

Registered number: 04445791

ETAP BIRMINGHAM LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022



ETAP BIRMINGHAM LIMITED

COMPANY INFORMATION

Directors	A S B Neubert E M G B De La Ronciere M Van Der Graaf
Registered number	04445791
Registered office	10 Hammersmith Grove London W6 7AP United Kingdom
Independent auditor	Constantin Statutory Auditor London EC1A 9LQ United Kingdom
Bankers	NATWEST 22 Kings Mall King Street Hammersmith London W6 0PZ

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the audited financial statements and auditor's report for the year ended 31 December 2022.

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 £886,611 (2021: profit of £152,842). During the year, no dividends were paid (2021: £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 COVID-19 pandemic has had 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 particularly in 2020, 2021 and in the first quarter of 2022. In the course of the second quarter 2022, local restrictions were progressively lifted triggering a sharp recovery in the levels of activity.

Given this specific context, the Management has performed an assessment of the Group's ability to continue as Going Concern to ensure the appropriateness of preparing the financial statements in accordance with this principle.

DIRECTORS' REPORT (CONTINUED)

Going concern (continued)

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. The Group also benefited from a €477 million increase in capital from its shareholders. In addition, it successfully obtained an additional €477 million facilities agreement guaranteed by the French government (the Prêt Garanti par l'Etat, or "PGE"), which was extended by the Group for an additional five years in January 2022.

Additionally, the fact that the net working capital position is negative is structural and follows industry norms. Customers generally pay with short days of sales outstanding and suppliers are paid under standard commercial terms.

The Group major transformation projects launched in 2020 aim to prepare the Group to face the new challenges raised by the pandemic crisis with the objective to be leaner, stronger and better. The transformation starts to generate significant cash savings, improve margins and value of the assets. Major initiatives include a review of the portfolio to ensure alignment with the Group Strategy, a thorough review of hotels operating model and a significant digital plan to accompany the transformation at hotels and support functions. Combined with the recovery of the economy, the transformation plan has impacted the Group's consolidated financial statements as following:

- The cash proceeds from the disposal of non-strategic assets has resulted in a €223 million of debt redemption.
- The group reported a 2022 total EBITDA of €703 million and generated a positive cash flows in 2022.

In addition, the Group has continued to apply to different forms of government aid.

In 2022, following the end of government restrictions and border closures in the majority of countries in which AccorInvest operates, the levels of activity and performance of the Group have continued to be strengthened, particularly since March 2022, which improves the visibility on the recovery of leisure and business travel.

Besides, the Management has also taken into account the uncertainties raised by the Ukraine conflict to assess its ability to continue as a Going Concern. AccorInvest does not have any hotels in the countries involved in the conflict and has a non-significant portion of its activity from customers coming from these countries. As such, the Group's activity and performance for the year 2022 has not been significantly impacted by the Ukraine conflict, in line with our expectations.

However, the global outlook has deteriorated markedly throughout the last months of the year amid high inflation, aggressive monetary tightening, and uncertainties from both the war in Ukraine and the lingering pandemic. Soaring food and energy prices are eroding incomes, triggering a global cost-of-living crisis. As a result, growth in the world's largest economies is weakening. As of December 31, 2022, thanks to a strong recovery and the transformation project, the Group has been able to limit the impact.

The Management is actively monitoring the liquidity of the Group and with current strong available liquidity position, and no significant principal payments of debt in the next twelve months, the management expects that the Group has sufficient funds to finance its operations and liability balances due and that the Group will comply with all of its debt requirements over the next 12 months following approval of the consolidated financial statements.

DIRECTORS' REPORT (CONTINUED)

Going concern (continued)

Since July 2022, the Group is exposed to the volatility in the interest rates as its external debt is defined based on Euribor plus margin. In order to mitigate potential future increases and preserve its cash-flows, the Group has reinforced significantly its hedge position in 2022 and cumulative hedge positions now represents a total amount of 70% of its forecasted debt end of 2023. As of December 31, 2022, the impact of the increase in interest rates is not material.

Based on the above factors, the Management has concluded it is appropriate to prepare the consolidated financial statements based on the principle of Going Concern.

The Company has received a commitment of financial support for at least the next 12 months 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

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.

DIRECTORS' REPORT (CONTINUED)

Auditor

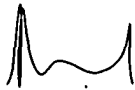
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- 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.

Constantin have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

This report was approved by the board on 04 August 2023 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 2022

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 of December 2022 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;
- 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. 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 and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

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 UK Companies Act, pensions legislation, 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 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 external 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

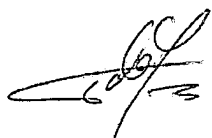
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to 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.



04.08.2023

Thierry de Gennes ACA (Senior Statutory Auditor)
for and on behalf of
Constantin
Chartered Accountants and Statutory Auditor
25 Hosier Lane
London
EC1A

ETAP BIRMINGHAM LIMITED

INCOME STATEMENT**FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	3	885,261	437,495
Gross profit		885,261	437,495
Administrative expenses		<u>(178,842)</u>	<u>(178,482)</u>
Operating profit		706,419	259,013
Interest receivable and similar income	7	7,774	-
Interest payable and similar expenses	8	<u>(72,682)</u>	<u>(41,853)</u>
Profit before taxation	4	641,511	217,160
Tax on profit or loss	9	<u>245,100</u>	<u>(64,318)</u>
Profit for the year		<u>886,611</u>	<u>152,842</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.


ETAP BIRMINGHAM LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	10	4,977,045	5,145,419
		<u>4,977,045</u>	<u>5,145,419</u>
Current assets			
Debtors	11	257,023	182,975
Cash at bank and in hand		983,901	158,802
		<u>1,240,924</u>	<u>341,777</u>
Creditors - Amounts due within one year	12	<u>(5,417,392)</u>	<u>(5,328,130)</u>
Net current liabilities		<u>(4,176,468)</u>	<u>(4,986,353)</u>
Total assets less current liabilities		<u>800,577</u>	<u>159,066</u>
Provision for liabilities			
Deferred taxation	13	<u>(21,514)</u>	<u>(266,614)</u>
Net assets/(liabilities)		<u>779,063</u>	<u>(107,548)</u>
Capital and reserves			
Called up share capital	14	1	1
Profit and loss account	15	779,062	(107,549)
		<u>779,063</u>	<u>(107,548)</u>

The financial statements of Etap Birmingham Limited, register number 04445791, were approved by the board of directors and authorised for issue on 04 August 2023 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 2022**

	Share capital £	Retained earnings £	Total equity £
At 1 January 2022	1	(107,549)	(107,548)
Income for the year			
Profit for the year	-	886,611	886,611
Total income for the year	-	886,611	886,611
At 31 December 2022	1	779,062	779,063

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £	Retained earnings £	Total equity £
At 1 January 2021	1	(260,391)	(260,390)
Income for the year			
Profit for the year	-	152,842	152,842
Total income for the year	-	152,842	152,842
At 31 December 2021	1	(107,549)	(107,548)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 6.

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 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 once per year 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

	2022	2021
	£	£
Rent from fellow group company	885,261	437,495
	<u>885,261</u>	<u>437,495</u>

All turnover arose within the United Kingdom. The rent is based on a percentage of turnover, therefore IFRS16 is not applicable.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Loss before tax

The loss before tax is stated after charging:

	2022	2021
	£	£
Depreciation of tangible fixed assets	<u>(168,374)</u>	<u>(168,510)</u>
	<u>(168,374)</u>	<u>(168,510)</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.

	2022	2021
	£	£
Auditor's remuneration	<u>(4,400)</u>	<u>(3,938)</u>
	<u>(4,400)</u>	<u>(3,938)</u>

6. Employees

The company has no employees other than the directors, who did not receive any remuneration (2021: £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

	2022	2021
	£	£
Interest receivable:		
Interest receivable from group companies	<u>7,774</u>	<u>-</u>
Total interest receivable	<u>7,774</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Interest payable and similar expenses

	2022	2021
	£	£
Interest payable to group companies	(1)	(256)
Interest payable on loans from group undertakings	(72,681)	(41,597)
	<u>(72,682)</u>	<u>(41,853)</u>

Etap Birmingham Limited contracted a 6-months loan with AccorInvest UK BCT Limited. The interest rate is a Sterling Overnight Index Average Rate six-month + 0.7 basis points margin.

9. Taxation

	2022	2021
	£	£
Corporation tax		
Current tax on profits/losses for the year	-	-
Total current tax charge	<u>-</u>	<u>-</u>
Deferred tax		
Permanent fixed assets differences	(1,525)	(1,499)
Change in DT rate	-	(63,634)
Adjustments in respect of prior periods	246,625	815
Total deferred tax credit / (charge)	<u>245,100</u>	<u>(64,318)</u>
Tax charge on profit	<u>245,100</u>	<u>(64,318)</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% (2021: 19%) as follows:

	2022 £	2021 £
Profit on ordinary activities before tax	641,511	217,160
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021 - 19%)	(121,887)	(41,261)
Fixed asset differences	(29,987)	(29,993)
Group relief claimed	150,715	70,114
Differences in rates between CT and DT	(366)	(360)
Adjustments in respect of prior periods	246,625	815
Change in DT rate	-	(63,633)
Total tax charge for the year	245,100	(64,318)

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 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 2022.

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 £
Cost or valuation					
At 1 January 2022	6,392,303	609,674	25,065	1,205,721	8,232,763
At 31 December 2022	6,392,303	609,674	25,065	1,205,721	8,232,763
Depreciation					
At 1 January 2022	(2,545,293)	(516,986)	(25,065)	-	(3,087,344)
Charge for the year	(158,257)	(10,117)	-	-	(168,374)
At 31 December 2022	(2,703,550)	(527,103)	(25,065)	-	(3,255,718)
Net book value					
At 31 December 2022	3,688,753	82,571	-	1,205,721	4,977,045
At 31 December 2021	3,847,010	92,688	-	1,205,721	5,145,419

The directors estimate that the fair value of the company's investment properties at 31 December 2022 is £15,572,000 (2021: £14,236,000).

11. Debtors

	2022 £	2021 £
Amount falling due within one year		
Amounts owed by Parent company	<u>257,023</u>	<u>182,975</u>
	<u>257,023</u>	<u>182,975</u>

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

	2022 £	2021 £
Amount falling due within one year		
Amounts owed to group undertakings	(5,358,893)	(5,288,519)
Other taxation and social security	(54,099)	(31,923)
Accruals and deferred income	(4,400)	(7,688)
	<u>(5,417,392)</u>	<u>(5,328,130)</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 £5,355,216 (2021: £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 2022	(266,614)
Charged to the profit and loss account	(1,525)
Adjustments in respect of prior periods	246,625
At 31 December 2022	<u>(21,514)</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	19,959	(216,775)
Capitalised interest	(41,473)	(49,839)
	<u>(21,514)</u>	<u>(266,614)</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Share capital

	2022	2021
	£	£
Allotted, called up and fully paid	1	1
1 Ordinary share of £1	1	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 2022, 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 website.

18. Subsequent events

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