

HIN Gloucester Limited

Annual report and financial statements

Registered number 09451320

31 March 2021



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Officers and professional advisor

Directors

Jonathan Patrick Braidley	Appointed on 25 May 2021
Bhriz Holloway	Appointed on 25 May 2021
Christopher Andre Kula	Appointed on 25 May 2021
Christopher David Elkins	Appointed on 02 December 2020 and resigned on 25 May 2021
Neil Jonathan Robson	Appointed on 02 December 2020 and resigned on 25 May 2021
Raoul René Hofland	Resigned on 25 May 2021
Gerardus Johannes Schipper	Resigned on 25 May 2021

Secretary

Intertrust (UK) Limited

Registered office

Queens Court
9-17 Eastern Road, Romford
Essex
RM1 3NG

Independent auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Directors' report

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

Principal activity

The principal activities of company are the acquisition, management and sale of investment property in the United Kingdom. The largest group in which the results of the Company are consolidated is that headed by HIN JB Limited, incorporated in Jersey. The smallest group in which they are consolidated is that headed by HICP Holdings Limited, incorporated in the UK.

Directors

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

Jonathan Patrick Braidley	Appointed on 25 May 2021
Bhriz Holloway	Appointed on 25 May 2021
Christopher Andre Kula	Appointed on 25 May 2021
Christopher David Elkins	Appointed on 02 December 2020 and resigned on 25 May 2021
Neil Jonathan Robson	Appointed on 02 December 2020 and resigned on 25 May 2021
Raoul René Hofland	Resigned on 25 May 2021
Gerardus Johannes Schipper	Resigned on 25 May 2021

Dividends

No dividends were declared for the year ended 31 March 2021 (2020: £nil).

Business review

The loss for the year, after taxation, is £2,326,000 (2020: loss of £2,473,000).

The investment property is held for capital appreciation. The value of the investment property has decreased during the year by £1,800,000 (2020: decreased £1,900,000). The movement in fixed assets of £10,000 is caused by a depreciation of the financial lease.

The Company applies FRS101 - Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking, HICP Holdings Limited, was notified of and did not object to the use of the disclosure exemptions.

Key financial indicators

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

Turnover (continuing operations): £456,000 (2020: £446,000)
Loss for the financial year: £2,326,000 (2020: loss of £2,473,000)
Valuation of the investment property £6,579,000 (2020: £8,389,000)

Brexit related risks

Initially as we exited Europe in early 2020, the Group had highlighted several risks around Brexit, which included shortages of staff and recruitment of EU citizens, food and beverage cost increases, supply chain issues and short-term sales decline as companies adapted to the new rules.

The COVID-19 pandemic started to manifest itself in early March 2020 and the Hotels were mandated to shut in mid-March 2020, which resulting in the Brexit risks disappearing as the focus switched to managing through the pandemic and new government rules of lockdowns, tiered openings and then subsequent further lockdowns.

Looking forwards the challenges around the supply chain caused by COVID-19 and the shortage of quality staff will be the biggest risks for the foreseeable future.

Covid-19 related risks

All hotels operated by the Group closed to the general public in late March 2020 due to the coronavirus ("COVID-19") pandemic and re-opened in July 2020. Further lockdowns and restrictions were seen in late 2020 and early 2021 but all hotels remained open throughout to support key workers.

The COVID-19 pandemic has had a significant adverse impact on revenue, profitability, cashflows, valuations and reserves, however the directors have availed of government assistance and other self-help measures, where possible, to manage liquidity in the immediate short term.

The Group's liquidity continued to be adversely impacted as restrictions remained in place until the late spring 2021. The sale of the portfolio in May 2021, resulted in a significant improvement in liquidity through new debt and equity investment on the portfolio. Further COVID-19 restrictions were introduced in Winter 2021 due to Omicron and this had subsequent negative impact on economic activity, but the group had secured a number of key worker contracts which helped mitigate a proportion of the trading effect of the restrictions. The Company may experience further negative results should restrictions be re-introduced in 2022 but with key worker contracts in place, the business aims to minimise this.

Going concern

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

The Company is part of the group of companies headed by HIN JB Limited (the "wider Group") and its activities are that of an investment property holding company. As a result, the ability of the Company to continue as a going concern is based on the ability of the wider Group to continue as a going concern and to generate sufficient cash flows to repay its external loans.

All hotels operated by the wider Group closed to the general public in late March 2020 due to the coronavirus ("COVID-19") pandemic and re-opened in July 2020. Further lockdowns and restrictions were seen in late 2020 and early 2021 but all hotels remained open throughout to support key workers. This closure and follow-on restrictions have had a significant negative impact on revenue, profitability, cash flows, valuations and reserves, however the directors have availed of government assistance and other self-help measures, where possible, to manage liquidity in the immediate short term.

The wider Group's ultimate parent was previously owned by a private equity group, the private equity owners decided to sell the wider Group in 2020, which completed in late May 2021. The new directors prepared cashflow forecasts reflecting their best estimate of trading activity for the cross-collateralised wider Group for the period up to June 2023, based on the significant improvement in the trading environment since the restrictions have been eased in Summer 2021, which indicate that the wider Group is expected to have sufficient funds available to meet all operating and debt service commitments over that period. The wider Group is forecasting average occupancy for the 12 months to June 2023 of 77% which is prudent in comparison to average occupancy achieved for the 12 months to March 2020 (i.e. pre-COVID-19). The directors acknowledge that their forecasts and the related funding requirements include several critical assumptions and are, in particular, highly sensitive to assumptions about market demand as the wider Group operates with the continuing fall out of COVID-19.

The wider Group benefited post acquisition from a 5-year facility with its external lenders totalling £143,250,000. As part of these arrangements, the Group's external lenders have agreed to not test the covenants for the initial three years up to 15 August 2024. As part of the agreement, Bryant Park Hospitality S.A.R.L., the immediate parent, is required to inject 35% of the required funding before the Group is able to drawdown on the available funds. As such, the forecasts are dependent on the required funding as set out in the loan agreement with the external lenders. The ultimate shareholder, Marathon ECO IV SCA SICAV-RAIF has indicated its intention to continue to make available such funds as are needed by the Group for the period covered by the forecasts. As with any Group placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

On this basis, the directors have a reasonable expectation that they will have adequate liquidity to allow the Company to continue their activities for a period of not less than 12 months from the date of approval

of these financial statements. This is in part due to strong relationships with external debt providers and the ongoing support of its shareholder.

The directors acknowledge however that the uncertain trading environment caused by COVID-19 and its impact on profitability and cash generation as outlined above but the subsequent sale and new bank facilities has removed the significant doubt over the Company's ability to continue as a going concern. Having assessed these matters, the directors continue to have a reasonable expectation that the Company will have adequate liquidity to continue their activities for the foreseeable future and ensure all debts can be discharged as they fall due. Accordingly, they continue to adopt the going concern basis in preparing the Company financial statements.

Future developments

The private equity owners decided to sell the wider Group in late 2020, which completed in late May 2021.

The new owners Bryant Park Hospitality SARL, acquired the Group with the intention to invest in the portfolio, including up-branding several the Hotels and ensuring the hotels are in the prime condition to maximise from the economic recovery post COVID-19.

The ownership change allowed the Group to be restructured allowing for the overall financial position to be significantly improved. The Group now benefits post acquisition from a 5-year facility with its external lenders, as part of these arrangements, the Group's external lenders have agreed to not test the covenants for the initial years.

Financial instruments

The Company finances its activities through operating cash flow and a loan from a related party. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities. There are no other financial instruments which are being used by the Company.

Political contributions

The Company did not make any political contributions during the year (2020: £nil).

Disclosure of information to auditor

The directors who were members of the board at the time of approving the directors' report are listed on page 3. Each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487(2) of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Small company provisions statement

This Directors' Report has been prepared in accordance with the provision applicable to companies applying the small companies' exemption. The Company has also applied the small companies' exemptions where it is not required to prepare a strategic report.

By order of the board

C. A. Kula
Director



09th June 2022

Queens Court
9-17 Eastern Road, Romford
Essex
RM1 3NG

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIN GLOUCESTER LIMITED

Opinion

We have audited the financial statements of HIN Gloucester Limited ("the company") for the year ended 31 March 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

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 UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

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

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

Our conclusions based on this work:

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – a ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of directors as to the company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.



- Reading Board meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

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

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there are limited judgements and revenue is simple in nature as it relates to rental income generated from a fellow group company, therefore reducing the opportunity and incentive to commit fraud.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included:
 - Journal entries made to investment properties with unusual corresponding entries.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

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

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

Whilst the company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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



Directors' report

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

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

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

Matters on which we are required to report by exception

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

- a adequate accounting records have not been kept, or returns a adequate for our a audit have not been received from branches not visited by us; or
- the financial statements are not in a agreement with the a accounting records and returns; or
- certa in disclosures of directors' remuneration specified by law are not made; or
- we have not received a ll the information and explanations we require for our a audit; or
- the directors were not entitled to take a dvantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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



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

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

A handwritten signature in black ink, appearing to read 'Chrissy Douka'.

Chrissy Douka (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
Date: 14th June 2022

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 March 2021

		Year ended 31 March 2021	Year ended 31 March 2020
	Note	£000	£000
Turnover	2	456	446
Gross profit		456	446
Administrative expenses	3	(5)	(13)
Other operating income	3	26	-
Operating profit		477	433
Fair value movement on investment property	5	(1,800)	(1,900)
Interest payable and similar expenses	6	(1,003)	(1,006)
Loss before taxation		(2,326)	(2,473)
Tax on (loss) / profit	7	-	-
Loss for the financial year		(2,326)	(2,473)

There is no other comprehensive income during the year.

The above results were derived from continuing operations.

The accompanying notes on pages 16 - 25 form an integral part of the financial statements.

Company registered number: 09451320

Balance Sheet
As at 31 March 2021

	Note	As at 31 March 2021	As at 31 March 2020
		£000	£000
Fixed assets			
Investment property	8	6,579	8,389
Creditors: (amounts falling due within one year)	9	(80)	(106)
Net current liabilities		(80)	(106)
Total assets less current liabilities		6,499	8,283
Non-current liabilities			
Creditors: (amounts falling due after more than one year)	10	(12,312)	(11,770)
Financial lease liability	11	(866)	(866)
		(13,178)	(12,636)
Net liabilities		(6,679)	(4,353)
Capital and reserves			
Called up share capital	12	990	990
Profit and loss account		(7,669)	(5,343)
Shareholders' deficit		(6,679)	(4,353)

The accompanying notes on pages 16 - 25 form an integral part of the financial statements.

These financial statements were approved by the board of directors on 09th June 2022 and were signed on its behalf by:

C. A. Kula
Director



Queens Court
9-17 Eastern Road, Romford
Essex
RM1 3NG

Company Registered number: 09451320

Statement of Changes In Equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 31 March 2019	990	(2,870)	(1,880)
Loss for the year	-	(2,473)	(2,473)
Total other comprehensive income	-	-	-
Total comprehensive Income for the year	-	(2,473)	(2,473)
Balance at 31 March 2020	990	(5,343)	(4,353)

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 31 March 2020	990	(5,343)	(4,353)
Loss for the year	-	(2,326)	(2,326)
Total other comprehensive income	-	-	-
Total comprehensive Income for the year	-	(2,326)	(2,326)
Balance at 31 March 2021	990	(7,669)	(6,679)

The accompanying notes on pages 16 - 25 form an integral part of the financial statements.

Notes (forming part of the financial statements)

1 Accounting policies

HIN Gloucester Limited (the "Company") is a company incorporated and domiciled in England, United Kingdom. The Company is a private company limited by shares. The registered number is 09451320 and the registered address is Queens Court, 9-17 Eastern Road, Romford, RM1 3NG, United Kingdom.

Basis of Preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") as modified by the lease associated with the investment property being recognised as a finance lease.

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

The results of HIN Gloucester Limited are included in the consolidated financial statements of HICP Holdings Limited, which are available at the Companies House.

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

- a Cash Flow Statement and related notes;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures in respect of capital management.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The principal accounting policies adopted by the Company are set out in note 1.

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

1.1 Measurement convention

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

Notes (continued)

1.2 Going concern

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

The Company is part of the group of companies headed by HIN JB Limited (the "wider Group") and its activities are that of an investment property holding company. As a result, the ability of the Company to continue as a going concern is based on the ability of the wider Group to continue as a going concern and to generate sufficient cash flows to repay its external loans.

All hotels operated by the wider Group closed to the general public in late March 2020 due to the coronavirus ("COVID-19") pandemic and re-opened in July 2020. Further lockdowns and restrictions were seen in late 2020 and early 2021 but all hotels remained open throughout to support key workers. This closure and follow-on restrictions have had a significant negative impact on revenue, profitability, cash flows, valuations and reserves, however the directors have availed of government assistance and other self-help measures, where possible, to manage liquidity in the immediate short term.

The wider Group's ultimate parent was previously owned by a private equity group, the private equity owners decided to sell the wider Group in 2020, which completed in late May 2021. The new directors prepared cashflow forecasts reflecting their best estimate of trading activity for the cross-collateralised wider Group for the period up to June 2023, based on the significant improvement in the trading environment since the restrictions have been eased in Summer 2021, which indicate that the wider Group is expected to have sufficient funds available to meet all operating and debt service commitments over that period. The wider Group is forecasting average occupancy for the 12 months to June 2023 of 77% which is prudent in comparison to average occupancy achieved for the 12 months to March 2020 (i.e. pre-COVID-19). The directors acknowledge that their forecasts and the related funding requirements include several critical assumptions and are, in particular, highly sensitive to assumptions about market demand as the wider Group operates with the continuing fall out of COVID-19.

The wider Group benefited post acquisition from a 5-year facility with its external lenders totalling £143,250,000. As part of these arrangements, the Group's external lenders have agreed to not test the covenants for the initial three years up to 15 August 2024. As part of the agreement, Bryant Park Hospitality S.A.R.L., the immediate parent, is required to inject 35% of the required funding before the Group is able to drawdown on the available funds. As such, the forecasts are dependent on the required funding as set out in the loan agreement with the external lenders. The ultimate shareholder, Marathon ECO IV SCA SICAV-RAIF has indicated its intention to continue to make available such funds as are needed by the Group for the period covered by the forecasts. As with any Group placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

The directors acknowledge however that the uncertain trading environment caused by COVID-19 and its impact on profitability and cash generation as outlined above but the subsequent sale and new bank facilities has removed the significant doubt over the Company's ability to continue as a going concern. Having assessed these matters, the directors continue to have a reasonable expectation that the Company will have adequate liquidity to continue their activities for the foreseeable future and ensure all debts can be discharged as they fall due. Accordingly, they continue to adopt the going concern basis in preparing the Company financial statements.

Notes (continued)

1.3 Financial Instruments

Trade and other debtors

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

Trade and other creditors

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

1.4 Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value.

In applying the fair value model in IAS 40 Investment Property:

i. investment properties are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise. Rental income from investment property is accounted for as described in the turnover accounting policy.

ii. no depreciation is provided in respect of investment properties applying the fair value model.

iii. At the commencement of the lease term, lessees recognise finance leases as assets and liabilities in their statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

Notes (continued)

1.5 Impairment

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

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

1.6 Turnover

Rents received under operating leases are credited to the profit and loss account on a straight-line basis over the lease term.

1.7 Expenses

Interest payable and similar charges include interest payable, and finance leases recognised in profit or loss using the effective interest method and unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Interest payable is recognised in profit or loss as it accrues, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Notes (continued)

1.8 Taxation

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

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

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

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

2 Turnover

Turnover, which is stated in the profit and loss account net of value added tax, represents rent receivable from the investment property. The turnover and profit before tax are attributable to one principal activity of the Company and all within the United Kingdom. Rents received under operating leases in the year ended 31 March 2021 amounted to £456,000 (2020: ££446,000).

3 Expenses and auditor's remuneration

Operating income for the year ended 31 March 2021 amount to £21,000 (2020: Expense £13,000) of which £26,000 (2020: Expense £9,000) were in relation to a write off of historic accruals and creditors as part of the presale of the post year end acquisition. Auditor's remuneration for the year ended 31 March 2021 amount to £4,667 (2020: £4,516). The fees are paid and disclosed in the financial statements of the parent company, HICP Holdings Limited.

During the financial year, no persons were employed at the entity.

4 Directors' remuneration

In the current year the directors' remuneration, amounting to £nil for all entities within the HIN JB Limited Group, was borne by the Cerberus Group, the ultimate parent at the balance sheet date. During the year the Company's allocation of the directors' remuneration is immaterial.

5 Fair value movement on investment property

The fair value movement on investment property amounted a decrease of £1,800,000 (2020: £1,900,000). The movement in fixed assets of £10,000 is caused by a depreciation of the financial lease. Refer to note 8 for more details regarding the valuation.

6 Interest payable and similar expenses

	31 March 2021 £000	31 March 2020 £000
Total interest payable to parent company	(918)	(920)
Financial lease expenses	(85)	(86)
	<u>(1003)</u>	<u>(1,006)</u>

Notes (continued)

7 Taxation

Income tax recognised in the profit and loss account

	31 March 2021 £000	31 March 2020 £000
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Current income tax	-	-
Deferred income tax	-	-
Total tax charge	-	-

Reconciliation of effective tax rate

	31 March 2021 £000	31 March 2020 £000
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Loss for the year	(2,326)	(2,473)
Total tax expense	-	-
Loss before taxation	<u>(2,326)</u>	<u>(2,473)</u>

Tax using the UK corporation tax rate of 19% (2020: 19%)	442	470
Expenses not deductible for tax purposes	(342)	(323)
Deferred tax not recognised	(100)	-
Capital allowances	-	5
Non-deductible interest expenses	-	(152)
Total tax expense	<u>-</u>	<u>-</u>

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. In the 3 March 2021 budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Company's future tax charge. The deferred tax asset / (liability) at 31 March 2021 has been calculated at 19% (2020: 19%), however as at year end there is no deferred tax position.

Notes (continued)

8 Fixed assets

	Investment property £000
At 1 April 2020	8,389
Fair value adjustments	(1,800)
Depreciation – Financial lease	(10)
Balance at 31 March 2021	<u>6,579</u>

Investment property

The Company applies the fair value model as provided in IAS 40. The property is given as a security to the external bank of its parent company HICP Holdings Limited.

Fair value

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Company's investment property portfolio every year.

All of the investment properties have been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

The Company's investment property comprises a total of one commercial property, situated in the United Kingdom, which is leased to an affiliated entity. In the last fiscal period the Company did not acquire or sell any properties which were classified as investment property.

The fair value of investment property has been determined in accordance with IFRS 13. IFRS 13.9 defined fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The above definition concurs with that of Market Value defined in the RICS Valuation – Professional Standards 8th Edition published by the Royal Institution of Chartered Surveyors and is also generally consistent with the definition of Fair Value as adopted by the International Accounting Standard Board (IASB).

The appraisals were performed by Savills. The valuation report is issued on 19 August 2021, with valuation date 31 March 2021. Savills is an accredited independent appraiser with a recognised and relevant professional qualification and with recent experience in the location and category of the investment properties being valued.

In order to arrive at the fair value of the investment property, the external appraiser applied their market knowledge and professional judgement and not only relied on comparable historical transactions. The Company holds one class of investment property being commercial properties in the United Kingdom. For all investment properties, their current use equates to the highest and best use.

The Group's finance department reviews the appraisals performed by the independent appraisers for financial reporting purposes. Discussions of appraisal processes are held between Savills and the Company. At each financial year end the finance department: (i) verifies all major inputs to the independent appraisals; (ii) assesses property valuation movements when compared to the prior year valuation report and/or (iii) holds discussions with the independent appraiser.

There are no current prices in an active market available for the investment properties being valued. Therefore, the fair value measurement is based on a Discounted Cash Flow Model (DCF). The valuations were performed on an item-by-item basis and not on a portfolio basis. There were not any highest and best use valuations. Savills used a discount rate of 10.5%.

Notes (continued)

8 Fixed assets (continued)

Impact of Covid-19 on the valuation of the investment property

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied to varying degrees in response to further "waves" of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

Savills included a market uncertainty explanatory note in the valuation report due to the outbreak of COVID-19. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, some property markets have started to function again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, the Savills valuation has not been reported as being subject to 'material valuation uncertainty'. According to the valuation report, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared.

For the impact on the profit and loss reference is made to note 2 and 3 where the rents received and direct operation expenses are disclosed. The value has decreased with £1,800,000 during the year 2021 (2020: £1,900,000).

9 Creditors: amounts falling due within one year

	31 March 2021 £000	31 March 2020 £000
Trade creditors	-	(5)
Accruals and deferred income	(5)	(26)
Financial lease liability	(75)	(75)
	<u>(80)</u>	<u>(106)</u>

10 Creditors: falling due after more than one year

	31 March 2020 £000	31 March 2019 £000
Interest bearing loan	(12,312)	(11,770)
	<u>(12,312)</u>	<u>(11,770)</u>

The loan owed to the parent company has a repayment date on 5 March 2035. There is an interest rate charged of 10% per annum. There is no security given for this loan.

Notes (continued)

11 Finance lease liabilities

Finance lease liabilities are payable as follows:

£000	31 March 2021			31 March 2020		
	Principal	Interest	Minimum lease payment	Principal	Interest	Minimum lease payment
Within one year	-	75	75	-	75	75
In second to fifth years inclusive	1	301	302	1	301	302
More than five years	940	4,991	5,931	940	5,142	6,082
	941	5,367	6,308	941	5,518	6,459
Less future finance costs			(5,367)			(5,518)
Present value of lease obligations			941			941
Due within one year			(75)			(75)
Due after more than one year			(866)			(866)
			(941)			(941)

The lease obligation is in relation to the lease of the ground of the leasehold property. The related asset is presented as financial lease asset (note 8). The financial lease asset is depreciated over the lifetime of the lease whilst the lease payments are apportioned between interest expense and the reduction of the outstanding lease liability using the effective interest method. As a consequence, the current year amortisation is lower than the depreciation charged on the asset and thus the liability is greater than the corresponding asset. At the end of the lease both the asset and liability will be nil.

12 Share capital

Allotted, called up and fully paid

	Ordinary shares Number
In issue at 31 March 2020	990,001
Issued during the year	-
In issue at 31 March 2021	990,001

All shares are ordinary shares and have a par value of £1. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes (continued)

13 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of HICP Holdings Limited (located at Queens Court, 9-17 Eastern Road, Romford, RM1 3NG, United Kingdom) which is the ultimate parent company incorporated in the UK. The ultimate controlling party is HIN JB Limited. Ultimately the Company is owned by investment funds affiliated with the Cerberus Group as at the balance sheet date. Subsequent to the year end, from late May 2021 onwards the company is now ultimately owned by investment funds affiliated with the Marathon Group. The Company has taken advantage of the exemptions in FRS 101 Section 8 from disclosing transactions with other members of the Group.

The largest group in which the results of the Company are consolidated is that headed by HIN JB Limited, incorporated in Jersey. The smallest group in which they are consolidated is that headed by HICP Holdings Limited, incorporated in the UK. The consolidated financial statements of HICP Holdings Limited are available to the public.

14 Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events, which are believed to be reasonable under the circumstances. Investment properties are held to earn rental income and for capital appreciation. Investment properties are stated at fair value and are determined by a third-party valuation.

15 Subsequent events

The owners decided to sell the wider Group in late 2020, which completed in late May 2021.

The new owners Bryant Park Hospitality SARL (part of the marathon group), acquired the Group with the intention to invest in the portfolio, including up-branding several the Hotels and ensuring the hotels are in the prime condition to maximise from the economic recovery post COVID-19.

The ownership change allowed the Group to be restructured allowing for the overall financial position to be significantly improved. The Group now benefits post acquisition from a 5-year facility with its external lenders, as part of these arrangements, the Group's external lenders have agreed to not test the covenants for the initial years.