year, on review of the assets within the pension scheme, it was noted that the scheme has an insurance policy which should be recognised as a separate scheme asset.

## Notes to the financial statements (continued)

### 24 - Retirement benefit obligations (continued)

#### Changes in the present value of the Schemes' unfunded obligations

	Year ended 30 June 2021 £000's	Year ended 30 June 2020 £000's
Present value of the Schemes' obligation at the start of the financial year	109,390	94,964
Current service cost	169	139
Interest cost	1,636	2,142
Actuarial loss arising from changes in financial assumptions	3,079	15,954
Actuarial (gain)/loss arising from changes in demographic assumptions	(6,481)	369
Actuarial loss/(gain) arising from experience	3,129	(458)
Contributions from members	2	4
Benefits paid	(4,734)	(3,724)
Present value of the Schemes' obligation at the end of the financial year	<u>106,080</u>	<u>109,390</u>

#### Sensitivity analysis

Changes in the following principal actuarial assumptions would have the following effect on the defined benefit surplus:

	30 June 2021 Increase/ (decrease) £000's	30 June 2020 Increase/ (decrease) £000's
<b>Discount rate:</b>		
1 percentage point increase	1,395	1,580
1 percentage point decrease	(1,513)	(1,590)
<b>Rate of increase in salaries:</b>		
1 percentage point increase	(613)	(100)
1 percentage point decrease	345	100
<b>Inflation:</b>		
1 percentage point increase	(4,485)	(800)
1 percentage point decrease	4,485	810
<b>Life expectancy:</b>		
One-year increase	100	(5,900)
One-year decrease	(100)	5,670

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 28 June 2020 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

#### Amounts recognised in the Statement of Profit and Loss and Other Comprehensive Income

	Year ended 30 June 2021 £000's	Year ended 30 June 2020 £000's
Included in operating costs:		
Current service cost	169	139
Included in finance income:		
Net interest receivable on the Scheme's surplus	(88)	(156)
<b>Pension expense/(benefit) recognised in profit and loss</b>	<u>71</u>	<u>(17)</u>
Included in other comprehensive income:		
Remeasurement loss/(gain) on scheme assets	983	(13,084)
Actuarial loss arising from changes in financial assumptions	3,079	15,954
Actuarial (gain)/loss arising from changes in demographic assumptions	(6,481)	369
Actuarial loss/(gain) arising from experience	3,129	(458)
<b>Total loss recognised in other comprehensive income</b>	<u>710</u>	<u>2,781</u>
<b>Total loss recognised in the Statement of Profit and Loss and Other Comprehensive Income</b>	<u>781</u>	<u>2,764</u>

#### Defined contribution pension schemes

The Group operates defined contribution pension schemes for certain employees. Costs for the financial year amounted to £528,000 (2020: £887,000).

### 25 - Related party transactions

Management fees of £175,000 (2020: £132,000) are payable to GuoLine Group Management Co. Limited, a member of the GuoLine Capital Group (2020: Hong Leong Group). The amount accrued but unpaid at the year-end amounted to £nil (2020: £nil).

Income of £590,000 (2020: £590,000) is receivable from GLH Hotels Management (UK) Limited a related party in respect for rent and services charges for office space.

In the prior year, the Group also provided a financial clerical services function to Clermont Leisure UK, a subsidiary of GL Limited, prior to its sale during that financial year. No transactions were fully recharged in the current financial year (2020: £92,000).

## Notes to the financial statements (continued)

### 25 - Related party transactions (continued)

Annual rent of £9,500,000 (2020: £9,500,000) is due to GLH RHG Limited and GLH KG Limited, both of which are controlled by GLH Hotels Group Limited. At the balance sheet date, the Group has right-of-use assets and lease liabilities totalling £78,345,000 and £96,914,000 respectively (2020: £83,537,000 and £101,081,000), in relation to these rental agreements.

Interest of £1,761,000 (2020: £3,112,000) was received from GLH Hotels Holdings Limited in respect of a loan balance.

In addition, the Group entered into transactions with GLH Hotels Management (UK) Limited of £326,000 (2020: £18,258,000) in respect of management fees.

On receipt of the proceeds for the Euston Hotel CPO in the prior year, detailed in note 8, the amount including VAT of £16,499,000 was paid to the Group's immediate parent company, GLH Hotels Holdings Limited, to eventually be paid and held by the intermediate parent undertaking, GL Limited.

In the prior year, the intermediate parent undertaking, GL Limited, repaid £23,000,000 of the Group's loan on behalf of the Group.

The net movements from these transactions are accumulated in the amounts owed to or from related parties, immediate parent company and subsidiaries shown in Notes 14 and 15.

	Receivable 30 June 2021 £000's	Receivable 30 June 2020 £000's
<b>Amounts owed by parent companies of the Group</b>		
GLH Hotels Holdings Limited – immediate parent	107,141	104,819
GLH Hotels Group Limited – parent company	14	13
	<u>107,155</u>	<u>104,832</u>
<b>Amounts owed by related parties</b>		
GLH IP Holdings Limited	1,010	1,289
GLH KG Limited	-	53
GLH Hotels Management (UK) Limited	11,158	1,972
	<u>12,168</u>	<u>3,314</u>
<b>Total amount owed by parent companies and related parties</b>	<u>119,323</u>	<u>108,146</u>
	<b>Payable 30 June 2021 £000's</b>	<b>Payable 30 June 2020 £000's</b>
<b>Amounts owed to related parties</b>		
GLH KG Limited	(1,782)	-
GLH RHG Limited	(7,416)	(1,002)
	<u>(9,198)</u>	<u>(1,002)</u>
<b>Total amount owed to related parties</b>	<u>(9,198)</u>	<u>(1,002)</u>

### Company

Management fees of £175,000 (2020: £132,000) are payable to GuoLine Group Management Co. Limited, a member of the GuoLine Capital Group (2020: Hong Leong Group). The amount accrued but unpaid at the year-end amounted to £nil (2020: £nil).

Net Interest expense of £1,708,000 (2020: £2,387,000) was payable from subsidiaries of the Company in respect of loan balances.

Interest of £1,761,000 (2020: £3,112,000) was received from GLH Hotels Holdings Limited in respect of a loan balance.

Dividend income of £157,543,000 (2020: £nil) was received from subsidiaries of the Company.

In the prior year, the Company also provided a financial clerical services function to Clermont Leisure UK, a subsidiary of GL Limited, prior to its sale during that financial year. No transactions were fully recharged in the current financial year (2020: £92,000).

On receipt of the proceeds for the Euston Hotel CPO in the prior year, detailed in note 8, the amount excluding VAT of £16,499,000 was paid to the Company's immediate parent company, GLH Hotels Holdings Limited, to eventually be paid and held by the intermediate parent undertaking, GL Limited.

In the prior year, the intermediate parent undertaking, GL Limited, repaid £23,000,000 of the Company's loan on behalf of the Company.

The Company operates a central treasury function to which subsidiaries transfer their cash receipts and which settles all the subsidiaries' trading liabilities. It is not practicable to quantify the gross amounts of these transactions. The net movements from these transactions are accumulated in the amounts owed to or from subsidiaries shown in Notes 14 and 15.

### 26 - Financial commitments

	30 June 2021 £'000	30 June 2020 £'000
<b>Capital commitments</b>		
Contracted for but not provided in the accounts	637	1,200

## Notes to the financial statements (continued)

### 27 - Post Balance Sheet Event

(a) On 17 September 2021 £20m was drawn-down on the unsecured Revolving Credit Facility and £6m principal of the term loan was repaid on 30 September 2021, bringing the principal loan outstanding to £171m. On 7 December 2021 £55.4m was received by the Group from its parent in the form of an intercompany loan. This loan will be used to refinance the £55.4m debentures which are due to mature in June 2022. On 9 December 2021 £45m of the intercompany loan received was used to repay the Revolving Credit Facilities, bringing the principal loan outstanding to £126m at the time of signing the accounts. Including the £55.4m debentures (maturing in June 2022) the total gross external borrowing of the Group is £181m at the date of signing the accounts.

(b) On 7 December 2021 it was agreed with the Group's external lender that the £25m term loan repayment which was due September 2022 would be deferred to September 2023.

(c) The Group are making considerations for refinancing of the unsecured bank term loan and RCF, maturing September 2023 and totalling £126m at the date of approval of these financial statements.

(d) After the balance sheet date approval was obtained to proceed with resolving a known issue with the air conditioning in the Hard Rock Hotel London. At the date of signing these financial statements the estimated cost to resolve the issue is £3.5m.

(e) Post year end the wider GLH group have been progressing with a project to simplify the group structure. This has not yet been formally agreed.

(f) In the prior year financial statements dividends received by the Company from subsidiaries were disclosed in post balance sheet events, which were declared on 23 September 2020. It has subsequently been found that at the time of declaring the dividends four of the subsidiaries had insufficient distributable reserves to declare the dividend. On 10 December 2021 the directors of the Company have repaid these dividends, via settlement of intercompany balances, to the extent that there were insufficient reserves in the subsidiaries. Total amount of dividends received from these subsidiaries in the current financial year was £7,634,000, and amount repaid was £4,606,000.

(g) Following the 30 June 2021 an agreement was signed by the Group documenting the Group's intention (on a without prejudice basis) to meet the future payments for two legacy leases as they fall due (total of c.£450,000 per annum). The Group will continue to explore its options to recover these amounts from the relevant parties.

### 28 - Accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Whilst some outcomes have been affected by the volatility in the financial markets, all judgements and assumptions in the accounting policies remain consistent with previous years.

At the time of signing the accounts the COVID-19 pandemic continues to impact the business. In December 2021 the prevalence of the Omicron variant of the virus increased in the UK. Developments of this sort raise the level of uncertainty regarding the nature and speed of recovery from the pandemic. Unknown variables include the change in regulations and restrictions which may impact demand for hotels, the ability to travel internationally and the level of support which may or may not be available from the UK Government. These unknown elements increase the uncertainty in making estimates and judgements.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

#### Estimates

The Group is required to assess whether there is indication of impairment to the carrying value of property, plant and equipment, right-of-use assets and investment in subsidiaries. In making that assessment, estimates are made in calculating a recoverable amount. The Group maintains a value in use model to ascertain that the carrying value of its tangible assets can be supported by the higher of the fair value less cost to sell or value in use as required under IFRS. The following assumptions are used in that model:

- **WACC Rate** – In the current year the Group moved to a post-tax WACC rate methodology, with a rate of 7.07% (2021: 8.37% pre-tax rate, 2020: 9.78% pre-tax rate) used over the forecast period for all but one hotel, which uses 6.95%. 6.95% was used for the Cumberland hotel because for this site the short-term forecasts were negatively impacted by the air conditioning correction work taking place at the site (information which was known at the balance sheet date). Therefore it was deemed reasonable to use a lower WACC given the already de-risked forecasts being used for the valuation. The WACC was calculated based on the debt – equity ratio, cost of equity and cost of debt with a company specific Alpha and Beta updated to reflect long term yield rates. There is an unchanged market risk premium from the prior year. The reduction in the WACC rate in 2021 is driven by the increase in debt funding for the Group in 2021. The impairment assessments have been performed for a period to the end of the lease term. For hotels with freehold property only, an exit multiple of 12.5 was deemed reasonable. There are two freehold sites in the Group, The Tower and Kensington Gardens. Applying a sensitivity of 1x to the exit multiple would move the VIU £16.0m in total. Neither site would show any sign of impairment following this sensitivity. The value in use of the properties is sensitive to movements in the WACC rate assumption. A 0.25%pts change in the WACC rate would move the value in use of the properties in the Group by £59.2m. However, with an increase in the WACC rate of 0.25%pts all but two properties would still show no indication of impairment. The increased implied impairment on the two properties showing signs of impairment would be £16.9m (£16.7m Cumberland and £0.2m Barbican). The book value of the Cumberland property is supported by a market valuation which is higher than the book value.
- **Short term and long term growth rate** – The judgement applied in setting the short and long term growth rate is based on the budget for the hotels. Significant judgement is used to set the budget and the Group sets the budget on a hotel by hotel basis, considering the current position of the hotel in its individual market, and the initiatives which will impact future growth. Long term growth rate used is 2.0%. The value in use of the properties is sensitive to movements in the long term growth rate. A 0.5%pts change in the long term growth rate would move the value in use of the properties in the Group by £89.2m. However, with a reduction in the long term growth rate of 0.5%pts all but two properties would still show no indication of impairment. The increased implied impairment on the two properties showing signs of impairment would be £25.1m (£25.0m Cumberland and £0.1m Barbican). As above, the book value of the Cumberland property is supported by a market valuation which is higher than the book value.

## Notes to the financial statements (continued)

### 28 - Accounting estimates and judgements (continued)

#### Estimates (continued)

- Replacement CAPEX – 4% of revenue has been deemed an appropriate rate for the Group. This is consistent with hotel operating agreements for hotels operating by the wider group. A 1%pt change in the replacement capex rate would move the value in use of the properties in the Group by £31.2m. However, with an increase in the replacement capex rate of 1%pt all but two properties would still show no indication of impairment. The increased implied impairment on the two properties would be £10.0m (£9.5m Cumberland and £0.5m Barbican). As above, the book value of the Cumberland property is supported by a market valuation which is higher than the book value.
- Industry recovery – The Group have assumed a phased recovery between July 2021 and Jun 2024, then a return to pre-COVID trade levels from July 2024 onwards. This is based on latest industry information and forecasts. The value in use of the properties is sensitive to a slower recovery. A 5%pts change in occupancy in the three years to 30 June 2024 would move the value in use by £15.7m. However, with a reduction of 5%pts in occupancy in these three years, all but two properties would still show no indication of impairment. The increased implied impairment on the two properties showing signs of impairment would be £5.2m (£4.7m Cumberland, £0.5m Barbican). As above, the book value of the Cumberland property is supported by a market valuation which is higher than the book value.

Consideration of impairment to the carrying values of assets has been made and the directors concluded that the individual carrying values of operating assets were not supportable by the value in use or fair value less costs to sell. This resulted in an impairment of fixed assets during the year of £79,000 (2020: £1,973,000) as detailed in note 10 and an impairment of right of use assets of £911,000 (2020: £12,768,000). The impact of the current economic conditions on the assessment of going concern has been considered.

The below are other areas of estimation in the preparation of the financial statements:

- Incremental borrowing rate ("IBR") – a range of 4.88-5.53% was considered a reasonable rate range for the Group. The IBR was calculated based on a quoted margin from an external lender, LIBOR at transition date, and a term adjustment based on corporate bond yields for a tenor in line with the underlying lease, and risk profile similar to that of the Group.
- Forecast cashflows – Assumptions of future cashflows have been made as part of the going concern and impairment assessments. These include assumptions of recovery of revenue through and post the pandemic and expected margins achieved. Management use recent performance and external forecasts as the basis for these.
- Deferred tax asset recoverability – recognition of the deferred tax asset for trading losses has been supported by forecast profitability for the Group for the period to June 2025. These forecasts evidence the Group will be able to utilise these losses over this 4-year period.
- Property, plant and equipment - Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in the accounting policies for property, plant and equipment. Estimation is required in the selection of these residual values and useful lives.

#### Judgement

- Leases - The Group assesses at lease commencement whether it is reasonably certain to exercise any extension options included within leases. The Group reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant change in circumstances within its control. The assessment of whether future lease extension periods will be utilised requires the exercise of judgement.
- Debtor recoverability – as part of the Group's ECL assessment, judgement has been made on the expected recoverability of balances owed to the Group. The Group have made use of historic recovery rates, and economic data available on specific debtors in order to determine lifetime expected credit losses.

### 29 - Parent and ultimate parent undertakings and controlling parties

The immediate parent undertaking is GLH Hotels Holdings Limited, a company registered in England. The registered address for the parent undertaking is 110 Central Street, London, EC1V 8AJ. Copies of the financial statements of GLH Hotels Holdings Limited, which consolidate the results of the Group, are available from Companies House, Cardiff.

GLH Hotels Holdings Limited is a wholly owned subsidiary of GL Limited, a company registered in Bermuda. The registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

GL Limited is both controlled and its financial results consolidated by Guoco Group Limited, a company incorporated in Bermuda and listed on the Stock Exchange of Hong Kong Limited. Copies of the accounts of Guoco Group Limited are available from its website [www.guoco.com](http://www.guoco.com). With the completion of an internal restructuring exercise on 16 April 2021, the directors of Guoco Group Limited considers its ultimate controlling party to be GuoLine Capital Assets Limited, a company incorporated in Jersey, replacing Hong Leong Company (Malaysia) Berhad, a company incorporated in Malaysia. These entities do not produce financial statement available for public use.