Company Registration No. 08123486 (England and Wales)

GROVE HR LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

Arora
GROUP

GROVE HR LIMITED

COMPANY INFORMATION

Directors	Surinder Arora Sanjay Arora Athos Yiannis Carlton Brown
Secretary	Athos Yiannis
Company number	08123486
Registered office	World Business Centre 2 Newall Road Hounslow Middlesex England TW6 2SF
Auditor	BDO LLP 55 Baker Street London W1U 7EU

GROVE HR LIMITED

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GROVE HR LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

INTRODUCTION

Grove HR Limited "the company" is one of the companies that forms part of the Arora Group, a successful UK-focused private group of companies, which leverages synergies across its specialist property, construction and hotel divisions to its strategic advantage. Since 1999, the Group has built its standing through meticulously managing projects from inception to delivery and beyond. Today, it owns and manages a diverse portfolio of flagship assets across the nation's key business locations, partnering with some of the world's most recognised brands to deliver consistently high service levels and sustainable growth.

The group strategy is to deliver portfolio diversification, growth in asset value and profitability. Our strategy for delivering these objectives are:

- Delivering sound long-term value to our stakeholders
- Continuing to expand, develop and consolidate a diversified property asset portfolio in targeted UK locations
- Sustaining our reputation for quality, integrity and social responsibility

More information about group can be found on www.thearoragroup.com.

REVIEW OF BUSINESS

Holiday Inn, Heathrow T5
This property is in its fourth full year of being a Holiday Inn and continues to grow. Apart from the Terminal linked Sofitel T5 Hotel, it is the closest hotel to Terminal 5 and has an excellent reputation of being number 1 on Trip Advisor in its Market since opening.

Total revenues increased by 8% over the previous year with growth coming mainly from an occupancy increase of almost 5%. The hotel enhanced its family rooms product with a view to drive Legoland family packages business, which resulted in generating additional demand from the leisure group market.

Sofitel Hotel, London Gatwick
Sofitel London Gatwick had another year of growth in a majority of areas in the business, with a total sales increase of just over 3% on previous year. This was driven by stronger than expected Gatwick market improvements and the Sofitel capitalised with a rooms occupancy increase of over 8%.

However, food and beverage outlets revenue decreased by over 6% in part to do with a significant refurbishment of these areas resulting in closures of the outlets at various times. Sofitel Gatwick remains the leading hotel in the Gatwick market with a number 1 position for Revpar amongst its competitive set and an impressive yield premium of 35%.

Arora Hotel Crawley
The Arora Hotel Crawley continues to perform well and has increased overall revenue by 2% as compared to previous year. Hotel occupancy saw an uplift of almost 5% with the airline segment being a strong contributor to the increase.

Despite being located off from the airport, Arora Hotel Crawley retains a 7% yield premium to its competitive set and has a strong base of airline related business.

Renaissance London Heathrow
Modest increase of just over 1% in total revenues primarily influenced by a shortfall in disrupted passenger rooms revenues on the previous year and additional food and beverage revenues. Actions including a new disrupted passenger contract with a major Heathrow airline have been put in place to reverse the trend in disrupted passenger business.

There was a key focus on delivering meetings and events business after the soft refurbishment of some of the meetings areas and this resulted in an uplift of almost 10% in revenues from this segment over the previous year. Despite the size of the Hotel being 710 bedrooms, STR data showed that the Hotel maintains a circa 100% RGI index demonstrating that its rooms revpar was in line with the average of its competitive set.

KEY PERFORMANCE INDICATORS

The company uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial and the most significant of these are the key performance indicators.

The key performance indicators are turnover and trading EBITDA. These indicators are set out below:

	2018	2017
	£	£
Turnover	57,194,834	56,270,853
Trading EBITDA	11,555,642	11,006,096

BALANCED SCORECARD

This sets out to measure guest satisfaction, labour turnover, cash management, internal financial controls, Health and Safety and Environmental audits and profit achievement as the 8 key indicators of the health of the business. The hotel has performed satisfactorily in all categories despite the economic climate.

MODERN SLAVERY STATEMENT

Our statement has been published in accordance with the Modern Slavery Act 2015. It sets out the steps taken by Grove HR Limited (part of the Arora Group of companies) to prevent modern slavery and human trafficking in its business and supply chains.

More information on our statement and policies around Modern Slavery can be found at https://thearoragroup.com/about/policy-position/modern-slavery.

GENERAL DATA PROTECTION REGULATION (GDPR)

On the 25th of May 2018 the new EU General Data Protection Regulation (GDPR) came into effect changing the way businesses gain and use customer data.

Information on the policies and steps we have taken to ensure that the privacy and security of personal information is respected throughout our organisation can be found at https://thearoragroup.com/GDPR.

ENVIRONMENTAL SUSTAINABILITY POLICY STATEMENT

Climate change and resource scarcity are amongst society's greatest challenges. As a responsible business we are fully committed to minimising our operational impact on the environment when and wherever possible. This is core to ensuring we do business in the right way.

To see ways in which the Arora Group aims to minimise its impact on the environment, visit https://thearoragroup.com/about/policy-position/environmentalsustainability.

GENDER PAY REPORTING

This section has been published in accordance with the Gender pay reporting legislation. The legislation requires employers with 250 or more employees to publish statutory calculations every year showing how large the pay gap is between their male and female employees.

Meridian Hotel Operations Limited's gender pay back reports can be accessed via the Arora Group website on: http://www.thearoragroup.com/about/policy-position/gender-pay-reporting.

TAX STRATEGY

For information on our Tax Strategy for the Group fulfilling its obligations under Schedule 19, Paragraph 16(2) of the Finance Act 2016, see https://thearoragroup.com/about/policy-position/taxstrategy.

ARORA GROUP'S HEALTH AND SAFETY STATEMENT OF COMMITMENT

Arora Group recognises its duty to protect colleagues, customers, suppliers and members of the public from the risk of harm in the course of our day-to-day activities.

To see more information on what we do, go to https://thearoragroup.com/about/policy-position/healthandsafety.

PRINCIPAL RISKS AND UNCERTAINTIES

The main financial risks arising from the company's activities are credit risk, interest rate risk and liquidity risk. these are monitored by the board of directors and were not considered to be significant at the balance sheet date.

The company's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made.

The company's policy in respect of interest rate risk and liquidity risk is to maintain a mixture of medium and short term debt finance and readily accessible bank deposit accounts to ensure the company has sufficient funds for operations. The cash deposits are held in current accounts which earn interest at a floating rate. Debt is maintained at floating interest rates.

In addition, the company's policy is to hedge debt facilities at an appropriate level, in order to manage interest rate fluctuations.

POLICY FOR EMPLOYMENT OF DISABLED PERSONS

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retaining of employees who become disabled whilst employed by the group. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

POLITICAL AND CHARITABLE DONATIONS

Arora Charitable Foundation was established in 2010 to create a structure for Arora group's social responsibilities initiatives.

For more information go to https://aroracharitablefoundation.com/.

During the year, the company did not make charitable donations or any political contributions.

EMPLOYEE INVOLVEMENT POLICY

The company is committed to communicating the progress and developments of its business to its employers. This includes 'Way Ahead Meetings', 'Staff Consultative Committee Meetings', the quarterly and annual 'Arora Stars' employee recognition scheme and the group internal newsletter.

FUTURE DEVELOPMENTS

Information on likely future developments in the business of the company has been included within this report.

On behalf of the board

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Carlton Brown

Director

26/09/18

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018.

Principal activities
The principal activity of the company continued to be that of hotelier.

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

Surinder Arora	
Sanjay Arora	
Athos Yiannis	
Carlton Brown	
Guy Morris	(Resigned 30 November 2017)

Results and dividends
The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statement; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Auditor
In accordance with the company's articles, a resolution proposing that BDO LLP be reappointed as auditor of the company will be put at a General Meeting.

On behalf of the board

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Carlton Brown
Director
Date: 26/9/2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GROVE HR LIMITED

Opinion

We have audited the financial statements of Grove HR Limited (the 'company') for the year ended 31 March 2018 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report
This report is made solely to the 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.

BDO LLP

Marc Reinecke (Senior Statutory Auditor)
For and on behalf of BDO LLP , statutory auditor
London

26/9/2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

GROVE HR LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover		57,194,834	56,270,853
Cost of sales		(3,878,823)	(3,931,743)
Gross profit		53,316,011	52,339,110
Administrative expenses		(48,182,486)	(46,041,358)
Other operating income		899,340	409,731
Operating profit	3	6,032,865	6,707,483
Interest receivable and similar income	7	586,519	28,561
Interest payable and similar expenses	8	(1,462,715)	(1,485,690)
Profit before taxation		5,156,669	5,250,354
Tax on profit	9	(1,458,574)	649,492
Profit for the financial year		3,698,095	5,899,846

The Income Statement has been prepared on the basis that all operations are continuing operations.

GROVE HR LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Profit for the year	3,698,095	5,899,846
Other comprehensive income		
Revaluation of tangible fixed assets	3,126,817	22,873,363
Tax relating to other comprehensive income	(601,841)	(3,459,152)
Other comprehensive income for the year	2,524,976	19,414,211
Total comprehensive income for the year	6,223,071	25,314,057

GROVE HR LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Goodwill	10		2,754,177		3,726,239
Tangible assets	11		77,875,106		77,927,280
			80,629,283		81,653,519
Current assets					
Stocks	12	177,409		150,188	
Debtors	13	18,482,850		10,936,039	
Cash at bank and in hand		3,764,829		2,109,546	
		22,425,088		13,195,773	
Creditors: amounts falling due within one year	14	(11,039,939)		(9,644,736)	
Net current assets			11,385,149		3,551,037
Total assets less current liabilities			92,014,432		85,204,556
Creditors: amounts falling due after more than one year	15		(33,702,898)		(34,004,600)
Provisions for liabilities	17		(8,533,976)		(7,645,469)
Net assets			49,777,558		43,554,487
Capital and reserves					
Called up share capital	20		100		100
Revaluation reserve			36,477,446		33,952,470
Profit and loss reserves	21		13,300,012		9,601,917
Total equity			49,777,558		43,554,487

The financial statements were approved by the board of directors and authorised for issue on 26/9/2018 and are signed on its behalf by:

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Carlton Brown
Director

Company Registration No. 08123486

GROVE HR LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 April 2016	100	14,538,259	3,702,071	18,240,430
Year ended 31 March 2017:				
Profit for the year	-	-	5,899,846	5,899,846
Other comprehensive income:				
Revaluation of tangible fixed assets - leasehold property	-	22,873,363	-	22,873,363
Deferred tax on revaluation of leasehold property	-	(3,459,152)	-	(3,459,152)
Total comprehensive income for the year	-	19,414,211	5,899,846	25,314,057
Balance at 31 March 2017	100	33,952,470	9,601,917	43,554,487
Year ended 31 March 2018:				
Profit for the year	-	-	3,698,095	3,698,095
Other comprehensive income:				
Revaluation of tangible fixed assets - leasehold property	-	3,126,817	-	3,126,817
Deferred tax on revaluation of leasehold property	-	(601,841)	-	(601,841)
Total comprehensive income for the year	-	2,524,976	3,698,095	6,223,071
Balance at 31 March 2018	100	36,477,446	13,300,012	49,777,558

1 Accounting policies

Company information

Grove HR Limited is a private company limited by shares incorporated in England and Wales. The registered office is World Business Centre 2, Newall Road, Hounslow, Middlesex, England, TW6 2SF.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Arora Hotels Limited. These consolidated financial statements are available from its registered office, World Business Centre 2, Newall Road, London Heathrow Airport, TW6 2SF.

1.2 Going concern

The financial statements have been prepared on the going concern basis which the directors consider to be appropriate for the reason set out below:

The company has prepared cash flow projections for a period of 12 months from the date the accounts were signed which show that the company will continue to trade for the foreseeable future. On this basis, the directors consider that it is appropriate to prepare the company's financial statements on a going concern basis.

1.3 Turnover

Turnover is from sales to external customers at invoiced amounts less value added tax on sales. Turnover is recognised when the service is provided. Turnover is recognised on an accruals basis and is measured at the fair value of the consideration received or receivable.

1 Accounting policies **(Continued)**

1.4 Intangible fixed assets - goodwill

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Goodwill	8.33 years from October 2012

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

If the net fair value of the identifiable assets and liabilities acquired exceeds the cost of a business combination, the excess up to the fair value of non-monetary assets are recovered. Any excess exceeding the fair value of non-monetary assets acquired is recognised in profit or loss in the periods expected to be benefitted.

1.5 Tangible fixed assets

Tangible fixed assets excluding properties are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Costs of replacing items of fixed assets are capitalised when they are expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Leasehold property	Over length of lease
Plant, machinery and vehicles	7 years
Fixtures, fittings and equipment	2 -10 years

If the company is entitled to extend the lease term under relevant legislation, and the directors are confident that the extension will be taken, then the likely extension period is taken into account.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Properties are revalued each year end by the directors at open market value with the surplus being taken to the revaluation reserve.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of comprehensive income.

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

1 Accounting policies **(Continued)**

1.7 Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of no more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with no significant risk of change in value.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

1 Accounting policies **(Continued)**

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

1 Accounting policies **(Continued)**

Deferred tax

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the company can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.10 Employee benefits

A liability is recognised to the extent of an unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

1.11 Retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged to the profit and loss account as they become payable in accordance with the rule of the scheme. At the year end, no amounts relating to pensions costs were accrued or prepaid.

1.12 Leases

Rentals payable under operating leases are charged to profit and loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1 Accounting policies **(Continued)**

1.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.15 Rental Income

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

2 Judgements and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

Fair value movements on property:

Leasehold properties are stated at fair value, as accounted for by the directors. The estimated fair value may differ from the price at which the assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates require an assessment of factors not within management's control, such as overall market conditions. As a result, actual results of operations and realisation of net assets could differ from the estimates set out in these financial statements, and the difference could be significant. The directors are considered to have access to appropriately qualified personnel to enable a director valuation as at 31 March 2018.

3 Operating profit

Operating profit for the year is stated after charging:	2018 £	2017 £
Auditors remuneration	54,328	37,600
Depreciation of owned tangible fixed assets	4,550,715	3,249,418
Amortisation of intangible assets	972,062	972,063
Operating lease charges	10,082,411	9,813,125

Within operating lease charges, £2,811,181 related to contractual minimum rental charges. The remainder related to variable lease charges.

4 Employees

The average monthly number of persons employed by the company during the year was:

	2018 Number	2017 Number
Operations	742	743

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	12,906,357	12,143,005
Social security costs	1,090,330	1,022,558
Pension costs	166,346	166,164
	14,163,033	13,331,727

5 Other Operating income

	2018 £	2017 £
Other rental income	899,340	409,731

6 Directors' remuneration

None of the directors of the company were paid emoluments for their services to the company during the year. It is not considered practicable to allocate their remuneration between the companies which they are directors. Their remuneration is disclosed in the financial statements of the parent company, Grove Acquisitions Limited. No directors accrued benefits under defined contributions schemes during the year.

7 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	2,497	1,430
Other income from investments		
Gains on financial instruments measured at fair value through income statement	584,022	27,131
Total income	586,519	28,561

8 Interest payable and similar expenses

	2018	2017
	£	£
Interest on bank overdrafts and loans	1,394,804	1,417,779
Finance costs	67,911	67,911
	1,462,715	1,485,690

9 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	1,171,908	-
Adjustments in respect of prior periods	-	(492,288)
Total current tax	1,171,908	(492,288)
Deferred tax		
Origination and reversal of timing differences	268,523	310,132
Changes in tax rates	-	(91,307)
Adjustment in respect of prior periods	18,143	(376,029)
Total deferred tax	286,666	(157,204)
Total tax charge/(credit)	1,458,574	(649,492)

In addition to the amount charged/(credited) to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2018	2017
	£	£
Deferred tax arising on:		
Revaluation of property	601,841	3,459,152

9 Taxation **(Continued)**

The actual charge/(credit) for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	5,156,669	5,250,354
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	979,767	1,050,071
Tax effect of expenses that are not deductible in determining taxable profit	457	3,385
Adjustments in respect of prior years	-	(492,288)
Effect of change in corporation tax rate	(31,591)	(107,630)
Group relief	-	(1,047,262)
Depreciation on assets not qualifying for tax allowances	491,798	320,261
Deferred tax adjustments in respect of prior years	18,143	(376,029)
Taxation charge/(credit) for the year	1,458,574	(649,492)

10 Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2017 and 31 March 2018	8,100,520
Amortisation and impairment	
At 1 April 2017	4,374,281
Amortisation charged for the year	972,062
At 31 March 2018	5,346,343
Carrying amount	
At 31 March 2018	2,754,177
At 31 March 2017	3,726,239

Goodwill arose from the purchase of the trade and assets of the Renaissance London Heathrow Hotel in October 2012 and is being amortised over 8.33 years, being the remaining lease period at the time at acquisition.

11 Tangible fixed assets

	Leasehold property	Plant, machinery and vehicles	Fixtures, fittings and equipment	Total
	£	£	£	£
At 1 April 2017	82,123,635	2,243,013	2,330,369	86,697,017
Additions	309,000	229,508	833,216	1,371,724
Revaluation	3,126,817	-	-	3,126,817
Reclassification	(621,231)	-	639,637	18,406
At 31 March 2018	84,938,221	2,472,521	3,803,222	91,213,964
Depreciation and impairment				
At 1 April 2017	6,450,749	1,123,877	1,195,111	8,769,737
Depreciation charged in the year	3,590,962	300,670	659,083	4,550,715
Reclassification	(70,166)	-	88,572	18,406
At 31 March 2018	9,971,545	1,424,547	1,942,766	13,338,858
Carrying amount				
At 31 March 2018	74,966,676	1,047,974	1,860,456	77,875,106
At 31 March 2017	75,672,886	1,119,136	1,135,258	77,927,280

If the company's properties had not been revalued they would have been included at the following historical cost:

	2018	2017
	£	£
Leasehold	41,610,804	41,301,804

The company's properties were revalued on 31 March 2018 by the directors at open market value and the surplus was taken to the revaluation reserve.

12 Stocks

	2018	2017
	£	£
Finished goods and goods for resale	177,409	150,188

Stocks recognised in cost of sales during the period as an expense was £3,204,658 (2017: £3,284,353).

13 Debtors

Amounts falling due within one year:	2018 £	2017 £
Trade debtors	4,399,389	3,542,471
Corporation tax recoverable	-	391,792
Amounts owed by group undertakings	13,102,192	5,975,994
Other debtors	491,340	810,412
Prepayments and accrued income	489,929	215,370
	18,482,850	10,936,039

Amount owed by group undertakings are repayable on demand at the option of both the lender and borrower.

14 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	16	361,252	379,606
Trade creditors		1,440,019	1,332,765
Amounts due to group undertakings		1,852,515	1,350,282
Corporation tax		1,171,908	-
Other taxation and social security		1,565,213	1,811,176
Derivative financial instruments		339,369	923,391
Other creditors		1,276,365	1,210,855
Accruals and deferred income		3,033,298	2,636,661
		11,039,939	9,644,736

Amount owed to group undertakings are repayable on demand at the option of both the lender and borrower.

15 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	16	33,702,898	34,004,600

16 Loans and overdrafts

	2018	2017
	£	£
Bank loans	34,064,150	34,384,206

Analysis of the maturity of loans is given below:

	2018	2017
	£	£
Loan payable within 1 year		
Bank loan	532,500	488,125
Finance charges	(171,248)	(108,476)
Loan payable between 1 to 2 years		
Bank loan	532,500	532,500
Finance charges	(171,248)	(108,477)
Loan payable between 2 and 5 years		
Bank loan	33,400,625	33,933,125
Finance charges	(58,979)	(352,548)

The key terms of the loan is a maturity date of 15 August 2020 with interest charged at LIBOR plus a commercial margin. Where certain conditions are satisified, the company has an option to extend the maturity date to 15 August 2021.

The company has entered into a floating to fixed rate swap with a nominal amount of £26,900,000 with an expiration date of 15 August 2020. The swap is noted within financial instruments and is recorded at fair value with any changes taken to the income statement.

17 Provisions for liabilities

	Notes	2018	2017
		£	£
Deferred tax liabilities	18	8,533,976	7,645,469

18 Deferred taxation

The following are the major deferred tax liabilities recognised by the company and movements thereon:

Balances:	**2018** £	**2017** £
Accelerated capital allowances	1,120,467	933,084
Revaluations	7,471,202	6,869,361
Financial instruments revaluations	(57,693)	(156,976)
	8,533,976	7,645,469

Movements in the year:	**2018** £
Liability at 1 April 2017	7,645,469
Charge to profit or loss	286,666
Charge to other comprehensive income	601,841
Liability at 31 March 2018	8,533,976

None of the deferred tax liability is expected to reverse in the next 12 months.

19 Retirement benefit schemes

Defined contribution schemes	**2018** £	**2017** £
Charge to income statement in respect of defined contribution schemes	166,346	166,164

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

Defined contribution scheme recognised as a liability at the year end was £37,610 (2017: £27,989).

20 Share capital

	2018 £	**2017** £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	100	100

21 Profit and loss reserves

The company's reserves are as follows:

Called up share capital
Called up share capital represents the nominal value and shares issued.

Profit and loss account
The profit and loss account represents cumulative profit or losses, net dividends paid and other adjustments.

22 Operating lease commitments

Lessee
At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018	2017
	£	£
Within one year	4,769,499	4,769,499
Between two and five years	14,308,497	14,308,497
In over five years	89,825,561	94,595,060
	108,903,557	113,673,056

23 Related party transactions

The company is a wholly-owned subsidiary of the Arora Family Trust No.2 and utilises the exemption contained in Financial Reporting Standards 102 'Related Party Disclosures' not to disclose any transactions with wholly-owned entities that are part of the group.

24 Controlling party

The immediate parent of Grove HR Limited is Arora Hotels Limited, a company registered in the United Kingdom.

The ultimate parent entity of Grove HR Limited is Arora Family Trust No. 2, a regulated trust registered in Jersey, and the parent of the largest group for which group accounts are drawn up and of which the company is a member.

The ultimate controlling entity of the company is Link Trustee Services (Jersey) Limited, a regulated trust company administered in Jersey.

25 Contingent Liability

In May 2015, a loan facility was provided to AFT2 (OHC) Limited and its subsidiaries and Grove HR Limited, together, the 'Obligors'. The loan was secured by fixed and floating charges over the assets of the Obligors. As at 31 March 2018 the loan amounted to £129,738,087 (2017: £131,127,512).