

**New Century (East Grinstead)
Limited**

Directors' report and financial statements

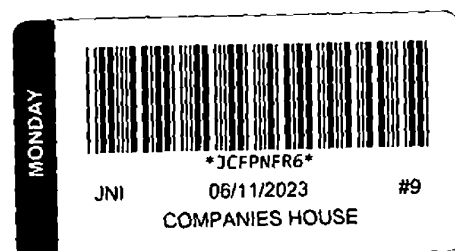
Year ended 31 March 2023

Registered number: 05325981

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New Century (East Grinstead) Limited

Directors' report and financial statements

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New Century (East Grinstead) Limited

Directors and other information

Directors

Jonathan Braidley
Bhriz Holloway
Christopher Kula

Secretary

Intertrust (UK) Limited

Registered office

St James House 3rd Floor
South Wing
27-43 Eastern Road
Romford
Essex
RM1 3NH

Independent auditor

KPMG
The Soloist Building
1 Lanyon Place
Belfast
BT1 3LP

Registered number

05325981

New Century (East Grinstead) Limited

Strategic report

The directors present their strategic report for the year ended 31 March 2023.

Principal activity

The Company's principal activity includes the ownership and management of a hotel.

Business review

The results for the year are set out in the statement of profit and loss and other comprehensive income on page 11 and in the related notes.

Revenue for the year totalled £4,978,000 (2022: £3,344,000) and the operating loss for the year totalled £637,000 (2022: £3,062,000) which includes an impairment loss on land and buildings of £467,000 (2022: £3,161,000).

The directors note that the hotel has experienced a significant improvement in revenue during the year and are on track for a full recovery post Covid, owing to the resurgence of both domestic and international inbound hotel demand. The significant increase in RevPAR and especially Average Daily Rate has helped to offset the rising cost of labour, food inflation, and utility costs witnessed within the trading results of the hotels operated by the Group for the year.

The hotel was valued by CBRE at £4,800,000 for the purposes of these financial statements, resulting in a fall in value of £467,000.

The business has benefitted significantly from the support of the shareholders and the Group's external lenders since the change of ownership in the prior year. This, coupled with the significant improvement in trade and operating results since the easing of restrictions in Spring 2022, support the directors' view that the business is well placed to recover and return to profitability.

Key financial and performance indicators

The Company's key financial and other performance indicators during the year were as follows:

Average rate: £87.72 (2022: £67.52)

Occupancy: 80% (2022: 65.9%)

RevPAR: £70.45 (2022: £44.51)

Hotel valuation: £4,800,000 (2022: £5,200,000)

Turnover (continuing operations): £4,978,000 (2022: £3,344,000)

Loss for the financial year: £1,213,000 (2022: £3,517,000)

Principal risks and uncertainties

The Company is part of the group of companies headed by HIN JB Limited and Felbridge Holdings Limited (the "wider Group") and its activities are that of a trading hotel, and as such, the principal risks and uncertainties of the Company are the same as those facing the wider Group.

Management of the Group's business and execution of the Group's strategy are subject to a number of risks. The key risks and uncertainties currently judged to have the greatest impact on the Group's performance include:

- Cost inflation and the effect on consumer spending power;
- Employee retention;
- Competition from other hotels;
- Fluctuations in property valuations; and
- Other market risks – hotels may be adversely impacted by changes in or failure to comply with regulations. The hotels operate under franchise agreements which require adherence to quality standards and criteria.

New Century (East Grinstead) Limited

Strategic report *(continued)*

Financial risk management

The Company's operations expose it to a variety of financial risks which include liquidity and credit risk. Working capital requirements are financed with borrowings from other Group companies. Credit risk is managed via a formal credit policy.

Liquidity strategy, capital management and treasury activities are co-ordinated centrally across the Group. Funding includes external cross-collateralised borrowings held in the name of HICP Holdings Limited, a fellow group company, on behalf of, and secured by way of fixed charge over the assets of, the consolidated Group.

Given the size of the Company and wider Group, the directors have not delegated responsibility for monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Group's finance department.

Future outlook

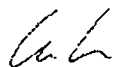
The Company is part of the group of companies headed by HIN JB Limited and Felbridge Holdings Limited (the "wider Group").

The directors have noted the continued improvement in trade since the easing of restrictions in February 2022, initially driven by the UK domestic market and more recently, the return of corporate demand, group bookings, major city events, meetings, and social banqueting. This is supported by the continued resurgence of large-scale events and strong programmes have been scheduled at key event venues in the remaining part of 2023 and beyond which are expected to go ahead. The directors expect this will create further demand in the portfolio's key locations, although event attendance is still marginally lower than pre pandemic times.

This positive outlook could also be tempered by the risk of eroding consumer confidence caused by the inflationary cost headwinds, but the pressure for staff to return to office working should see an increase in corporate demand. Overseas traveller booking volumes have increased in late 2022 and it is expected that this additional demand will continue throughout 2023 as travel restrictions ease but fears of Covid transmission whilst travelling, may suppress in-bound demand.

The ownership change in the prior year allowed the wider Group to be refinanced with the overall financial position significantly improved. Consequently, the wider Group has benefited from a 5-year facility with its external lenders. As part of these arrangements, the wider Group's external lenders have agreed to not test the covenants for the initial years through to August 2024.

On behalf of the board



C. A. Kula
Director

2 October 2023

New Century (East Grinstead) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2023.

Directors

The directors who held office during the period were as follows:

Jonathan Braidley
Bhriz Holloway
Christopher Kula

Dividends

No dividends were paid in the year (2022: £Nil).

Financial instruments

The Company finances its activities through operating cash flows and loans from its immediate parent company and other fellow group companies. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities. There are no other financial instruments which are being used by the Company.

Political contributions

The Company made no political donations nor incurred any political expenditure during the year (2022: £Nil).

Going concern

The ability of the Company to continue as a going concern is based on the ability of the wider Group to continue as a going concern and to generate sufficient cash flows to repay its external loans and other liabilities, driven by the cross-collateralisation of the wider Group's external facilities.

As noted in the strategic report, since the easing of COVID-19 restrictions, the directors have noted a significant rebound in revenue, RevPAR and ADR during the year, and are on track for a full recovery post Covid, owing to the resurgence of both domestic and international inbound hotel demand. Furthermore, the directors believe the future outlook in the remaining period of 2023 and beyond is extremely positive due to the continued resurgence of large-scale events and strong programmes in the pipeline together with an increase in corporate demand and overseas travellers which will create further demand in the portfolio's key locations.

The directors have prepared cashflow forecasts reflecting their best estimate of trading activity for the cross-collateralised wider Group for the period up to September 2024, which indicate that the wider Group is expected to have sufficient funds available to meet all operating and debt service commitments over that period. The directors acknowledge that their forecasts and the related funding requirements include several critical assumptions and are, in particular, highly sensitive to assumptions about market demand.

The wider Group operates within a 5-year facility with its external lenders totalling £170,225,000. As part of these arrangements, the wider Group's external lenders have agreed to not test the covenants for the initial three years up to 15 August 2024. The ultimate shareholder, Marathon ECO IV SCA SICAV-RAIF has committed under the facility agreement to provide additional funding to support an agreed capital expenditure refurbishment programme.

New Century (East Grinstead) Limited

Directors' report *(continued)*

Going concern *(continued)*

The wider Group has received a letter of support from Bryant Park Hospitality SARL, its parent company, confirming it will continue to make available such funds as required by the wider Group to discharge its liabilities as they fall due in the normal course of business for a period of no less than 12 months from the date of signing the accounts and that they will not recall any amounts due to the extent to which such call for payment would put any company in the wider Group into such financial position that they are no longer able to discharge their liabilities as they fall due in the normal course of business.

As with any group placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

On this basis, the directors have a reasonable expectation that they will have adequate liquidity to allow the Company to continue its activities for a period of not less than 12 months from the date of approval of these financial statements. This is in part due to strong relationships with external debt providers and the ongoing support of its shareholder.

Having assessed these matters, the directors continue to have a reasonable expectation that the Company will have adequate liquidity to continue its activities for the foreseeable future and ensure all debts can be discharged as they fall due. Accordingly, they continue to adopt the going concern basis in preparing the Company financial statements.

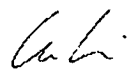
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

On behalf of the board



C. A. Kula
Director

2 October 2023

St James House 3rd Floor
South Wing
27-43 Eastern Road
Romford
Essex
RM1 3NH

New Century (East Grinstead) Limited

Statement of directors' responsibilities in respect of the directors' report, the strategic report and the financial statements

The directors are responsible for preparing the directors' report, strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 101 *Reduced Disclosure Framework*.

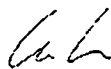
Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing the financial statements, the directors are required to:

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

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

On behalf of the board



C. A. Kula
Director

2 October 2023



KPMG

Audit
The Soloist Building
1 Lanyon Place
Belfast BT1 3LP
Northern Ireland

Independent auditor's report to the members of New Century (East Grinstead) Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of New Century (East Grinstead) Limited ("the Company") for the year ended 31 March 2023, set out on pages 11 to 23, which comprise the profit and loss account and other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 1.

The financial reporting framework that has been applied in their preparation is UK Law and FRS 101 *Reduced Disclosure Framework*.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 101 *Reduced Disclosure Framework* issued by the UK's Financial Reporting Council; 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 Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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

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

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



Independent auditor's report to the members of New Century (East Grinstead) Limited (continued)

Report on the audit of the financial statements (continued)

Conclusions relating to going concern (continued)

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

The Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety and employment law.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. We identified a fraud risk in relation to the valuation of property, plant and equipment. On this audit, we do not believe there is a fraud risk related to revenue recognition.

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

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 remains 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.



Independent auditor's report to the members of New Century (East Grinstead) Limited *(continued)*

Report on the audit of the financial statements *(continued)*

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic report and the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information undertaken during the course of the audit:

- we have not identified material misstatements in the directors' report or the strategic report;
- in our opinion, the information given in the directors' report and the strategic report is consistent with the financial statements;
- in our opinion, the directors' report and the strategic report have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



Independent auditor's report to the members of New Century (East Grinstead) Limited *(continued)*

Respective responsibilities and restrictions on use *(continued)*

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, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

2 October 2023

Colm O'Sé (Senior Statutory Auditor)
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants
The Soloist Building
1 Lanyon Place
Belfast
BT1 3LP

New Century (East Grinstead) Limited

Profit and loss account and other comprehensive income for year end 31 March 2023

	Note	2023 £'000	2022 £'000
Turnover	2	4,978	3,344
Cost of sales		(811)	(557)
Gross profit		4,167	2,787
Administrative expenses		(3,899)	(2,610)
Other income	4	-	51
Other operating expenses		(243)	(1,007)
Impairment loss on tangible fixed assets	3	(662)	(2,283)
Operating loss		(637)	(3,062)
Interest payable and similar expenses	5	(576)	(455)
Loss before tax		(1,213)	(3,517)
Taxation	6	-	-
Loss for the year		(1,213)	(3,517)
Other comprehensive loss			
Revaluation of tangible fixed assets		-	(878)
Other comprehensive loss for the year, net of income tax		-	(878)
Total comprehensive loss for the year		(1,213)	(4,395)

All items relate to continuing operations.

The notes on pages 14 to 23 form an integral part of these financial statements.

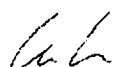
New Century (East Grinstead) Limited

Balance sheet as at 31 March 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Tangible assets	7	4,800	5,200
		<hr/>	<hr/>
Current assets			
Stocks	8	62	50
Debtors	9	169	221
Cash at bank and in hand	10	232	237
		<hr/>	<hr/>
		463	508
Creditors: amounts falling due within one year	11	(16,117)	(15,348)
		<hr/>	<hr/>
Net current liabilities		(15,654)	(14,840)
		<hr/>	<hr/>
Total assets less current liabilities		(10,854)	(9,640)
		<hr/>	<hr/>
Net liabilities		(10,854)	(9,640)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	12	1	1
Share premium account		139	139
Capital contribution reserve	12	10,809	10,809
Revaluation reserve		-	-
Profit and loss account		(21,803)	(20,589)
		<hr/>	<hr/>
Shareholders deficit		(10,854)	(9,640)
		<hr/>	<hr/>

The notes on pages 14 to 23 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 2 October 2023 and were signed on its behalf by:



C. A. Kula
Director

Company registered number: 05325981

New Century (East Grinstead) Limited

Statement of changes in equity for year end 31 March 2023

	Called up share capital £'000	Share premium £'000	Capital contribution reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 31 March 2020	1	139	10,809	878	(17,072)	(5,245)
Comprehensive loss for the year						
Loss for the year	-	-	-	-	(3,517)	(3,517)
Revaluation of tangible fixed assets	-	-	-	(878)	-	(878)
Total comprehensive loss for the year	-	-	-	(878)	(3,517)	(4,395)
Balance at 31 March 2022	1	139	10,809	-	(20,589)	(9,640)
Comprehensive loss for the year						
Loss for the year	-	-	-	-	(1,214)	(1,214)
Revaluation of tangible fixed assets	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(1,214)	(1,214)
Balance at 31 March 2023	1	139	10,809	-	(21,803)	(10,854)

The notes on pages 14 to 23 form an integral part of these financial statements.

New Century (East Grinstead) Limited

Notes

forming part of the financial statements

1 Accounting policies

New Century (East Grinstead) Limited ("the Company") is a private company limited by shares which is incorporated, domiciled and registered in the UK. The registered number is 05325981 and the registered address is St James House 3rd Floor, South Wing, 27-43 Eastern Road, Romford, Essex, RM1 3NH.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

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

These financial statements are presented in sterling, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

The results of New Century (East Grinstead) Limited are included in the consolidated financial statements of Felbridge Holdings Limited, which are available at Companies House.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A cash flow statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of key management personnel; and
- Disclosures in respect of capital management.

As the consolidated financial statements of Felbridge Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 14.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets are stated at their fair value: property.

Going concern

The Company's business activities, together with the factors likely to affect future development, performance and position are set out in the strategic report.

The ability of the Company to continue as a going concern is based on the ability of the wider Group to continue as a going concern and to generate sufficient cash flows to repay its external loans and other liabilities, driven by the cross-collateralisation of the wider Group's external facilities.

As noted in the strategic report, since the easing of COVID-19 restrictions, the directors have noted a significant rebound in revenue, RevPAR and ADR during the year, and are on track for a full recovery post Covid, owing to the resurgence of both domestic and international inbound hotel demand. Furthermore, the directors believe the future outlook in the remaining period of 2023 and beyond is extremely positive due to the continued resurgence of large-scale events and strong programmes in the pipeline together with an increase in corporate demand and overseas travellers which will create further demand in the portfolio's key locations.

New Century (East Grinstead) Limited

Notes (continued)

1 Accounting policies (continued)

Going concern (continued)

The directors have prepared cashflow forecasts reflecting their best estimate of trading activity for the cross-collateralised wider Group for the period up to September 2024, which indicate that the wider Group is expected to have sufficient funds available to meet all operating and debt service commitments over that period. The directors acknowledge that their forecasts and the related funding requirements include several critical assumptions and are, in particular, highly sensitive to assumptions about market demand.

The wider Group operates within a 5-year facility with its external lenders totalling £170,225,000. As part of these arrangements, the wider Group's external lenders have agreed to not test the covenants for the initial three years up to 15 August 2024. The ultimate shareholder, Marathon ECO IV SCA SICAV-RAIF has committed under the facility agreement to provide additional funding to support an agreed capital expenditure refurbishment programme.

The wider Group has received a letter of support from Bryant Park Hospitality SARL, its parent company, confirming it will continue to make available such funds as required by the wider Group to discharge its liabilities as they fall due in the normal course of business for a period of no less than 12 months from the date of signing the accounts and that they will not recall any amounts due to the extent to which such call for payment would put any company in the wider Group into such financial position that they are no longer able to discharge their liabilities as they fall due in the normal course of business.

As with any group placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

On this basis, the directors have a reasonable expectation that they will have adequate liquidity to allow the Company to continue its activities for a period of not less than 12 months from the date of approval of these financial statements. This is in part due to strong relationships with external debt providers and the ongoing support of its shareholder.

Having assessed these matters, the directors continue to have a reasonable expectation that the Company will have adequate liquidity to continue its activities for the foreseeable future and ensure all debts can be discharged as they fall due. Accordingly, they continue to adopt the going concern basis in preparing the Company financial statements.

Financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

New Century (East Grinstead) Limited

Notes (continued)

1 Accounting policies (continued)

Financial instruments (continued)

Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECLs.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover comprises income from the provision of hotel and leisure services and is recognised when the service is provided.

Taxation

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

New Century (East Grinstead) Limited

Notes (continued)

1 Accounting policies (continued)

Taxation (continued)

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. For property, plant and equipment that is measured at fair value deferred tax is provided at the rate applicable to the sale of the property except for that part of the property that is depreciable and the Company's business model is to consume substantially all of the value through use. In the latter case the tax rate applicable to income is used.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Pension costs

Contributions to the Company's defined contribution pension scheme are charged to the profit and loss account for the period in which they become payable.

Tangible fixed assets

Tangible fixed assets are initially recognised at cost.

Fixtures and fittings are subsequently measured using the cost model and land and buildings are subsequently measured using the revaluation model under IAS 16.

Under the revaluation model, valuations are kept sufficiently up to date such that the carrying amount of the asset does not differ materially from its fair value at the reporting date.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Buildings 35 - 60 years
- Fixtures and fittings 3 - 15 years

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

Impairment of non-financial assets excluding inventories and deferred tax assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

New Century (East Grinstead) Limited

Notes (continued)

1 Accounting policies (continued)

Government grants

Government grants are included within deferred government grants in the balance sheet and credited to the profit and loss account on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

The Company has elected to present grants related to income separately under the heading "Other income".

Expenses

Interest payable

Interest payable and similar expenses include interest payable and finance expense on lease liabilities recognised in profit or loss using the effective interest method.

Interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

2 Turnover	2023 £'000	2022 £'000
Room sales	3,110	1,984
Food and beverages	1,416	984
Club and spa	113	151
Other	339	225
	<hr/>	<hr/>
	4,978	3,344
	<hr/>	<hr/>

Turnover is wholly attributable to the principal activity of the Company and arises solely within the United Kingdom.

3 Expenses and auditor's remuneration

Included in the profit and loss account are the following:

	2023 £'000	2022 £'000
Auditor's remuneration – audit of these financial statements	23	23
Asset management fees	149	105
Depreciation	230	429
Impairment loss on property, plant and equipment	467	2,283
	<hr/>	<hr/>

New Century (East Grinstead) Limited

Notes (continued)

4 Wages and salaries

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

	2023	2022
Administrative staff	11	14
Operations staff	66	52
	<u>77</u>	<u>66</u>

The aggregate payroll costs of these persons were as follows:

	2023 £'000	2022 £'000
Wages and salaries	2,063	1,802
Social security costs	140	111
Contributions to defined contribution plans	26	19
	<u>2,229</u>	<u>1,932</u>

In the UK, the Government has provided funding towards the salary costs of employees who have been 'furloughed' through the Coronavirus Job Retention Scheme. The scheme rules remain complex to interpret and apply to the claims. This funding meets the definition of a government grant, and a total of £Nil (2022: £50,703) has been recorded within other income.

The directors did not receive any emoluments for services provided to the Company during the year (2022: £Nil).

5 Interest payable and similar expenses

	2023 £'000	2022 £'000
Interest payable to affiliated company	435	314
Interest payable to parent company	141	141
	<u>576</u>	<u>455</u>

6 Taxation

	2023 £'000	2022 £'000
Recognised in the profit and loss account		
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
Total tax charge	<u>-</u>	<u>-</u>

New Century (East Grinstead) Limited

Notes (continued)

6 Taxation (continued)	2023 £'000	2022 £'000
Reconciliation of effective tax rate		
Loss for the year	(1,213)	(3,517)
Total tax charge		
Loss before taxation	(1,213)	(3,517)
Tax using the UK corporation tax rate of 19% (2022: 19%)	(231)	(668)
Expenses not deductible for tax purposes	(11)	453
Group relief received not paid for	23	247
Deferred tax not recognised	219	(32)
Total tax charge	-	-

Following Finance Act 2021, the corporation tax rate will increase from 19% to 25% with effect from 1 April 2023 and this will have a consequential effect on the Company's future tax charge. Accordingly, deferred tax has been calculated at 25%, the corporation tax rate enacted at the balance sheet date. A deferred tax asset of £941k (2022: £372k) has not been recognised due to uncertainty of recoverability in the future.

7 Tangible assets	Freehold land and buildings £'000	Fixtures and fittings £'000	Total £'000
Cost or revaluation			
At 1 April 2022	5,401	8,991	14,392
Additions	-	297	297
Revaluations	(467)	-	(467)
At 31 March 2023	4,934	9,288	14,222
Depreciation			
At 1 April 2022	750	8,442	9,192
Charge for year	23	207	230
Elimination of depreciation on revaluation	-	-	-
At 31 March 2023	773	8,649	9,422
Net book value			
At 31 March 2023	4,161	639	4,800
At 31 March 2022	4,651	549	5,200

New Century (East Grinstead) Limited

Notes (continued)

7 Tangible assets (continued)

Measurement of fair values

The fair value of land and buildings at 31 March 2023 reflects the results of a valuation exercise carried out by an independent external valuer, CBRE, whom the directors regard as having a recognised professional qualification and recent experience in the location and type of property being valued. The external valuation was performed in accordance with the Royal Institute of Chartered Surveyors (RICS) valuation standards. The valuation report was issued on 22 July 2023, with valuation date 30 June 2023. The directors have considered market movements between the valuation date and the reporting date and determined that there was no material movement in that three-month period. Consequently, they regard the valuation as being appropriate.

The valuation technique adopted is discounted cash flow, which reflects the operating cashflows of the hotel as a fully equipped operating business. Under this model, the present value of cash flows expected to be generated by the property over a 10-year period is calculated, taking into account projected net operating income and capital expenditure over that period, together with an assumed terminal value and associated disposal costs at the end of the period. The expected cash flows are discounted using a risk adjusted discount rate, reflective of the property, its quality and location. A discount rate of 9.50% (2022: 9.25%) was used for this purpose.

The directors consider the property to fall within the Level 3 fair value category under IFRS 13 based on the unobservable inputs to the valuation model. Significant unobservable inputs include forecast net operating income, terminal value and costs, discount and capitalisation rates.

There is a positive relationship between net operating income and fair value, such that an increase in net operating income increases the property valuation. However, the relationship between discount/capitalisation rate and property values is inverse such that an increase in discount/capitalisation rate reduces the property valuation.

8	Stocks	2023	2022
		£'000	£'000
	Consumables	62	50
		<hr/>	<hr/>
9	Debtors	2023	2022
		£'000	£'000
	Trade debtors	101	137
	Prepayments and accrued income	53	34
	Other debtors	15	42
	Amounts due from fellow group companies	-	8
		<hr/>	<hr/>
		169	221
		<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year.

10	Cash and cash equivalent	2023	2022
		£'000	£'000
	Cash at bank and in hand	232	237
		<hr/>	<hr/>

New Century (East Grinstead) Limited

Notes (continued)

11 Creditors: amounts falling due within one year	2023 £'000	2022 £'000
Trade creditors	19	244
Amounts due to affiliated companies	3,104	2,377
Accruals and deferred income	598	468
Loan from parent company	3,852	3,711
Loan from fellow group company	8,535	8,535
Other creditors	9	13
	16,117	15,348

On 1 June 2016 a loan was provided from fellow group company, HICP Holdings Limited. The loan was provided for working capital purposes. The loan carries a 3.1% Margin + 3 month Libor and is repayable on demand.

On 29 December 2015 a loan was provided from the parent company, Felbridge Holdings Limited. The loan was provided for working capital purposes. The loan carries a 10% nominal interest rate and is repayable on demand.

12 Share capital	2023 £'000	2022 £'000
<i>Allotted, called up and fully paid</i>		
100,004 ordinary shares of 1 pence each	1	1
<i>Other reserves</i>		
Capital contribution	10,809	10,809

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

13 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Felbridge Holdings Limited (located at St James House 3rd Floor, South Wing, 27-43 Eastern Road, Romford, Essex, RM1 3NH) which is the immediate parent company incorporated in the UK. Ultimately the Company is now owned by investment funds affiliated with the Marathon Group. The Company has taken advantage of the exemptions in FRS 101 Section 8 from disclosing transactions with other members of the Group.

The largest and smallest group in which the results of the Company are consolidated is that headed by Felbridge Holdings Limited. The consolidated financial statements of Felbridge Holdings Limited are available to the public and may be obtained from Companies House.

14 Accounting estimates and judgements

Judgements made by directors, in the application of accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year relate to the valuation of land and buildings, refer to note 7 for further details.

New Century (East Grinstead) Limited

Notes (continued)

15 Related party disclosures

The following transactions were conducted with related parties during the year:

	2023 £'000	2022 £'000
Management fees payable to asset manager	(149)	(105)
Interest payable to HICP Holdings Limited	(435)	(314)

The following balances remain outstanding at year end:

	2023 £'000	2022 £'000
<i>Receivables</i>		
Amounts owed by HICP Holdings Limited	-	8
<i>Payables</i>		
Amounts owed to HICP Limited	(692)	(1,017)
Amounts owed to HICP Holdings Limited (including interest)	(10,947)	(9,895)

Valor Hospitality Europe Limited is the appointed asset manager of the Company and has been deemed a related party by virtue of its influence over the management and strategic operations of the Company.

HICP Holdings Limited and HICP Limited are related parties under common control.

16 Subsequent events

There are no significant subsequent events requiring adjustment to, or disclosure in, the financial statements for the year ended 31 March 2023.