Registered number: 05374151

Rose Diamond D Leicester 2005 Ltd

Annual report and financial statements
for the year ended 31 December 2021

Rose Diamond D Leicester 2005 Ltd

Company information

Directors	S. Al Dhaheri K. Al Khajeh M. Al Mansoori J. Anand D. Ayyar - alternate M. Foxon S. Al Hallami - alternate A. Al Ketbi
Registered number	05374151
Registered office	C/O TMF Group 8th Floor 20 Farringdon Street London EC4A 4AB United Kingdom
Independent auditor	KPMG LLP 15 Canada Square London E14 5GL United Kingdom

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Directors' report
for the year ended 31 December 2021

The directors present their report and the audited financial statements of the company for the year ended 31 December 2021.

Principal activity

The principal activity of the company continued to be the operation of a hotel in the United Kingdom. This hotel is operated by Marriott under the name Leicester Marriott Hotel.

Results and dividends

The profit for the year, after taxation, amounted to £713,141 (2020: loss of £4,525,272).

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

The operations and business activities of the company have continued to be impacted by the COVID-19 outbreak. The hotel in the United Kingdom operated under this entity was operating at a lower capacity, catering only to essential business in Q1 2021 in line with government restrictions. The hotel re-opened in Q2 and has remained open since but has operated at a lower capacity/occupancy throughout the year.

The hotel's operator continued to benefit from the extended Coronavirus Job Retention Scheme and the Business Rates relief for Retail, Hospitality & Leisure which have helped to improve operational results. Nonetheless, COVID-19 restrictions in the early part of the year, both in the UK and the source markets, significantly impacted performance in the first quarter of the year, resulting in working capital funding in the form of equity injections of £647,298 have been required in 2021.

Political donations

The company has made no donations to a registered political party or other political organisation in the current or prior year.

Going concern

The operations and business activities of the company have been impacted by the COVID-19 outbreak. The balance sheet of the company shows a net current liabilities position and the parent undertaking, Tamweelview European Holdings SA has given a written statement that it has the capacity to continue supporting the company to allow it to meet its liabilities as they fall due for 12 months from the approval of these financial statements ("the going concern period"). Therefore, the directors believe that the company has sufficient financial resources to meet its liabilities as and when they fall due and accordingly these financial statements have been prepared on a going concern basis.

Directors

The directors who held office during the year and up to the date of signing the financial statements were:

S. Al Dhaheri
S. Al Darmaki (resigned 8 April 2021)
K. Al Khajeh
M. Al Mansoori
J. Anand
D. Ayyar - alternate
M. Foxon
A. Garrod - alternate (resigned 10 March 2021)
S. Al Hallami - alternate (appointed 8 April 2021)
A. Al Ketbi (appointed 8 April 2021)

Rose Diamond D Leicester 2005 Ltd

Directors' report (continued)
for the year ended 31 December 2021

Disclosure of information to auditor

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

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

Auditor

The auditor, KPMG LLP, will be proposed for reappointment in accordance with Section 487 of the Companies Act 2006.

Small company exemption

In preparing this report, the directors have taken advantage of the small company exemptions provided by section 415A of the Companies Act 2006.

The directors have also taken advantage of the small company exemptions provided by section 414B of the Companies Act 2006 and have not prepared a strategic report.

This report was approved by the board on 30 June 2022 and signed on its behalf by:

Sultan Ali Ahmed Hamad Al Dhaheri
Director

Abdulla Heyab Matar Saeed AlKetbi
Director

Directors' responsibilities statement
for the year ended 31 December 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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

In preparing these audited financial statements of the company, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 to 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROSE DIAMOND D LEICESTER 2005 Ltd

Opinion

We have audited the financial statements of Rose Diamond D Leicester 2005 Ltd ("the Company") for the year ended 31 December 2021, which comprise the Profit and loss account, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 3.
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 2 to the financial statements. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

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.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROSE DIAMOND D LEICESTER 2005 Ltd

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue transactions are simplistic in nature and the average value per transaction is low and therefore management would have to process a large volume of false revenue transactions to materially misstate revenue.
We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those unusual journal pairings linked to cash, revenue and expense, those that included key words in their descriptions, and any material post close entries.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.
We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, 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, data protection laws, anti-bribery, employment law and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

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 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROSE DIAMOND D LEICESTER 2005 Ltd

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROSE DIAMOND D LEICESTER 2005 Ltd

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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

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

Chrissy Douka (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
1st July 2022

Rose Diamond D Leicester 2005 Ltd

Profit and loss account
for the year ended 31 December 2021

	Note	2021 £	2020 £
Turnover	5	**3,797,192**	2,204,070
Cost of sales		**(1,674,218)**	(1,312,146)
Gross profit		**2,122,974**	891,924
Administrative expenses		**(2,713,025)**	(2,550,998)
Impairment reversal/(charge) - tangible assets	6	**1,513,225**	(2,142,437)
Operating profit/(loss)		**923,174**	(3,801,511)
Interest receivable		**3**	491
Interest payable and similar charges		**(210,036)**	(235,973)
Profit/(loss) before taxation		**713,141**	(4,036,993)
Taxation on profit/(loss) for the financial year	9	**-**	(488,279)
Profit/(loss) for the financial year		**713,141**	(4,525,272)

There were no recognised gains and losses for 2021 or 2020 other than those included in the profit and loss account.

The notes on pages 11 to 23 form part of these financial statements.

Rose Diamond D Leicester 2005 Ltd

Registered number: 05374151

Balance sheet
as at 31 December 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	10		**15,800,000**		14,700,000
			15,800,000		14,700,000
Current assets					
Stocks	11	**18,189**		11,730	
Debtors	12	**1,854,612**		1,536,149	
Bank and cash balances		**15,701**		6,544	
		1,888,502		1,554,423	
Creditors: amounts falling due within one year	13	**(9,411,064)**		(698,600)	
Net current (liabilities)/assets			**(7,522,562)**		855,823
Total assets less current liabilities			**8,277,438**		15,555,823
Creditors: amounts falling due after more than one year	14		**-**		(8,638,824)
Net assets			**8,277,438**		6,916,999
Capital and reserves					
Called up share capital	16		**10,278,642**		9,631,344
Retained earnings			**(2,001,204)**		(2,714,345)
Total equity			**8,277,438**		6,916,999

These financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the provisions of Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' as amended by Section 1A 'Small Entities'

The financial statements on pages 8 to 23 were approved and authorised for issue by the board on 30 June 2022 and were signed on its behalf by:

Sultan Ali Ahmed Hamad Al Dhaheri
Director

Abdulla Heyab Matar Saeed AlKetbi
Director

The notes on pages 11 to 23 form part of these financial statements.

Rose Diamond D Leicester 2005 Ltd

Statement of changes in equity for the year ended 31 December 2021

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2021	9,631,344	(2,714,345)	6,916,999
Comprehensive income for the year			
Profit for the financial year	-	713,141	713,141
Contributions by and distributions to owners			
Issue of share capital	647,298	-	647,298
At 31 December 2021	10,278,642	(2,001,204)	8,277,438

Statement of changes in equity for the year ended 31 December 2020

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2020	8,358,443	1,810,927	10,169,370
Comprehensive expense for the year			
Loss for the financial year	-	(4,525,272)	(4,525,272)
Contributions by and distributions to owners			
Issue of share capital	1,272,901	-	1,272,901
At 31 December 2020	9,631,344	(2,714,345)	6,916,999

The notes on pages 11 to 23 form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2021

1. General information

Rose Diamond D Leicester 2005 Ltd ('the company') operates a hotel in the United Kingdom. This hotel is operated by Marriott under the name Leicester Marriott Hotel.

The company is a private company limited by shares and is incorporated in the United Kingdom. The address of its registered office is C/O TMF Group 8th Floor, 20 Farringdon Street, London, EC4A 4AB, United Kingdom.

2. Statement of compliance

The individual financial statements of Rose Diamond D Leicester 2005 Ltd have been prepared in compliance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland', as amended by Section 1A 'Small Entities' ('FRS 102') and the Companies Act 2006.

3. Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of land and buildings. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

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

Going concern:

The financial statements have been prepared on the going concern basis for the following reasons. The operations and business activities of the company have been impacted by the COVID-19 outbreak. The hotel in the United Kingdom re-opened in May 2021 and has remained open since but has operated at a lower capacity/occupancy throughout the year.

The directors have considered cash flows projections for the company for at least 12 months from date of signing which indicate that under the severe but plausible downside scenarios, the company will have sufficient funds, through funding from its indirect parent undertaking, to meet its liabilities as they fall due for that period.

The company is part of a cross-collateralised pool of assets that secures a £466m debt facility with Credit Agricole Corporate and Investment Bank for which £8.7 million is allocated to the company.

The financial covenants on this cross guaranteed debt facility are loan to value, debt to EBITDA and interest cover ratio, and these are required to be obliged on a quarterly basis and are assessed by the bank on a combined portfolio basis. A covenant waiver letter was signed on 18 March 2021 with a waiver period to March 2022. On 18 March 2022 the waiver was extended to the final loan repayment date in August 2022. The waiver avoids any breach of the debt to EBITDA and interest cover ratio covenants until the final repayment date, preventing any event of default.

3. Accounting policies (continued)

3.1 Basis of preparation of financial statements (continued)

The directors of the Company intend to repay the existing facility in full in advance of the maturity date. Active discussions with two new lenders, First Abu Dhabi Bank and Société Generale, are ongoing. First Abu Dhabi and Société Generale would be providing a c.£446m facility to the portfolio entities in order to (i) repay their existing indebtedness with Credit Agricole Corporate and Investment Bank and (ii) provide The Company with access to general working capital. As of the date of the approval of these financial statements, the term sheet has been agreed initially and it is expected to be finalised in July 2022. It is expected that by the time of the refinancing with First Abu Dhabi and Société Generale, and as a result of an internal restructuring of the portfolio to which the Company belongs, the Company will be a subsidiary of a new parent incorporated and existing in the Abu Dhabi Global Market (see note 21).

The intermediate parent undertaking, Tamweelview European Holdings SA, has given a written statement that it will not seek repayment of the intercompany payables and provide financial support as and if needed, including the repayment of the portfolio debt, if required to allow the company to continue its operations for a period of 12 months from the approval of these financial statements ("the going concern period")

The company is ultimately controlled by Abu Dhabi Investment Authority, a sovereign wealth fund, registered in United Arab Emirates. The directors have no reason to believe that the Abu Dhabi Investment Authority would not continue to support the group.

As with any company 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.

Therefore the directors believe that the company has access to sufficient financial resources to support the business to meet its liabilities as and when they fall due for at least 12 months from the date of approval of the financial statements and accordingly these financial statements have been prepared on a going concern basis.

3.2 Turnover

Turnover is the value of services and goods sold, within the United Kingdom, as part of the company's continuing ordinary activities after deducting value added taxes.

(i) Sale of services

Turnover is recognised on room sales and guest services when rooms are occupied and services have been rendered.

(ii) Sale of goods - retail

Sales of goods are recognised on sale to the customer which is considered the point of delivery. Retail sales are usually by cash, credit or payment card.

3.3 Interest receivable

Interest receivable is recognised in the profit and loss account using the effective interest method.

3. Accounting policies (continued)

3.4 Interest payable and similar charges

Interest payable is charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3.5 Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Notes to the financial statements
for the year ended 31 December 2021

3. Accounting policies (continued)

3.6 Tangible assets

Tangible assets include freehold hotels. Land and hotel buildings are stated at fair value, and hotel fixtures and fittings are stated at cost. Hotel refurbishment costs are capitalised in the period in which they are incurred. Repairs and maintenance costs are expensed as incurred.

A full valuation is carried out by a qualified external valuer every year. Revaluation gains are taken to the statement of other comprehensive income unless reversing a previously recognised impairment, when they are recognised in the profit and loss account. Revaluation losses are recognised in the statement of other comprehensive income to the extent that they offset previous revaluation gains. All other losses, including those incurred by a clear consumption of economic benefit, are charged to the profit and loss account. On revaluation of assets carried at fair value, accumulated depreciation at the date of valuation is taken to the statement of other comprehensive income.

Freehold land is not depreciated. Depreciation on hotel buildings, fixtures and fittings is provided at rates calculated to write off the value/cost less estimated residual value of each asset over its expected useful life.

Major refurbishments would be classified as construction in progress and stated at cost. They would be reclassified and depreciated when the related assets are made available for use.

Depreciation is provided on the following basis:

Freehold buildings	- Lesser of estimated useful life and 50 years
Fixtures and fittings	- Between 3 and 25 years

The carrying value of fixtures, fittings and equipment is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable as well as at the end of each reporting period. Any impairment in the value of assets below depreciated cost is charged to the profit and loss account.

3.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to sell.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit and loss account.

3.8 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

3. Accounting policies (continued)

3.9 Financial instruments

(i) Financial assets

Basic financial assets, including trade and other debtors, amounts owed by group undertakings and cash and bank balances are initially recognised at transaction price. Such assets are subsequently measured at amortised cost using the effective interest method.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

(ii) Financial liabilities

Basic financial instruments, including trade and other creditors, amounts owed to group undertakings, loans from fellow group companies and bank loans are initially recognised at transaction price.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

(iii) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.10 Foreign currency translation

The company's functional and presentational currency is pound sterling.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

3.11 Operating leases: lessee

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

3.12 Management fees

Management fees are paid to the hotel's operator and include a base fee, based upon a percentage of hotel revenue and recognised in the year in which the revenue is incurred.

Notes to the financial statements for the year ended 31 December 2021

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Tangible assets

Tangible assets are revalued annually by independent valuers to assess the fair value of the hotel assets.

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of tangible assets.

(ii) Taxes

Determining income tax provisions involves judgements on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used on temporary differences where it is probable that there will be taxable income against which these can be offset. See note 15 for details of deferred tax recognised.

(iii) Contingent liabilities

The company considers the potential obligations which may be incurred as a result of past events and the uncertainty of the impact on the company. Where the company identifies a present obligation for which payment is probable and the amount can be reliably estimated a provision is recognised. See note 18 for details.

5. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

An analysis of turnover by class of business is as follows:

	2021	2020
	£	£
Room revenue	**2,459,152**	1,209,993
Food and beverages	**1,275,086**	888,565
Other income	**62,954**	105,512
	3,797,192	2,204,070

Notes to the financial statements for the year ended 31 December 2021

6. Impairment reversal/(charge) - tangible assets

	2021 £	2020 £
Impairment reversal/(charge) - tangible assets (note 10)	**1,513,225**	(2,142,437)

Impairment reversal/(charge) - tangible assets

The directors have considered the carrying value of the company's hotel asset following a valuation by CBRE Hotels Ltd dated 31 December 2021 carried out in accordance with the RICS valuation - Professional Standards effective from January 2017. This resulted in a reversal of £1,513,225 (2020: charge of £2,142,437).

7. Operating loss

The audit fees for the year were £55,117 (2020: £48,205). There were no non-audit fees for the current or previous financial year.

The depreciation charge for the year was £458,218 (2020: £563,301)

8. Staff costs

The company had no employees other than the directors during the year ended 31 December 2021 or the previous financial year.

The directors did not receive or waive any emoluments in respect of their services to the company during the year ended 31 December 2021 or the previous financial year.

9. Taxation

There is no current tax for the financial year ended 31 December 2021 or the previous financial year.

	2021 £	2020 £
Deferred tax		
Origination and reversal of timing differences	-	545,733
Impact of change in tax rate	-	(57,445)
Adjustment in respect of prior periods	-	(9)
Taxation on profit/(loss) on ordinary activities	-	488,279

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit/(loss) on ordinary activities before tax	**713,141**	(4,036,993)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	**135,497**	(767,029)
Effects of:		
Expenses not deductible for tax purposes	-	10
Adjustments in respect of prior periods	-	(9)
Impact of change in tax rate	-	(57,445)
Impairment of assets	**22,411**	421,305
Unrecognised deferred tax	**(157,908)**	891,447
Total tax charge for the year	-	488,279

Factors that may affect future tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the financial statements for the year ended 31 December 2021

10. Tangible assets

	Freehold land and buildings (At valuation) £	Fixtures and fittings (At cost) £	Construction in progress (At cost) £	Total £
Valuation/cost				
At 1 January 2021	12,596,253	10,251,986	-	22,848,239
Additions	12,746	30,046	2,201	44,993
Revaluation	1,513,225	-	-	1,513,225
Reversal of depreciation on revaluation	(64,513)	-	-	(64,513)
At 31 December 2021	14,057,711	10,282,032	2,201	24,341,944
Accumulated depreciation				
At 1 January 2021	-	8,148,239	-	8,148,239
Charge for the year	64,513	393,705	-	458,218
Reversal on revaluation	(64,513)	-	-	(64,513)
At 31 December 2021	-	8,541,944	-	8,541,944
Net book value				
At 31 December 2021	14,057,711	1,740,088	2,201	15,800,000
At 31 December 2020	12,596,253	2,103,747	-	14,700,000

Following a valuation by CBRE Hotels Ltd dated 31 December 2021, the directors have revalued the company's hotel asset to £15,800,000 (2020: £14,700,00). The valuation was carried out in accordance with the RICS Valuation - Professional Standards effective from January 2017.

The fair value was measured on the basis of future earning potential. CBRE Hotels Ltd prepare an income and expenditure forecast which is then capitalised using a discounted cash flow model. The capitalisation rate is selected by taking into account market transactions and factors such as age, location and condition of the property. Any capital expenditure, which an investor would require to spend in the foreseeable future, would be deducted from the investment value. The key assumptions applied in determining the fair value of the hotel asset are discount rate, terminal cap rate and long term growth rate.

The valuation has been incorporated into the financial statements; the resulting impairment reversal has been taken to the profit and loss account. The revaluation during the year ended 31 December 2021 resulted in a revaluation surplus of £1,513,225.

Notes to the financial statements for the year ended 31 December 2021

10. Tangible assets (continued)

If land and buildings had not been revalued they would have been included at the following amounts:

	2021 £	2020 £
Cost	**27,112,802**	27,100,056
Accumulated depreciation/ impairment	**(13,055,091)**	(14,503,803)
Net book value based on historical cost	**14,057,711**	12,596,253

11. Stocks

	2021 £	2020 £
Finished goods and goods for resale	**18,189**	11,730

12. Debtors

	2021 £	2020 £
Trade debtors	**277,726**	16,742
Amounts owed by group undertakings	**1,319,525**	1,245,412
Other debtors	**101,944**	181,808
Prepayments and accrued income	**155,417**	71,976
Tax recoverable	-	20,211
	1,854,612	1,536,149

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Trade debtors are stated after provisions for impairment of £2,710 (2020: £122).

Notes to the financial statements for the year ended 31 December 2021

13. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	-	2,556
Bank loans (net of issue costs)	8,654,481	-
Trade creditors	242,545	83,807
Amounts owed to group undertakings	-	131,776
Other creditors	2,465	11,773
Accruals and deferred income	511,573	468,688
	9,411,064	698,600

As a result of the changing economic and business circumstances due to the COVID-19 outbreak the directors of the company have considered the impact on the company's ability to meet its loan covenants as well as its obligations as they fall due.

The bank loan is repayable on 3 August 2022. Interest is payable quarterly at LIBOR 3mGBP plus 2.15% and included within accruals in creditors due within one year. Loan arrangement fees of £81,889 were capitalised and are being amortised over the loan term. The loan is shown net of these deferred fees. At 31 December 2021, the unamortised arrangement fees were £7,837 (2020: £23,494).

A covenant waiver letter was signed on 18 March 2021 with a waiver period to March 2022. The waiver has been extended on 18 March 2022 to the final repayment date for which Tamweelview European Holdings SA (an intermediate parent undertaking) has provided a written support as a debt guarantee until the final repayment date of the loan. The waiver avoids any breach of the debt to EBITDA and interest cover ratio covenants until the final repayment date, preventing any event of default.

The directors intend to repay the existing facility in full in advance of the maturity date and are in active discussions with two new lenders, First Abu Dhabi Bank and Société Generale. The new debt facility is approximately £446 million. As of the date of the approval of these financial statements, the term sheet has been agreed initially and it is expected to be finalised in July 2022.

The parent undertaking, Tamweelview European Holdings SA, has given a written statement that it has the capacity to continue supporting the company to allow it to meet its liabilities as they fall due for 12 months from the approval of these financial statements (see note 3.1 for further details).

Subsequent to 31 December 2021, a fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The existing bank loan will be transitioned from LIBOR on 1 January 2022. The impact of this is not expected to be material given the fact that the loan is repayable in August 2022.

14. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Bank loans (net of issue costs)	-	8,638,824

The bank loan is repayable on 3 August 2022 and has accordingly been reclassified to Creditors: Amounts falling due within one year.

15. Deferred taxation

A deferred tax asset of £2,846,098 (2020: £2,278,709) arising from capital and trading losses has not been recognised as there is insufficient evidence of future taxable profits to confirm recoverability in the foreseeable future.

16. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
10,278,642 (2020: 9,631,344) ordinary shares of £1 each	**10,278,642**	9,631,344

On 21 December 2021, the company issued 647,298 ordinary shares of £1 each, for a total consideration of £647,298.

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.

17. Capital commitments

At 31 December the company had capital commitments as follows:

	2021 £	2020 £
Contracts placed for future capital expenditure not provided in the financial statements	**13,889**	35,709

18. Contingent liabilities

The company and several fellow group undertakings entered into a facility agreement with a number of third parties, in respect of a bank loan.

This loan is secured by way of a fixed and floating charge over the present and future property and assets of this company and the property and assets of the fellow group undertakings.

The directors do not anticipate the security being called in.

19. Related party transactions

The company is exempt from disclosing related party transactions with companies that are wholly owned within the Tamweelview European Holdings SA group.

Notes to the financial statements for the year ended 31 December 2021

20. Immediate and ultimate parent undertakings and controlling party

The immediate parent undertaking is Silver Diamond TEHC24 Sàrl, a company registered in Luxembourg. Silver Diamond TEHC24 Sàrl is the parent undertaking of the smallest group to consolidate these financial statements.

Tamweelview European Holdings SA, a company registered in Luxembourg is the parent undertaking of the largest group to consolidate these financial statements, copies of which are available from 2C rue Albert Borschette, L-1246 Luxembourg, Grand Dutchy of Luxembourg.

The ultimate parent undertaking is Silver Holdings SA, a company registered in Luxembourg.

The ultimate controlling entity is the Abu Dhabi Investment Authority, registered in United Arab Emirates.

21. Post balance sheet events

In May 2022 a restructure was internally approved whereby the entity will be subject to a sale by its immediate parent entity, Silver Holdings TEHC 24 Sarl, to Platinum Dunes C 2019 RSC Limited, a company under the common control of its ultimate parent company. The sale is proposed to be executed at par value and is expected in Q3. This sale will not affect a change to the ultimate controlling party.