

Company Registration No. 03613258 (England and Wales)

THE HOLBORN HOTEL LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2022**

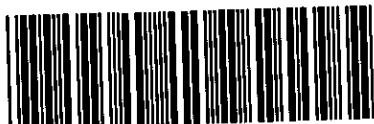
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THE HOLBORN HOTEL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

THE HOLBORN HOTEL LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2022**

	Notes	2022 £	£	2021 £	£
Current assets					
Debtors	3	3,020,597		4,422,606	
Creditors: amounts falling due within one year	4	<u>(2,836,500)</u>		<u>(2,836,000)</u>	
Net assets			<u>184,097</u>		<u>1,586,606</u>
Capital and reserves					
Called up share capital			3		3
Profit and loss reserves			<u>184,094</u>		<u>1,586,603</u>
Total equity			<u>184,097</u>		<u>1,586,606</u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 28/06/23 and are signed on its behalf by:



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Mr R S Matharu

Director

THE HOLBORN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

The Holborn Hotel Limited ('the Company') is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 58 Rochester Row, Westminster, London SW1P 1JU.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the requirements of the Companies Act 2006, as applicable to companies subject to the small companies' regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in Sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £1.

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

Going concern

The Company has net current assets of £184,097 (2021: £1,586,606) including debtors of £3,020,597 (2021: £4,422,606) owed by group undertakings. The Company is no longer trading, and is dependent on the continued support of its ultimate parent company New Grange Holdings 3 Limited ("NGH3").

NGH3 has provided a letter of support confirming that it will continue to provide financial support to the Company so that it can continue to meet its obligations as they fall due for at least twelve months from the signing of these financial statements.

At 31 March 2022, the Group headed by NGH3 had net liabilities of £9,285,000 (2021: £13,994,000), net current liabilities of £67,198,000 (2021: £62,140,000), cash at bank and in hand of £6,197,000 (2021: £11,774,000) and amounts owed to related parties of £76,046,000 (2021: £83,094,000) falling due within one year.

Since the year end and with the post pandemic economy opening up more, the Group, along with most others in the hotel and hospitality sector, are experiencing a chronic labour shortage with staff ultimately not returning from furlough periods or leaving for other opportunities with subsequent challenges in recruiting replacements. The Group has managed the properties thus far to maximise room capacity available to match most of the demand received, but further expansion of capacity to meet higher booking levels might be constrained if this situation persists. The Group is exploring every avenue available to recruit more staff alongside active measures to retain existing staff whenever practical.

The UK, alongside many other major economies, is expected to enter a mild but prolonged recession in 2023. Whilst this will have some effect on domestic and international custom, the Directors still expect sufficient growth post Covid from returning international tourist and business travellers, alongside the curtailing of foreign holidays within the UK, to sufficiently maintain demand at or above current levels in the short to medium term.

The material uncertainties as to when the Group's hotels will return to pre COVID-19 revenues and occupancies and the ability to generate sufficient funds from hotel disposals may cast significant doubt on the Group's ability to provide financial support to the Company and consequently the Company's ability to continue as a going concern. Therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

THE HOLBORN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

Having considered the material uncertainties described above, including the potential asset disposals, the directors have, at the time of approving the financial statements, a reasonable expectation that the Group can provide the necessary support to the Company so it has adequate resources to continue in operational existence for a period of at least 12 months from the date these financial statements are approved. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements. The financial statements do not include the adjustments that may be necessary if the Company were unable to continue as a going concern.

Financial instruments

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

Financial instruments are recognised when the Company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include amounts owed by group undertakings, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including amounts owed to group undertakings and other creditors, and amounts owed to fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

Equity instruments

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

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

THE HOLBORN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

2 Employees

The average monthly number of persons (including directors) employed by the Company during the year was 3 (2021 - 3).

The remuneration costs of the directors were borne by another group company in relation to their work for this Company. It is not practicable to determine the amounts which are attributable to this Company.

3 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Amounts owed by group undertakings	3,020,597	4,422,606

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

4 Creditors: amounts falling due within one year

	2022 £	2021 £
Amounts owed to group undertakings	2,809,000	2,809,000
Other creditors	27,500	27,000
	2,836,500	2,836,000

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

THE HOLBORN HOTEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

5 Related party transactions

The Company has taken advantage of the exemptions provided by paragraph 1AC.35 of FRS 102 and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

6 Parent company

Globalgrange Limited, a company incorporated in England and Wales, is the immediate parent undertaking. New Grange Holdings 3 Limited, the ultimate parent undertaking, is the parent of the smallest and largest group for which consolidated accounts including The Holborn Hotel Limited are prepared. The consolidated accounts of New Grange Holdings 3 Limited are available from its registered office 58 Rochester Row, Westminster, London SW1P 1JU.

7 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The audit report was disclaimed, as follows:

Basis for disclaimer of opinion

The audit evidence available to us was limited following the decision taken in 2018 to formally break up the Globalgrange group and the ongoing dispute between the directors. The directors of the company have entered into arbitration to try and resolve the claims and counter claims being made but this has not been resolved at the date of signing these financial statements. As a result of this we have been unable to obtain sufficient appropriate audit evidence concerning multiple elements of the financial statements because we are unable to conclude whether the financial statements disclose or include multiple claims which have been made by directors against other directors which, if established to be correct, could have a material impact on the Financial Statements. The possible effects of this inability to obtain sufficient appropriate audit evidence are deemed to be both material and pervasive to the financial statements.

The senior statutory auditor was Euan Banks FCA.

The auditor was RSM UK Audit LLP.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOLBORN HOTEL LIMITED

Disclaimer of opinion

We were engaged to audit the financial statements of The Holborn Hotel Limited for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

We do not express an opinion on the accompanying financial statements of the company. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for disclaimer of opinion

The audit evidence available to us was limited following the decision taken in 2018 to formally break up the Globalgrange group and the ongoing dispute between the directors. The directors of the group have entered into Arbitration to try and resolve the claims and counter claims being made but this has not been resolved at the date of signing these financial statements. As a result of this we have been unable to obtain sufficient appropriate audit evidence concerning multiple elements of the financial statements because we are unable to conclude whether the financial statements disclose or include multiple claims which have been made by directors against other directors which, if established to be correct, could have a material impact on the Financial Statements. The possible effects of this inability to obtain sufficient appropriate audit evidence are deemed to be both material and pervasive to the financial statements.

Other information

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

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

Disclaimer of opinion on other matters prescribed by the Companies Act 2006

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Except for the matters referred to above, in our opinion the directors' report has been prepared in accordance with the applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOLBORN HOTEL LIMITED (CONTINUED)

Matters on which we are required to report by exception

Arising from the limitation of our work referred to above:

- we have been unable to determine whether there are material misstatements in the directors report in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit;
- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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

- returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the directors were not entitled to prepare financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the company's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOLBORN HOTEL LIMITED (CONTINUED)

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit. However, because of the matter described in the Basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We planned audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and evaluating advice received from external tax advisors.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures planned included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

Use of our report

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

Euan Banks

Euan Banks FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
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United Kingdom
28/06/23
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