COMPANY NUMBER: 04779387

MARLBRAY LIMITED

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2020

MARLBRAY LIMITED

CONTENTS

MARLBRAY LIMITED
Company number: 04779387

COMPANY INFORMATION

Directors	V Ebbon G Hegarty
Secretary	A Freeman
Registered office	County Hall – Riverside Building 2nd Floor Belvedere Road London SE1 7GP
Company number	04779387
Auditor	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD
Bankers	AIG Asset Management (Europe) Limited Santander UK Plc Lloyds Bank plc

MARLBRAY LIMITED
Company number: 04779387

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2020.

Principal activities

The principal activity of the Company is to lease the units (apart - hotel rooms) in the Park Plaza Westminster Bridge hotel.

Review of business

The Company was incorporated and registered in England.

The Company owns the freehold of an apart-hotel at the southern end of Westminster Bridge.

The hotel has 1,019 apart-hotel units, which makes it one of the largest hotels in London with conferencing facilities. All apart-hotel units, except one, were sold to individuals and a related company and were delivered to the purchasers upon completion of their purchase.

Given the straightforward nature of the business and that the Company is a holding company the directors are of the opinion that no added value would be achieved in detailing KPIs for a fuller understanding of the development, performance and position of the Company.

The Company's directors do not believe there to be any significant risks and uncertainties facing the business, other than those normally encountered within the industry.

Principal risks and uncertainties

a. Liquidity risk

The Company's objective is to maintain a balance between continuity and flexibility of funding through the use of bank overdrafts and bank loans. The Company entered into long-term borrowings to finance the apart-hotel units which had remained unsold, and are in ownership of the companies within the group.

b. Interest rate risk

The Company has limited exposure to interest rate cash flow risk on a minor part of the borrowings. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligation which is part subject to a floating interest rate of LIBOR plus a margin. The company hedged its exposure to the variability of interest at the end of 2016 by using an interest rate cap instrument.

STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

Principal risks and uncertainties (continued)

c. Credit risk

Cash surpluses are invested with the Company's principal bankers. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

d. Foreign currency risk

The company has no significant foreign currency risk.

e. Brexit risk

On 23 June 2016, the United Kingdom voted to formally resign its membership of the European Union and the country left the EU in December 2020 following a transaction period. We do not expect Brexit to impact the company.

f. COVID-19 risk

Due to the global COVID-19 situation, the Company is monitoring the current situation and assessing the impact on a daily basis as the situation evolves. The Company has taken actions to safeguard the health of employees and to mitigate wherever possible the consequences of the crisis.

Future prospects

As a holding company, the directors do not expect a significant change in the results of the company going forward. However the directors expected the company to see improved results for 2021 compared to 2020. The directors expect 2021 to be another difficult year for the company and the industry and expect the hotel to improve on performance in 2022 as the market recovers.

Approved by the Board and signed on its behalf by;

....

V Ebbon
Director

Date: 9-8-2021

MARLBRAY LIMITED
Company number: 04779387

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Matters covered in the strategic report

A review of the business including future developments and principal risks and uncertainties are not shown in the Directors' Report as this information is included within the Strategic Report under s414C(11) of the Companies Act 2006.

Results and dividends

The results for the year are set out on page 10.

A £nil dividend was declared and paid during the year. (2019: £nil).

Directors

The directors of the Company during the year were:

V Ebbon
G Hegarty

There are no service contracts with the directors.

Going concern

At 31 December 2020, the statement of financial position shows that the company has shareholder deficit of £60,632k (2019: £25,275k) and a net current liability balance of £12,035k (2019: £17,530k). The directors believe that the company has adequate resources to continue in operational existence for the next 12 months from the date of approval of these financial statements for the following reasons;

(a) The company is expected to generate positive cash flows from its operations for the foreseeable future.

(b) . The ultimate parent company and its subsidiaries have declared that they do not intend to call in any balances owed to them for a period of at least 12 months from the date of signing the financial statements.

The company was impacted in 2020 by the Covid-19 pandemic which forced the hotel owned by the company to limit occupancy and trading. The hotel remained open during restrictions however was limited in the services provided which has impacted the results for the entity and also the value of the investments.

Based on the above, the company continues to adopt the going concern basis of accounting in preparing the financial statements.

MARLBRAY LIMITED
Company number: 04779387

REPORT OF THE DIRECTORS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

Subsequent events

Since the year end, the Company is facing the challenges in relation to COVID-19 which is impacting the business and trade in 2021. There were no events subsequent to the balance sheet date that required adjustment to or disclosure in the financial statements.

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Directors' indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company.

Appropriate directors' and officers' liability insurance cover is in place in respect of all the Company's Directors.

Disclosure of information to the auditor

So far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and

- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information, and taken such other steps for that purpose, as were required by their duty as directors of the company to exercise due care, skill and diligence.

Auditor
It is proposed that Mazars LLP will continue in office in accordance with the Companies Act 2006 section 487(2).

Approved by the Board and signed on its behalf by;

....

V Ebbon
Director

Date: 9-8-2021

MARLBRAY LIMITED
Company number: 04779387

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report the financial statements in accordance with applicable UK 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable UK Accounting Standards subject to any material departures disclosed and explained in the financial statements; 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

MARLBRAY LIMITED
Company number: 04779387

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARLBRAY LIMITED

Opinion

We have audited the financial statements of Marlbray Limited (the 'company') for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 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 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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARLBRAY LIMITED (continued)

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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- 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 specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors
As explained more fully in the directors' responsibilities statement set out on page 6, 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 the financial statements.

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. Based on our understanding of the Marlbray Limited and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARLBRAY LIMITED (continued)

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to investments, loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.

J. Sea

Jonathan Seaman (Senior statutory auditor)
for and on behalf of Mazars LLP, Chartered Accountants (Statutory auditor)
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Date: 12 August 2021

MARLBRAY LIMITED
Company number: 04779387

STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £000	2019 £000
Revenue	4	409	1,532
Administrative expenses		(110)	(139)
Depreciation	11	(1,199)	(2,597)
Operating loss	6	(900)	(1,204)
Finance expenses	7	(3,641)	(3,670)
Investment income	8	8	25
Net income for financial liability in respect of income units sold to private investors	9	67	1,387
(Loss)/gain on revaluation of investments	12	(40,873)	27,244
Other Income		9,982	576
(Loss)/profit before taxation		(35,357)	24,358
Taxation	10	-	-
(Loss)/profit for the year		(35,357)	24,358
Other comprehensive income:			
Gain in relation to cash flow hedges	21	-	-
Total comprehensive (loss)/income for the year		(35,357)	24,358

All amounts relate to continuing operations.

The notes on pages 13 to 29 form part of these financial statements.

MARLBRAY LIMITED
Company number: 04779387

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020

	Notes	2020 £000	2019 £000
Non-current assets			
Property, plant and equipment and income units sold to private investors	11	115,059	115,508
Investment in subsidiaries	12	65,820	106,693
Other non-current financial assets	13	-	310
Restricted deposits and cash	14	3,836	-
Total non-current assets		184,715	222,511
Current assets			
Trade and other receivables	15	14,352	9,931
Restricted deposits and cash	14	-	1,933
Cash and cash equivalents		1,382	55
Total current assets		15,734	11,919
Total assets		200,449	234,430
Current liabilities			
Trade and other payables	16	30,392	28,031
Bank borrowings	17	1,213	1,418
Total current liabilities		31,605	29,449
Net current liabilities		(12,035)	(17,530)
Total assets less current liabilities		168,844	204,981
Non-current liabilities			
Financial liability in respect of income units sold to private investors		133,818	133,973
Other financial liabilities		-	-
Bank borrowings	18	95,658	96,283
Total non-current liabilities		229,476	230,256
Net liabilities		**(60,632)**	(25,275)
Equity			
Share capital	20	5,000	5,000
Share premium	21	10	10
Retained earnings	21	(65,642)	(30,285)
Total shareholders' deficit - equity		**(60,632)**	(25,275)

The accompanying notes are an integral part of this statement of financial position.
Approved by the Board and authorised for issue by:

V Ebbon
Director
Date: 9-8-2021

MARLBRAY LIMITED
Company number: 04779387

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital & premium £000	Hedging reserve £000	Non-distributable reserve £000	Retained earnings £000	Total £000
As at 1 January 2019	**5,010**	**-**	**-**	**(54,643)**	**(49,633)**
Profit for the year	-	-	-	24,358	24,358
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	24,358	24,358
As at 31 December 2019	**5,010**	**-**	**-**	**(30,285)**	**(25,275)**
Loss for the year	-	-	-	(35,357)	(35,357)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(35,357)	(35,357)
As at 31 December 2020	**5,010**	**-**	**-**	**(65,642)**	**(60,632)**

1. General information

Marlbray Limited is a Company incorporated in the United Kingdom under the Companies Act. The address of the registered office is County Hall Riverside Building, 2nd floor, Belvedere Road, London SE1 7GP, United Kingdom. The Company is a wholly-owned subsidiary of Euro Sea Hotels N.V. a company incorporated in the Netherlands. Its ultimate parent company is PPHE Hotel Group Limited, incorporated in Guernsey.

The Company owns a plot of land in London, which has been developed as the Park Plaza Westminster Bridge apart-hotel. Revenues mainly relate to the income (agency fee) that the company received from related parties. In return for a fixed fee the company is entitled only to the results of the sold units and the one unit that is retained by the Company.

2. Accounting policies

Basis of preparation

The financial statements of Marlbray Limited have been prepared in accordance with International Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The recognition, measurement and disclosure requirements (except for certain disclosure exemptions detailed below) of Financial Reporting Standards as adopted by the EU (EU-adopted IFRSs) have been applied to these financial statements and, where necessary, amendments have been made in order to comply with the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008/410 ('Regulations').

The financial statements have been prepared on the historical cost basis. The principal accounting policies set out below have been consistently applied to all periods presented.

Going concern

At 31 December 2020, the statement of financial position shows that the company has shareholder deficit of £60,632k (2019: £25,275k) and a net current liability balance of £12,035k (2019: £17,530k). The directors believe that the company has adequate resources to continue in operational existence for the next 12 months from the date of approval of these financial statements for the following reasons;

(a) The company is expected to generate positive cash flows from its operations for the foreseeable future.

(b) . The ultimate parent company and its subsidiaries have declared that they do not intend to call in any balances owed to them for a period of at least 12 months from the date of signing the financial statements.

The company was impacted in 2020 by the Covid-19 pandemic which forced the hotel owned by the company to limit occupancy and trading. The hotel remained open during restrictions however was limited in the services provided which has impacted the results for the entity and also the value of the investments.

Based on the above, the company continues to adopt the going concern basis of accounting in preparing the financial statements.

2. Accounting policies (continued)

Consolidated financial statements

The Company is exempt from the requirement to prepare consolidated financial statements under Section 401 of the Companies Act 2006. Consolidated financial statements are prepared by PPHE Hotel Group Limited, the ultimate parent undertaking, incorporated in Guernsey and are available from the address set out in note 25. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Disclosure exemptions applied

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 paragraph 8:

(i) The requirement of IFRS 7 'Financial Instruments : Disclosures' relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;
(ii) The requirement of IFRS 13 'Fair Value Measurement' paragraphs 91 to 99 relating to the fair value measurement disclosures of financial assets and financial liabilities that are measured at fair value, such as the available for sale investments and derivative financial instruments;
(iii) The applicable requirements of IAS 36 'Impairment of Assets' relating to the disclosures of estimates used to measure recoverable amounts;
(iv) The applicable requirements of IAS 1 'Presentation of Financial Statements' relating to the disclosure of comparative information in respect of the number of shares outstanding at the beginning and end of the year (IAS 1.79a, iv), the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73e) and the reconciliation of the carrying amount of intangible assets (IAS 18.118e).
(v) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives;
(vi) The requirements of IAS 7 'Statement of Cash Flows' and IAS 1 'Presentation of Financial Statements' paragraph 10(d), 111 relating to the presentation of a Cash Flow Statement;
(vii) The requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31 relating to the disclosure of standards, amendments and interpretations in issue but not yet effective; and
(viii) The requirements of IAS 24 'Related Party Disclosures' paragraph 17 relating to the disclosure of key management personnel compensation and relating to the disclosure of related party transactions entered into between the Company and other wholly-owned subsidiaries of the group.

For the disclosure exemptions listed in points i to iii, the equivalent disclosures are included in the consolidated financial statements of the PPHE Hotel Group Limited which the Company is consolidated into and that are publicly available from www.pphe.com.

2. **Accounting policies (continued)**

Standards, amendments and interpretations adopted in the current financial year ended 31 December 2020

The adoption of the following mentioned standards, amendments and interpretations in the current year have not had a material impact on the Company's financial statements

	EU effective date – periods beginning on or after*	**Non-EU effective date – periods beginning on or after**
IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment): Definition of Material	1 January 2020	1 January 2020
IFRS 3 Business Combinations (Amendment): Definition of a Business	1 January 2020	1 January 2020
IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures (Amendments): Interest Rate Benchmark Reform	1 January 2020	1 January 2020
Conceptual Framework (Amendment): Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020	1 January 2020

2. Accounting policies (continued)

Standards, amendments and interpretations in issue but not yet effective

The directors are currently assessing the impact of adopting the new standards and interpretations noted below.

	EU effective date – periods beginning on or after	Non-EU effective date – periods beginning on or after
IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases (Amendments): Interest Rate Benchmark Reform – Phase 2	1 January 2021	1 January 2021
IAS 16 Property, Plant and Equipment (Amendment): Proceeds before Intended Use	1 January 2022	1 January 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets: (Amendment): Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022	1 January 2022
IFRS 3 Business Combinations (Amendment): Reference to the Conceptual Framework	1 January 2022	1 January 2022
Annual Improvements to IFRSs (2018 – 2020 cycle)	1 January 2022	1 January 2022
IAS 1 Presentation of Financial Statements (Amendment): Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date	1 January 2023	1 January 2023

2. **Accounting policies (continued)**

Revenue recognition

Revenues relate to income earned on the units sold to private investors and is recognized when the hotel services relating to the units have been performed.

Foreign currency

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at rates of exchange prevailing on the dates of the transactions. At the reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such monetary items, any exchange component of the gain or loss is also recognised directly in equity.

Taxation

Current and deferred tax charges are recognised in the profit and loss, except where the tax charge relates to items which are recognised directly in equity or other comprehensive income. Current tax comprises the expected tax payable or receivable in respect of taxable profits or losses in the year plus any prior year adjustments. It is measured using the UK tax rates and laws enacted or substantially enacted at the reporting date.

Deferred taxation is provided in respect of temporary timing differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxation is measured on a non-discounted basis, using the UK tax rates and laws that are enacted or substantially enacted at the reporting date and are expected to apply in the periods in which the timing differences are expected to reverse.

Deferred tax assets are recognised only to the extent that it is probable that there will be sufficient future taxable profits against which it can be utilised.

Deferred tax assets and liabilities are off set when there is a legally enforceable right to do so, when they relate to income taxation by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2. Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is charged to write off the cost of assets over their estimated useful lives on the following bases:

Freehold land	Nil
Hotel building	2% of cost per annum
Fixtures, fittings, equipment & computers	14% - 20% of cost per annum

Subsidiaries

Investments in subsidiaries are measured at fair value using the income multiple method, whereby the earnings of the company are multiplied with a factor that is derived from comparable companies in the market.

Movements in the fair value of subsidiaries are recognised in the Statement of Total Comprehensive Income.

2. Accounting policies (continued)

Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and subsequently measured at amortised cost. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of any provision is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents are recognised as financial assets. They comprise cash held by the Group and short term bank deposits with an original maturity date of three months or less.

Trade payables

Trade payables are initially recognised as financial liabilities measured at fair value, and subsequent to initial recognition measured at amortised cost.

Bank borrowings

Interest bearing bank loans, overdrafts and other loans are recognised as financial liabilities and recorded at fair value, net of direct issue costs. Finance costs are accounted for on the accruals basis in the income statement using the effective interest rate.

3. Critical accounting judgements and key sources of estimation uncertainty

Critical accounting judgements:

Fair value of subsidiaries

Subsidiaries are valued at fair value using the income multiple method, whereby the earnings of the company are multiplied with a factor that is derived from comparable companies in the market. These subsidiaries consist of 100% of the share capital in Westminster Bridge Hotel Operator Limited and Park Plaza Hospitality Services (UK) Limited. See note 12 for further details.

4. Revenues

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

	2020 £000	2019 £000
Income from Westminster Bridge Hotel Operator Ltd (a)	409	1,532
Income from released deposits (b)	-	-
	409	1,532

(a) Revenues relate to hotel services generated by units, sold to private investors, in the Park Plaza Westminster Bridge Hotel, which have agreed to swap their income with the Company for a fixed return.

(b) As part of the development of Park Plaza Westminster Bridge London, Marlbray sold rooms in the Park Plaza Westminster Bridge London to private investors during the construction phase of the hotel. Typically these investors entered into contracts to acquire rooms and paid a deposit. Upon completion of the hotel investors were required to pay the balance of the purchase price. A number of the investors who entered into contracts to buy a room and paid deposits failed to pay the balance due on the contract at completion and Marlbray rescinded their contracts and forfeited their deposits.

5. Staff costs

There were no staff employed by the company during the current and prior year hence there are no staff costs.

Directors' emoluments

The Company's directors did not receive any emoluments during the year (2019: £nil) in respect of their services to the company.

6 Operating loss for the year

Operating loss for the year has been arrived at after charging:

	2020 £000	2019 £000
Insurances	56	56
Legal expenses	15	4
Auditors remuneration		
Audit services	13	14
Other	-	-
Depreciation (see note 11)	1,199	2,597

7 Finance expenses

	2020 £000	2019 £000
Interest expenses AIG loan	3,606	3,640
Bank charges	35	30
Fair value derivative movements	-	-
	3,641	3,670

8. Financial income

	2020 £000	2019 £000
Bank interest income	8	25
	8	25

9. Net income for financial liability in respect of income units sold to private investors

	2020 £000	2019 £000
Guaranteed return	(565)	(955)
Re-imbursement of depreciation expense	942	2,592
Change in expected cash flow income swaps	(310)	(250)
	67	1,387

In 2010, the construction of Park Plaza Westminster Bridge London was completed and the hotel opened to paying customers. Out of 1,019 rooms, 535 rooms ('Income Units') were sold to private investors under a 999-year lease. The sales transactions are accounted for as an investment scheme in which the investors, in return for the upfront consideration paid for the Income Units, receive 999 years of net income from a specific revenue generating portion of an asset (contractual right to a stream of future cash flows). The amounts received upfront are accounted for as a floating-rate financial liability and are being recognised as income over the term of the lease (i.e. 999 years). Changes in future estimated cash flows from the Income Units are recognised in the period in which they occur.

9. Net income for financial liability in respect of income units sold to private investors (continued)

On completion of each sale the Company entered into income swap agreements for five years with the private investors. The income swap agreements included an obligation of the investors to assign the right to receive the net income derived from the rooms to the Company and an undertaking by the Company to pay to the investors an annual rent guarantee of approximately 6% of the purchase price for a five-year period commencing from the date of the completion of the sale. The income swap has been accounted for as a derivative. In 2014 and 2015, the Company entered into 56 income swap agreements for a further 5 years from the expiry date.

The units are accounted for at cost less accumulated depreciation. The replacement costs for the sold rooms are fully reimbursed by the investors. An amount of 4% of revenues is paid by the investors on an annual basis ('FF&E reserves') and is accounted for in profit and loss. The difference between the actual depreciation cost and the FF&E reserve is a timing difference which is recorded on the statement of financial position as a receivable or liability to the investor in each respective year.

10. Taxation

Recognised in the profit and loss account	2020 £000	2019 £000
Total current tax	-	-
Total deferred tax	-	-
Tax on loss on ordinary activities	-	-
Reconciliation of effective tax rate		
(Loss)/profit for the year	(35,357)	24,358
Tax using the UK effective corporation tax rate of 19% (2019: 19%)	(6,718)	4,628
Non-deductible expenses	-	-
Non-taxable results from group companies	7,766	(5,176)
Capital allowances in excess of depreciation and other temporary differences	-	-
Group relief surrendered for nil consideration	-	548
Utlisation of tax losses	1,048	-
Total tax expense	-	-

10. Taxation (continued)

Finance (No. 2) Act 2015 includes legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020 and the impact of this change has been reflected in the above deferred tax balances. The Government subsequently announced on 16 March 2016 that legislation will be introduced to reduce the mainstream rate of corporation tax to 17% in April 2020.

11. Property, plant and equipment

	Land and buildings £'000	Fixtures, fittings, equipment & computers £'000	Total £'000
Cost			
At 1 January 2020	127,276	10,192	137,468
Additions	31	719	750
At 31 December 2020	127,307	10,911	138,218
Depreciation			
At 1 January 2020	12,186	9,774	21,960
Charge for the year	1,108	91	1,199
At 31 December 2020	13,294	9,865	23,159
Net book value			
At 31 December 2020	114,013	1,046	115,059
At 31 December 2019	115,090	418	115,508

As at 31 December 2020 the company owns one unit in the Park Plaza Westminster Bridge Hotel.

The fixed assets include 535 rooms ('Income Units') in Park Plaza Westminster Bridge London, for which the cash flows, derived from the net income generated by these Income Units, were sold to investors. The proceeds from the purchases have been accounted for as a variable rate financial liability.

Land and buildings is made up of freehold land of £10 million and buildings of £117 million. Land is not depreciated and the building is depreciated at 2% of the costs per annum.

12. (Loss)/profit on revaluation of investments

	2020 £000	2019 £000
(Loss)/gain on revaluation of investment (see note 2)	(40,873)	27,244
	(40,873)	27,244

Subsidiaries are valued at fair value using the income multiple method, whereby the earnings of the company are multiplied with a factor that is derived from comparable companies in the market. These subsidiaries consist of 100% of the share capital in Westminster Bridge Hotel Operator Limited and Park Plaza Hospitality Services (UK) Limited.

The value of the investments is as follows:

	Investment £'000
Fair value	
At 1 January 2020	106,693
Revaluation loss	(40,873)
At 31 December 2020	65,820

13. Other non- current financial assets

	2020 £000	2019 £000
Income swap fair value adjustment apart hotels	-	310
	-	310

This relates to income swap agreements, whereby the group has the right to receive the net income derived from certain income units, sold to private investors, at Park Plaza Westminster Bridge London and an undertaking to guarantee a fixed return of approximately 6% on the original purchase price for a period of five years. These income swaps are measured at discounted expected cash flows with the following variables:

a) The present value of the net operating income of the hotel rooms is calculated using a discount rate of 7%.
b) The present value of the guaranteed return is calculated using a discount rate of 5%.
c) The income of the hotel is estimated to grow 2% each year.

14. Restricted deposits

	2020 £000	2019 £000
Restricted deposits exchanged contracts (a)	-	-
Restricted deposit – AIG debt service (b)	3,836	1,933
	3,836	1,933

a. Restricted deposits exchanged contracts

In connection with the development and sale of each apart-hotel unit, the Company received deposits from purchasers in respect of the units of up to 25% of the purchase price.

b. Restricted deposit debt service

During 2019, the Marlbray facility in respect of Westminster Bridge Park Plaza from Bank Hapoalim Luxembourg (SA) was refinanced to a new facility from AIG Asset Management (Europe) Limited for an amount of £100m for a term of 12 years. As a result of this refinancing, this deposit is now a current asset rather than a non-current asset. During 2020, with the refinancing there was an additional financing deposit set up and being held by Santander, given the refinancing this deposit is now considered non current for the term of the loan.

15. Trade and other receivables

	2020 £000	2019 £000
Amounts due from related party undertakings	14,202	8,667
Prepaid expenses	-	1,053
Deferred expenses short term insurance	-	56
Deferred expenses long term insurance	131	136
Other debtors	19	19
	14,352	9,931

All amounts fall due within one year.

16. Trade and other payables

	2020 £000	2019 £000
Trade creditors	242	229
Amounts due to related party undertakings	30,221	26,311
Taxes and social security costs	(72)	1,490
Accruals and deferred income	1	1
	30,392	28,031

17. Bank borrowings – short term

	2020 £000	2019 £000
Bank borrowings	1,213	1,418

For additional information on terms, interest rates and maturity see note 22.

18. Bank borrowings – long term

	2020 £000	2019 £000
Bank borrowings	95,658	96,283
	95,658	96,283

For additional information on terms, interest rates and maturity see note 22.

19. Deferred tax

The amount of temporary differences arising on fixed assets, financial instruments and unused tax losses credits for which no deferred tax asset is recognised is approximately £32m (2019: £32m). The resultant unrecognised deferred tax asset is approximately £6m (2019:£6m). The unused tax losses do not expire.

20. Share Capital

	2020 £000	2019 £000
Issued and fully paid	5,000	5,000

The Company has one class of ordinary shares which carry no right to fixed income.

21. Equity

	2020 £000	2019 £000
Share capital	5,000	5,000
Share premium	10	10
Retained earnings	(65,642)	(30,285)
Hedging reserve	-	-
	(60,632)	(25,275)

Retained earnings
Retained earnings represents accumulated comprehensive income for the year and prior periods.

A £nil dividend was declared and paid during the year (2019: £nil)

Non-distributable reserve
This reserve is comprised of the gain on the fair value measurement of subsidiaries.

Hedging reserve
This reserve is comprised of the loss on a hedging instrument in a cash hedge that is determined to be an effective hedge.

The hedging instrument was settled in 2016, as part of the refinancing exercise hence the balance of this reserve is £nil as at 31 December 2020.

22. Pledges, collateral and securities

a. Pledges, collateral and securities:

On 12 May 2016, Marlbray together with a related party entered into an agreement to refinance Park Plaza Westminster Bridge London. The new £182.4 million facility is for a term of 12 years. £172.4 million of the facility will bear a fixed interest rate of 3.785% per annum and the balance will bear a competitive floating interest rate.
The new facility is arranged with AIG Asset Management (Europe) Limited (AIG) investing on behalf of certain of its funds.
The new facility is secured by, inter alia, first legal charges of all of the Group's ownership interests in the hotel and pledges over the shares in the various companies that own such interests in the hotel.
Out of the £182.4 million facility £100 million is allocated to Marlbray Ltd.

The agreement provides that the borrowers must ensure that the aggregate amount of the outstanding facilities does not exceed 70% of the value of the hotel as set out in the most recent valuation. In addition, the Borrowers must ensure that, on each interest payment date, the Debt Service Cover Ratio ("DSCR") (the Net Operating Income of the hotels for each of the four preceding financial quarters relative to the principal, interest and other costs payable by Marlbray for the next four financial quarters) is not less than 140%. As at the reporting date the Company is in compliance with these covenants.

b. Commitments:

On completion of each sale of Income Units, Marlbray Limited entered into income swap agreements for five years with the private investors. The income swap agreements included an obligation of the investors to assign the right to receive the net income derived from the Income Units to Marlbray and an undertaking by Marlbray to pay to the investors an annual rent guarantee of approximately 6% of the purchase price for a five-year period commencing from the date of the completion of the sale. Marlbray entered into 56 new income swap agreements for a further five years from the expiry date of the original income swap agreements on the same terms and conditions.

Loan Maturity

	2020 £000	2019 £000
Within one year	1,213	1,418
Within two to five years	3,542	3,333
Over five years	92,116	92,950
	96,871	97,701

23. Capital commitments

At 31 December 2020 and 31 December 2019 the Company had no capital commitments.

24. Control

The Company's immediate parent company is Euro Sea Hotels N.V. a company incorporated in the Netherlands.

The company's ultimate undertaking was PPHE Hotel Group Limited, a company registered in Guernsey. Copies of the consolidated financial statements of PPHE Hotel Group Limited are available to the public on the company's website at www.pphe.com.

25. Contingent liability

The Company is party to a group registration for the purposes of Value Added Tax (VAT). Members of the group are jointly and severally liable for the total tax due.

26. Related parties

The Company has taken advantage of the exemption under IAS 24, "Related Party Disclosures", not to disclose transactions with group undertakings as it is a subsidiary undertaking which is 100% controlled by the ultimate parent undertaking.

There are no related party transactions requiring disclosure.

27. Subsequent Events

There were no events subsequent to the balance sheet date that required adjustment to or disclosure in the financial statements.