Company Registration No. 05077410 (England and Wales)

BREEZEROAD LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

BREEZEROAD LIMITED

CONTENTS

BREEZEROAD LIMITED

COMPANY INFORMATION

Directors	S P Harrison K Rhazali O Acar T M Fontane
Company number	05077410
Registered office	c/o CMS Cameron McKenna Nabarro Olswang LLP 78 Cannon Street London EC4N 6AF
Auditor	Mercer & Hole 21 Lombard St Candlewick London EC3V 9AH

The directors present the Strategic Report and audited financial statements for the year ended 31 December 2021.

Review of the business

Breezeroad Limited ("the Company") is the holding company for 3 financing companies, Dunwilco 1847 Limited, Dunwilco 1783 Limited and Dunwilco 1784 Limited, and The Savoy Hotel Limited (collectively "the Group"), whose principal activities are the provision of five star deluxe hotel and restaurant services.

The operating loss for the year ended 31 December 2021 before interest and tax was £5.1m (2020: £15.6m as restated). The loss for the financial year of £26.7m (2020: £33m as restated) directly reflects the impact that the COVID-19 pandemic has had on the travel and tourism industry. Specifically, the third lockdown required the cessation of all room operations and associated F&B operations for almost four months from 27 December 2020 to 21 April 2021. In this period, only our home delivery service, Savoy at home, was able to remain in operation.

Even once the Hotel was able to reopen room operations and in-room dining to leisure guests (on 21 April), it was a further two months (until 21 June) before our indoor dining outlets, the Thames Foyer and Beaufort Bars, were able to open fully without restrictions. Solas, an "al fresco terrace" was launched in April 2021 to cater to customer preferences for outdoor seating as a result of the pandemic, and the outlet was a great success.

Since re-opening, the Hotel has experienced a surge in demand for both rooms and the F&B outlets, which has allowed the Hotel to return to more regular operations at the start of 2022, even though the business continues to cap occupancy levels as a result of significant staff shortages. The Group continues to be supported by the shareholders and is also funded by loan facilities of £50m and £220m held by two Group undertakings, Dunwilco (1847) Limited and Dunwilco (1784) Limited respectively. Both these loan facilities are with external providers.

The loan facility held by Dunwilco (1784) Limited features a financial covenant, being a requirement for a loan to value coverage that is lower than 65%. The loan facility held by Dunwilco (1847) Limited features a financial covenant, being a loan to value coverage that is lower than 80%. The Group refinanced the Senior facility of £220m and the Mezzanine facility of £50m in October 2021 with Motcomb Estates Limited acting as Agent. The Group has a 3 year extension and the loan is now due to be repaid in October 2024.

Key performance indicators

The operating loss for the year ended 31 December 2021 is £5.1m (2020: £15.6m as restated). The net loss after tax was £26.7m (2020: £33m as restated). The Group's sales have increased by £12.1m or 103% (2020: decreased by £52.8m or 82%). The increase in total revenue is due to reduced COVID-19 restrictions in the year and significant demand for both room and F&B offerings. Our overall occupancy increased by 10.6%, ADR increased by 33.5% with an overall jump of 141% in Revenue per available room ("RevPAR") against 2020 performance. Occupancy was in line with the performance of our competitive set and our RevPar exceeded the market thanks to the higher occupancy levels achieved in the year.

The food and beverage revenue for the year was £8.5m. We have experienced an increase in number of covers and average spend. Solas, an "al fresco terrace", launched in April 2021, remained open until August 2021 and was a great success in terms of revenue generation and hotel visibility during the summer months. The Thames Foyer and Beaufort Bars reopened with government mandated limitations on 17 May and fully on 21 June. The American Bar did not reopen until October 2021 as a result of staff shortages which management has been very focused on addressing, following a significant restructuring that occurred in 2020.

Principal risks and uncertainties
The Group is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, credit risk, liquidity risk, cash flow risk and price risk. Due to certain of the Group's assets being pledged as security for the bank loans, the key financial risks the directors consider relevant are interest rate risk and liquidity risk. The main operational risks are a downturn in the London luxury hotel market and increase in new supply.

Financial risk management
The Group's approach to financial risk management covers all applicable areas for the business such as interest rate risk, credit risk, liquidity risk and capital management.

Interest rate risk
The Group's interest rate management approach is generally to borrow and invest at floating interest rates. The Group reviews its position on a regular basis and when deemed necessary hedges its interest rate by entering into interest rate derivatives.

Credit risk
The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk
The directors review projected assets and liabilities on a monthly basis to ensure that adequate facilities are in place to meet all projected funding requirements and that the terms of the loan agreements are complied with.

During the year, the Group breached its loan covenants due to the impact of the pandemic. An agreement was put in place with the lender for a period of time to allow the Group to capitalize its interest payments into the principal amount of the loan in order to alleviate the pressure on the Group's cash position. The repayment date of both the Mezzanine and Senior facilities was 30 November 2021 and a 3 year extension of the facilities was agreed with the Lender in October 2021.The directors are confident that there is no current foreseeable risk to the Group's liquidity.

Other commercial risks
The Group works closely with the security agencies along with our own security procedures to mitigate terrorist and security threats. The hotel has a proactive procurement and recruitment strategy to reduce impact of increased costs and labour constraints resulting from the UK's departure from the European Union.

Brexit risk
Brexit has been high on the political and regulatory agenda in the UK since 2018. The Group now operates in an environment of uncertainty associated with the effects of Brexit. The hotel will continue to have implications in relation to access to labour and costs of goods and services.

COVID-19 risk
The impact of COVID-19 on UK and global economies and businesses has been significant. For the Group, this caused the temporary closure of the hotel, and whilst the directors have sought the assistance of all available Government assistance, the impact on the Group has been significant. However, the Directors are confident that the hotel's operations will return to normal in time, and therefore they are confident that the Group will continue as a going concern.

Future developments

The directors expect the Group's performance to continue to improve through the tail end of 2022 and into 2023, with strong YoYRevPAR growth and a steady growth in F&B demand, driven by a surge in domestic demand as well as a return of international business, primarily from North America. Leisure demand is expected to continue to lead the recovery.

The Hotel is planning a general guestroom renovation. This project is expected to begin in 2023 with a two-year turnaround and will be performed in phases so as to minimize the disruption on the business.

Section 172 statement

The Directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Group.

("the s.172 matters")

The directors of the Group have sought to balance the needs of its members with the s.172 matters throughout the year.

The directors of the Group have a duty to promote the success of the Group, and it relies on smooth operations and the support and joint efforts of stakeholders. Thus, effective communication and interaction are indispensable in the Group's business operations.

The Group is aware of the importance of stakeholder opinions and understands and responds to relevant stakeholders and their concerns. We identified the most important stakeholders and have evaluated the extent of each stakeholder's relationship with our Group. We are in continuous contact with these stakeholders. More information on our relationships with these stakeholders is detailed within the directors' report.

Employees

In 2021, the hospitality industry experienced significant labour shortage caused by COVID-19 and Brexit.

Employees, our "colleagues" are the most valuable assets of the Company. We engage with the employees through email, regular meetings both in person and online. During our closure the hotel communicated directly to colleagues and to a colleague representative group (made up of colleagues from each department) to keep them informed of the hotel's plans around COVID-19 and re-opening.

In the light of COVID-19, the Company has enhanced employee and guest safety and care. The hotel adheres to our management company's Allsafe COVID-19 management requirements, which safeguard both employees and guests.

We continue to implement strict selection procedures and standards to ensure non-discrimination in our employment policy. We provide employees with comprehensive training and career development opportunities. We conduct departmental and external professional training.

Shareholders
The Board seeks to understand the respective interests of our shareholder groups so that these are properly considered in the Board's decisions. Reports and updates are received from members of management who engage with such groups.

In 2021, regular communications were supplied to our stakeholders to ensure they were updated with relevant information from the hotel during its closure. Cashflow was reviewed weekly to assist promoting the success of the business for the benefit of its members as a whole and in the best economic, strategic and financial interests.

Suppliers
The hotel continued to negotiate with suppliers to ensure that the quality of procured goods remained at a high level, with minimal effect on price, delivery and settlement terms.

The Board requested management to undertake an in depth review of trade payables during the closure of the hotel due to the pandemic. This was to secure the operating cash reserves of the hotel whilst also giving clarity around payment to our partners.

Other
Breezeroad Group regularly monitors its approach to tax risk management. The full Board is involved in all significant transactions and informed of their associated tax implications. It then takes a decision in accordance with this tax strategy.

The building of a sound governance system and ethical corporate culture are important business policies at The Savoy Limited. We have formulated The Savoy Limited Line Integrity Policy which covers our Anti-Bribery and Anti-Corruption code of conduct including but not limited to the UK Bribery Act for all the employees to follow when dealing with the stakeholders.

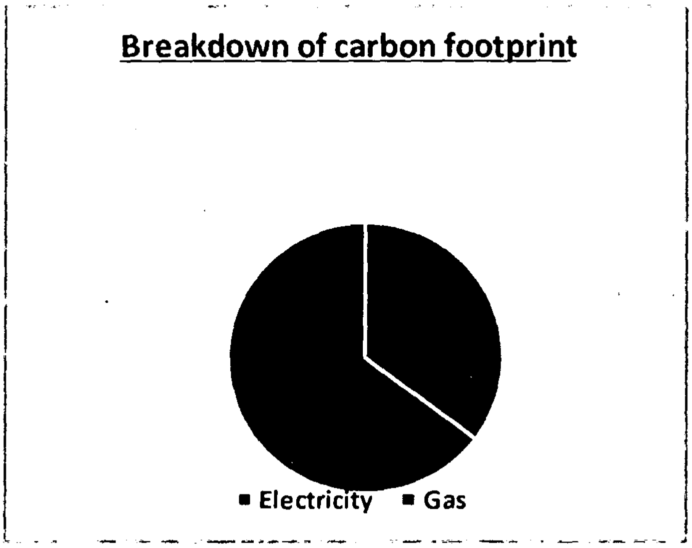
Greenhouse gas emissions
As a large, unquoted organisation, Breezeroad Limited is required to report its energy use and carbon emissions in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 because it meets the thresholds for reporting. Other subsidiaries in the Group do not meet the thresholds for reporting and are not required to report.

Energy Efficiency Actions
During the 2021 financial year, Breezeroad Limited has been working towards targets within its Energy & Sustainability strategy which is reviewed annually.

The Savoy operates under the guidelines of Accor's Planet21 programme under which the hotel currently holds a Gold Award. Sustainability is an integral part of our culture and a core value at the hotel. The Savoy operates an extensive programme of initiatives. These include the reduction of waste, the conservation of energy and water, the removal of single use plastics, ensuring food waste is recycled into renewable energy and directed away from landfill. The hotel is also committed to supporting agro-forestry projects around the world, including in the UK and have contributed 3,000 trees through our Eco-Spirits and Plant for the Planet initiatives.

A few of our initiatives at The Savoy:

- Guests can enjoy a revolutionary new sustainable cocktail, the Co-Naissance. The Savoy are collaborating with ecoSPIRITSTM, a closed-loop system that minimises packaging waste and transport costs, reducing carbon emissions by 90%. The cocktail uses Portobello Gin, is blended with liqueurs that are made from locally foraged ingredients and topped with re-carbonated Champagne. The cocktails sold will support a reforestation programme in Borneo.
- The hotel uses energy-efficient light bulbs and rooms have smart motion detectors to monitor changes in the lighting and air-conditioning.
- To reduce our water usage guests can engage with our linen and towels reuse programme.
- We are well advanced in our programme to reduce single use plastic before the end of 2021.
- We are in the process of removing individual toiletry bottles to dispensers to save on waste.
- Table water is served in custom-designed bottles, straight from our onsite table-water bottling plant.
- Energy and water consumption are measured and analysed regularly.
- The hotel works with sustainable suppliers for fresh, locally-sourced and seasonal produce.
- Food waste and used kitchen oil are recycled to renewable energy.
- Extensive waste recycling and reuse initiatives help to divert waste from public areas, guest rooms and elsewhere in the hotel away from landfills. We are proud of our 98%+ recycling record.
- The hotel supports the local community and a number of charities including Thames21, a conservation charity, involving River Thames foreshore clean-up days.
- A Savoy bee hotel was gifted to Canada House in Trafalgar Square, attracting vital pollinator bees.
- The natural corks are recycled by a local school to craft items that in turn are sold to raise charitable funds.



Greenhouse Gas (GHG) emissions and energy use data for the period 1 January to 31 December	2021 (UK)	2020 (UK)
Total energy consumption used to calculate emissions in kWh	14,494,340	14,576,416
Emissions from combustion of gas in KgCO2 (Scope 1)	1,901,622	2,360,575
Emissions from purchased electricity in KgCO2 (Scope 2)	1,175,961	1,037,771
Total KgCO2 based on the above	3,077,583	3,398,346
Intensity ratio: gross KgCO2 / FTE	10,799	7,724
Intensity ratio: gross KgCO2 / Revenue	0.13	0.30

Methodology

The data detailed in this table represents the energy use and emissions in respect of the groups only trading subsidiary, The Savoy Hotel Limited for the period 1 January 2021 to 31 December 2021 and the prior reporting period. It includes the metered gas and electricity used in our premise. These are the energy use and emissions sources required by the regulations for large unquoted organisations. We have used the main requirements of the GHG Protocol Corporate Accounting and Reporting Standard as our emissions calculation methodology. This methodology recommends that emissions are calculated by multiplying activity data (for example energy use in kWh) by an appropriate conversion factor. In our calculations, we convert kWh to kg of carbon released based on Greenhouse gas reporting: conversion factors from Department for Business, Energy and Industrial Strategy. The conversion factor is 0.21233 kg CO_2 saved for each kWh produced from a carbon free source. The factor is based on the carbon emissions generated by the current UK power stations per kWh generated. This factor includes other green house gasses such as methane and nitrous oxide which are converted to their carbon dioxide equivalents so the value is really kg CO_2 eq. per kWh.

Our emissions intensity is reported by both full-time employee (FTE) and by total revenue. This is because our employee numbers impact consumption from office space and total revenue impacts directly the total consumption in the hotel (rooms), public areas, spa, gym, bars and restaurants.
These intensity metrics allow comparison of our energy efficiency performance over time and also with other similar hotels.

On behalf of the Board:

....
T M Fontane
Director

Date: 29 September 2022

The directors present their Annual Report and audited consolidated financial statements for the year ended 31 December 2021.

Principal activities
The principal activity of the Company is that of a holding company, and the principal activity of the Group is the ownership and operation of the Savoy Hotel in London.

Results and dividends
The loss for the financial year was £26.7m (2020: £33m as restated).

The directors do not recommend the payment of a dividend for the year ended 31 December 2021 (2020: £nil).

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

T M Fontane	(Appointed 23 July 2021)
S P Harrison	
K Rhazali	
O Acar	
B D Cadwell	(Resigned 23 July 2021)

Employees
The Group provides equality of treatment and opportunity to all employees and applicants. The Group is committed to providing equal opportunity to individuals regardless of race, ancestry, place of origin, colour, ethnic origin, citizenship, religion, sex, sexual orientation, gender, age, marital status, family status, pregnancy, disability or any other prohibited ground of discrimination. Decisions regarding new employment will be based on the applicant's possession of the essential skills, capability, knowledge and experience required to perform the job. Decisions regarding advancement will take into account performance in the current position, in addition to the essential skills, capability, knowledge and experience required to perform the job. Appropriate training will be arranged for disabled persons. The Group's personnel policies ensure that all its employees are made aware, on a regular basis, of the Group's policies, programmes and progress.

The Group places great importance on keeping colleagues informed on matters relevant to them, through regular Connect meetings and in-house Newsletter. In addition, the Group promotes the active participation of colleagues in various committees, including our Health and Safety Committee, to ensure that effective occupational health and safety programmes are in place at The Savoy, our Social Committee and our commitment across all departments on the Accorhotel's Planet 21 programme.

The Group's employees are key to the success of the hotel. We engage with them through regular and ad hoc operating meetings, our engagement tool, our survey tool and email for the following topics.

- Hotel performance, sustainable strategies and their implementation
- Compensation, welfare and employee care
- Compliance
- Work environment safety and labour health protection

We abide by strict selection procedures and standards in place to ensure non-discrimination in our employment policy. We provide employees with comprehensive training and career development opportunities. We conduct departmental and external professional training, and pro-active rotation scheme in order to hone professional abilities.

Along with our internal controls and procedures, the Group adheres to all health and safety requirements which are verified regularly by external audits. This ensures that the Group provides a safe working environment for all employees.

Disabled employees
Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Group continues and that the appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Environment
A sustainable approach to operational decision-making considering The Savoy's carbon emissions and footprint is an integral part of our culture and a core value at The Savoy; involving ownership, strong management commitment, colleague-led initiatives, suppliers' and contractors' cooperation. As part of Accorhotel's *Planet21* programme (a programme of some 10 mandatory and 76 voluntary actions built around People, Guests, Partners, Communities, F&B and Building - The Savoy has achieved Gold level), we understand that integrating environmental aspects with social, economic development equally, with accountability and integrity, provides greater comprehensive impact. Community well-being, ecosystems, informing/engaging guests, educating/empowering employees is our focus; identifying projects that make a daily positive difference, meaningfully and collaboratively. The Savoy operates an extensive programme of initiatives to reduce waste and conserve energy and water, as well as certain focus projects such as reducing single-use plastics and to ensure 100% food waste is recycled into renewable energy, directed away from landfill. We are also committed to supporting agro-forestry projects around the world and have contributed almost 3,000 trees through our Eco-Spirits and Plant for the Planet initiatives.

On November 3rd, Accor and the 13 other members of the Sustainable Hospitality Alliance announced a new Pathway to Net Positive Hospitality. Supported by the World Travel & Tourism Council, this initiative offers a practical framework for hotels – both chains and independents – to improve their environmental impact. In the same spirit, Accor signed the Glasgow Declaration on Climate Action in Tourism launched by the UN World Tourism Organization (UNTWO) on November 4. Accor also joined the 'Business Ambition for 1.5°C' program, making Accor the first international hotel group to make a long-term commitment to achieving net zero emissions by 2050. These initiatives reinforce the strong commitments already made by Accor.

Engagement with suppliers, customers and others in a business relationship with the Group

Suppliers
The Group works closely with all suppliers to procure high quality goods and services as required by a luxury hotel. We communicate regularly with suppliers to ensure the robustness of our supply chain, the good ethics of our suppliers and their products.

Guests
The Group is audited by a number of external accreditation bodies to ensure the hotel provides exemplary luxury services to our guests and maintains the 5 star rating. In addition, a number of external online review portals, along with the press, regularly review the hotel and these reviews are available to our guests. We continue to invest in the hotel to ensure the highest standards continue to be exceeded.

Others
We engage with the relevant government authorities through telephone, letter and email for issues such as taxation and other compliance topics.

The building of a sound governance system and ethical corporate culture are important business policies for the Group. The Board receives regular updates on these matters from both the management team and the hotel operator on these matters.

Going concern
Notwithstanding the Group loss after tax for the year of £26.7m (2020: £33m as restated), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the reasons as set out within note 1 to these financial statements.

Political contributions
During the year political contributions of £nil (2020: £nil) were made.

Auditor
The auditor, Mercer & Hole, is deemed reappointed undersection 487 of the Companies Act 2006.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the Company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the Company's auditor is aware of that information.

Disclosure of information in the strategic report
The Group has chosen, in accordance with section 414C(11) of the Companies Act 2006 to present information regarding its financial risk management objectives and policies, and future developments in the Strategic Report.

On behalf of the Board:

....
T M Fontane
Director

Date: 29 September 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2021

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

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards ('IAS') and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS101: 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 Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- for the parent company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent company's ability to continue as a going concern disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, and general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BREEZEROAD LIMITED FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion
We have audited the financial statements of Breezeroad Limited (the 'parent company') for the year ended 31 December 2021 which comprise the consolidated income statement, consolidated statement of financial position, parent company statement of financial position, consolidated statement of changes in equity, parent company statement of changes in equity, consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the United Kingdom;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law); and
- the financial statements 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 group 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 group's or the parent 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. 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosure of directors' remuneration specified 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, 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 group's and parent 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 group or the parent 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.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the group and the parent company and the industry in which they operate and considered the risk of acts by the group and the parent company that were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, the Companies Act 2006, employment law and tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and the financial report (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate entries including journals to overstate revenue or understate expenditure, and management bias in accounting estimates.

Audit procedures performed by the engagement team included:

- discussions with management, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud;
- gaining an understanding of management's controls designed to prevent and detect irregularities; and
- identifying and testing journal entries.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non- compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mercer & Hole

Andrew Turner (Senior Statutory Auditor)
for and on behalf of Mercer & Hole
Chartered Accountants
Statutory Auditor
21 Lombard St
Candlewick
London
EC3V 9AH

Date: 29 September 2022

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000 As restated
Revenue	4	23,851	11,710
Cost of sales		(14,525)	(15,552)
Gross profit / (loss)		9,326	(3,842)
Administrative expenses		(15,526)	(17,681)
Other operating income	4	1,064	5,946
Operating loss	5	(5,136)	(15,577)
Finance income	8	-	20
Finance costs	9	(21,586)	(17,464)
Loss before income tax		(26,722)	(33,021)
Income tax expense	10	-	-
Loss and total comprehensive expense for the financial year		(26,722)	(33,021)

The Group has no items of other comprehensive income in the period for which financial statements are presented. As such, no separate statement of other comprehensive income is presented.

The results for the year are attributable to the owners of the company.

The notes on pages 21 to 46 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000 As restated
ASSETS			
Non-current assets			
Property, plant and equipment			
- owned assets	11	338,311	345,292
- right-of-use assets	11	6,075	6,205
		344,386	351,497
Current assets			
Inventories	14	1,753	1,656
Trade and other receivables	15	2,931	582
Cash and cash equivalents		16,971	5,248
		21,655	7,486
Total assets		366,041	358,983
LIABILITIES			
Non-current liabilities			
Trade and other payables	16	3,708	4,171
Borrowings	17	382,113	-
Lease liabilities	18	986	1,215
		386,807	5,386
Current liabilities			
Trade and other payables	16	14,105	10,359
Borrowings	17	-	351,457
Lease liabilities	18	5,446	5,376
		19,551	367,192
Total liabilities		406,358	372,578
Net liabilities		(40,317)	(13,595)
Equity			
Share capital	22	359,974	359,974
Share premium	23	41,529	41,529
Capital contribution	23	25,240	25,240
Retained earnings	23	(467,060)	(440,338)
Total equity attributable to the owners of the company		(40,317)	(13,595)

The notes on pages 21 to 46 form an integral part of these financial statements.

The financial statements on pages 15 to 46 were approved by the Board of Directors on 29 September 2022 and are signed on its behalf by:

....

T M Fontàne
Director

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
ASSETS			
Non-current assets			
Investments	12	83,870	83,870
Trade and other receivables	15	108,455	-
		192,325	83,870
Current assets			
Trade and other receivables	15	3,289	71,015
Cash and cash equivalents		497	466
		3,786	71,481
Total assets		196,111	155,351
LIABILITIES			
Non-current liabilities			
Trade and other payables	16	3,708	4,171
Borrowings	17	114,928	-
		118,636	4,171
Current liabilities			
Trade and other payables	16	2,702	2,276
Borrowings	17	-	73,900
		2,702	76,176
Total liabilities		121,338	80,347
Net assets		74,773	75,004
Equity			
Share capital	22	359,974	359,974
Share premium	23	41,529	41,529
Equity reserve	23	(197,640)	(197,640)
Capital contribution	23	5,134	5,134
Retained earnings	23	(134,224)	(133,993)
Total equity attributable to the owners of the company		74,773	75,004

The Company's loss and total comprehensive expense for the year was £231k (2020: £720k).

The notes on pages 21 to 46 form an integral part of these financial statements.

The financial statements on pages 15 to 46 were approved by the Board of Directors on ....29 September........ 2022 and are signed on its behalf by:

....

T M Fontane
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £'000	Share premium £'000	Capital contribution £'000	Retained earnings £'000	Total equity £'000
As restated for the year ended 31 December 2020:					
Balance at 1 January 2020	359,974	41,529	25,240	(407,317)	19,426
Correction of error (note 3)	-	-	-	(503)	(503)
Loss and total comprehensive expense for year	-	-	-	(32,518)	(32,518)
Balance at 31 December 2020	359,974	41,529	25,240	(440,338)	(13,595)
Loss and total comprehensive expense for year	-	-	-	(26,722)	(26,722)
Balance at 31 December 2021	359,974	41,529	25,240	(467,060)	(40,317)

Total equity is entirely attributable to the owners of the Company.

The notes on pages 21 to 46 form an integral part of these financial statements.

BREEZEROAD LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £'000	Share premium £'000	Equity reserve £'000	Capital contribution £'000	Retained earnings £'000	Total equity £'000
Balance as at 1 January 2020	359,974	41,529	(197,640)	5,134	(133,273)	75,724
Loss and total comprehensive expense for the year	-	-	-	-	(720)	(720)
Balance as at 31 December 2020	359,974	41,529	(197,640)	5,134	(133,993)	75,004
Loss and total comprehensive expense for the year	-	-	-	-	(231)	(231)
Balance as at 31 December 2021	359,974	41,529	(197,640)	5,134	(134,224)	74,773

Total equity is entirely attributable to the owners of the Company.

The notes on pages 21 to 46 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Cash flows from operating activities:			
Loss before tax		(26,722)	(33,021)
Adjustments for:			
Interest receivable	8	-	(20)
Interest payable	9	21,586	17,464
Depreciation	11	7,473	9,679
Operating cash flows before movements in operating assets and liabilities		2,337	(5,898)
(Increase)/decrease in inventories		(97)	170
(Increase)/decrease in trade and other receivables		(2,349)	4,838
Decrease in trade and other payables		(144)	(2,308)
Cash generated from/ (used in) operations		(253)	(3,198)
Interest received		-	20
Interest paid		(11,437)	(3,651)
Net cash outflow from operating activities		(11,690)	(6,829)
Cash flows from investing activities:			
Payments for property, plant and equipment	11	(349)	(1,082)
Net cash outflow from investing activities		(349)	(1,082)
Cash flows from financing activities:			
Shareholder funding	17	36,249	2,498
Principal elements of lease liabilities	18	(234)	(104)
Repayment of borrowings		(12,253)	-
Net cash inflow from financing activities		23,762	2,394
Net increase/(decrease) in cash and cash equivalents	24, 25	11,723	(5,517)
Cash and cash equivalents at the beginning of the year		5,248	10,765
Cash and cash equivalents at end of year		16,971	5,248

The notes on pages 21 to 46 form an integral part of these financial statements.

1. Accounting policies

General information
Breezeroad Limited ('the Company') is a private company limited by shares and it is incorporated and domiciled in England and Wales. The address of its registered office is c/o CMS Cameron McKenna Nabarro Olswang LLP, 78 Cannon Street, London, EC4N 6AF.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation
The financial statements have been prepared on a going concern basis and in accordance with UK-adopted International Accounting Standards ('IAS').

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in Sterling, which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest £1,000.

The preparation of consolidated financial statements in conformity with IAS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving judgement or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Reduced disclosures
The Company is a qualifying entity for the purposes of FRS 101: Reduced Disclosure Framework ("FRS 101") and has therefore taken advantage of the following exemptions from the requirements of IFRS for parent company information presented within the consolidated financial statements:

- Presentation of a Company Cash Flow Statement and related notes;
- Disclosure of the objectives, policies and processes for managing capital;
- Inclusion of an explicit and unreserved statement of compliance with IFRS;
- Disclosure of Company key management compensation;
- Disclosure of the categories of financial instruments and nature and extent of risks arising on these financial instruments;
- Disclosure of the effect of financial instruments on the statement of comprehensive income;
- Comparative period reconciliations for Company share capital, investments and property, plant and equipment;
- Related party disclosures for transactions with the parent or wholly owned members of the Group; and
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date.

Where required, equivalent disclosures are given in these consolidated financial statements, which are publicly available.

Basis of consolidation
The consolidated financial statements of the Group incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year.

The consolidated financial statements include the accounts of Breezeroad Limited, Dunwilco (1784) Limited, Dunwilco (1783) Limited, Dunwilco (1847) Limited and The Savoy Hotel Limited, which are collectively referred to as the UK "Group". All intercompany accounts and transactions have been eliminated on consolidation.

1. Accounting policies (continued)

Basis of consolidation (continued)
Subsidiary undertakings are entities over which the Group has control. Control is defined as the power to direct the entity's relevant activities, exposure to variable returns from involvement with the entity and the ability to use this power to affect the amount of the returns. Subsidiary undertakings are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiary undertakings have been amended where necessary to ensure consistency with the policies adopted by the Group.

Adoption of new and revised Standards
There has been no impact on the Group from the application of any new standards in the reporting period commencing from 1 January 2021.

New and revised standards in issue but not yet effective
Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2021 reporting period and have not been early adopted by the Group.

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Company statement of comprehensive income
As permitted by Section 408 Companies Act 2006, the company has not presented its own statement of comprehensive income as it prepares group accounts and the company statement of financial position shows the company's profit or loss for the financial year.

Going concern
The Group generated a loss after tax of £26.7m in the year ended 31 December 2021 and had net liabilities of £40.3m as at that date. Notwithstanding, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Group's trading activities are the operation of The Savoy Hotel and the day to day working capital needs are funded from the external borrowings of the Group. The directors have prepared cash flow forecasts for the Breezeroad Limited Group for the period up to December 2026, including upside and downside scenarios. All of these forecasts are dependent on Kingdom (Hotels) Europe Limited (a company under common control of the ultimate parent company) and Savoy Hotel Holding S.a.r.l (the non-controlling shareholder), not seeking repayment of the amounts currently due from the Group, which at 31 December 2021 amounted to £67.8m and £47.1m respectively. Kingdom (Hotels) Europe Limited and Savoy Hotel Holding S.a.r.l have indicated they do not intend to seek repayment of the amounts for the period covered by the forecasts. At the date of approval of the financial statements, the directors have no reason to believe that Kingdom (Hotels) Europe Limited and Savoy Hotel Holding S.a.r.l. will seek repayment of the amounts due for the period covered by the forecasts.

The group is financed by a Senior Facility of £220m and a Mezzanine Facility of £50m. Both facilities are subject to financial covenants. The interest rate covenant was breached as at May 2021 and for the subsequent quarters to November 2021 due to the COVID pandemic. In response a waiver was obtained from the external lenders in respect of this covenant.

The Group refinanced the Senior facility and Mezzanine facility in October 2021 with Motcomb Estates Limited acting as Agent. The Group secured a 3 year extension and the facilities are now repayable in October 2024. The extended loan includes only one financial covenant, being the loan to value ratio, which is tested and reported on a quarterly basis with the previously breached interest cover covenant being withdrawn by the lender. There have been no breaches of the loan to value financial covenant since the refinancing of the loans.

1. Accounting policies (continued)

Going concern (continued)

The directors have considered the uncertainty as to the future impact of COVID-19 on the cash flow forecasts. Additional shareholders' cash injections were received in 2020 and 2021 in order to assist funding the continuing operations of the Group and loan interest. The Hotel generated £23.4m in revenue and an operating loss of £5.1m 2021. The hotel has returned to more normal levels of business in 2022.

Based on the above, the directors believe it remains appropriate to prepare the financial information on a going concern basis. This is based on the hotel's improved current performance, the completion of refinancing the £270m loan which is now repayable in 2024, and the injection of cash by the shareholders in both 2020 and 2021.

Revenue

Revenue comprises the invoiced value of goods and services supplied by the Group, excluding value added tax, and is derived from UK operations. The services rendered (including room sales, food and beverage sales and other services) are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. Obligations relating to room sales are satisfied over time, being the stay in the hotel, and all other goods or services are satisfied at a point in time, when they have been delivered or rendered.

Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Property, plant and equipment

Property, plant and equipment, excluding freehold property are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold property held at cost by the Company's subsidiary is stated by the Group at fair value as per the acquisition date. Expenditure on development of the Group's hotel and restaurants, including major replacement and improvement of assets, is disclosed as either land and buildings, plant, machinery or fixtures and fittings. Land and buildings include the costs associated with structural improvements to freehold properties. The cost of replacement of glass and china and certain other loose equipment of hotels and restaurants is charged to profit or loss in the year in which it is incurred.

Freehold properties are depreciated to their residual value over a useful life of 50 years. The residual values for each property are based on prices prevailing at the time of the acquisition of the property in question. In the event of any impairment in property value, an impairment loss is charged to profit or loss. Land is not depreciated.

No depreciation is charged on assets in the course of construction. Once completed and brought into service the assets are transferred to the appropriate asset category and depreciation is charged.

No depreciation is charged on antiques as their residual values exceed their carrying amounts.

Depreciation of other tangible assets is charged to profit or loss on a straight-line basis over the following useful lives:

Land and buildings	between 1 and 50 years
Fixtures, fittings & equipment	between 5 and 15 years

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

1. Accounting policies (continued)

Impairment of non-financial assets
At each balance sheet date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and fair value. In assessing fair value, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Non-current investments
Investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Inventories
Inventories are stated at the lower of cost and estimated net realisable value. The cost of inventories is based on the weighted average method and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

Financial instruments
Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognised when the contracted rights to the cash flows from the financial asset expire or when the contracted rights to those assets are transferred. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets
Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, demand deposits held on call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1. Accounting policies (continued)

Financial assets (continued)

Trade and other receivables

Trade receivables, loans and other receivables are initially measured at their transaction price. Group and other receivables are initially measured at fair value plus transaction costs. Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

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

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

Impairment of trade receivables

For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historical credit loss experience by product type, customer type and location.

Financial liabilities and equity

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

Trade, Group and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are classified as current liabilities if payment is due within one year or less.

Trade, Group and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing loans are initially measured at fair value, net of direct transaction costs and are subsequently measured at amortised cost. The effective interest method allocates interest expense to each period at the rate which discounts estimated future cash payments through the expected life of the debt to the net carrying amount on initial recognition. Finance charges, including premiums payable on settlement or redemption, are recognised in profit or loss over the term of the loan using an effective rate of interest.

Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recorded at fair value on initial recognition net of transaction costs.

1. Accounting policies (continued)

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

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

Income tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

1. Accounting policies (continued)

Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Employment benefit obligations
Defined contribution pension obligation
A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Finance costs
These are determined using the effective interest rate method, which is a method of calculating the amortised cost of a financial asset or financial liability (or group of financial assets or liabilities) and of allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount.

Finance costs which are directly attributable to the qualifying construction of property, plant and equipment are capitalised as part of the cost of these assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Leases - as lessee
On commencement of a contract (or part of a contract) which gives the Group the right to use an asset for a period of time in exchange for consideration, the Group recognises a right-of-use asset and a lease liability, unless the lease qualifies as a short-term lease or a low-value lease.

Short-term leases
Where the lease term is twelve months or less and the lease does not contain an option to purchase the leased asset, lease payments are recognised as an expense on a straight-line basis over the lease term.

Leases of low-value assets
For leases where the underlying asset is low-value, lease payments are recognised as an expense on a straight-line basis over the lease term.

Initial and subsequent measurement of the right-of-use asset
A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the Group.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The depreciation methods applied are as follows:

Leased property and equipment	on a straight-line basis over the shorter of the lease term and the useful life

The right-of-use asset is adjusted for any re-measurement of the lease liability and lease modifications.

1. Accounting policies (continued)

Initial measurement of the lease liability
The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

The lease term is the non-cancellable period of the lease plus additional periods arising from extension options that the Group is reasonably certain to exercise and termination options that the Group is reasonably certain not to exercise.

Subsequent measurement of the lease liability
The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments. Interest on the lease liability is recognised in profit or loss, unless interest is directly attributable to qualifying assets, in which case it is capitalised in accordance with the Groups policy on borrowing costs.

Remeasurement of the lease liability
The lease liability is adjusted for changes arising from the original terms and conditions of the lease that change the lease term, the Group's assessment of its option to purchase the leased asset, the amount expected to be payable under a residual value guarantee and/or changes in lease payments due to a change in an index or rate. The adjustment to the lease liability is recognised when the change takes effect and is adjusted against the right-of-use asset, unless the carrying amount of the right-of-use asset is reduced to nil, when any further adjustment is recognised in profit or loss.

Adjustments to the lease payments arising from a change in the lease term or the lessee's assessment of its option to purchase the leased asset are discounted using a revised discount rate. The revised discount rate is calculated as the interest rate implicit in the lease for the remainder of the lease term, or if that rate cannot be readily determined, the lessee's incremental borrowing rate at the date of reassessment. Changes to the amounts expected to be payable under a residual value guarantee and changes to lease payments due to a change in an index or rate are recognised when the change takes effect and are discounted at the original discount rate unless the change is due to a change in floating interest rates, when the discount rate is revised to reflect the changes in interest rate.

Lease modifications
A lease modification is a change that was not part of the original terms and conditions of the lease and is accounted for as a separate lease if it increases the scope of the lease by adding the right to use one or more additional assets with a commensurate adjustment to the payments under the lease.For a lease modification not accounted for as a separate lease, the lease liability is adjusted for the revised lease payments, discounted using a revised discount rate. The revised discount rate use is the interest rate implicit in the lease for the remainder of the lease term, or if that rate cannot be readily determined, the lessee Group's incremental borrowing rate at the date of the modification.

Where the lease modification decreases the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease. Any difference between the adjustment to the lease liability and the adjustment to the right-of-use asset is recognised in profit or loss. For all other lease modifications, the adjustment to the lease liability is recognised as an adjustment to the right-of-use asset.

Leases - as lessor
Lease income from operating leases is recognised on a straight-line basis over the term of the relevant lease in the income statement. Rent free periods and other incentives given to tenants at the inception of the lease are spread on a straight-line basis over the relevant lease term and also recognised in the income statement.

1. Accounting policies (continued)

Foreign currency
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

2. Significant accounting judgements and estimates

Critical accounting judgements and key sources of estimation uncertainty
In the application of the Group's and the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies
The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Value of investments
The directors review the carrying value of the Company's investments and the associated impairment loss that may be required annually using a recoverable amount approach which factors in management assumptions and estimates of future performance. The carrying value of the Company's investments at 31 December 2021 is £83.9m (2020: £83.9m)

Critical judgements in applying the Group's accounting policies
The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Right-of-use assets and lease liabilities
In determining the lease term the Group assesses whether it is reasonably certain to exercise, or not to exercise, options to extend or terminate a lease. This assessment is made at the start of the lease and is re-assessed if significant events of changes in circumstances occur that are within the lessee's control.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate. The Group has used a rate of 6.5% for its leases in the calculations based on their estimated rate of interest that they would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain assets of similar value to the right-of-use assets in a similar economic environment.

Impairment of buildings
In assessing the company's building asset for impairment, the directors consider the recoverable value against the carrying value. The recoverable amounts are determined based on fair value calculations, using discounted cash flow projections. These calculations and projections are inherently subjective as they are made on the basis of assumptions which may in future not prove to be accurate. Details of the impairment review are set out in note 11.

3. Prior period adjustments

The directors have reviewed the prior year financial statements and concluded that land and buildings were overstated as a result of a depreciation charge of £503,000 not being recognised in respect of capitalised finance costs that are included within the cost of land and buildings. The adjustment to correct the overstatement has resulted in an increase to accumulated depreciation and an increase to administrative expenses of £503,000 for the year ended 31 December 2020.

Changes to the statement of financial position

	At 31 December 2020		
	As previously reported £'000	**Adjustments at 31 Dec 2020 £'000**	**As restated £'000**
Non-current assets			
Property, plant and equipment	345,795	(503)	345,292
Capital and reserves			
Retained earnings	(439,835)	(503)	(440,338)
Total equity	(13,092)	(503)	(13,595)

Changes to the income statement

	Year ended 31 December 2020		
	As previously reported £'000	**Adjustments £'000**	**As restated £'000**
Administrative expenses	(17,178)	(503)	(17,681)
Loss for the financial year	(32,518)	(503)	(33,021)

4. Revenue

All revenue is derived from hotel, restaurant and ancillary business operations within the UK.

Analysis of the Group's revenue by class of business:	**2021 £'000**	**2020 £'000**
Rooms	13,530	5,450
Food and beverage	8,488	4,930
Ancillary business operations	1,833	1,330
Total revenue	23,851	11,710

5. Operating loss

	2021 £'000	2020 £'000 as restated
Operating loss is stated after charging/(crediting):		
Government grants	(1,064)	(5,946)
Depreciation of property, plant and equipment:		
- owned assets	7,330	9,552
- right-of-use assets	143	127

Administrative expenses by nature:

	2021 £'000	2020 £'000 as restated
Sales and marketing	2,298	2,002
Property operations and maintenance	2,644	2,148
Occupancy expenses	1,764	1,799
Depreciation	7,473	9,679
Other expenses	1,347	2,053
	15,526	17,681

Government grants of £1.064m (2020: £5.946m), which were received in relation to the Job Retention Scheme following the outbreak of Covid-19, are included within other operating income. At 31 December 2021 £nil (2020: £129k) was receivable and is included within trade and other receivables.

6. Auditor's remuneration

Fees payable to the Company's auditor:	2021 £'000	2020 £'000
Audit of the Company's financial statements	8	8
Audit of the subsidiaries' financial statements	35	33
	43	41

7. Employees and directors

Group	**2021 £'000**	**2020 £'000**

The aggregate payroll costs (including directors' remuneration) were as follows:

Wages and salaries	9,888	11,720
Social security costs	1,073	1,103
Pension costs, defined benefit scheme	254	418
	11,215	13,241

The average monthly number of persons employed by the Group (including directors) during the year, analysed by category was as follows:

	2021 No.	**2020 No.**
Rooms	106	91
Food and beverage	101	241
Administrative and general	32	79
Other departments	46	29
	285	440

Statutory redundancy costs of £3k (2020: £330k) are included within wages and salaries.

The directors are remunerated by separate companies with a financial interest in the Group. There is no allocation of the directors' remuneration since no substantial services are provided in their capacity as directors to the Group.

Key management remuneration is disclosed in note 27.

Company

There were no employees or staff costs incurred by the Company (2020: £nil).

8. Finance income

	2021 £'000	**2020 £'000**
Interest on bank deposits	-	20

9. Finance costs

	2021 £'000	**2020 £'000**
Amortisation of loan issue costs	2,823	880
Interest on bank loans	13,751	12,021
Interest payable to related parties	4,779	4,076
Monitoring fee	400	400
Interest on lease liabilities	(167)	87
	21,586	17,464

10. Taxation

	2021 £'000	2020 £'000
Current taxation		
UK corporation tax	-	-
Deferred taxation		
Origination and reversal of timing differences	-	-
Total tax charge in the income statement	-	-

Factors affecting tax charge for the year
The tax on loss before tax for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%) as explained below:

	2020 £'000	2020 £'000
Loss before income tax	(26,722)	(32,518)
Loss before income tax multiplied by the standard rate of corporation tax of 19% (2020: 19%)	(5,077)	(6,178)
Effects of:		
Expenses not deductible for tax purposes	3,412	2,971
Change in unrecognised deferred tax asset	1,665	3,207
Total tax charge	-	-

The Group has estimated trading losses of £206m (2020: £200m) available to carry forward against future taxable profits.

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. The UK deferred tax asset/(liability) at 31 December 2021 was calculated at 19% (2020: 19%).

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the group's future current tax charge and the deferred tax assets and liabilities accordingly.

11. Property, plant and equipment

Group	Land and buildings £'000	Furniture, fittings and equipment £'000	Total £'000
Cost or valuation:			
At 1 January 2020	370,146	94,060	464,206
Additions – owned assets	306	776	1,082
Additions – right-of-use assets	-	25	25
At 31 December 2020	370,452	94,861	465,313
At 1 January 2021	370,452	94,861	465,313
Additions – owned assets	-	349	349
Additions – right-of-use assets	13	-	13
At 31 December 2021	370,465	95,210	465,675
Depreciation and impairment:			
At 1 January 2020	50,677	53,460	104,137
Charge for the year – as restated	5,556	4,123	9,679
At 31 December 2020 – as restated	56,233	57,583	113,816
At 1 January 2021	56,233	57,583	113,816
Charge for the year	5,131	2,342	7,473
At 31 December 2021	61,364	59,925	121,289
Net book value:			
At 31 December 2021	309,101	35,285	344,386
At 31 December 2020 – as restated	314,219	37,278	351,497

	2021 £'000	2020 £'000
Carrying amount of right-of-use assets included within:		
Land and buildings	6,038	6,145
Fixtures, fittings and equipment	37	60
	6,075	6,205

Cumulative finance costs capitalised included in the cost of property, plant and equipment amount to £26.8m (2020: £26.8m). The interest was capitalised on the refurbishment of the hotel between December 2007 and November 2010. The annual amortisation is £0.5m with 37 years remaining.

The Directors have performed a full impairment analysis based upon the recoverable value of the hotel. The recoverable amounts have been determined based on fair value calculations, using discounted cash flow projections. The Directors have adopted a five year period to assess its fair value.

11. Property, plant and equipment (continued)

Cash flows beyond the five year period are extrapolated using the estimated growth rates. The five year cash flow projections are based on financial budgets issued by the hotel operators and are approved by the Directors.

Based on the fair value calculations, no impairment of land and building was identified and Directors are of the opinion that it is unlikely there would be any material change in any of the key assumptions that would cause the recoverable amount of the properties to fall below their carrying values, after having given due consideration to the economic outlook for the real estate industry and the commercial assumptions underpinning the cash flow forecasts of the entities concerned.

12. Investments

Company	**Subsidiary undertakings £'000**
Cost:	
At 1 January 2020, 31 December 2020 and 31 December 2021	230,330
Impairment:	
At 1 January 2020, 31 December 2020 and 31 December 2021	146,460
Net book value:	
At 1 January 2020, 31 December 2020 and 31 December 2021	83,870

The directors considered the fair value of the Company's investments in its subsidiaries at the year-end less cost of disposal. This recoverable amount was higher than the investments carrying value, therefore the directors and have deemed that no further impairment was necessary. As at 31 December the total impairment of investments was £146.5m.

13. Subsidiaries

Details of the Company's subsidiaries as at 31 December 2021 are as follows:

Name of undertaking	**Nature of business**	**Registered office**	**Proportion of ownership interest and voting rights held 2021**	**2020**
Dunwilco (1847) Limited	Holding company	c/o Cameron McKenna Nabarro Olswang LLP, 78 Cannon Street, London, EC4N 6AF	100%	100%
Dunwilco (1783) Limited	Holding company	As above	100%*	100%*
Dunwilco (1784) Limited	Holding company	As above	100%*	100%*
The Savoy Hotel Limited	Operation of a five star deluxe hotel and restaurant	As above	100%*	100%*
Simpsons-in-the-strand (348446) Limited	Dormant	As above	100%*	100%*

* indicates indirect investment.

14. Inventories

	2021 £'000	2020 £'000
Food, beverages and other consumables	1,753	1,656

Estimated selling prices less any costs to sell the inventories is considered to be higher than cost and therefore no write down for the cost of inventories is required.

15. Trade and other receivables

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Current				
Trade receivables	2,482	407	-	-
Amounts owed by group undertakings	-	-	3,289	71,015
Amounts due from related parties	305	-	-	-
Prepayments and accrued income	144	175	-	-
	2,931	582	3,289	71,015
Non-current				
Amounts owed by group undertakings	-	-	108,455	-
	2,931	582	111,744	71,015

Trade receivables are stated net of estimated credit losses of £188K (2020: £162k).

As at 31 December 2021 a subsidiary, Dunwilco (1847) Limited, owed to the Company a loan amount of £96.4m (2020: £61.2m) and accrued interest of £12.1m (2020: £7.6m). The interest charged is at the rate of 12-month LIBOR plus margin of 5.01% per annum reset and capitalised annually at year end. After the year-end, LIBOR was replaced with SONIA in line with the interest rate benchmark reform.

For trade and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced adjusted to reflect the current and forward-looking information affecting the ability of the customers to settle the receivables.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the reporting date but against which the Group has not recognised an allowance for estimated credit losses because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Aging of receivables past due but not impaired:	Group 2021 £'000	Group 2020 £'000
31 to 60 days	290	1
61 to 90 days	283	191
91 to 120 days	314	(53)
Total	887	139

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

16. Trade and other payables

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Current				
Trade payables	2,448	1,247	-	-
Amounts due to related parties	56	90	-	-
Social security and other taxes	562	1,869	-	-
Other payables	-	463	-	-
Accruals	10,564	6,117	2,239	1,813
Deferred income	475	573	463	463
	14,105	10,359	2,702	2,276
Non-current				
Deferred income	3,708	4,171	3,708	4,171
	17,813	14,530	6,410	6,447

The deferred income represents an amount paid in respect of the management agreement and is being amortised over the term of the agreement, which is 26 years.

Included within accruals are amounts owed to Kingdom Hotels (Europe) Ltd and Savoy Hotel Holdings S.A.R.L of £2.2m (2020: £1.8m) relating to equity monitoring fees.

The directors consider that the carrying amount of trade and other payables is equal to their fair value.

17. Borrowings

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Current				
Bank loans	-	277,557	-	-
Amounts due to shareholders	-	73,900	-	73,900
	-	351,457	-	73,900
Non-current				
Bank loans	267,185	-	-	-
Amounts due to shareholders	114,928	-	114,928	-
	382,113	-	114,928	-

The above bank loans are stated net of debt issue costs of £2.8m (2020: £2.6m).

The maturity of the bank loans and other loans are as follows:

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Within one year	-	354,024	-	73,900
Between two and five years	384,928	-	114,928	-
Less: unamortised loan issue costs	(2,815)	(2,567)	-	-
	382,113	351,457	114,928	73,900

17. Borrowings (continued)

The fair value of the Group's and Company's borrowings are the same as their book values stated above. The borrowings are initially accounted for at fair value, but thereafter are shown at amortised cost.

Included within bank loans are the Senior and Mezzanine loans. Due to the impact of the Covid-19 pandemic on the Group, it was not possible for the Group to meet certain covenants attached to its Senior and Mezzanine loan facilities with Koronus Holding Designated Activity Company. A standstill agreement was put in place between November 2020 and February 2021 that allowed the Group to continue to benefit from these facilities and to add interest payments on to the loan balance until it reached £228.5m.

The Senior loan facility has a year end balance of £220m (2020: £226.9m). The interest on the Senior facility is 3-month LIBOR plus a margin of 4% per annum; of which 2.75% is cash pay and 1.25% is Payment-in-Kind ("PIK"). The Senior facility is stated net of issue costs of £3.6m (2020: £2.1m).

The standstill agreement allowed for interest payments due until February 2021 to be added on to the loan balance until that loan balance reached £228.5m. From that point on, the interest payments were required to be paid. Further standstill amendments meant that the interest charged as of 25 November 2020 increased to 3-month LIBOR plus margin of 3.75% per annum; of which 2.35% was cash pay and 1.40% was PIK. Interest of £2.4m (2020: £5.9m) was capitalised during the year and added to the loan balance.

The Mezzanine loan facility has a year end balance of £50m (2020: £53.2m). The interest on the Mezzanine facility is 3-month LIBOR plus margin of 7.5% per annum; of which 2.75% is cash pay and 4.75% is PIK. The Mezzanine facility is stated net of loan issue costs of £938k (2020: £448k).

The standstill agreement allowed for interest payments due until February 2021 to be added on to the loan balance until such time that the total loan balance reached £53.9m. From that point on the interest payments were required to be paid. Further standstill amendments meant that the interest charged as of 25 November 2020 increased to 3-month LIBOR plus margin of 7.50% per annum; of which 2.35% was cash pay and 5.15% was PIK. The interest payments were made quarterly in arrears. Interest of £0.4m (2020: £2.8m) was capitalised during the year and added to the loan balance.

The repayment date of both the Senior and Mezzanine loan facilities at the year end is October 2024 following the approval of a 3 year extension in October 2021.

Interest on the loans is paid quarterly in arrears and interest payments are serviced by The Savoy Hotel Limited. The bank loans are secured by legal mortgage over the property of The Savoy Hotel Limited, security over its bank accounts, insurance proceeds and the hotel management agreement.

Included within amounts due to shareholders is a loan from Kingdom Hotels (Europe) Ltd. of £60m (2020: £38.6m), together with accrued interest of £7.8m (2020: £5.0m). Interest is charged at 12-month LIBOR plus margin of 5% per annum.

Also included within amounts due to shareholders is a loan from Savoy Hotels Holding SARL of £41.7m (2020: £26.9m), together with accrued interest of £5.4m (2020: £3.4m). Interest is charged at 12-month LIBOR plus margin of 5% per annum.

Subsequent to the year-end, LIBOR was replaced with SONIA in respect of all borrowings to bring interest rates in line with the interest rate benchmark reform.

18. Leases

Lease liabilities

The maturity of the gross contractual undiscounted cash flows due on the Group's lease liabilities is set out below based on the period between 31 December 2021 and the contractual maturity date.

At 31 December 2021	Less than 1 year £'000	1 to 5 years £'000	More than 5 years £'000	Total £'000
Leased buildings	5,522	487	10,508	16,517
Other leased assets	12	5	-	17
Future finance charges on lease liabilities	(88)	(385)	(9,629)	(10,102)
	5,446	107	879	6,432

At 31 December 2020	Less than 1 year £'000	1 to 5 years £'000	More than 5 years £'000	Total £'000
Leased buildings	5,441	547	10,664	16,652
Other leased assets	27	44	-	71
Future finance charges on lease liabilities	(92)	(338)	(9,702)	(10,132)
	5,376	253	962	6,591

Minimum lease payments under lease liabilities:	2021 £'000	2020 £'000
Non-current	986	1,215
Current	5,446	5,376
	6,432	6,591

The rates of interest implicit in the Group's leasing arrangements are not readily determinable and the incremental borrowing rate applied in calculating the lease liabilities is 6.5%.

Effect of leases on financial performance:	2021 £'000	2020 £'000
Depreciation charge for the year included within 'administrative expenses' for right-of-use assets		
- Buildings	120	98
- Other	23	29
Interest expense for the year on lease liabilities recognised in 'finance costs'	(167)	87

Effect of leases on cash flows:		
Total cash outflow for leases in the year	234	104

18. Leases (Continued)

Leases as a lessor
At the balance sheet date, the Group had future minimum lease receivables under non-cancellable leases for each of the following periods:

	2021 £'000	2020 £'000
Not later than one year	1,351	1,302
One to two years	1,550	1,302
Two to three years	1,550	1,302
Three to four years	1,550	1,302
Four to five years	1,550	420
More than five years	7,104	-
At 31 December	14,655	5,268

19. Deferred tax

The following is the analysis of deferred tax (assets)/liabilities presented in the statement of financial position:

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Accelerated capital allowances	13	10,597	-	-
Capital gains on property	-	3,895	-	-
Tax losses	-	(14,464)	-	-
Short term timing differences	(13)	(28)	-	-
Net deferred tax liability	-	-	-	-

Amounts charged/(credited) to profit or loss:	Group 2021 £'000	Group 2020 £'000
Accelerated capital allowances	13,282	2,564
Capital gains on property	-	410
Tax losses	(13,268)	(2,979)
Short term timing differences	(14)	5
Net charge to profit or loss	-	-

Deferred tax in respect of tax losses arising have only been recognised to the extent that there is a corresponding deferred tax liability. There is a further amount of unprovided deferred tax arising on tax losses of £25.7m (2020: £24.5m). The losses are unrecognised and have been carried forward due to uncertainty that the Group will make future profits that may be offset by the losses. Accumulated tax losses can be carried forward indefinitely.

20. Employee benefit obligations

Retirement benefits - Defined contribution pension scheme
The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

	2021 £'000	2020 £'000
Contributions payable by the Group for the year	254	418

At the year end £53k (2020: £25k) was outstanding and is included within accruals.

21. Financial instruments and financial risks

Financial instruments

The Group's principal financial instruments, from which financial risk arises, comprise of the following:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Borrowings
- Lease liabilities

The totals for each category of financial instruments, measured in accordance with IFRS 9 as detailed in the accounting policies to these financial statements, are as follows:

	Financial assets held at amortised cost	
	2021	2020
	£'000	£'000
Current assets:		
Trade receivables	2,482	408
Cash and cash equivalents	16,971	5,248
Carrying amount	19,453	5,656

	Financial liabilities held at amortised cost	
	2021	2020
	£'000	£'000
Current liabilities:		
Trade payables	2,448	1,247
Other payables	10,620	6,207
Borrowings	-	277,557
Lease liabilities	5,446	5,376
	18,514	290,387
Non-current liabilities:		
Borrowings	382,113	73,900
Lease liabilities	986	1,215
	383,099	75,115
Carrying amount	401,613	365,502

The Directors consider the book value of all financial instruments to equate to their fair value.

Financial risk management

The Group provides treasury services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. The directors monitor the Group's financial risks and management policies. The Directors' overall risk management strategy seeks to assist the Group in meeting its financial targets whilst minimising potential adverse effects on financial performance. The Group is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Interest rate risk
- Capital management

21. Financial instruments and financial risks (continued)

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial asset fails to meet its contractual obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position. Details of the expected credit loss allowance for the Group's trade receivables are provided in note 15.

Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year.

Liquidity risk
Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The contractual maturities of financial liabilities, including estimated interest payments are as follows:

	2021			
	Carrying amount £'000	**Contractual cash flow £'000**	**1 year or less £'000**	**1 to 5 years £'000**
Non-derivative financial liabilities:				
Trade and other payables	13,068	13,068	13,068	-
Borrowings	382,113	384,928	-	384,928
Lease liabilities	6,432	6,432	5,446	986
Total	401,613	404,428	18,514	385,914

	2020			
	Carrying amount £'000	**Contractual cash flow £'000**	**1 year or less £'000**	**1 to 5 years £'000**
Non-derivative financial liabilities:				
Trade and other payables	7,454	7,454	7,454	-
Borrowings	351,457	343,900	270,000	73,900
Lease liabilities	6,591	6,591	5,376	1,215
Total	365,502	357,945	282,830	75,115

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the reporting date.

The Group has access to financing facilities as described in note 17. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

21. Financial instruments and financial risks (continued)

Interest rate risk
The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The directors are continuously monitoring interest rate fluctuations and evaluating options to hedge against interest rate risk by way of an interest rate cap or an interest rate swap on the Group's debt facility.

The Group's exposure to interest rates on financial liabilities are detailed in the above liquidity risk section of this note.

Capital management
The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings disclosed in note 17) and equity which consists of all capital and reserves of the Group that are managed as capital. The Group is not subject to any externally imposed capital requirements.

The Directors and senior management review the capital structure on a regular basis. As part of this review, the cost of capital and the risk associated with each class of capital are considered. The Group's gearing ratio at the year-end is as follows:

	2021 £'000	2020 £'000 as restated
Debt	382,113	351,457
Cash and cash equivalents	(16,971)	(5,248)
Net debt	365,142	346,209
Equity	(40,317)	(13,595)
Gearing ratio	906%	2,547%

Debt is defined as long and short-term borrowings and accrued interest (including unamortised loan issue costs). Equity includes all capital and reserves of the Group that are managed as capital.

22. Share capital

Company and Group

Authorised, issued and fully paid shares

	2021 No. '000	2021 £'000	2020 No. '000	2020 £'000
A Ordinary shares of £1 each	63,894	63,894	63,894	63,894
A1 Ordinary shares of £1 each	148,347	148,347	148,347	148,347
B Ordinary shares of £1 each	31,640	31,640	31,640	31,640
B1 Ordinary shares of £1 each	116,093	116,093	116,093	116,093
Total	359,974	359,974	359,974	359,974

22. Share capital (continued)

The A, A1, B and B1 shares rank pari passu in all respects except that the A shareholder may appoint three "A" directors to the Board and the B shareholder may appoint three "B" directors. A quorum for a meeting of the Board of Directors requires at least one "A" and one "B" director to be present.

23. Reserves

The Group and Company's other reserves are as follows:

Share premium
The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses. During 2015 'second tranche' loans from Savoy Hotel Holding SARL totalling £41.5m were simultaneously released as share premium for an exchange of 2 B1 ordinary shares in the Company.

Equity reserve (Company only)
The equity reserve represents the amount arising following a deed of set-off of intercompany balances and amendment with the Company's subsidiary undertakings effective 1 January 2018.

Capital contribution
The capital contribution reserve represents amount contributed to the Company by FRHI Hotel & Resorts (Lux) SARL following its waiver of 'first tranche' loans totalling £25.2m.

Retained earnings
Retained earnings represent cumulative profits or losses net of dividends paid and other adjustments.

24. Reconciliation of net cash flow to movement in net debt

	2021 £'000	2020 £'000
Increase/(decrease) in cash in the year	11,723	(5,517)
Cash inflow for increase in debt financing	(36,249)	(2,498)
Cash outflow for decrease in debt financing	12,253	-
Decrease in net debt in the year from cash flows	(12,273)	(8,015)
Amortisation of loan issue costs	(2,823)	(880)
Capitalised loan	942	(10,124)
Effective shareholder loan interest	(4,779)	(4,076)
Recognition of lease liability under IFRS 16	159	(18)
Increase in net debt in the year from non-cash transactions	(6,501)	(15,098)
Net debt at the start of the year	(352,800)	(329,687)
Net debt at the end of the year	(371,574)	(352,800)

25. Analysis of movements in net debt

2021	At 1 January £'000	Cash flow £'000	Non-cash movements £'000	At 31 December £'000
Cash and cash equivalents	5,248	11,723	-	16,971
Lease liabilities – short term	(5,376)	159	(229)	(5,446)
Lease liabilities – long term	(1,215)	-	229	(986)
Bank and other loans – short term	(277,557)	12,253	(1,881)	(267,185)
Bank and other loans – long term	(73,900)	(36,249)	(4,779)	(114,928)
Net debt	(352,800)	(12,114)	(6,660)	(371,574)

2020	At 1 January £'000	Cash flow £'000	Non-cash movements £'000	At 31 December £'000
Cash and cash equivalents	10,765	(5,517)	-	5,248
Lease liabilities – short term	(5,231)	(18)	(127)	(5,376)
Lease liabilities – long term	(1,342)	-	127	(1,215)
Bank and other loans – short term	-	-	(277,557)	(277,557)
Bank and other loans – long term	(333,879)	2,498	257,481	(73,900)
Net debt	(329,687)	(3,037)	(20,076)	(352,800)

26. Capital commitments

As at 31 December 2021, the Group had budgeted spends of £1.7m (2020: £902k) towards capital commitments; out of which £349k (2020: £342k) were committed.

27. Related party transactions

As at 31 December 2021, a net balance of £304k (2020: £163k) is outstanding to Fairmont Hotels and Resorts (Accor S.A.) which is an affiliate of the shareholders.

In respect of Fairmont Hotels and Resorts the following expenses were recognised in profit or loss for the year to 31 December 2021:

Management fee of £296k (2020: £332k);
Sales and marketing fee of £330k (2020: £166k);
IT fee of £58k (2020: £23k); and
Global Reservations Centre recovery of £79 (2020: £16k).

Shareholder loans totalling £101.7m (2020: £65.5m) plus interest of £13.2m (2020: £8.4m) were outstanding to Kingdom Hotels (Europe) Ltd., an affiliate of Kingdom 5-KR-114 Limited; and Savoy Hotels Holdings SARL as at 31 December 2021 (note 17).

Interest was recognised in profit or loss, for the year to 31 December 2021 as follows:
Kingdom Hotels (Europe) Ltd.: £2.8m (2020: £2.4m)
Savoy Hotel Holdings S.A.R.L.: £2.0m (2020: £1.7m)

Included within accruals at 31 December 2021 is an amount of £2.2m (2020: £1.8m) in respect of equity monitoring fees charged by Kingdom Hotels (Europe) Ltd., and Savoy Hotels Holdings SARL. An amount of £400k (2020: £400k) was charged to the profit or loss during the year.

27. Related party transactions (continued)

Remuneration of key management personnel

The total amounts payable to key management were £1.0m (2020: £1.4m).

28. Controlling parties

The immediate parent company is Kingdom 5-KR-114 Ltd, a company registered in the Cayman Islands. The ultimate parent is Kingdom Holding Company ("KHC"), a company incorporated and domiciled in the Kingdom of Saudi Arabia, with a registered office of: 66th Floor, Kingdom Center, PO Box 1, Riyadh, 11321 Kingdom of Saudi Arabia. The ultimate majority shareholder of KHC is His Royal Highness Prince Alwaleed Bin Talal Bin Abdulaziz Alsaud. KHC owns a 59% interest in the Company. KHC is listed on the Saudi stock exchange. This is the largest group in which the results of the Company are consolidated.

The minority interest in the Company is immediately owned by Savoy Hotels Holding SARL, a company registered in Luxembourg, and is ultimately controlled by Qatar Investment Authority ("QIA"), a Company incorporated in the State of Qatar with a registered office of: Q-tel Tower, Floors 2-9, Diplomatic St, P.O. Box 23224, Doha, Qatar. QIA owns a 41% interest in the Company.