ASCOTT HOSPITALITY MANAGEMENT (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

Registered number 04319840

ASCOTT HOSPITALITY MANAGEMENT (UK) LIMITED

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ASCOTT HOSPITALITY MANAGEMENT (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

Principal activities
The Company's principal activity is the provision of management and administrative services to hotels and apartment hotels in central London.

Business review
For the year ended 31 December 2021 the loss before tax was £357,000 (2020: Loss: £1,764,000).

Financial risk management policies and objectives
The company has been reliant on support from other group companies to fund its trading losses, which have been exacerbated by the Covid-19 pandemic during 2020 and 2021. The director's objective is to move to a self-sustaining and profitable situation in the coming years through the acquisition of further management contracts for serviced apartments and hotels. To this end, contracts were signed with four new properties during the prior year (three of which were previously managed by another group entity and one of which was a newly opened property) and the contract for a further one property has been novated from another group entity during the year. The company also received compensation following the termination of a management agreement which had been signed with a third party property developer, when the developer decided to dispose of the property due to the adverse impacts of the pandemic. The compensation received of £711,000 is reflected within other income. Although the company continued to incur losses due to the ongoing impact of the Covid-19 pandemic in the year, its unaudited results for 2022 indicate a return to profitability that is expected to continue in 2023.

Credit risk
The company's revenue is primarily derived from other members of the group therefore it has limited exposure to credit risk from third parties.

Future developments and Going Concern
Like many businesses, particularly those in the hospitality sector, the company was adversely impacted by the Coronavirus pandemic during 2020 and 2021. The hotels and apartment hotels under management suffered from reduced occupancy and revenue, and in one case temporary closure, in the period. This has a corresponding effect on the management fee income which the company derives from these properties. The directors implemented a significant cost reduction plan during the pandemic, both within the Company and at the hotels and serviced apartments under management and the company benefited from various government measures to assist businesses.

Although the risk of further significant impacts from the pandemic appears to be receding, the current economic climate both in the United Kingdom and globally remains one of significant uncertainty, much of which is linked to the war in Ukraine. At the date of issue of these financial statements, the hotels and apartment hotels under management are performing well and meeting or exceeding pre-pandemic revenue and occupancy. This is resulting in higher fee income for the company. The loss for the year ended 31 December 2021 is significantly reduced compared to the previous period and full year management accounts for 2022 show that the company is now trading profitably. However, there are several challenges including high inflation, particularly in relation to energy costs, rising interest rates and the risk of a recession in the United Kingdom, the effects of which may be felt in the coming 12-15 months both indirectly through the performance of the properties under management and directly on the cost base of the company. The directors have considered various scenarios in relation to these risk factors and further details are set out in Note 1 to these financial statements.

Despite these risks and taking into account the adverse trading scenarios mentioned above, the directors are confident that the company is well placed to ride out the coming challenging period and support the properties under its management to maximise occupancy and revenue whilst taking all necessary steps to control costs. The directors do not anticipate any further funding requirement beyond the intercompany loans already in place and expect to be able to reduce intercompany liabilities now that the company is trading profitably.

By order of the board

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Ngok Wai Lee
Director

Approved by board of directors on: 23 March 2023

ASCOTT HOSPITALITY MANAGEMENT (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors submit their annual report and financial statements of Ascott Hospitality Management (UK) Limited for the year ended 31 December 2021.

Directors

The directors who held office during the year and up to the date as signing were as follows:

Ngok Wai Lee
Frederic Carre (appointed 31 March 2021)
Phillipe de L'Espinay (resigned 30 June 2021)

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

Results and dividends
For the financial year 2021, the activities of the Company resulted in a loss of £357,000 (2020: loss: £1,764,000) as set out on page 8 of the financial statements. The directors cannot recommend a payment of a dividend (2020: nil).

Company secretary's details
Reed Smith Corporate Services Limited
The Broadgate Tower
Third Floor
20 Primrose Street
London EC2A 2RS

Registered Office
7 - 21 Goswell Road
London EC1M 7AH

Directors' remuneration
Directors' remuneration and retirement benefits were borne by other group companies during the year.

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.

Political contributions
There were no political contributions made by the company in the year (2020: £Nil).

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

On behalf of the board

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Ngok Wai Lee
Director

Date: 23 March 2023

ASCOTT HOSPITALITY MANAGEMENT (UK) LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

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;
- assess the 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 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 the 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 company and to prevent and detect fraud and· other irregularities.

KPMG

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Ascott Hospitality Management (UK) Limited

Opinion

We have audited the financial statements of Ascott Hospitality Management (UK) Limited ("the Company") for the year ended 31 December 2021 which comprise the Profit and Loss account, Balance Sheet, Statement of Changes in Equity and 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 Company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that 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 its 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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over 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 Company's ability to continue as a going concern for the going concern period.

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 Company will continue in operation.

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 as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Ascott Hospitality Management (UK) Limited (continued)

- Reading Board minutes;
- Using analytical procedures to identify any unusual or unexpected relationships.
- Considering remuneration incentive schemes and performance targets for management.

Identifying and responding to risks of material misstatement due to fraud (continued)

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.

On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is non-judgmental and straightforward, with limited opportunity for manipulation.

We did not identify any additional fraud risks.

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual transactions to revenue and cash and any material post close journals.

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 and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

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

Secondly, the Company 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, data protection, anti-bribery and employment laws.

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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Ascott Hospitality Management (UK) Limited (continued)

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 or regulation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover these reports and, accordingly, we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report 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 strategic report and the directors' report;
- in our opinion the information given in the strategic report and the directors' report 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.

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Ascott Hospitality Management (UK) Limited (continued)

accounting unless they either intend to liquidate the 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.

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.

Chrissy Douka (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 1GL
23rd March 2023

ASCOTT HOSPITALITY MANAGEMENT (UK) LIMITED

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		£'000	£'000
Turnover	**2**	3,002	1,930
Administrative expenses	**3**	(3,939)	(3,584)
Other operating income	**4**	711	-
Operating loss		(226)	(1,654)
Interest income	**6**	7	7
Interest payable and similar charges	**7**	(138)	(117)
Loss on ordinary activities before taxation		(357)	(1,764)
Tax on loss on ordinary activities	**8**	-	-
Loss for the year		**(357)**	**(1,764)**

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The company has no other comprehensive income than the profit above, therefore no statement of other comprehensive income has been presented.

The notes on pages 11-21 form part of the financial statements.

ASCOTT HOSPITALITY MANAGEMENT (UK) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Tangible fixed assets	9		506		649
Current assets					
Debtors	10	2,417		2,409	
Cash at bank and in hand		910		952	
		3,327		3,361	
Creditors					
Amounts falling due within one year	11	(10,031)		(9,738)	
Net current liabilities			(6,704)		(6,377)
Total assets less current liabilities			(6,198)		(5,728)
Creditors					
Amounts falling due after more than one year			(233)		(346)
Net liabilities			**(6,431)**		**(6,074)**
Capital and reserves					
Called up share capital	12		-		-
Profit and loss account			(6,431)		(6,074)
Equity Shareholders' deficit			**(6,431)**		**(6,074)**

The notes on pages 11-21 form part of the financial statements.

The financial statements were approved by the board of directors on: 23 March 2023

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Ngok Wai Lee
Director

Company Registration Number 04319840

ASCOTT HOSPITALITY MANAGEMENT (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Profit and loss account	Total Shareholders' funds
	£'000	£'000	£'000
At 1 January 2020	**-**	**(4,310)**	**(4,310)**
Loss for the year	-	(1,764)	(1,764)
At 31 December 2020	**-**	**(6,074)**	**(6,074)**
At 1 January 2021	**-**	**(6,074)**	**(6,074)**
Loss for the year	-	(357)	(357)
Balance as at 31 December 2021	**-**	**(6,431)**	**(6,431)**

The notes on pages 11-21 form part of the financial statements.

1 Summary of significant accounting policies

Basis of preparation

Ascott Hospitality Management (UK) Limited (the "Company") is a private company incorporated, domiciled and registered in England. The registered number is 04319840 and the registered address is 7-21 Goswell Road, London, EC1M 7AH.

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements are presented in Sterling, which is the functional and presentational currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000 unless specified otherwise.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("UK Adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements of the company are consolidated into the IFRS financial statements of CapitaLand Investment Limited. Copies of the IFRS group accounts of CapitaLand Investment Limited can be obtained from 168 Robinson Road #30-01 Capital Tower Singapore 068912.

Measurement convention
The financial statements are prepared on the historical cost basis.

Reduced disclosures

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements and, where relevant, equivalent disclosures have been made in the Group accounts of the ultimate controlling party, in accordance with FRS 101:

- Presentation of a Statement of Cash Flows and related notes;
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- Revenue disclosures, including:
  - Disaggregated and total revenue from contracts with customers;
  - Explanation of significant changes in contract assets and liabilities;
  - Description of when performance obligations are satisfied, significant payment terms, and the nature of goods and services to be transferred;
- Financial instrument disclosures, including:
  - Carrying amounts and fair values of financial instruments by category and information about the nature and extent of risks arising on financial instruments;
  - Income, expenses, gains and losses on financial instruments;
  - Information about financial instruments that have been reclassified, derecognised, transferred or offset;
  - Details of credit losses, collateral, loan defaults or breaches;

1 Accounting policies (continued)

Reduced disclosure (continued)

  - Effects of initial application of IFRS 9;
- Comparative period reconciliations for the number of shares outstanding and the carrying amounts of property, plant and equipment, intangible assets, investment property and biological assets;
- Disclosure of key management personnel compensation, and amounts incurred for the provision of key management personnel services by a separate management entity;
- Related party disclosures for transactions with the parent or wholly owned members of the group; and

Going Concern

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

The company has for a number of years been dependent for its working capital on funds provided to it by The Ascott Limited and its fellow subsidiaries, which has been exacerbated by the Covid-19 pandemic. This adversely impacted the operating performance of the serviced apartments and hotels under the Company's management in the period and to some extent, post the balance sheet date. As set out in the strategic report, the company has benefited from an increase in the number of apartment hotels under management during and after the period covered by these financial statements.

While the risk of further significant impacts from the pandemic appears to be receding, the current economic climate both in the United Kingdom and globally remains one of significant uncertainty, much of which is linked to the war in Ukraine. At the date of issue of these financial statements, the hotels and apartment hotels under management are performing well and meeting or exceeding pre-pandemic revenue and occupancy. This is resulting in higher fee income for the company. Management accounts for 2022 show that the company is now trading profitably and generating cash from operations. However there are several challenges including high inflation, particularly in relation to energy costs, rising interest rates and the risk of a recession in the United Kingdom, the effects of which may be felt in the coming 12-15 months both indirectly through the performance of the properties under management and directly on the cost base of the company. The directors have prepared cashflow forecasts for a period of 12 months from the approval of these financial statements ("the going concern assessment period") and have considered various scenarios in relation to these risk factors. The base case scenario considered starts with our 2023 budgets for the Company and the properties under management, which have been prepared taking into account known cost increases, best estimates of other inflationary impacts and revenue based on our commercial teams' expectations. The severe but plausible downside scenario then includes revenue reductions of 15% at the properties under management, increases in electricity costs to six times 2019 levels and increases in the SONIA benchmark interest rate to 5%, as well as general inflation allowances affecting the expenses of the properties under management as well as the company's own costs. The impact of this scenario is a reduction in cash generated of up to £1,300,000. Taking into account available support from its intermediate parent company (The Ascott Limited) where necessary, all the properties under management will be able to continue trading and the company will be able to generate sufficient management fee income to continue to operate on a going concern basis, even in the severe but plausible downside scenario considered. In the event of the severe but plausible downside scenario materialising, the rate of repayment of historical intercompany liabilities may be reduced however it is not anticipated that additional new funds will be required.

Notwithstanding the current strong performance and taking account of the future risks and uncertainties, the company is reliant on The Ascott Limited not seeking repayment of the amounts currently due to the group which at 31 December 2021 amounted to £9,398,000. The Ascott Limited has indicated that it does not intend to seek repayment of these amounts during the going concern assessment period. The Ascott Limited has also advised the directors that it benefits from similar support from Capitaland Investment Limited, thus providing the directors with comfort that The Ascott Limited is able to maintain this support throughout the going concern assessment period,

This should enable the company to continue meeting its liabilities as they fall due for repayment for a period of at least 12 months from the date of issue of these financial statements. As with any company placing

1 Accounting policies (continued)

Going concern (continued)

reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that 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.

Consequently, the financial statements have been prepared on a going concern basis.

Turnover

Turnover, all of which is derived from operations in the United Kingdom, represents the invoiced value of management fees for services supplied, net of value added tax.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Computer equipment and software	3 years
Fixtures and fittings	7 years
Leasehold improvements	the lower of 10 years or the term of the lease
IFRS 16 right of use assets	Over the term of the lease

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

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the quoted rates of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Financial instruments

Recognition of financial instruments
Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

Initial and subsequent measurement of financial assets

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the company with maturities of less than three months.

Trade, intercompany and other debtors
Trade debtors are initially measured at their transaction price. Intercompany and other debtors are initially measured at fair value plus transaction costs.

Debtors that are held to collect the contractual cash flows which are solely payments of principal and Interest are subsequently measured at amortised cost using the effective interest rate method.

1 Accounting policies (continued)

Financial instruments (continued)

Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

Trade debtors

For trade debtors, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the debtor. The risk of a default occurring always takes into consideration all possible default events over the expected life of those debtors ("the lifetime expected credit losses").

Financial liabilities and equity

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.

Initial and subsequent measurement of financial liabilities
Trade, intercompany and other creditors
Trade, intercompany and other creditors are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

Borrowings
Interest-bearing loans are initially measured at fair value, net of direct transaction costs and are subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption, are recognised in profit or loss over the term of the loan using an effective rate of interest.

Finance income and expenses

Finance income and expenses are recognised using the effective interest method. When a loan or receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Equity instruments
Equity instruments issued by the company are recorded at fair value on initial recognition net of transaction costs.

Derecognition of financial assets (including write-offs) and financial liabilities

A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party. When there is no reasonable expectation of recovering a financial asset, it is derecognised ('written off'). The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss.

1 Accounting policies (continued)

Financial instruments (continued)

Derecognition of financial assets (including write-offs) and financial liabilities (continued)

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires. Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

Leased assets

The company has adopted IFRS 16 Leases in these financial statements, having entered into a new lease for its offices during the prior period. Further information about the impact of IFRS 16 is set out below.

The company as a lessee

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

The company as a lessee (continued)

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract the Company has the right to direct the use of the identified asset throughout the period of use.
- The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

1 Accounting policies (continued)

Leased assets (continued)

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the balance sheet, right-of-use assets have been included in tangible assets and lease liabilities have been included in creditors.

Pension costs

Contributions are made to the personal plans of certain employees. The expenditure is charged to the profit and loss account in the period to which it relates.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

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 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.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Financial Statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. The estimates and associated assumptions are based on historical experience, expectations of future events and other factors that are considered to be relevant.

However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected. The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

The key accounting judgement made in the preparation of these financial statements relates to the adoption of the going concern basis, as explained earlier in this note 1. In addition, given the historical losses of the company, the directors have considered the recoverability of the carrying amount of tangible fixed assets, and concluded that based on the performance of the company after the period end, no impairment is necessary.

2 Turnover

An analysis of the Company's turnover is as follows:

	2021 £'000	2020 £'000
Management fees due from related companies	3,002	1,909
Management fees due from third parties	-	21
	3,002	**1,930**

All revenue generated by the company is attributable to the United Kingdom. Turnover represents the invoiced value of management fees for services supplied to other group companies net of value added tax.

3 Analysis of expenses by nature

	2021 £'000	2020 £'000
Employee remuneration (note 5)	1,903	1,947
Depreciation – owned assets	44	37
Depreciation – right of use assets	117	116
Fees payable to auditor	30	23

There were no non-audit fees paid to the auditor (2020: £nil).

4 Other operating income

	2021 £'000	2020 £'000
Compensation	711	-

The company received compensation following the termination of a management agreement by a third party, prior to the opening of the property.

5 Employees

a) The average number of persons employed by the company (excluding executive directors) during the year is analysed below:	2021	2020
Sales and operations	22	26
Administration	12	11
	34	**37**

b) The aggregate payroll costs of these persons were as follows:	2021 £'000	2020 £'000
Wages and salaries	1,623	1,578
Social security costs	202	266
Pension costs	78	103
	1,903	**1,947**

5 Employees (continued)

Included in the above is directors remuneration of £82,000 (2020: £Nil), including pension contributions of £Nil (2020: £Nil).

Payroll costs above are stated net of £119,000 received in respect of the government's Corona Virus Job Retention Scheme (2020 £162,000).

6 Interest income

	2021 £'000	2020 £'000
Interest receivable on loans to related parties	7	7

7 Interest payable and similar charges

	2021 £'000	2020 £'000
Interest payable on loans from related parties	123	98
Interest payable on IFRS16 lease liabilities	15	19
	138	117

8 Taxation

(a) Analysis of charge for the year	2021 £'000	2020 £'000
UK corporation tax on loss for the current year	-	-
Tax on loss on ordinary activities	-	-

(b) Factors affecting the current tax charge for the year

The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows:	2021 £'000	2020 £'000
Loss on ordinary activities before tax	**(357)**	**(1,764)**
Expected tax charge based on the standard rate of corporation tax in the UK:	**19%**	**19%**
Profit multiplied by the standard rate of corporation tax	(68)	(335)
Tax effects of:		
Group relief surrendered for nil payment	48	-
Unrecognised losses	-	315
Interest disallowed under corporate interest restriction rules	16	18
Other differences	4	2
Income tax for the period	-	-

8 Taxation (continued)

(c) Factors that affect future tax charges

As at 31 December 2021, the Company had unrecognised tax losses carried forward of £1,110,000 (2020: £1,658,000) for which no deferred tax asset has been recognised. These losses may be utilised against future tax liabilities of the Company or liabilities arising elsewhere within the group.

The current rate of UK corporation tax is 19%. On 24 May 2021, an increase in the Corporation Tax main rate to 25% from 1 April 2023 was substantively enacted. This will affect the company's future tax charges accordingly.

9 Tangible fixed assets

	Leasehold land and buildings £'000	Fixtures, fittings and equipment £'000	Computer equipment and software £'000	Total £'000
Cost				
At 1 January 2021	829	51	43	923
Additions	-	1	17	18
At 31 December 2021	**829**	**52**	**60**	**941**
Depreciation				
As at 1 January 2021	213	24	37	274
Depreciation charge	142	6	13	161
At 31 December 2021	**355**	**30**	**50**	**435**
Net book value				
As at 1 January 2021	616	27	6	649
31 December 2021	**474**	**22**	**10**	**506**

During the prior year, the company entered into a new lease with a related party, FBM London Limited, for its offices which are situated within one of its apart' hotels. The lease has been accounted for in accordance with IFRS16 and the carrying amount of leasehold land and buildings above includes £350,000 (2021: £467,000) in respect of the resulting right of use asset.

10 Debtors

	2021 £'000	2020 £'000
Trade debtors	-	25
Amounts due from related parties	2,294	2,073
Other debtors, prepayments and accrued income	123	311
	2,417	**2,409**

Trade and other receivables are carried at amortised cost.

Amounts due from related parties contains an interest-bearing loan made to Citadines St Marks Limited. The amount of the loan is £271,000 including accrued interest, however it is shown net of a provision for irrecoverable debt of the same amount, as Citadines St Marks Limited has ceased trading and does not have sufficient funds to repay the loan. Apart from this loan, all other amounts due from fellow subsidiaries are trade receivables which are interest free, unsecured and repayable on demand.

11 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	11	52
Amount due to related parties	9,398	9,222
Accruals	209	177
Other creditors and taxes	285	159
Lease liability	128	128
	10,031	**9,738**

Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Lease liability	233	346

All current liabilities fall due in less than one year.

Amounts due to related parties include an interest-bearing intercompany loan from Soderetour UK Limited of £6,297,000 (2020: £7,776,000) including accrued unpaid interest of £397,000 (2020: £276,000). The loan incurs interest at a rate of 1.5% + 3m Libor and is repayable on demand. Other amounts due to related parties represent trade related balances with other group companies.

On 1 January 2022, LIBOR ceased to be used as the benchmark for the loan and SONIA was adopted as the new benchmark, following the dissolution of the LIBOR setting panel. SONIA is the Working Group on Sterling Risk Free Reference Rates' preferred benchmark for the transition to sterling risk-free rates from LIBOR. SONIA is combined with the appropriate credit adjustment spread to provide a suitable replacement for LIBOR. The LIBOR rate in December 2021 prior to the change was 0.0655%, while the SONIA rate for January 2022 was 0.2275% including credit adjustment spread. The Bank of England base rate increased in this period by 0.25%, contributing to the overall increase in interest rate and, like LIBOR, SONIA and thus the companies interest expense will continue to be impacted by changes in the Bank of England base rate and other economic factors

During the prior year, the company entered into a new lease with a related party, FBM London Limited, for its offices which are situated within one of its apart' hotels. The lease has been accounted for in accordance with IFRS16 resulting in the right of use lease liabilities disclosed above.

12 Called up share capital

	2021 £	2020 £
Allotted, called up and fully paid:		
1 ordinary share of £1	**1**	1

13 Post-retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount of £78,000 (2020: £103,000) charged to the profit and loss account represents the contribution payable to the scheme in respect of the accounting period.

An amount of £6,000 was outstanding at the 31 December 2021 (2020: £8,000).

14 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a wholly owned subsidiary of Ascott International Management (2001) Pte Limited, a company incorporated in Singapore.

The smallest group in which the results of the company are consolidated is that headed by The Ascott Limited, a company incorporated in Singapore.

The group financial statements can be obtained from The Ascott Limited, N° 168 Robinson Road #30-01 - Capital Tower- Singapore 069812.

The largest group in which they were consolidated is that headed by CapitaLand Investment Limited (ultimate parent company), N° 168 Robinson Road #30-01 -Capital Tower- Singapore 069812, a company incorporated in Singapore and listed on the Singapore Stock Exchange.

The ultimate controlling party is Temasek Holdings (Private) Limited, a company incorporated in Singapore.

15 Post balance sheet events

On 1 January 2022, LIBOR ceased to be used as the benchmark for the loan and SONIA was adopted as the new benchmark, following the dissolution of the LIBOR setting panel. SONIA is the Working Group on Sterling Risk Free Reference Rates' preferred benchmark for the transition to sterling risk-free rates from LIBOR. SONIA is combined with the appropriate credit adjustment spread to provide a suitable replacement for LIBOR. The LIBOR rate in December 2021 prior to the change was 0.0655%, while the SONIA rate for January 2022 was 0.2275% including credit adjustment spread. The Bank of England base rate increased in this period by 0.25%, contributing to the overall increase in interest rate and, like LIBOR, SONIA and thus the companies interest expense will continue to be impacted by changes in the Bank of England base rate and other economic factors