

Company Registration No. 08123486 (England and Wales)

GROVE HR LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021



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 3 Newall Road London Heathrow Airport Hounslow England TW6 2TA
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 2021

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.

Section 172 statement

Section 172 of the Companies Act 2006 requires Directors to describe how they have had regard to various stakeholders associated with the company.

We have set out below information about how our Directors have had regard for our employees; business relationships with suppliers and customers; the impact of the company's operations on the community and environment; and the desirability of the company maintaining a reputation for high standards of business conduct.

Any likely consequences of decisions taken by the company in the long term are covered within the Review of Business section in the Strategic Report.

Employee Engagement

We address employee engagement as a holistic process which begins with the recruitment experience and continues throughout the employees' journey with us.

The Talent and Culture Team strive to create positive employee experiences by handling all the touch points of the recruitment process to ensure that the on-boarding truly engages new employees.

Engagement is an ongoing process throughout the year with regular reviews, employee events and several activities such as welcome to work, wellbeing week and family fun day. Employee wellbeing is critical so we have a number of measures in place to support our team, including a confidential wellbeing helpline. At the Arora Group, our employees are like our family so we work hard to ensure they feel valued, appreciated and happy.

Customer Engagement

Our Commercial and Hotel Customer Engagement Team primarily engages with corporate customers and hotel guests.

Corporate Customers

Engagement is predominantly managed by our Commercial Team who assess overall business growth opportunities in line with market conditions, market share gain opportunities and expectations from the Board and wider investment community. They then determine the appropriate mix and source of business required to achieve agreed revenue and profitability expectations which allows them to develop suitable plans to acquire and animate potential business opportunities.

Our Commercial Team engage with our corporate customers on a business to business level in several ways including through our Customer Engagement Team and Planning and Sales Team who help customers navigate their event needs and ensure all the contracted items and services are delivered successfully.

GROVE HR LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Hotel Guests and Transient Market

The Arora Group is a customer centric hotel company operating franchises through four eminent brand companies and using a total of 10 different brands. We closely monitor our guest feedback and quality matrix.

We are very proud of the achievements the hotels make in customer care and the relentless focus of our teams. We embrace brand initiatives such as 'Heartiest' for the Accor Brands or 'Delighted to Serve' for the Renaissance brand. We also supplement this with our own universal training conducted by external consultants with whom we have developed various courses over the years.

In addition, the hotel bonus structure for all hotel General Managers includes an element that reflects on guest service. The General Managers are also measured on a Balanced Scorecard system with guest care being a significant portion of measuring hotel achievements.

Suppliers Engagement Team

Our Purchasing Team has developed strong and enduring relationships with our suppliers. In order to ensure continued growth of these business relationships, our Supplier Engagement Team conduct regular review meetings. These take place either quarterly, every six months or annually depending on the particulars of each supplier relationship. During these meetings we assess changes in our business demand and where necessary begin the process of negotiating amendments or renewals of our formal contracts. We take counsel from our Operations Team to ensure that the goods and/or services provided are fit for purpose for our day to day business requirements. As such, we may include members of our Operations Team during review meetings where we or our suppliers deem it necessary.

We use a renegotiation calendar to help us monitor contract expiry dates so that we can ensure early engagement with suppliers to review and renew relationships. Our pro-active approach to managing supplier relationships has enabled us to create a long-standing business network which delivers innovative and competitive contracts across our business.

Environmental Sustainability

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>.

Maintaining a reputation for high standards of business conduct

To see more information on how the Arora Group maintains a reputation for high standards of business conduct, visit www.thearoragroup.com/about/strategy.

GROVE HR LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Review of Business

Holiday Inn, Heathrow T5

The Holiday Inn T5 shuttered in March 2020 shortly after the first lock down and remained shuttered for the entire financial year. Most staff were made redundant with a core team of five people retained to ensure the hotel was kept secure and maintained during the period.

The hotel was reopened with limited services in January 2021 to accommodate contracted guests on a reduced rate, which meant that revenue was significantly lower than last year.

Renaissance London Heathrow

With most hotels at Heathrow Airport closing at the end of March 2020 due to COVID-19, Renaissance remained open to help accommodate staff within the UK's National Health Service and contracted air crew for those airlines that continued to fly.

In what was a challenging year for the hotel market, revenue decreased to £5,731,774 (2020: £20,793,822). Payroll costs were impacted due to many redundancies being made in the year to reflect the downturn in trading volume.

With predictions that the aviation industry would take over 3 years to recover to pre-pandemic levels of trade and with the direct correlation between the hotels trading levels and air travel demand, the entire structure of the hotel was reviewed with the aim of reshaping it to reflect the new anticipated demand levels over the next 2 to 3 years.

On a positive note, the hotel was chosen and contracted by the DHSC as a designated quarantine hotel for travellers returning from red list countries from the middle of February 2021.

Arora Crawley

The hotel re-opened from May 2020 following the shuttering of the hotel before year end because of the COVID-19 pandemic.

Despite the hotel trading in a difficult market with passenger numbers dropping since March 2020, the hotel performed admirably well in the year achieving EBITDAR of £454,669 (2020: £4,722,111). The reasons were down to several initiatives were in place to support conversion, including detailed review of prioritising of expenses as well as full use of the Furlough scheme.

In response to the downturn in the hospitality trade, the company has restructured the hotel team making numerous redundancies in the year. The restructuring has enabled the hotel to consolidate some departments and have a leaner management team to increase productivity and efficiency once demand returns.

GROVE HR LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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:

	2021	2020
	£	£
Turnover	7,964,260	49,230,586
Trading EBITDA	(384,197)	11,216,088

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 7 key indicators of the health of the business. The hotels have performed satisfactorily in all categories despite the economic climate.

Principal risks and uncertainties

The main financial risks arising from the company's activities are COVID-19 risk, credit risk, interest rate risk and liquidity risk. These are monitored by the board of directors and only COVID-19 was considered to be significant at the balance sheet date.

The COVID-19 outbreak at the end of the financial year has had a significant impact on the operations of the hotel after year end and across the whole hospitality sector in the UK. It is uncertain to know the future impacts this will have on future trading as the situation is continuously changing. Further details of the directors assessment are given in note 1.2 in the financial statements.

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 employees. This includes 'Way Ahead Meetings', 'Staff Consultative Committee Meetings', the quarterly and annual 'Arora Stars' employee recognition scheme and the group internal newsletter.

GROVE HR LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

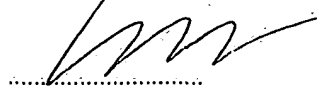
Future Developments

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

Going Concern

The directors assessment on going concern can be found in note 1 of this report.

On behalf of the board



Carlton Brown

Director

14th October 2021

GROVE HR LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities

The principal activity of the company continued to be that of a 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

Results and dividends

The results for the year are set out on page 12.

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

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Streamlined Energy and Carbon Reporting ("SECR")

Requirements for SECR have been introduced under the Companies Act 2006 and are detailed in HM Government's "Environmental Reporting Guidelines" dated March 2019.

SECR came into force on 1st April 2019 and applies to large company reporting years starting on or after 1st April 2019. The below reports on energy use, greenhouse gas emissions and provide a narrative on actions undertaken to reduce such energy use and emissions by the company.

To see more information about the energy efficiency action taken by the organisation, please visit <https://thearoragroup.com/about/policy-position/environmentalsustainability>.

GROVE HR LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
Energy consumption used to calculate emissions: /kWh (optional to provide separate figures for gas, electricity, transport fuel and other energy sources)	14,283,017	35,047,894
Emissions from combustion of gas tCO ₂ e (Scope 1)	1,718	4,660
Emissions from purchased electricity (Scope 2, location-based)	1,152	2,480
Total gross CO₂e based on above	2,870	7,140
Methodology	GHG Protocol Corporate Standard	GHG Protocol Corporate Standard
Emissions from generation of electricity that is consumed in a transmission and distribution system for which the company does not own or control (Scope 3) / tCO ₂ e	99	211
Total gross Scope 3 emissions / tCO₂e	99	211
Total gross Scope 1, Scope 2 [location] & Scope 3 emissions / tCO₂e	2,969	7,351
Total annual net emissions / tCO₂e	2,969	7,351
Additional intensity ratio: tCO ₂ e net figure / £100,000 revenue	37.27	14.93
Third Party verification	Report independently prepared	Report independently prepared

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 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 statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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.

GROVE HR LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

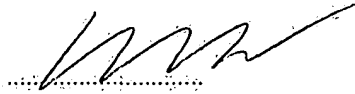
Statement of disclosure to auditor

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



Carlton Brown
Director

Date: 6th October 2021

GROVE HR LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GROVE HR LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its loss 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.

We have audited the financial statements of Grove HR Limited (the 'Company') for the year ended 31 March 2021 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).

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.

Independence

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.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which explains the Directors' considerations over going concern including the potential impacts of Covid-19 and the potential need for additional funds. At this stage it is unclear whether the company will require additional funding and if it does whether this could be obtained. As stated in note 1, these conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in this matter.

Emphasis of matter – significant estimation uncertainty in relation to hotel valuations

We draw attention to note 2 to the financial statements which explains that as a result of the impact of the Covid-19 on the market, the Directors have advised that less certainty and a higher degree of caution should be attached to their property valuations than would normally be the case. In particular, the Directors have had to exercise judgement in respect of occupancy rates and consequently expected future EBITDA. Our opinion is not modified in respect of this matter.

GROVE HR LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GROVE HR LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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 or the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration 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 Statement of Directors' Responsibilities, 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.

GROVE HR LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF GROVE HR LIMITED

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the significant laws and regulations to be those relating to the industry, financial reporting framework and tax legislation.
- We held discussions with management and the Board to consider any known or suspected instances of non-compliance with laws and regulations or fraud identified by them.
- Based on the understanding obtained we designed audit procedures to identify non-compliance with the laws and regulations, as noted above. This included enquiries of local and group Management, review of Board minutes, and reviews of relevant correspondence.
- We tested journal entries, focusing on journal entries containing characteristics of audit interest such as manual journals and journals relating to revenue.
- We tested and challenged the key estimates and judgements made by management in preparing the financial statements for indications of bias or management override when presenting the results and financial position of the Company.
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.


Marc Reinecke (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor
London

Date 04 October 2021

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 2021

	Notes	2021 £	2020 £
Turnover		7,964,260	49,230,586
Cost of sales		(632,577)	(2,736,230)
Gross profit		7,331,683	46,494,356
Administrative expenses		(14,020,883)	(42,020,040)
Other operating income	5	3,686,746	772,077
Operating (loss)/profit	3	(3,002,454)	5,246,393
Interest receivable and similar income	7	-	76,274
Interest payable and similar expenses	8	(399,817)	(978,689)
(Loss)/profit before taxation		(3,402,271)	4,343,978
Tax on (loss)/profit	9	(202,067)	(135,525)
(Loss)/profit for the financial year		(3,604,338)	4,208,453

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 2021

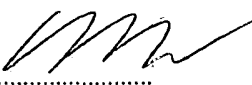
	2021 £	2020 £
(Loss)/profit for the year	<u>(3,604,338)</u>	<u>4,208,453</u>
Other comprehensive income		
Revaluation of tangible fixed assets	2,280,539	3,583,963
Tax relating to other comprehensive income	<u>(53,810)</u>	<u>(1,591,787)</u>
Other comprehensive income for the year	<u>2,226,729</u>	<u>1,992,176</u>
Total comprehensive loss for the year	<u>(1,377,609)</u>	<u>6,200,629</u>

GROVE HR LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11	46,191,493		46,330,636	
Current assets					
Stocks	12	141,859		129,544	
Debtors	13	50,015,627		52,971,801	
Cash at bank and in hand		784,229		61,423	
		50,941,715		53,162,768	
Creditors: amounts falling due within one year	14	(14,762,103)		(16,000,567)	
Net current assets		36,179,612		37,162,201	
Total assets less current liabilities		82,371,105		83,492,837	
Provisions for liabilities	16	(6,891,218)		(6,635,341)	
Net assets		75,479,887		76,857,496	
Capital and reserves					
Called up share capital	19	100		100	
Revaluation reserve		25,450,822		24,750,721	
Profit and loss reserves	20	50,028,965		52,106,675	
Total equity		75,479,887		76,857,496	

The financial statements were approved by the board of directors and authorised for issue on 4/10/21 and are signed on its behalf by:


.....
Carlton Brown
Director

Company Registration No. 08123486

GROVE HR LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 April 2019	100	47,784,262	22,872,505	70,656,867
Year ended 31 March 2020:				
Profit for the year	-	-	4,208,453	4,208,453
Other comprehensive income:				
Revaluation of tangible fixed assets - leasehold property	-	3,583,963	-	3,583,963
Deferred tax on revaluation of leasehold property	-	(1,591,787)	-	(1,591,787)
Total comprehensive income for the year	-	1,992,176	4,208,453	6,200,629
Transfers of difference between depreciation based on historical and revalued amount	-	(1,598,363)	1,598,363	-
Transfer of disposal of leasehold property	-	(23,427,354)	23,427,354	-
Balance at 31 March 2020	100	24,750,721	52,106,675	76,857,496
Year ended 31 March 2021:				
Loss for the year	-	-	(3,604,338)	(3,604,338)
Other comprehensive income:				
Revaluation of tangible fixed assets - leasehold property	-	2,280,539	-	2,280,539
Deferred tax on revaluation of leasehold property	-	(53,810)	-	(53,810)
Total comprehensive income for the year	-	2,226,729	(3,604,338)	(1,377,609)
Transfer of difference between depreciation based on historical and revalued amount	-	(1,526,628)	1,526,628	-
Balance at 31 March 2021	100	25,450,822	50,028,965	75,479,887

GROVE HR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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 3, Newall Road, London Heathrow Airport, Hounslow, England, TW6 2TA.

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.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

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 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 3, Newall Road, London Heathrow Airport, Hounslow, TW6 2TA.

GROVE HR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.2 Going concern

The COVID-19 outbreak in early 2020 has had a significant impact on the operations of the company, as it has on all UK hotels, however, it appears that business is returning now that restrictions are lifting with many sectors benefitting from pent-up demand, in particular in the leisure market.

The directors have modelled cash flow forecasts for a period of 18 months from the date of approval of these accounts which include a ramp up in trading, albeit to a lower level than pre-COVID-19. These forecasts include a level of judgement specifically around occupancy which is reliant on air travel increasing over time, however, the directors are confident the company will be cash generative, hence the financial statements are drawn up on a going concern basis.

Therefore, the expectation of the directors is that they will be able to meet liabilities as they fall due over a period of at least 12 months from the date of approval of these financial statements and therefore they have continued to prepare the financial statements on a going concern basis.

The Company together with another company, AFT2 (OHC) Limited, which is controlled by the same ultimate controlling party is an obligor to a loan facility over £71m. The loan has been refinanced in August 2021 and is due for refinancing in August 2022. The Directors expect that they will be able to refinance the loan but this is not guaranteed.

If the loan can't be re-financed then the Company may require additional funding. At this stage it is unclear whether the Company will require additional funding, and if it does whether this could be obtained which indicates a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on a basis other than the going concern basis.

The directors consider that they will be able to raise additional finance and hence the financial statements are drawn up 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.

GROVE HR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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 benefited.

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.

GROVE HR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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.

GROVE HR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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 through 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.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

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.

GROVE HR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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.

GROVE HR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.13 Government grants

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

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

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in the income statement.

1.15 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.

1.16 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.

1.17 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.

GROVE HR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

2 Judgements and key sources of estimation uncertainty

Some of the significant accounting policies require management to make difficult, subjective or complex judgements or estimates. The following is a summary of those policies which management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements.

Property portfolio valuation

The hotel properties are stated at fair value, as accounted for by the directors. The valuation is on the basis of market value, which is defined in the RICS Valuation Standards as:

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The hotel properties are revalued at each year end at market value by the directors with the surplus being taken to the revaluation reserve.

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. As such, as at the 31 March 2020 the external valuers were faced with an unprecedented set of circumstances on which to base a judgement. The valuations across all asset classes were therefore reported on the basis of "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global.

Consequently, less certainty – and a higher degree of caution – was attached to the valuations provided than would normally be the case. As at the 31 March 2021, the material valuation clause has been lifted within the UK office sector for the purposes of these valuations. The material valuation uncertainty clause has not, however, been lifted in the leisure and hospitality sectors, including hotel properties.

Where a valuation was obtained on or before 31 March 2021 the external valuers have confirmed that the inclusion of the "material valuation uncertainty" declaration does not mean that the valuations for hotels cannot be relied upon. Rather, the phrase is used in order to be clear and transparent with all parties, in a professional manner that – in the current extraordinary circumstances – less certainty, and a higher degree of caution, should be attached to these valuations than would otherwise be the case.

Where the Directors have not commissioned a valuation but have performed the valuation through internal experts the same level of "material valuation uncertainty" applies to these valuations.

The valuation considers a range of assumptions including future EBITDA which is dependent on occupancy rates and ultimately on the level of passenger numbers travelling through the airport, investment yields, anticipated outgoings and maintenance costs, future development expenditure and appropriate discount rates. As domestic and international travel continues to be severely restricted occupancy rates and consequently expected future EBITDA has the most impact on valuations resulting in the material uncertainty.

GROVE HR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

3 Operating (loss)/profit

	2021	2020
	£	£
Operating (loss)/profit for the year is stated after charging:		
Auditors remuneration	34,291	53,489
Depreciation of owned tangible fixed assets	2,618,257	4,187,580
Amortisation of intangible assets	-	972,062
Impairment of intangible assets	-	810,053
Hire of plant and machinery	62	40,481
Operating lease charges - variable rent	959,345	7,710,675

4 Employees

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

	2021	2020
	Number	Number
Operations	350	559

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	6,161,352	11,083,192
Social security costs	423,761	995,798
Pension costs	152,274	271,156
	6,737,387	12,350,146

5 Other operating income

	2021	2020
	£	£
Other rental income	159,673	772,077
Government grants - Coronavirus job retention scheme	3,527,073	-
	3,686,746	772,077

GROVE HR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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 contribution schemes during the year.

7 Interest receivable and similar income

	2021 £	2020 £
Other income from investments		
Gains on financial instruments measured at fair value through the income statement	-	76,274

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and loans	344,600	910,592
Finance costs	55,217	68,097
	<u>399,817</u>	<u>978,689</u>

9 Taxation

	2021 £	2020 £
Current tax		
Adjustments in respect of prior periods	-	483
Deferred tax		
Origination and reversal of timing differences	75,988	43,392
Changes in tax rates	-	146,305
Adjustment in respect of prior periods	126,079	(54,655)
Total deferred tax	<u>202,067</u>	<u>135,042</u>
Total tax charge	<u>202,067</u>	<u>135,525</u>

GROVE HR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

9 Taxation

(Continued)

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

	2021 £	2020 £
(Loss)/profit before taxation	(3,402,271)	4,343,978
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(646,431)	825,356
Tax effect of expenses that are not deductible in determining taxable profit	26,951	-
Adjustments in respect of prior years	-	483
Effect of change in tax rate	-	146,305
Group relief	477,099	(1,148,783)
Depreciation on assets not qualifying for tax allowances	218,369	366,819
Deferred tax adjustments in respect of prior years	126,079	(54,655)
Taxation charge for the year	202,067	135,525

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

	2021 £	2020 £
Deferred tax arising on:		
Revaluation of property	53,810	1,591,787

10 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in the income statement.

	2021 £	2020 £
In respect of:		
Goodwill	-	810,053
Recognised in:		
Administrative expenses	-	810,053

GROVE HR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

11 Tangible fixed assets

	Leasehold property £	Plant, machinery and vehicles £	Fixtures, fittings and equipment £	Total £
At 1 April 2020	55,711,531	2,974,393	3,020,030	61,705,954
Additions	27,783	152,409	18,383	198,575
Revaluation	2,280,539	-	-	2,280,539
At 31 March 2021	58,019,853	3,126,802	3,038,413	64,185,068
Depreciation and Impairment				
At 1 April 2020	11,416,795	1,962,095	1,996,428	15,375,318
Depreciation charged in the year	1,997,329	309,929	310,999	2,618,257
At 31 March 2021	13,414,124	2,272,024	2,307,427	17,993,575
Carrying amount				
At 31 March 2021	44,605,729	854,778	730,986	46,191,493
At 31 March 2020	44,294,736	1,012,298	1,023,602	46,330,636

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

	2021 £	2020 £
Leasehold	16,116,856	16,053,383

The company's properties were revalued on 31 March 2021 by the directors at open market value and the surplus was taken to the revaluation reserve. Further details of the judgements made are given in note 2.

12 Stocks

	2021 £	2020 £
Finished goods and goods for resale	141,859	129,544

Stocks recognised in cost of sales during the period as an expense was £546,815 (2020: £2,787,538).

GROVE HR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

13 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	542,249	2,708,466
Corporation tax recoverable	537,396	2,206,266
Amounts owed by group undertakings	48,549,046	47,735,021
Other debtors	274,647	154,371
Prepayments and accrued income	112,289	167,677
	<u>50,015,627</u>	<u>52,971,801</u>

At the year end amounts 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	2021 £	2020 £
Bank loans and overdrafts	15	12,393,161	12,640,441
Trade creditors		615,132	670,378
Amounts due to group undertakings		388,357	771,991
Other taxation and social security		79,526	359,674
Other creditors		319,962	472,981
Accruals and deferred income		965,965	1,085,102
		<u>14,762,103</u>	<u>16,000,567</u>

At the year end amounts owed to group undertakings and related parties are repayable on demand at the option of both the lender and borrower.

15 Loans and overdrafts

	2021 £	2020 £
Bank loans	<u>12,393,161</u>	<u>12,640,441</u>

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Loan payable within 1 year		
Bank loan	12,405,566	12,686,816
Finance charges	<u>(12,405)</u>	<u>(46,375)</u>

GROVE HR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

15 Loans and overdrafts

(Continued)

The key terms of the loan is a maturity date of 16 August 2021 with interest charged at LIBOR plus a commercial margin. After the year end, the company extended the loan facility and it will be repaid or refinanced on 16 August 2022. There are no longer any covenant tests as part of the facility.

16 Provisions for liabilities

	Notes	2021 £	2020 £
Deferred tax liabilities	17	6,891,218	6,635,341

17 Deferred taxation

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

Balances:	2021 £	2020 £
Accelerated capital allowances	1,518,596	1,311,280
Revaluations	5,419,667	5,365,857
Retirement benefit obligations	(5,249)	-
Financial instruments revaluations	(41,796)	(41,796)
	<u>6,891,218</u>	<u>6,635,341</u>

Movements in the year:

	£
Liability at 1 April 2020	6,635,341
Charge to income statement	202,067
Charge to other comprehensive income	53,810
Liability at 31 March 2021	<u>6,891,218</u>

The net reversal of deferred tax liability expected during the year ending 31 March 2022 is £90,000. This is expected to arise as a result of reversal of the depreciation acceleration.

GROVE HR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

18 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to income statement in respect of defined contribution schemes	152,274	271,156

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 payment accrual recognised as a liability at the year end was £27,642 (2020: £61,392).

19 Share capital

	2021	2020
	£	£
Ordinary share capital Issued and fully paid 100 Ordinary shares of £1 each	100	100

20 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 reserves

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

Revaluation reserve

Represents the cumulative unrealised valuation movement on investment properties, which is transferred from the profit and loss reserves, net of any deferred tax.

21 Events after the reporting date

Loan facility extension

On 16 August 2021, the company entered into a 12 month extension on its existing loan facility until 16 August 2022. As part of the extension, there is no further financial covenant testing for the remainder of the loan facility.

22 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.

GROVE HR LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2021**

23 Ultimate 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 Apex Financial Services (Trustees) Limited, a regulated trust company administered in Jersey.

24 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 is secured by fixed and floating charges over the assets of the Obligors. As at 31 March 2021 the loan amounted to £71,929,566 (2020: £73,423,941).