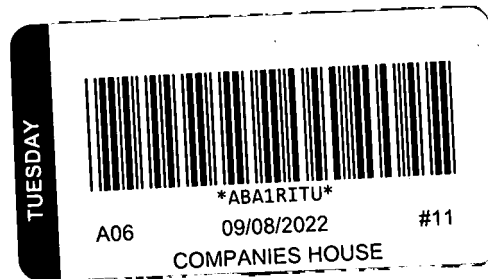


Registered number: 04445791

## ETAP BIRMINGHAM LIMITED

### ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021



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**ETAP BIRMINGHAM LIMITED**

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**COMPANY INFORMATION**

<b>Directors</b>	A S B Neubert E M G B De La Ronciere M Van Der Graaf
<b>Registered number</b>	04445791
<b>Registered office</b>	10 Hammersmith Grove London W6 7AP United Kingdom
<b>Independent auditor</b>	Deloitte LLP Statutory Auditor London EC4A 3BZ United Kingdom
<b>Bankers</b>	HSBC Bank plc PO Box 61004 2nd Floor London SE1 9RX

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## **ETAP BIRMINGHAM LIMITED**

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### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report and the audited financial statements and auditor's report for the year ended 31 December 2021.

This report is prepared in accordance with the special provisions relating to small companies under s415(a) of the Companies Act 2006. As Etap Birmingham Limited is entitled to the small companies' exemption, no strategic report has been prepared.

#### **Principal activity and future developments**

The 250 bedroom Etap Birmingham opened on 14 November 2005. The hotel trades under the Etap brand name and is leased from the company by Accor UK Economy Hotels Limited.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £152,842 (2020: loss of £56,410). During the year, no dividends were paid (2020: £nil) and the directors do not propose the payment of a final dividend.

#### **Environmental matters**

The AccorInvest Group is both owner and operator of a property portfolio of owned and leased hotels. The Group invests to consolidate its property portfolio through hotel renovations and new hotel developments on economy and midscale segments. Etap Birmingham Limited is part of the AccorInvest Group. The AccorInvest Group in the UK recognise that its activities impact upon the environment through its routine operations, its infrastructural development, and through its influence and effects on the wider community. The Group acknowledges a responsibility for, and a commitment to, protection of the environment at all levels. AccorInvest will comply fully with environmental legislation and is committed to promoting environmental management policies and practices such as ISO 14001 and 'Green Globe', a benchmarking and certification scheme dedicated to all sectors of the tourism industry. AccorInvest aims to increase the awareness of environmental responsibilities among staff and guests through its environment charter, by incorporating long term strategies for energy efficiency into the planning and development of hotels, by promoting a purchasing policy which will give preference, as far as practicable, to those products and services which cause the least harm to the environment and by working with local communities and agencies as appropriate to promote environmental policies.

#### **Going concern**

The company is part of the Group headed by AccorInvest Group S.A. and its financial position is dependent on that of the Group.

In 2021, the COVID-19 pandemic continued to have a significant impact on the tourism and lodging industry. Measures implemented by governments to control the pandemic such as stay at home orders, travel restrictions, and regulations on types of businesses allowed to operate, continued to limit tourism and business travel resulting in reduced demand for lodging.

## DIRECTORS' REPORT (CONTINUED)

### Going concern (continued)

Considering the ongoing crisis, Group Management performed an assessment of the Group's ability to continue as Going Concern to ensure the appropriateness of preparing the Group financial statements in accordance with this principle. In Q1 2021, the Group successfully amended its €4,500 million facilities agreement to extend the maturity until 2025 as well as amend its debt covenant requirements. In addition, it successfully obtained an additional €477 million facilities agreement guaranteed by the French government (the "PGE"). The Group also benefited from a €477 million increase in capital from its shareholders.

In addition to securing this new financing package, the Group has also continued to implement measures to protect its liquidity including continuing to place staff on short time work in those countries in which governments offer this as a form of aid. AccorInvest actively seeks out different forms of government aid including grants. Capex projects have been reduced compared to historical levels.

In addition, the Group has successfully disposed of hotels which are not considered strategic assets generating proceeds during the year.

In the second half of 2020, the Group announced a major transformation project to strategically change processes with the objective of becoming leaner, more agile, and more efficient. In 2021, major initiatives have been launched as part of this transformation including implementing a target operating model in hotels as well as eliminating redundancy in corporate functions. The Group reduced its number of full-time employees primarily by natural turnover. However, the Group also implemented restructuring plans for staff in hotels and in corporate offices. The Group has also launched major projects to digitalize operations in hotels and corporate functions to improve processes including purchasing, human resources, and accounting. In addition to restructuring, approximately €14 million was spent in 2021 towards the realization of the Group's transformation. The transformation is expected to generate significant cash savings and improve profitability and margins when back to pre COVID-19 levels.

Over the past year, there has been a significant reduction in government restrictions and border closures in the majority of the countries in which AccorInvest operates. This combined with the successful rollout of vaccines, as well as the reduced severity of recent new variants, gives hope that the end of the pandemic is nearing and there will soon be a return to "normal" levels of leisure and business travel.

Current market consensus forecast a return to 2019 performance levels by 2024/2025. Recent trading has been strong and significantly improved on 2021. Group Management continues to actively monitor the cash flow forecast and expert opinions on the recovery in the industry. There is still uncertainty over the extent and timing of recovery, and management takes into consideration this uncertainty by forecasting various scenario of cash flow. With the Group's current available liquidity, Management expects that the Group has sufficient funds to finance its operations and liability balances due over the next 12 months. In January 2022, the Group extended its PGE loan for an additional five years. With the extension of the €4,500 million facilities, there are no significant principal payments of debt in the next twelve months. In addition, with the amendment and extension of the Facilities agreement which granted a covenant holiday and reset covenants, Management expects that the Group will comply with all of its debt requirements over the next 12 months following approval of the consolidated financial statements.

The Company has received a commitment of financial support for at least the next 12 months from its immediate parent Accor UK Economy Limited, which in turn received the same from its ultimate parent, AccorInvest Group S.A. The directors have determined, having made enquiries of Group management and considered the matters discussed above, that it is appropriate to prepare the accounts on the going concern basis.

## DIRECTORS' REPORT (CONTINUED)

### Directors

The directors who served during the year and up to the date of signing were:

A S B Neubert  
E M G B De La Ronciere  
M Van Der Graaf

No directors' indemnities were paid during the year.

### Financial risk management

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. These risks are mitigated by the company's activities being based fully in the UK, transactions being primarily with fellow group companies and with limited exposure to trade receivables or foreign currencies. The company is funded via short term intercompany sterling loans and group overdraft facilities. The company does not use derivative financial instruments.

Although the overall impact of Brexit is still uncertain, the directors do not consider that Brexit would threaten the long-term viability of the business.

### Post balance sheet events

There have been no significant events affecting the Company since year end.

### Auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The directors intend to appoint Constantin as auditors.

This report was approved by the board on 29 June 2022 and signed on its behalf.



.....  
**A S B Neubert**

Director  
10 Hammersmith Grove  
London, United Kingdom  
W6 7AP

**DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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), including Financial Reporting Standard 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; 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.

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ETAP BIRMINGHAM LIMITED

#### Report on the audit of the financial statements

##### Opinion

In our opinion the financial statements of ETAP Birmingham Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Conclusions relating to going concern

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

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

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

##### Other information

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

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE MEMBERS OF ETAP BIRMINGHAM LIMITED**

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.

We have nothing to report in this regard.

**Responsibilities of directors**

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

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE MEMBERS OF ETAP BIRMINGHAM LIMITED**

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

**Report on other legal and regulatory requirements**

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

In our opinion, 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; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

**TO THE MEMBERS OF ETAP BIRMINGHAM LIMITED**

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to not prepare a strategic report.

We have nothing to report in respect of these matters.

**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.



Timothy Steel (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
Date: 29 June 2022

**ETAP BIRMINGHAM LIMITED**

**INCOME STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover	3	437,495	218,666
<b>Gross profit</b>		<b>437,495</b>	<b>218,666</b>
Administrative expenses		<u>(178,482)</u>	<u>(190,686)</u>
<b>Operating profit</b>	4	<b>259,013</b>	<b>27,980</b>
Interest receivable and similar income	7	-	214
Interest payable and similar expenses	8	<u>(41,853)</u>	<u>(67,213)</u>
<b>Profit/(loss) before taxation</b>	4	<b>217,160</b>	<b>(39,019)</b>
Tax on profit or loss	9	<u>(64,318)</u>	<u>(17,391)</u>
<b>Profit/(loss) for the year</b>		<u><b>152,842</b></u>	<u><b>(56,410)</b></u>

The results relate to continuing activities.

There are no items of other comprehensive income in either year. Therefore, no separate Statement of Comprehensive Income has been presented.

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**ETAP BIRMINGHAM LIMITED**

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**BALANCE SHEET****AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	10	5,145,419	5,313,929
		<u>5,145,419</u>	<u>5,313,929</u>
<b>Current assets</b>			
Debtors	11	182,975	3,637
Cash at bank and in hand		158,802	191,451
		<u>341,777</u>	<u>195,088</u>
<b>Creditors - Amounts due within one year</b>	12	<u>(5,328,130)</u>	<u>(5,567,111)</u>
<b>Net current liabilities</b>		<u>(4,986,353)</u>	<u>(5,372,023)</u>
<b>Total assets less current liabilities</b>		<u>159,066</u>	<u>(58,094)</u>
<b>Provision for liabilities</b>			
Deferred taxation	13	<u>(266,614)</u>	<u>(202,296)</u>
<b>Net liabilities</b>		<u>(107,548)</u>	<u>(260,390)</u>
<b>Capital and reserves</b>			
Called up share capital	14	1	1
Profit and loss account	15	<u>(107,549)</u>	<u>(260,391)</u>
		<u>(107,548)</u>	<u>(260,390)</u>

The financial statements of Etap Birmingham Limited, register number 04445791, were approved by the board of directors and authorised for issue on 29 June 2022 and were signed on its behalf by:



.....  
**A S B Neubert**  
Director

**ETAP BIRMINGHAM LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Share capital £	Retained earnings £	Total equity £
At 1 January 2021	1	(260,391)	(260,390)
<b>Comprehensive profit for the year</b>			
Profit for the year	-	152,842	152,842
<b>Total comprehensive profit for the year</b>	-	152,842	152,842
<b>At 31 December 2021</b>	<b>1,</b>	<b>(107,549)</b>	<b>(107,548)</b>

**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Share capital £	Retained earnings £	Total equity £
At 1 January 2020	1	(203,981)	(203,980)
<b>Comprehensive loss for the year</b>			
Loss for the year	-	(56,410)	(56,410)
<b>Total comprehensive loss for the year</b>	-	(56,410)	(56,410)
<b>At 31 December 2020</b>	<b>1</b>	<b>(260,391)</b>	<b>(260,390)</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

Etap Birmingham Limited is a company incorporated in the United Kingdom under the Companies Act 2006.

The company is a private company limited by shares and is registered in England. The address of the company's registered office is shown on the company information page.

The nature of the company's operations and its principal activities are set out in the directors' report on pages 3 to 5.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

These financial statements are separate financial statements. The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standards 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to certain revenue requirements of IFRS 15, business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where relevant, equivalent disclosures have been given in the group accounts of AccorInvest Group SA. The group accounts of AccorInvest Group SA can be obtained as set out in note 17. The registered office address of the parent company preparing consolidated accounts is 26a Boulevard Royal, 2449 Luxembourg, Luxembourg. The accounts are prepared on the going concern basis and under the historical cost basis.

**1.2 Investment properties and fixed assets**

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is stated in the accounts under the cost model.

The investment property is accounted at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 1.2 Investment properties and fixed assets (continued)

Depreciation is provided on the following basis:

Freehold property	- 35-50 years
Long-term leasehold property	- Over the shorter of the lease term or the estimated useful life
Plant and machinery	- 10-20 years
Fixtures and fittings	- 3-10 years
Other fixed assets	- Not depreciated (assets under construction)

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Income Statement.

### 1.3 Going concern

The company has received a commitment of financial support for at least the next 12 months from its immediate parent Accor UK Economy Limited, which in turn received the same from its ultimate parent, AccorInvest Group S.A. The directors have determined, having made enquiries of group management, that it is appropriate to prepare the accounts on the going concern basis. Further information regarding the going concern assessment is set out in the Directors Report.

### 1.4 Turnover

In accordance with IFRS 15, turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. When contracts with customers included more than one performance obligation, revenue allocation is made on the basis of stand-alone prices.

In accordance with IFRS 15, turnover corresponds to the value of goods and services sold in the ordinary course of business. It corresponds to the variable rental revenue received from a fellow group company who leases the company's hotel. Revenue from product sales is recognised when the control over the product is transferred to the client. Revenue from sales of services is recognised when the service is rendered.

### 1.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor.

### 1.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 1.7 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

### 1.8 Borrowing costs

All borrowing costs are recognised in the Income Statement in the year in which they are incurred.

### 1.9 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 1.10 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **1.10 Current and deferred taxation (continued)**

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### **1.11 Impairment of assets**

Fixed assets are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

## **2. Key judgements in applying accounting policies and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make a number of judgements and estimates.

The main estimates and judgments made by management in the preparation of the financial statements relate to:

- the valuation of investment property for impairment testing. The company has determined the recoverable amounts of these assets based on internal valuation estimates, see note 10.

The directors do not believe there are any other critical judgements or estimation uncertainties that have a significant risk of causing a material adjustment within the next financial year.

## **3. Turnover**

	<b>2021</b>	2020
	<b>£</b>	£
Rent from fellow group company	<b>437,495</b>	218,666
	<u><b>437,495</b></u>	<u>218,666</u>

All turnover arose within the United Kingdom. The rent is based on a percentage of turnover.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**4. Loss before tax**

The loss before tax is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	<u>(168,510)</u>	<u>(180,935)</u>
	<u>(168,510)</u>	<u>(180,935)</u>

**5. Auditor's remuneration**

The company paid the following amounts to its auditors in respect of the audit of the financial statements. There were no non-audit fees.

	2021 £	2020 £
Auditor's remuneration	<u>(3,938)</u>	<u>(3,750)</u>
	<u>(3,938)</u>	<u>(3,750)</u>

**6. Employees**

The company has no employees other than the directors, who did not receive any remuneration (2020: £nil). The directors are also the directors of other subsidiaries undertaking within the Group and their remuneration for the year was paid by other undertakings.

**7. Interest receivable and similar income**

	2021 £	2020 £
Interest receivable:		
Interest receivable from group companies	<u>-</u>	<u>214</u>
Total interest receivable	<u>-</u>	<u>214</u>

**ETAP BIRMINGHAM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**8. Interest payable and similar expenses**

	2021 £	2020 £
Interest payable to group companies	(256)	-
Interest payable on loans from group undertakings	(41,597)	(67,213)
	<u>(41,853)</u>	<u>(67,213)</u>

Etap Birmingham Limited contracted a 6-months loan with AccorInvest UK BCT Limited. The interest rate is LIBOR six months + 0.7 basis points.

**9. Taxation**

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits/losses for the year	-	-
<b>Total current tax charge</b>	<u>-</u>	<u>(30)</u>
<b>Deferred tax</b>		
Permanent fixed assets differences	(1,499)	4,365
Change in Deferred Tax rate	(63,634)	(21,756)
Adjustments in respect of prior periods	815	26
<b>Total deferred tax credit / (charge)</b>	<u>(64,318)</u>	<u>(17,365)</u>
<b>Tax charge on profit/loss</b>	<u>(64,318)</u>	<u>(17,395)</u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**9. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year can be reconciled to the standard rate of corporation tax in the UK of 19% (2020: 19%) as follows:

	2021 £	2020 £
<b>Profit/(loss) on ordinary activities before tax</b>	<b>217,160</b>	<b>(39,019)</b>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	<b>(41,261)</b>	7,414
Fixed asset differences	<b>(29,993)</b>	(30,012)
Group relief (surrendered)/claimed	<b>70,114</b>	26,964
Differences in rates between Corporation Tax and Deferred Tax	<b>(360)</b>	-
Adjustments in respect of prior periods	<b>815</b>	(4)
Change in Deferred Tax rate	<b>(63,633)</b>	(21,756)
<b>Total tax charge for the year</b>	<b>(64,318)</b>	<b>(17,395)</b>

**Factors that may affect future tax charges**

Following the substantive enactment of the Finance Act 2021 the standard rate of corporation tax in the UK will remain unchanged at 19% until April 2023 when it will rise to 25% for year ends beginning 1 April 2023. Accordingly, this rate of 25% has been applied in determining the deferred tax assets and liabilities as at the balance sheet date of 31 December 2021.

**ETAP BIRMINGHAM LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10. Fixed assets**

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Right-of use £	Total £
<b>Cost or valuation</b>					
At 1 January 2021	6,392,303	609,674	25,065	1,205,721	8,232,763
<b>At 31 December 2021</b>	<b>6,392,303</b>	<b>609,674</b>	<b>25,065</b>	<b>1,205,721</b>	<b>8,232,763</b>
<b>Depreciation</b>					
At 1 January 2021	(2,387,036)	(506,733)	(25,065)	-	(2,918,834)
Charge for the year	(158,257)	(10,253)	-	-	(168,510)
<b>At 31 December 2021</b>	<b>(2,545,293)</b>	<b>(516,986)</b>	<b>(25,065)</b>	<b>-</b>	<b>(3,087,344)</b>
<b>Net book value</b>					
<b>At 31 December 2021</b>	<b>3,847,010</b>	<b>92,688</b>	<b>-</b>	<b>1,205,721</b>	<b>5,145,419</b>
At 31 December 2020	4,005,267	102,941	-	1,205,721	5,313,929

The directors estimate that the fair value of the company's investment properties at 31 December 2021 is £14,236,000 (2020: £12,844,000).

The company has conducted a sensitivity analysis taking into consideration the impact on key impairment test assumptions arising from a range of possible trading and economic scenarios. It has been prepared using a 5% reduction in the valuation. The analysis does not show any additional impairment.

**11. Debtors**

	2021 £	2020 £
<b>Amount falling due within one year</b>		
Amounts owed by Parent company	182,975	-
Other taxation and social security	-	3,637
	<b>182,975</b>	<b>3,637</b>

The amounts owed by Parent company are non-interest bearing and include routine transactions settled with subsidiary companies or companies that are part of the same group. These amounts are repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**12. Creditors**

	2021 £	2020 £
<b>Amount falling due within one year</b>		
Amounts owed to group undertakings	(5,288,519)	(5,563,361)
Other taxation and social security	(31,923)	-
Accruals and deferred income	(7,688)	(3,750)
	<u>(5,328,130)</u>	<u>(5,567,111)</u>

The amounts owed to group undertaking include routine transactions settled with subsidiary companies or companies that are part of the same group, as well as the loan balance of £5,282,536 detailed in note 8. These amounts are repayable on demand, unsecured and non-interest bearing.

**13. Deferred taxation**

	Deferred tax £
At 1 January 2021	(202,296)
Charged to the profit and loss account	(65,133)
Adjustments in respect of prior periods	815
<b>At 31 December 2021</b>	<u><b>(266,614)</b></u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(216,775)	(162,672)
Capitalised interest	(49,839)	(38,835)
Capital losses	-	(815)
Adjustments in respect of prior periods	-	26
	<u><b>(266,614)</b></u>	<u><b>(202,296)</b></u>

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**14. Share capital**

	2021 £	2020 £
Allotted, called up and fully paid	1	1
1 Ordinary share of £1	<u>1</u>	<u>1</u>

**15. Reserves**

**Profit and loss account**

There has been no movement in reserves other than the profit for the financial year.

**16. Related party transactions**

In accordance with FRS 101.8(k) "Related Party Disclosures" transactions with other undertakings within the AccorInvest Group SA have not been disclosed in these financial statements. There were no other transactions or balances with related parties which require disclosure in these financial statements.

**17. Controlling party**

At 31 December 2021, the ultimate parent company and controlling party is AccorInvest Group SA, registered in Luxembourg, 26a Boulevard Royal, 2449 Luxembourg, Luxembourg.

The immediate parent company is Accor UK Economy Limited, a company incorporated in Great Britain and registered in England and Wales.

The largest and smallest group in which the results of the company are consolidated is AccorInvest Group SA. The consolidated financial statements are available from [www.lbr.lu](http://www.lbr.lu) website.

**18. Subsequent events**

There have been no significant events affecting the Company since year end.