Parent for:
9578443

Meininger Hotels Limited

Annual report and financial statements

for the year ended 31 March 2020

Registered number: 08895474

please refer note 23 on page 45 for section 479A of the Companies Act 2006

Meininger Hotels Limited

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Annual report and financial statements
For the year ended 31 March 2020

Company information

Directors

Mr A Menon
Mr D Reeve–Tucker
Mr A Scott (appointed 17 February 2020)
Mr N Bali (resigned 1 May 2020)
Mr T May (resigned 10 July 2020)
Mr H Spanring (resigned 28 April 2020)
Mrs C Gates (resigned 24 March 2020)
Mr M Gies (resigned 1 February 2020)
Mr T Theodorou (resigned 3 March 2020)
Mr A Goenka (resigned 16 July 2019)
Mr A Kerkar (suspended 10 April 2020)

Registered office

3rd Floor
30 Millbank
London
SW1P 4DU

Registered number:

08895474 (England and Wales)

Auditor
BDO LLP
55 Baker Street
London
W1U 7EU

Meininger Hotels Limited

Strategic report

The Directors in preparing the Strategic Report have complied with s414C of the Companies Act 2006.

Business review

The Group changed it presentation currency from GBP to EUR from 1 April 2019, with retrospective application on comparative figures according to IAS 8 and IAS 21. The change was made to reflect that EUR is the predominant currency in the Group. Refer to foreign currency note in Note 3.

The principal activities of the Group are the provision of hotel accommodation in Continental Europe and the UK.

The subsidiary and associated undertakings affecting the (loss)/profit and net assets of the Group in the year are listed in note 37 to the financial statements.

Group turnover in the year was €125.0m (2019: €111.3m) and EBITDA[1] was €44.0m (€20.5 pre-IFRS 16) (2019: €18.4m). Management consider EBITDA to be a critical measurement of group performance, as an indicator of both earnings and cashflows, and as a tool to benchmark the group's profit generating units both internally and external. EBITDA is also a key measurement for the parent group as it is tested at a covenant level under a facility agreement for which the Group is a participant.

The loss after taxation for the year amounted to €9.0m (2019: €9.3m profit). In the year to 31 March 2020, the loss before tax was €10.8m (2019: €14.4m profit).

Balance sheet

Net assets of the Group were €43.6m (2019: €52.4m). Net current assets of the Group were €138.1m (2019: €148.6m). This balance includes an amount owed by Holidaybreak Limited, our parent company, of €152.3m.

Capital expenditure

Capital expenditure on fixed assets and other intangible assets in the year to 31 March 2020 was €16.4m (2019: €13.8m). Most of this capital expenditure is on account of expansion and refurbishment in Meininger, driven by the Group's pre-Covid-19 strategy.

Operational performance

The Group achieved turnover of €125.0m (2019: €111.3m).

Meininger's total existing bed capacity at 31 March 2020 is 14,903 (2019:14,074).

Meininger Hotels Limited (the Company) is a holding company which mainly has management fees, staff costs and foreign exchange costs being recognised in it.

[1]EBITDA is calculated as being operating loss before depreciation of €0.9m (2019: profit €15.5m), depreciation of €4.6m (2019: €2.8m), depreciation of ROU assets €23.5m (2019: nil), amortisation of other intangibles of €0.6m (2019: €0.1m), impairment of ROU assets of €0.8m (2019: nil) and exceptional costs of €15.4m (2019: nil) .

Strategic report (continued)

Going concern

The Directors, in making the going concern assessment considered the current financial and operational positions of the Group, the potential impact of the risks and uncertainties as outlined on pages 4 to 6 of the Strategic Report and the uncertainty regarding the duration, extent and ultimate impact of the Covid-19 pandemic.

Given the difficulty in forecasting the future performance of the business and consequently its funding requirements, and there being no formal commitment in place with AresSSG (note 39) to fund the business after expiry of the current facility, the Directors have concluded that a material uncertainty exists that may cast significant doubt on the Group and Company's ability to continue as a going concern.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in note 3 to the Financial Statements.

Future prospects

In March 2020, the World Health Organisation confirmed the Covid-19 coronavirus a worldwide pandemic. The virus has caused travel and supply chain restrictions within the primary operating areas of our investment, and a deterioration in trading. Covid-19 has already had a significant impact on Meininger's trading during the financial year ending 31 March 2021 as the majority of the Meininger hotels were closed during the lockdown period from end of March 2020 to June 2020. In the 3 month period to June 2020, bed occupancy was down 72% and total accommodation and food & beverage revenues were down 96% year- on- year.

A large proportion of the Meininger hotels were reopened by the end of July 2020, and 26 of our 29 Meininger Hotels were operating again.

The Group conducted a review of its cost base and established that in the event of a second lockdown there would be minimal incremental cost savings made by closing down our hotels. As a result, only 3 of our 29 hotels were closed during the second and third wave starting in November 2020 and January 2021 respectively.

The Covid-19 pandemic is expected to result in a material loss of revenue for the financial year ending 31 March 2021. Despite the actions the Group is taking and given the Group's profile of fixed and semi-variable costs, Covid-19 has had a material impact on earnings which will result in the Group being materially loss-making during the financial year ending 31 March 2021.

Meininger Hotels Limited

Strategic report (continued)

Principal risks and uncertainties facing the Group

We regularly review the risks faced by the Group, including the social, environmental and ethical risks. The Directors consider the major risks to delivering the Group's strategy are those set out below. The Directors recognise that the profile of risks changes constantly, and additional risks not presently known, or that are currently deemed immaterial, may also impact on delivery of the Group's strategy.

Key risk	Impact	Mitigation strategy
EXTERNAL		
Impact of Covid-19	• The Covid-19 pandemic has caused travel and supply chain restrictions within the primary operating areas of our investment, and a deterioration in trading. • Likelihood of recession in the UK, Europe and possibly globally, depressing demand of leisure and business customers and a period of excess supply in the hotel market. • Consumers may also become more reticent about mixing in a social setting and cut back on time in public spaces such as hotels. • Whilst we are not currently able to assess the full financial impact of Covid-19, we anticipate a significant decline in cashflow and EBITDA.	• Initially, 26 of our 29 hotels were closed for the three months to June 2020. All hotels except one then re-opened to take advantage of the easing of lockdowns in the Summer of 2020. With the second wave of Covid-19 and its accompanying restrictions, all but 3 hotels have remained open but on minimal resourcing, in a state of readiness for recovery. The Group conducted a review of its cost base and established there would be minimal incremental cost savings made by closing down more hotels. In this position the hotels can take advantage of any revenues available, albeit on reduced capacity. As at the date of this report, 3 hotels remain closed with little prospect of reopening in the near future. • Given the significant impact of Covid-19 on Meininger's trading, the Holidaybreak group ('the parent group') has increased its loan facility with Ares SSG (note 39) from €50m to €70m during May 2020, and then to €85m in November 2020. • The Group also obtained a new €10m Bank Loan Facility on commercial terms on 27 July 2020. • We are receiving government financial support under a variety of schemes approximating €9.0m since April 2020. This includes, where appropriate, accessing government-backed schemes to support employment costs of staff who are furloughed or working reduced hours. As at the date of this report the Group is seeking access to a further €11.6m of government grants and loans to support its liquidity. • All discretionary P&L expenditure, including our hotel refurbishment plans, marketing and staff recruitment are being reviewed on an ongoing basis and only such discretionary costs that have a positive cash flow impact are being agreed. Repairs and maintenance capital expenditure has been reduced to a minimum, and non-committed development capital expenditure has been cancelled. • New committed hotels openings are being monitored closely with financial exposure minimised • The Group has negotiated rent reliefs from our landlords by means of waiver or deferral of rents, most of which are repayable over a longer term starting FY22. • We have instituted protective measures for guests and staff in our hotels and in our offices to allow for continued operations. This includes wearing protective equipment and introducing social distancing and safety guidelines ensuring compliance of standards required by governments across the various countries in which the Group operates. • We have significantly increased communications with our employees so we can keep them up to date with developments, our plans and the welfare support and arrangements we have put in place.

Principal risks and uncertainties facing the Group (continued)

Key risk	Impact	Mitigation strategy
EXTERNAL (continued)		
Economic and financial conditions across markets	• A prolonged economic downturn in one or more countries significant to our businesses may lead to a reduction in levels of demand for our products and thereby impact Meininger Hotels Limited's earnings and financial position.	• Our Meininger business operates across various European markets which provides us with trading resilience and growth potential.
Impact of Brexit	• Fluctuating exchange rates will have financial implications for Meininger Hotels Limited (both transaction and translation) and could affect the selling price of holidays and therefore impact the consumer demand for some of our products and services. • Final outcome of the negotiation between the UK Government and European Union will impact consumer demand.	• We have a partial natural currency hedge arising from cash flows between the various markets and destinations in which we operate. • UK customers only account for approximately 12% of total bookings. The Group has only one hotel in the UK which had 262 beds in 2020, accounting for only 1.8% of the Group's total bed capacity. • The Directors have concluded that Brexit has not had a significant impact on the business.
Major external events	• Most of our businesses are exposed to external events. For example, a major terrorist (or similar) incident in the UK and Europe could have a significant impact on the business.	• Whilst all our businesses have crisis management procedures in place to handle any external incidents to ensure any disruption is kept to a minimum, such events could impact trading or the ability to deliver our products. Our businesses offer hotel accommodations across different destinations to reduce the reliance on a particular market.
INTERNAL		
Liquidity risk	• The risk that trading underperformance, increased cost of debt and inefficient treasury management could lead to breaches in covenants and bonding arrangements.	• Holidaybreak Limited, our parent company, manages liquidity risk by maintaining adequate liquid funds and banking facilities. • On 14 January 2019, the parent group repaid its previous £217m committed credit facility with a syndicate of six banks. At the same time, the parent group entered into new bank guarantee facilities of £18.9m. On 31 January 2019, the parent group adopted a new 3 year €50m Loan Facility with Ares SSG (note 39). Given the significant impact of Covid-19 on Meininger's trading, the parent group has increased this loan facility from €50m to €70m during May 2020, and then to €85m in November 2020. • The Group also obtained a new €10m Bank Loan Facility on commercial terms in July 2020, and has received government financial support under a variety of schemes totalling €9.0m since April 2020. This includes, where appropriate, accessing government-backed schemes to support employment costs of staff who are furloughed or working reduced hours. As at the date of this report the Group is seeking access to a further €11.6m of government grants and loans to support its liquidity. • Meininger Hotels Limited continually monitors actual and forecast cash flows and actual and forecast compliance with covenants within the facility and should a risk of trading underperformance occur, the Group has considered mitigation strategies that could be put in place, for example working capital management, capital expenditure reduction and stringent cost control.

Principal risks and uncertainties facing the Group (continued)

INTERNAL (continued)		
Key risk	**Impact**	**Mitigation strategy**
Health, safety & security	• The risk that the Group fails to manage health, safety and security issues leading to significant financial and operational costs.	• Our businesses are committed to ensuring the highest standards of health, safety and security in their operations and monitor and conduct regular audits when appropriate.
Failure to attract, retain and motivate key employees	• Our ability to provide high-quality service on a timely basis depends to a significant extent on having an adequate number of qualified employees. Accordingly, Meininger Hotels Limited's ability to increase its productivity and profitability and support its growth strategies may be limited by its ability to employ, train, motivate and retain skilled personnel.	• We believe our training programmes provide the necessary tools to retain and motivate key staff.

Key performance indicators

The following key performance indicators are used by the Directors to monitor the performance of the Group.

	Key performance indicator (KPI)	**2020**	**2019**
1	Bed Occupancy	**65.3%**	74.1%
2	Room Occupancy	**79.4%**	88.8%
3	Average Bed Rate (€)	**29.6**	30.4
4	Average Room Rate (€)	**85.8**	86.7
5	Revenue per available room (€)	**68.1**	76.9
6	Revenue per available bed (€)	**19.3**	22.5

The performance of existing hotels was impacted by Covid-19 in the months from January to March 2020. Reduction in group bookings especially during March 2020 impacted both occupancy and rates negatively

This resulted in an overall decrease in the average rate and revenue KPIs for the group from 2019 to 2020. Also, based on the location of the hotels, new openings and market dynamics, the Group changes dynamic bed and room rates to optimise the total Group revenue which would result in some variance in the rates and occupancy between the years.

Section 172 (1) Statement

In accordance with Section 172 of the UK Companies Act 2006, in its decision making the Board considers the interest of the Group's employees and other stakeholders. The Board understands the importance of taking into account the view of all stakeholders and considers the impact of the Company's activities on the communities in which Meininger operates, the environment and the Group's reputation. In its decision making, the Board also considers what is most likely to promote the success of the Group for its stakeholders in the long term. The following summarises how the Group's Board fulfils its duties under Section 172.

Interests of the company's employees

The Directors recognise that Meininger employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating employees as well as fostering Values of Teamwork, Trust, Respect, Will for Success, Customer Commitment and Diversity encompassed in the *Meininger Spirit!* culture. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

The company encourages strong communication with all employees, updating on employment and trading matters. The company Executive meets regularly, expanding its communication to a wider Senior Leadership Team each month. Senior Leaders communicate with their teams regularly to cascade information across the group and to elicit feedback.

The Group has developed its *M Goals* scheme, an annual objective-setting and performance review for teams and individuals. M Goals are ultimately aligned with corporate objectives. The Company also undertakes an annual *Engagement survey* whereby employee feedback is encouraged and then acted upon. In the most recent survey 78% employed responded which was an encouraging level of involvement. An important element of the feedback culture is an independently-managed whistle-blower platform that allows employees to speak up on sensitive topics or raise issues or concerns that are treated with utmost confidence and rigour. The Group also runs various local and company-wide employee recognition and reward schemes to help highlight the important it attaches to encouraging and supporting individual employees

The need to foster the company's business relationships with suppliers, customers and others

The Group actively markets and engages with our customers. For our tour operator business customers, we have a sales department that manages and sustains our relationship through personal contact, regular face-to-face meetings and quarterly and annual business reviews. We value that many of our group customers return year after year and work hard to maintain these good relationships. Our other key customer grouping is fully independent traveller, where we engage and acquire through direct digital channels and by working with Online Travel Agents (OTA's). Similarly, our digital marketing activities also aim to drive and retain direct business customers to our website. In reference to OTAs we upload our rates and availability on their websites, and we nurture our relationships with them through commercial agreements by which we pay % commission for the business they provide.

We listen to our customers by closely monitoring customer reviews from all major online platforms, namely, TripAdvisor, booking.com and expedia.com. By monitoring and analysing the comments we receive on these websites we ensure that we are adapting and following our customer's needs and preferences.

The Group's hotels are all held as leaseholds which requires to group to maintain close relations with all its landlords. Primary contact is through the Asset Management function, with further communication at director or operational level depending on individual circumstances. The extent of communication has increased significantly with the onset of Covid-19, where the group has sought to negotiate rent relief, which has included some deferral of rent payment. As the effects of Covid-19 will be longer term, close communication will continue with all landlords.

Similarly, the impact of Covid-19 has required the group to maintain close communication with all its suppliers, given disruption to operations and payment patterns. Supplier contact is principally at functional level, with close co-operation and management also from the Group's procurement function.

Meininger Hotels Limited

Strategic report (continued)

Commercial and operational management maintain close industry contacts to stay abreast of key trends and events, which is important given Meininger's position in a fast-moving segment of the hospitality market, the need to promote Meininger's reputation and the effects of Covid-19.

Section 172 (1) Statement (continued)

Shareholders and Funders

The Group reports to its parent, Holidaybreak Limited and AresSSG (refer to note 39) on a regular and frequent basis. Other than the formality of reporting monthly on financial and operational matters, the directors and senior management maintain regular contact with the shareholders on every aspect of the business. This has been especially important during Covid-19, to allow AresSSG to monitor the business and arrange additional funding as required.

The Group also maintains good communication with its bank lenders to ensure their continuing support. This is carried out through monthly reporting of financial results and covenant compliance, as well as regular ad hoc communication.

The impact of the company's operations on the community and the environment

The Group takes seriously its commitment to local communities and the environment. The Group's hotel operations have set policy on how the hotels should respect the environment, which includes monitoring suppliers' activities and products where required. All hotels encourage guests to act responsibly with use of resources, and several hotels are also experimenting with solar technology where rooftop space permits. Similarly, all employees are encouraged to act in an environmentally friendly way as this is part of the group ethos.

This ethos is also evident in how the hotel and head office employees support their local communities. Examples include supporting and buying local produce from community gardens in Brussels, to helping out with food kitchens in Berlin. This activity has increased during Covid-19.

The Board would like to express its thanks to management and staff throughout the Group for their continued hard work and commitment and for their expertise and dedication to serving our customers.

The report was approved and authorised for issue by the board of Directors and signed on its behalf by:

A Scott
Director

29 March 2021

Meininger Hotels Limited

Directors' report

The Directors present their Annual Report on the affairs of Meininger Hotels Limited ('the Group'), together with the audited financial statements for the year ended 31 March 2020.

Strategic report

Information relating to the business review of performance and future prospects of the entity can be found in the Strategic Report on pages 2 to 8 which are included in this report by reference.

Directors

The Directors of the Company who served during the year and thereafter (except as noted) were as follows:

Mr A Menon
Mr D Reeve–Tucker
Mr A Scott (appointed 17 February 2020)
Mr N Bali (resigned 1 May 2020)
Mr T May (resigned 10 July 2020)
Mr H Spanring (resigned 28 April 2020)
Mrs C Gates (resigned 24 March 2020)
Mr M Gies (resigned 1 February 2020)
Mr T Theodorou (resigned 3 March 2020)
Mr A Goenka (resigned 16 July 2019)
Mr A Kerkar (suspended 10 April 2020)

Dividends

The Directors recommend no final dividend for the year ended 31 March 2020 (2019: €nil). No interim dividend was paid during the year (2019: €nil).

Financial risk management policies and objectives

The Group's activities expose it to a number of financial risks; however, as part of the Holidaybreak Limited Group ('the parent group'), these risks are managed centrally as described in the Strategic Report on page 2.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

Supplier payment policy

The Group's policy is to pay suppliers on terms agreed with each supplier. At 31 March 2020, the amount the Group owed its suppliers represented 46 days purchases (2019: 25 days).

Directors' indemnities

During the year, the Company maintained liability insurance for its Directors and officers. Neither the insurance nor the indemnity provides cover where the Director has acted fraudulently or dishonestly. The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Charitable and political contributions

The Company did not make any charitable or political donations during the year (2019: €nil).

Meininger Hotels Limited

Directors' report (continued)

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Group places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, regular briefings and circulation of results announcements and important public statements. Employees are consulted regularly on a wide range of matters affecting their current and future interests. Within all divisions, this is achieved through the election of employee representatives who are members of a staff council or forum and meet regularly with management. Permanent employees are, in the majority of cases, entitled to participate in bonus schemes related to individual or team performance.

Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director to make himself / herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP resigned as auditors of the company during the year and BDO LLP were appointed as auditors of the company by the directors. BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next board meeting.

This report was approved by the board of Directors and signed on its behalf by:

A Scott
Director

Date: 29 March 2021

Registered Office:

3rd Floor
30 Millbank
London
SW1P 4DU

Registered in England No 08895474

Meininger Hotels Limited

Directors' responsibilities statement

The Directors are responsible for preparing the Annual 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 Group financial statements in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006 and the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 year.

In preparing the parent Company 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.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in international accounting standards in conformity with the requirements of the Companies Act 2006 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Meininger Hotels Limited

Opinion

We have audited the financial statements of Meininger Hotels Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2020 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard FRS 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2020 and of the Group's profit for the year then ended;

- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;

- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent 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.

Material uncertainty related to going concern

We draw attention to note 3 to the financial statements, which indicates that as a direct result of the Covid-19 pandemic the Group has experienced a significant impact on its operations, including failing to comply with its existing banking covenants, and is heavily reliant on successfully refinancing its existing facilities and securing additional funding from its Ares SSG to continue in operation over the going concern assessment period. These events or conditions, along with other matters as set out in note 3 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the group's and parent company's ability to continue as a going concern. Our opinion is not modified in this respect.

Independent auditor's report (continued)

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.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Independent auditor's report (continued)

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark RA Edwards (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London

30 March 2021

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

Meininger Hotels Limited

Consolidated income statement
For the year ended 31 March 2020

	Note	2020 €m	2019 €m
Continuing operations			
Revenue	5	125.0	111.3
Cost of sales		(65.6)	(55.6)
Gross profit		59.4	55.7
Administrative expenses		(44.9)	(40.2)
Separately disclosed items	8	(15.4)	-
Operating (loss)/ profit		(0.9)	15.5
Finance income	10	5.3	0.5
Finance costs	9	(15.2)	(1.6)
(Loss)/ Profit before tax		(10.8)	14.4
Tax credit/ (charge)	12	1.8	(5.1)
(Loss)/ Profit for the year		(9.0)	9.3
Attributable to:			
Owners of the Company		(9.0)	9.3

The notes included on pages 21 to 59 form an integral part of these financial statements.

Meininger Hotels Limited

Consolidated statement of comprehensive income
For the year ended 31 March 2020

	2020 €m	2019 €m
(Loss)/ Profit for the year	(9.0)	9.3
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	0.2	0.2
Other comprehensive income for the year net of tax	0.2	0.2
Total comprehensive (loss)/income for the year	(8.8)	9.5
Attributable to:		
Owners of the Company	(8.8)	9.5

Meininger Hotels Limited

Consolidated balance sheet
As at 31 March 2020

	Note	2020 €m	2019 €m
Non- current assets			
Intangible assets	13	2.2	1.4
Property, plant and equipment	14	45.5	50.2
Right-of-use assets	28	343.2	-
		390.9	51.6
Current assets			
Inventories	15	0.4	0.5
Trade and other receivables	16	154.3	171.2
Prepayments	25	29.3	4.0
Cash and bank balances		4.3	9.0
Total current assets		188.3	184.7
Total assets		579.2	236.3
Current liabilities			
Trade and other payables	19	(20.4)	(23.2)
Deferred revenue	17	(6.3)	(7.7)
Lease liabilities	28	(21.1)	-
Current tax liabilities		(2.4)	(5.2)
Total current liabilities		(50.2)	(36.1)
Net current assets		138.1	148.6
Non-current liabilities			
Deferred tax liabilities	18	(2.3)	(5.7)
Amounts due to parent undertaking	29	(145.1)	(140.4)
Lease liabilities	28	(335.6)	-
Provisions	31	(2.4)	(1.7)
Total non-current liabilities		(485.4)	(147.8)
Total liabilities		(535.6)	(183.9)
Net assets		43.6	52.4

Meininger Hotels Limited

Consolidated balance sheet (continued)
As at 31 March 2020

	Note	2020 €m	2019 €m
Equity			
Share capital	20	34.1	34.1
Share premium account		102.4	102.4
Retranslation reserve		0.4	0.2
Merger reserve		(103.2)	(103.2)
Retained earnings		9.9	18.9
Total equity attributable to owners of the Company		43.6	52.4

The financial statements of Meininger Hotels Limited (registered number 08895474) were approved by the Board of Directors and authorised for issue on 29 March 2021. They were signed on its behalf by:

A Scott
Director

Meininger Hotels Limited

Consolidated statement of changes in equity
For the year ended 31 March 2020

	Share capital €m	Share premium account €m	Merger reserve €m	Retrans-lation reserve €m	Retained earnings €m	Total €m
Balance at 1 April 2018	34.1	102.4	(103.2)	-	9.6	**42.9**
Profit for the year	-	-	-	-	9.3	**9.3**
Other comprehensive income for the year	-	-	-	0.2	-	**0.2**
Total comprehensive income for the year	-	-	-	0.2	9.3	**9.5**
Balance at 31 March 2019	34.1	102.4	(103.2)	0.2	18.9	**52.4**
Loss for the year	-	-	-	-	(9.0)	**(9.0)**
Other comprehensive income for the year	-	-	-	0.2	-	**0.2**
Total comprehensive income for the year	-	-	-	0.2	(9.0)	**(8.8)**
Balance at 31 March 2020	34.1	102.4	(103.2)	0.4	9.9	**43.6**

The merger reserve was created on transition of the financial statements to IFRS in respect to the Group's subsidiaries that were acquired by the Company from a fellow group undertaking and therefore constituting a 'transaction under common control'.

The retranslation reserve represents the exchange difference generated on retranslation of foreign currency operations on consolidation into the Group's functional currency.

The retained earnings are made up of retained profits.

Meininger Hotels Limited

Consolidated cash flow statement
For the year ended 31 March 2020

	Note	2020 €m	2019 €m
Net cash from operating activities	21	**31.2**	7.1
Investing activities			
Purchase of intangible assets		(1.5)	(0.6)
Purchase of property, plant and equipment		(14.9)	(15.8)
Interest received		1.5	0.5
Net cash used in investing activities		**(14.9)**	**(15.9)**
Financing activities			
Finance costs paid		(0.3)	(1.6)
Repayment of finance leases		(20.8)	-
Net cash used in financing activities		**(21.1)**	**(1.6)**
Net decrease in cash and cash equivalents		**(4.8)**	**(10.4)**
Cash and cash equivalents at beginning of year		9.0	19.3
Effect of foreign exchange rate changes		0.1	0.1
Cash and cash equivalents at end of year		**4.3**	**9.0**

Notes to the consolidated financial statements
For the year ended 31 March 2020

1. General information

Meininger Hotels Limited is a Company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The principal activities of the Company and its subsidiaries ('the Group') and the nature of the Group's operations are set out in the Strategic Report. These financial statements are presented in Euros because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with policies set out in note 3.

2. Adoption of new and revised International Accounting Standards

Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

In the current year, the Group has applied the amendments to international accounting standards in conformity with the requirements of the Companies Act 2006 that are mandatorily effective for an accounting period that begins on or after 1 April 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New and revised International accounting standards in issue but not yet effective

At the date of authorisation of these financial statements, The Group has not applied the following new and revised international accounting standards in conformity with the requirements of the Companies Act 2006 that have been issued but are not yet effective and, in some cases, had not yet been adopted by the EU:

Title	Subject
Amendment to IFRS 16	Covid-19 Related Rent Concessions
Amendments to IAS 1	Classification of liabilities as current or non-current
Amendments to IFRS 3	Annual Improvements to IFRS Standards 2018 – 2020
Amendments to IAS 37	Reference to the Conceptual Framework
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to IFRS 10 and IAS 28	Classification of Liabilities as Current or Non-current
Annual Improvements to IFRS Standards 2018 – 2020	Property, Plant and Equipment – Proceeds before Intended Use

2. Adoption of new and revised International accounting standards (continued)

New standards adopted at 1 April 2019

- **IFRS 16**

The Group has applied IFRS 16 *Leases* for the first time for the annual reporting period commencing 1 April 2019.

IFRS 16 supersedes IAS 17 *Leases* and sets out the principles for the recognition, measurement, presentation and disclosures of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Group has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

a) exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date, applied on a lease-by-lease basis;

b) exclude options to extend or terminate a lease;

c) reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under IAS 36 as at the date of initial application; and

d) applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

Refer to note 28 for the impact of these changes.

3. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

3. Significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review which forms part of the strategic report. The strategic report further describes the financial position of the Group; its cash flows, liquidity position and borrowing facilities; the Group's objectives, policies, and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk. The Directors believe that the Group is adequately placed to manage its business risks successfully despite the current uncertain economic outlook and challenging macro-economic conditions, although there are material uncertainties as explained below.

On reaching the conclusion on the going concern assessment, in line with the information set out above, the Directors have specifically considered the following:

3. Significant accounting policies (continued)

Going concern (continued)

Covid-19

Covid-19 has already had a significant impact on Meininger's trading during the financial year ended 31 March 2021. The resulting impact of the virus on the operations and measures taken by various governments to contain the virus have negatively affected the group's results. The currently known impacts of Covid-19 on the Group are:

- A significant decline in room occupancy to minimal levels (less than 5%) in months where lock downs were widespread, albeit with some modest recovery to 46% in August 2020 when easing was possible. Average room rates also fell as competition sought to attract whatever demand was available.
- Impairments of advance lease payments of €13.7m reflecting the greater financial uncertainty facing the hospitality industry in the next few years.
- Initially, closure of 26 of our 29 hotels for the three months to June 2020. All hotels except one then re-opened to take advantage of the easing of lockdowns in the Summer of 2020. With the second wave of Covid-19 and its accompanying restrictions, all but 3 hotels have remained open but on minimal resourcing, in a state of readiness for recovery. The Group conducted a review of its cost base and established there would be minimal incremental cost savings made by closing down more hotels. In this position the hotels can take advantage of any revenues available, albeit on reduced capacity. As at the date of this report, 3 hotels remain closed with little prospect of reopening in the near future.
- A significant reduction in central overheads and resources. The business intends to retain this leaner organisation throughout the recovery period.

Given the uncertainty regarding the duration, extent and ultimate impact of the Covid-19 pandemic, the Group cannot estimate with any precision the impact on its prospective financial performance. The Covid-19 pandemic will result in a material loss of revenue for the financial year ending 31 March 2021. Despite the actions the Group is taking and given the Group's profile of fixed and semi-variable costs, Covid-19 has had a material impact on earnings which will result in the Group being materially loss-making during the financial year ending 31 March 2021.

The Group has outlined further details on the risks associated with Covid-19 in the principal risks and uncertainties section on page 4. As a result, it is taking significant steps outlined below to address the potential impacts of the closures.

Liquidity

The Group has focused intensely on liquidity risk during this period by maintaining adequate liquid funds, arranging banking facilities and ultimately securing the financial support of Ares SSG (refer to note 39). With the onset of Covid-19, the Group has also sought access from the various government support schemes available across the jurisdictions in which it operates.

On 14 January 2019, the parent group repaid its previous £217m committed credit facility with a syndicate of six banks. At the same time, the parent group entered into new bank guarantee facilities of £18.9m. On 31 January 2019, the parent group adopted a new 3 year €50m Loan Facility with Ares SSG.

Given the significant impact of Covid-19 on Meininger's trading, the parent group has increased this loan facility from €50m to €70m during May 2020, and then to €85m in November 2020.

The Group also obtained a new €10m Bank Loan Facility on commercial terms in July 2020, and has received government financial support under a variety of schemes totalling €9.0m since April 2020. This includes, where appropriate, accessing government-backed schemes to support employment costs of staff who are furloughed or on working reduced hours. As at the date of this report the group is seeking access to a further €11.6m of government grants and loans to support its liquidity.

As at the date of this report the Group had cash of €2m and headroom under the Ares SSG facility of €3m, which will be drawn down before the end of March 2021. The Directors are currently in discussions with Ares SSG to increase this facility to provide funding as from April 2021. The Directors expect this facility to fund the business as and when required in the upcoming financial year ending 31 March 2022. Based on the latest available management budget provided to Ares SSG, forecast a funding requirement of c. €25m, subject to any funding from other lenders and/ or government support. Ares SSG have been providing financial support on a monthly basis since the onset of Covid-19 and also intend to provide financial support for the Group's plans to open 5 new hotels in the next 12 months.

3. Significant accounting policies (continued)

Going concern (continued)

Liquidity (continued)

Furthermore, Ares SSG has clearly communicated to the Directors its intention to financially support Meininger for the remainder of the crisis; however no legally binding commitment has been made to date.

The Group regularly prepares liquidity forecasts covering the period through to March 2022 based on revenue forecasts prepared monthly by the internal commercial team. These forecasts include a base level forecast (on which the financial forecasts are based) together with worst case and best case scenarios. These scenarios can vary materially, given the level of uncertainty regarding the speed and timing of recovery from Covid-19. This is fully communicated and understood by Ares SSG.

The bank facility includes financial covenants relating to minimum cash levels, liquidity and cash flow. The Group continues to comply with its covenants or, where it has been unable to do so, fully communicates to its lenders its financial position and obtain assurances that any breaches will not result in any formal event of default being declared. Management is in the process of obtaining formal waivers from the bank; however these are not yet in place.

The Group also currently has €23.7m of Bank Guarantee Facilities which is considered sufficient to meet the short-term bank guarantee requirements of the Group.

Cox & Kings

Cox and Kings Limited, the ultimate parent company of Meininger Hotels Limited based in India have defaulted on the payment of commercial papers (short-term debt) at the end of June 2019 amounting to ₹150 crore initially with several defaults thereafter.

Management believe that the Group will remain unaffected by the on-going concerns in Cox and Kings due to the Group being ringfenced at Holidaybreak Limited level, the immediate parent undertaking of Meininger Hotels Limited. There are no cross guarantees/ cross default in place either way at Holidaybreak Limited level and therefore the Group cannot be called upon to meet any of the wider group's obligations.

Conclusion

Given the difficulty in forecasting the future performance of the business and consequently its funding requirements, and there being no formal commitment in place between Holidaybreak Limited and AresSSG to fund the business after expiry of the current facility, the Directors have concluded that a material uncertainty exists that may cast significant doubt on the Group and Company's ability to continue as a going concern

In response to these matters, the group has taken the following actions:

- additional facilities have been and will continue to be secured from Ares SSG as noted in the liquidity section above. Further, the directors have also obtained assurances of Ares SSG's capacity to fund the required liquidity.
- continued positive dialogue and negotiation with our bank lenders to ensure that any breaches of cash flow covenants are understood and supported. The Group maintains adherence to its minimum cash and liquidity covenants.
- continued and successful application to available government Covid-19 financial relief and assistance schemes.
- all discretionary P&L expenditure, including hotel refurbishment plans, marketing and staff recruitment has been robustly managed, repairs and maintenance capital expenditure and development capital expenditure are both closely monitored and optimized to reflect the current business environment.
- new committed hotels openings are being monitored closely with financial exposure minimised.
- the Group has negotiated rent reliefs from our landlords by means of waiver or deferral of rents, most of which are repayable over a longer term starting FY22.
- protective measures for guests and staff in our hotels and offices are in place to allow for continued operations. This includes wearing protective equipment, social distancing and following other safety guidelines ensuring compliance of standards required by governments across the various countries in which the group operates.

Given the above, and together with confidence in management's continued ability to take successful mitigating actions against the effects of Covid-19, the directors have concluded that it is appropriate to prepare the financial reporting on a going concern basis.

3. Significant accounting policies (continued)

Intangible assets

Intangible assets acquired on business combinations are capitalised separately from goodwill if the asset is separable and if their fair value can be measured reliably on initial recognition. Intangible assets that are purchased in the normal course of business are initially recognised at cost. Subsequently to initial recognition, intangible assets are reported as cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged so as to write off the fair value over their estimated useful lives using the straight-line method as follows:

Software	3 - 5 years

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable, excluding VAT and similar taxes, from the sale of accommodation services supplied to customers in the ordinary course of business.

To determine whether to recognise revenue, the Group follows a 5 – step process:

1. Identify the contract with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and
5. Recognise revenue when (or as) the entity satisfies its performance obligations.

Revenue is recognised over the course of guests stay, when (or as) the Group satisfies performance obligations by transferring the promised services to its customers.

Revenue relating to hotel accommodation in the Group is recognised over the duration of the stay of the customer.

Dividend and interest revenue

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continued to be reported under IAS 17. The details of accounting policies under IAS 17 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed in Note 28.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise an extension or termination option.

3. Significant accounting policies (continued)

Leases (continued)

Under IAS 17

In the comparative period, as a lessee the Group classified leases that transfer substantially all of the risks and rewards of ownership as finance leases.

Leases where substantially all risks and rewards incidental to ownership were retained by the lessors were classified as operating leases. Rentals payable under operating leases (net of any incentives received from the lessor) were charged to the income statement on a straight-line basis over the period of the lease. Benefits received and receivable as an incentive to enter into an operating lease were also spread on a straight-line basis over the lease term.

Foreign currencies

The Group changed its presentation currency from GBP to EUR from 1 April 2019, with retrospective application on comparative figures according to IAS 8 and IAS 21. The change was made to reflect that EUR is the predominant currency in the Group.

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency).

In preparing the financial statements of the individual companies, transactions in currencies other than the entities' functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

On consolidation, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

Operating profit

Operating profit is stated after charging separately disclosed items but before investment income and finance costs.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

3. Significant accounting policies (continued)

Taxation (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates and laws that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are shown at cost, net of depreciation and any provision for impairment. Depreciation is charged so as to write off the cost of assets, less estimated residual value, over their estimated useful lives using the straight-line method as follows:

Fixtures, fittings and equipment	3-5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

3. Significant accounting policies (continued)

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost represents purchase price and is calculated using the FIFO method. Net realisable value represents the estimated selling price less all costs to be incurred in marketing, selling and distribution.

3. Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held to maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. Significant accounting policies (continued)

Financial instruments (continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables do not carry any interest and are stated at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. Allowances incorporate an expectation of life- time credit losses from initial recognition and are determined using an expected credit loss approach.

Impairment of financial assets

IFRS 9 mandates the use of an expected credit loss model to calculate impairment losses rather than an incurred loss model, and therefore it is not necessary for a credit event to have occurred before credit losses are recognised. As the Group's financial assets primarily comprise its portfolio of current trade receivables which have a consistent history of low levels of impairment the inclusion of specific expected credit loss considerations did not have a material impact on transition.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity

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 Group after deducting all of its liabilities.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash with a short maturity of three months or less from the date of acquisition and are subject to an insignificant risk of changes in value.

3. Significant accounting policies (continued)

Leasehold improvements

Leasehold improvements include lease arrangement fees and other directly attributable costs in arranging and securing leases. Leasehold improvements have been included within the property, plant and equipment balance in line with IAS 16 requirements as at 31 March 2020.

Under IAS 17 in the prior year, they were held as prepayments on the balance and amortised over the term of the lease. The prior year balance has been reclassed to property, plant and equipment in line with IAS 16 requirements.

Share based payments

The Group has granted rights to equity instruments in its subsidiary to the employees within the group of such subsidiary. The Group accounts for such arrangements as equity-settled share-based payment arrangements. The fair value of these equity settled transactions is determined at grant date and is recognised as an expense in the income statement with a corresponding credit to retained earnings.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The following are the critical judgements and uncertainties at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Critical accounting judgements

Leasehold improvements

Leasehold improvements include directly attributable staff costs.

Management judgement is involved in determining the nature and proportion of staff costs to be capitalised staff. The percentage allocation for the capitalisation of salaries has been agreed and is reviewed periodically by management.

Going concern

The going concern disclosure is an area of judgement. Given the current Covid-19 pandemic and the resulting economic conditions the level of uncertainty around this judgement is considered higher in the current environment.

Additionally, there is significant heightened scrutiny around the ability of companies to continue for a period of 12 months should these conditions prevail. Refer to going concern note in Note 3 to the financial statements.

Key sources of estimation uncertainty

Taxation

Accruals for corporation tax contingencies require estimating the level of corporation tax that will be payable based upon the interpretation of applicable tax legislation on a country-by-country basis and an assessment of the likely outcome of any open tax computations. All such accruals are included within current liabilities.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

There are €3.5m of unrecognised deferred tax assets arising in respect of the German entities in the Group, which can only be utilised once EBITDA reaches certain levels. Given the required forecast in not available, none of the deferred tax asset has been recognised. There is a further deferred tax asset of €1.8m not recognised in respect of losses arising in various entities where the ability to utilise the asset in subsequent years is unknown.

4. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Lease liability – discount rate

The Group implemented IFRS 16 Leases during the year using the modified retrospective approach. The calculation of lease liabilities requires the Group to determine an incremental borrowing rate (IBR) to discount future minimum lease payments. Judgement is applied in determining the components of the IBR used for each lease including risk free rates, the Group's borrowing margin and any lease specific adjustments.

5. Revenue

	2020 €m	2019 €m
Revenue	125.0	111.3
Total revenue	125.0	111.3

Revenue is generated by the provision of hotel accommodation and related services.

Geographical information

The following table provides an analysis of the Group's revenue by geographical market:

2020	UK €m	Germany, Switzerland and Austria €m	Holland and Belgium €m	Italy and Denmark €m	Consolidated €m
Turnover					
Continuing operations	2.3	69.0	30.7	23.0	125.0
Total turnover	2.3	69.0	30.7	23.0	125.0

2019	UK €m	Germany, Switzerland and Austria €m	Holland and Belgium €m	Italy and Denmark €m	Consolidated €m
Turnover					
Continuing operations	1.4	64.6	30.0	15.3	111.3
Total turnover	1.4	64.6	30.0	15.3	111.3

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2020

6. (Loss)/Profit for the year

(Loss)/Profit for the year has been arrived at after charging/ (crediting):

	2020 €m	2019 €m
Net foreign exchange (gains)/ losses	(0.4)	0.2
Depreciation of property, plant and equipment	28.1	2.8
Amortisation of other intangible assets	0.6	0.1
Impairment of property, plant and equipment	0.8	-
Staff costs (see note 7)	27.1	22.8
Operating lease costs	-	23.0
Total auditor's remuneration (see below)	0.8	0.9

The analysis of auditor's remuneration is as follows:

	2020 €m	2019 €m
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	0.1	0.2
Fees payable to the Company's auditor and their associates for other services to the Group:		
The audit of the Company's subsidiaries pursuant to legislation	0.4	0.5
Total audit fees	0.5	0.7
Audit-related assurance services	-	-
Taxation compliance services	0.1	-
Other taxation advisory services	0.2	0.2
Other services	-	-
Total non-audit fees	0.3	0.2
Total fees	0.8	0.9

Fees payable by Meininger Hotels Limited and its associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

7. Staff costs

The average monthly number of employees (including executive Directors) was:

	2020 Number	2019 Number
Permanent	829	678
Seasonal	-	-
	829	678

Their aggregate remuneration comprised:

	2020 €m	2019 €m
Wages and salaries	22.5	19.3
Social security costs	4.4	3.3
Other pension costs (see note 24):		
Defined contribution	0.2	0.2
	27.1	22.8

Refer to note 11 for Directors' remuneration and transactions.

8. Separately disclosed items

	2020 €m	2019 €m
Separately disclosed items	15.4	-

Separately disclosed items in the current year relate to leasehold improvements written off of €13.7m and legal and restructuring costs of €1.7m.

9. Finance costs

	2020 €m	2019 €m
Bank loans and overdrafts	0.3	1.6
Interest on lease liabilities	11.0	-
Interest on other loans	3.9	-
	15.2	1.6

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2020

10. Finance income

	2020 €m	2019 €m
Interest receivable	5.3	0.5
	5.3	0.5

11. Directors' remuneration and transactions

	2020 €m	2019 €m
Directors' remuneration		
Emoluments	1.1	1.0
Company contributions to money purchase pension schemes	0.1	-
	1.2	1.0
	Number	**Number**
The number of Directors who:		
Are members of a money purchase pension scheme	3	3
	2020 €m	**2019 €m**
Remuneration of the highest paid Director:		
Emoluments	0.6	0.5
	0.6	0.5

In 2019, an interest free loan was advanced to a Director amounting to €0.4m.

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2020

12. Tax

	2020 €m	2019 €m
Current tax:		
Corporation tax – UK	-	0.4
Corporation tax – Overseas	1.6	2.9
Adjustments in respect of prior years - UK	-	0.8
Total current tax	1.6	4.1
Deferred tax		
Origination and reversal of timing differences	(3.4)	0.9
Adjustment in respect of prior years	-	0.1
Total deferred tax (see note 18)	**(3.4)**	**1.0**
Tax (credit)/ expense for the year	**(1.8)**	**5.1**

UK corporation tax is calculated at 19 % (2019: 19%) of the estimated assessable (loss)/profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge for the year can be reconciled to the (loss)/profit per the income statement as follows:

	2020 €m	2019 €m
Group (loss)/ profit on ordinary activities before tax	(10.8)	14.4
Tax at standard UK corporation tax rate of 19% (2019: 19%)	(2.1)	2.7
Expenses not deductible	0.1	0.2
Income not taxable for tax purposes	0.1	(0.1)
Adjustment to tax charge in respect of prior years	-	0.9
Effect of difference in overseas tax rates	(0.8)	0.1
Group relief	(0.2)	(0.2)
Controlled foreign corporation charge	-	0.4
Amounts not recognised	1.1	1.1
Group total tax (credit)/ expense for the year	(1.8)	5.1

12. Tax (continued)

Factors that may affect future tax charges

The Finance Act 2016 included legislation to reduce the main rate of UK corporation tax from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. These rate reductions were substantively enacted by the balance sheet date and therefore included in these financial statements. Temporary differences have been measured using these enacted tax rates. Legislation has been substantively enacted after the current financial year balance sheet date to repeal the reduction of the main corporation tax rate thereby maintaining the current rate of corporation tax at 19%.

Furthermore, as per the budget announcement in March 2021, the rate of corporation tax will increase from April 2023 to 25% on profits over £250,000. A small profits rate of 19% will apply to profits under £50,000 and tapering up to profits of £250,000.

13. Intangible assets

	Software €m
Cost	
At 1 April 2018	2.0
Additions	0.5
At 31 March 2019	2.5
Additions	1.4
At 31 March 2020	3.9
Amortisation	
At 1 April 2018	1.0
Charge for the year	0.1
At 31 March 2019	1.1
Charge for the year	0.6
At 31 March 2020	1.7
Carrying amount	
At 31 March 2020	2.2
At 31 March 2019	1.4
At 1 April 2018	1.0

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2020

14. Property, plant and equipment

	Fixtures, fittings and equipment €m	Leasehold improvements €m	Total €m
Cost			
At 1 April 2018	21.5	21.1	42.6
Exchange differences	0.1	-	0.1
Additions	13.2	2.6	15.8
At 31 March 2019	34.8	23.7	58.5
Exchange differences	(0.2)	(0.1)	(0.3)
Additions	9.7	4.2	13.9
Impairment	-	(13.7)	(13.7)
At 31 March 2020	44.3	14.1	58.4
Accumulated Depreciation			
At 1 April 2018	5.5	-	5.5
Charge for the year	2.8	-	2.8
At 31 March 2019	8.3	-	8.3
Charge for the year	4.0	0.6	4.6
At 31 March 2020	12.3	0.6	12.9
Carrying amount			
At 31 March 2020	32.0	13.5	45.5
At 31 March 2019	26.5	23.7	50.2
At 31 March 2018	16.0	21.1	37.1

Given the significant impact of Covid-19 and the greater uncertainty around economic return, the Group has taken a more conservative view on future profitability and financial return from investments. A subsequent review of leasehold improvements resulted in an impairment of €13.7m.

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2020

15. Inventories

	2020 €m	2019 €m
Finished goods held for resale	0.4	0.5

There is no material difference between the balance sheet value of inventory and their replacement cost.

The cost of inventories recognised as an expense during the year in respect of continuing operations was €nil (2019: nil).

16. Trade and other receivables

	2020 €m	2019 €m
Amounts receivable from the sale of services	2.0	4.0
Amounts due from parent undertakings	152.3	167.2
	154.3	171.2

The amounts due from parent Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The average credit period taken on sales of services is 20 days (2019: 16 days). No interest is charged on receivables.

Included in the Group's trade receivable balance are debtors with a carrying amount of €0.7m (2019: €0.5m) which are past due at the reporting date but for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The ageing of past due but not impaired trade receivables is as follows:

	2020 €m	2019 €m
1-30 days past due	0.1	0.1
31-60 days past due	-	-
61-90 days past due	0.6	0.3
Over 91 days past due	-	0.1
	0.7	0.5

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Furthermore, the Group only sells to customers who pass the creditworthiness tests noted above. This ensures the credit quality of trade receivables that are neither past due nor impaired.

Trade receivables of €nil (2019: €nil) were impaired during the year.

The Directors consider that the carrying amount of trade and other receivables approximates their fair value on the basis of discounted cash flows.

17. Deferred revenue

	2020 €m	2019 €m
Arising from customer deposits	6.3	7.7

The deferred revenue arises as a result of deposits received from customers for advance bookings.

18. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon during the current and prior year.

Group	Property, plant & equipment €m	Other provisions €m	Other temporary differences €m	Losses	Total €m
At 1 April 2018	(0.9)	0.2	(4.1)	0.1	**(4.7)**
(Charge)/credit to profit or loss	(0.3)	0.1	(0.7)	(0.1)	**(1.0)**
At 31 March 2019	(1.2)	0.3	(4.8)	-	**(5.7)**
(Charge)/credit to profit or loss	(52.5)	4.0	51.9	-	**3.4**
Recognised directly in equity	0.1	-	(0.1)	-	-
At 31 March 2020	(53.6)	4.3	47.0	-	**(2.3)**

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred taxes relate to the same fiscal authority. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2020 €m	2019 €m
Deferred tax assets	**51.3**	0.3
Deferred tax liabilities	**(53.6)**	(6.0)
	(2.3)	(5.7)

The Group consider it more likely than not based on forecasts, that there will be sufficient taxable profits in the future that will allow it to realise the deferred tax assets recognised.

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2020

19. Trade and other payables

	2020	2019
	€m	€m
Trade payables	8.2	4.0
Other payables	7.9	11.5
Amounts due to parent Group undertakings	0.1	-
Accruals	4.7	7.7
	20.9	23.2

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 46 days (2019: 26 days). No interest was paid in 2020 (2019: €nil) as all trade and other payables were current. The Group has financial risk management policies in place to ensure that all payables are paid within the appropriate time frame.

The Directors consider that the carrying amount of trade payables approximates their fair value on the basis of discounted cash flow analysis.

20. Share capital

Authorised, called-up and fully-paid	**2020 No of Shares**	2019 No of Shares		**2020 €m**	2019 €m
Ordinary Shares	**28,100,000**	28,100,000	€1.21	**34.1**	34.1
				34.1	34.1

21. Notes to the cash flow statement

	2020 **€m**	2019 €m
(Loss)/ profit for the year	(9.0)	9.3
Adjustment for:		
Finance costs	9.9	1.1
Income tax (credit)/expense	(1.8)	5.1
Depreciation of property, plant and equipment	28.1	2.8
Amortisation of other intangible assets	0.6	0.1
Impairment of property, plant and equipment	14.5	-
Cash generated from operations before working capital changes	42.3	18.4
Decrease/(increase) in inventories	0.1	(0.2)
Increase in receivables	(8.4)	(156.2)
Increase in payables	1.7	148.7
Net cash inflow generated by operations	35.7	10.7
Tax paid	(4.5)	(3.6)
Net cash from operating activities	31.2	7.1

Cash inflow from operating activities has been generated from continuing operations.

Cash and cash equivalents

	2020 **€m**	2019 €m
Cash and bank balances	4.3	9.0

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet position as shown above.

22. Operating lease arrangements

The Group as lessee

	2020 **€m**	2019 €m
Minimum lease payments under operating leases recognised as an expense in the year	-	20.3

Meininger Hotels Limited

Notes to the consolidated financial statements (continued)
For the year ended 31 March 2020

22. Operating lease arrangements (continued)

At the balance sheet date, the Group has outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	€m	€m
Within one year	-	24.2
In the second to fifth years inclusive	-	158.0
After five years	-	379.9

Operating lease payments represent rentals payable by the Group for office equipment, property rental and cars.

23. *Contingent liabilities and contractual commitments*

At 31 March 2020 the Group had total bank guarantees of €23.2m. There is cash cover in place amounting to €24.5m that has been provided against the bank guarantees. Refer to note 25.

In October 2017, the European Commission opened a state aid investigation into the Group Financing Exemption in the UK controlled foreign company rules. The Group Financing Exemption was introduced in legislation by the British government in 2013. The Group continues to monitor developments in relation to EU State Aid investigations. On 25 April 2019, the EU Commission's final decision regarding its investigation into the UK's Controlled Foreign Company regime was published. It concludes that the legislation up until December 2018 does partially represent State Aid.

The Group considers that the potential amount of additional tax payable remains between €nil and €3.0m depending on the basis of calculation and the outcome of HMRCs appeal to the EU Commission. Based on current advice, the Group does not consider any provision is required in relation to this investigations. This judgement is based on current interpretation of legislation, management, experience and professional advice.

The Company will guarantee the debts and liabilities of its subsidiaries Meininger Limited (registered number 05898245), Meininger Hotels North America Limited (registered number 09594828), Meininger Hotel Europe Limited (registered number 09578443), Meininger Hotel Russia Limited (registered number 10260932), Meininger Hotel Manchester Limited (registered number 11716840) and Meininger Hotel Glasgow Limited (registered number SC577265) at the balance sheet date in accordance with section 479A of the Companies Act 2006. The Company has assessed the probability of loss under these guarantees as remote.

24. Retirement benefit schemes

Defined contribution schemes

The Group operates several defined contribution retirement benefit schemes for qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees.

The total cost charged to the income statement of €0.2m (2019: €0.2m) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. No amounts were outstanding at either 31 March 2020 or 31 March 2019.

25. Prepayments

	2020 €m	2019 €m
Current		
Booking related prepayments	1.4	0.7
Other prepayments and receivables	27.9	3.3
Total current prepayments	29.3	4.0

Other prepayments include €24.5m cash cover provided against bank guarantees. Refer to note 23.

26. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. During the year the Group purchased goods in the ordinary course of business and received Group purchasing synergies from fellow Group undertakings of the Cox & Kings Group, the ultimate parent undertaking and from its associate. Details of the transactions during the year and balances at 31 March 2020 are shown in the table below.

	2020 €m Transactions		2019 €m Transactions		31 March 2020 €m Balances		31 March 2019 €m Balances	
	To	From	To	From	Debtor	Creditor	Debtor	Creditor
Holidaybreak Limited	-	-	-	-	152.3	(145.2)	167.2	(140.4)
NST Travel Group Limited	-	-	0.9	-	-	-	-	-
Total	-	-	0.9	-	152.3	(145.2)	167.2	(140.4)

26. Related party transactions (continued)

Remuneration of key management personnel

The remuneration of the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'.

	2020 €m	2019 €m
Short term employee benefits	1.3	0.5
Post- employment benefits	0.1	-
Total	1.4	0.5

27. Share based payments

The Group has an equity settled share-based payment scheme in the parent Company approved by its shareholders at a board meeting on 10 January 2017. The Company has issued to senior management and its directors 100,001 (2019: 82,100) A ordinary shares under this scheme.

The details of this scheme are as follows:

Expiry date	None
Initial hurdle	€138.8m as at 30 April 2013
Event	*Sale of shares or listing of this Company or return of capital to the Company's shareholders.*
Exercisable value	20% of the realisable value less the initial hurdle as increased by fresh capital invested in the Company, decreased by distribution made by the Company to the holders of ordinary shares in the Company and compounded at annual rate of 16%.

The Group has not recorded any liabilities in respect to the above scheme because as at 31 March 2020, the Directors do not deem an 'exit' event to be probable as at the balance sheet date.

28. Lease arrangements

An analysis of the Group's right-of-use asset and lease liability is as follows:

Right-of-use asset

	Property €m
At 1 April 2019 (on transition)	319.1
Additions	51.0
Depreciation	(23.5)
Exchange differences	(2.6)
Impairment	(0.8)
At 31 March 2020	343.2

During the year, impairment losses of €0.8m was recognised.

Lease liabilities

	2020 €m
Current	21.1
Non-current	335.6
Total lease liabilities	356.7

Maturity analysis – contractual undiscounted cash flows:

	2020 €m
Less than one year	32.1
One to five years	124.6
More than five years	300.9
Total undiscounted lease liabilities	457.6

28. Lease arrangements (continued)

The following are the amounts recognised within the loss from continuing operations:

	2020
	€m
Depreciation of right-of-use assets	23.5
Interest expense on lease liabilities	11.0
Variable lease payments	0.5
Impairment of right-of-use asset	0.8
Net lease expense recognised in the consolidated income statement	35.8

29. Amounts due to parent undertakings

	2020	2019
	€m	€m
Amounts due to parent undertakings	145.1	140.4
	145.1	140.4

The amounts due to parent undertakings is an intercompany loan note with Holidaybreak Limited. The loan levies interest at 3.5% margin plus EURIBOR and is repayable in March 2024.

30. Post balance sheet events

Coronavirus

In light of the Covid-19 pandemic and the impact on the Group, we have disclosed a number of Post Balance Sheet Events. These include but are not limited to, with full details shown in Note 3 of the accounts; the timing of the impact of the pandemic on the Group, the closure of our hotels following Government guidance and subsequent reopening's, and the additional funding obtained by the Group.

Whilst the cash position of the business is strained at present, management believe that trading will recover in the long- term. The effects of Covid 19 has not resulted in an impairment of the investment value of the business due to there being sufficient headroom between the investment value and present value of forecast cash flows.

31. Provisions

	Dilapidation provision €m
Balance at 1 April 2019	**1.7**
Provisions made during the year	0.7
Provisions used during the year	-
Balance at 31 March 2020	**2.4**

The Group is required to restore the leased premises of its hotels to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements.

Meininger Hotels Limited

Company balance sheet
As at 31 March 2020

	Note	2020 €m	2019 €m
Fixed assets			
Investments	37	0.1	0.1
		0.1	0.1
Current assets			
Trade and other receivables	35	197.0	166.1
Cash and bank balances		1.4	5.0
		198.4	171.1
Creditors: Amounts falling due within one year:			
Trade and other payables	36	(50.9)	(23.2)
Net current assets		147.5	147.9
Total assets less current liabilities		147.6	148.0
Net assets		147.6	148.0
Capital and reserves			
Called-up share capital		34.2	34.2
Share premium account		102.4	102.4
Profit and loss account		11.0	11.4
Shareholder's funds		147.6	148.0

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year. The Company reported a loss for the financial year ended 31 March 2020 of €0.4m (2019: profit of €7.9m).

The notes included on pages 53 to 59 form an integral part of these financial statements.

The financial statements of Meininger Hotels Limited (registered number 08895474) were approved by the Board of Directors and authorised for issue on 29 March 2021. They were signed on its behalf by:

A Scott
Director

Company statement of changes in equity
For the year ended 31 March 2020

	Share capital €m	Share premium account €m	Profit and loss account €m	Total equity €m
Balance at 1 April 2019	34.2	102.4	11.4	**148.0**
Total loss and comprehensive loss for the year	-	-	(0.4)	**(0.4)**
Balance at 31 March 2020	**34.2**	**102.4**	**11.0**	**147.6**

Notes to the Company financial statements
For the year ended 31 March 2020

32. Significant accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company is a private company, incorporated in England with its registered office addressed disclosed in the consolidated financial statements. The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements except as noted below:

- Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors have not made any critical judgements or key sources of estimation uncertainty in applying the Company's accounting policies.

33. Auditor's remuneration

The auditor's remuneration for audit and other services is disclosed in note 6 to the consolidated financial statements.

34. Staff costs

The average monthly number of employees (including executive Directors) was:

	2020	2019
	Number	Number
Management and administration	**14**	9

	2020	2019
	€m	€m
Their aggregate remuneration comprised:		
Wages and salaries	1.1	0.6
Social security costs	0.1	0.1
	1.2	0.7

Notes to the Company financial statements (continued)
For the year ended 31 March 2020

35. Trade and other receivables

	2020 €m	2019 €m
Amounts owed by Group undertakings	170.4	165.5
Other receivables and prepayments	26.6	0.6
	197.0	166.1

The amounts owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

36. Trade and other payables

	2020 €m	2019 €m
Amounts owed to Group undertakings	45.9	21.9
Trade payables	0.7	-
Corporation tax	0.2	1.3
Accruals and deferred income	4.0	-
Other taxes and social security	0.1	-
	50.9	23.2

The amounts owed to Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

37. Fixed asset investments

	€m
Cost at 31 March 2019	0.1
Additions	-
Disposals	-
Impairment	-
Net book value at 31 March 2020	0.1

Notes to the Company financial statements (continued)
For the year ended 31 March 2020

37. Fixed asset investments (continued)

All subsidiary undertakings of Meininger Hotels Limited are as follows:

	Registered office	Country of incorporation and operation	Proportion of ordinary share capital held by the Company (%)	Proportion of ordinary share capital held by subsidiaries of the Company (%)
Meininger Holding GmbH**	Berlin#	Germany	-	100
Meininger Airport Hotels BBI GmbH	Berlin#	Germany	-	100
Meininger Airport Frankfurt GmbH	Berlin#	Germany	-	100
Meininger "10" Frankfurt GmbH	Berlin#	Germany	-	100
Meininger "10" Hostel und Reiservermittlungs GmbH	Berlin#	Germany	-	100
Meininger Shared Services GmbH	Berlin#	Germany	-	100
Meininger "10" City Hostel Berlin-Mitte GmbH	Hallesches Ufer 30, 10963 Berlin, Germany	Germany	-	100
Meininger "10" Hamburg GmbH	Hallesches Ufer 30, 10963 Berlin, Germany	Germany	-	100
Meininger Oranienburger Strasse GmbH	Berlin#	Germany	-	100
Meininger Berlin Hauptbahnhof GmbH	Berlin#	Germany	-	100
Meininger Brussels GmbH	Berlin#	Germany	-	100
Meininger Hotel Berlin Tiergarten GmbH	Berlin#	Germany	-	100
Meininger Barcelona GmbH	Berlin#	Germany	-	100
Meininger Hotel Berlin East Side Gallery GmbH (formerly Meininger Nurnberg GmbH)	Berlin#	Germany	-	100
Meininger West GmbH & Co. KG	Berlin#	Germany	-	100
Meininger West Verwaltungs GmbH	Berlin#	Germany	-	100
Meininger Limited	Millbank#	England	-	100
Meininger Amsterdam BV	Orlyplein 1-67, 1043DR, Amsterdam, Netherlands	Holland	-	100
Meininger Paris SCI	259 Rue Saint Honore 75001 Paris, France	Germany	99	100

Meininger Hotels Limited

Notes to the Company financial statements (continued)
For the year ended 31 March 2020

37. Fixed asset investments (continued)

	Registered office	Country of incorporation and operation	Proportion of ordinary share capital held by the Company (%)	Proportion of ordinary share capital held by subsidiaries of the Company
Meininger Amsterdam Amstelstation BV	Orlyplein 1-67, 1043DR, Amsterdam, Netherlands	Holland	-	100
Meininger Wien Schiffamtsgasse GmbH	Schiffamtgasse 15, 1020 Wien, Austria	Austria	-	100
Meininger Wien GmbH	Rembrandstraße 21, 1020 Wien, Austria	Austria	-	100
Meininger Hotelerrichtungs GmbH	Fürbergstraße 18-20, 5020 Salzburg, Austria	Austria	-	100
Meininger City Hostels & Hotels GmbH	Columbusgasse 16 1100 Wien, Austria	Austria	-	100
HB Hotels Holdings GmbH**	Berlin#	Germany	100	100
Meininger Hotel Europe Limited**	Millbank#	England	100	100
Meininger Hotel Hungary kft	1027 Budapest, Kacsa utca 15-23, Hungary	Hungary	-	100
Meininger Hotel Venice Marghera S.R.L	Via Delle Quattro Fontane, 20 Cap, 00184, Roma, Italy	Italy	-	100
Meininger Hotel Rome Termini Station S.R.L	Via Delle Quattro Fontane, 20 Cap, 00184, Roma, Italy	Italy	-	100
Meininger Hotels North America Limited (formerly Meininger Hotel USA Limited)**	Millbank#	England	100	100
Meininger Holding USA Inc	Blumberg Excelsior Services, 1013 Centre Road Suite, 403S Wilmington de 19805, County of New Castle	USA	-	100
Meininger Hotel Asia Pacific Pte Limited**	80 Robinson Road, #02-00, Singapore, 068899	Singapore	100	100
Meininger Hotel Heidelberg GmbH (formerly Meininger Hotel Munchen Hirschgarten GmbH)	Berlin#	Germany	-	100
Meininger Hotel Munchen Olympiapark GmbH	Berlin#	Germany	-	100
Meininger Hotel Leipzig Hauptbahnhof GmbH	Berlin#	Germany	-	100

Meininger Hotels Limited

Notes to the Company financial statements (continued)
For the year ended 31 March 2020

37. Fixed asset investments (continued)

	Registered office	Country of incorporation and operation	Proportion of ordinary share capital	Proportion of ordinary share capital held by subsidiaries of the
Meininger Hotels (India) Private Limited	1st Floor, Turner Morrison Building, 16 Bank Street,	India	-	100
Meininger Hotel Paris Porte de Vincennes SAS	259 Rue Saint Honore 75001 Paris. France	France	-	100
Meininger Hotel Russia Limited	Millbank#	England	-	100
Meininger Hotel Zurich AG	C/o Zurich City West Centre GmbH, Badenerstrasse 549, 8048 Zurich, Switzerland	Switzerland	-	100
Meininger Hotel Milan Lambrate SRL	via Crocefisso, n.5, Milan (MI), Italy	Italy	-	100
Meininger Hotel Copenhagen ApS	C/o Accura Advokatpartnerselskab Tuborg Boulevard 1 2900 Hellerup Denmark	Denmark	-	100
Meininger Hotel Brussels Midi Station SA	Rue de la Presse 4, 1000 Brussels, Belgium	Belgium	-	100
Meininger Hotel Milan City SRL	Via Crocefisso, n.5, Milan (MI), CAP 20122, Italy	Italy	-	100
Meininger Hotel Lyon SAS	1 Boulevard Marius Vivier Merle 69443 Lyon Cedex 3	France	-	100
Meininger Hotel Genf AG	C/o Geneva Cornavin Centre Sarl, 7 place de Cornavin, 1201 Geneva	Switzerland	-	100
Meininger Hotel Glasgow Limited	272 Bath Street, Glasgow, Scotland, G2 4JR	Scotland	-	100
Meininger Hotel Dresden GMBH	Berlin#	Germany	-	100
Meininger Hotel Bordeaux SAS	3 Rue du Golf - Parc Innolin CS 60073 33701 Mérignac, Cedex	France	-	100
Meininger Hotel Manchester Limited	Millbank#	England	-	100
Meininger Hotel Innsbruck Gmbh	Ing-Etzel-Straße 11 6020 Innsbruck	Austria	-	100

Meininger Hotels Limited

Notes to the Company financial statements (continued)
For the year ended 31 March 2020

37. Fixed asset investments (continued)

	Registered office	Country of incorporation and operation	Proportion of ordinary share capital held by the Company (%)	Proportion of ordinary share capital held by subsidiaries of the Company
Meininger Hotel Reykjavík	Meininger Hotel Reykjavík ehf., Efstaleiti 5, 103 Reykjavík. Iceland	Iceland	-	100
Meininger Hotel Bremen GmbH	Berlin#	Germany	-	100
Meininger Hotel Köln West GmbH	Berlin#	Germany	-	100
Meininger Hotel Stuttgart GmbH	Berlin#	Germany	-	100
Meininger Hotels Washington, DC NY Ave, LLC	The Corporation Trust Center, 1209 Orange Street Wilmington Delaware, 19801-1120	USA	-	100

** denotes holding company

Berlin* Schöneberger Straße 15, 10963 Berlin, Germany

Millbank* 3rd Floor, 30 Millbank, London, United Kingdom, SW1P 4DU

Meininger Hotels Limited

Notes to the Company financial statements (continued)
For the year ended 31 March 2020

38. Share based payments

The details of the share-based scheme are disclosed in note 27 to the consolidated financial statements.

39. Controlling party

The immediate parent undertaking is Holidaybreak Limited.

The smallest group above Meininger Hotels Limited for which group financial statements have been prepared is Holidaybreak Limited. Copies of the financial statements for Holidaybreak Limited are available from: 3rd Floor, 30 Millbank, London, SW1P 4DU, which is also the company's registered address.

As at 31 March 2019, Holidaybreak Limited was 51% owned by Cox & Kings Limited (C&K), a company registered in India, and 49% owned by Borita Global Limited (Borita). Borita is an SPV, 100% owned by funds managed by Ares SSG Capital Holdings Limited (Ares SSG). C&K was the controlling party as at this date.

On 22nd October 2019 a corporate insolvency process was commenced for Cox & Kings Ltd (C&K) in India. C&K's board has been suspended and the affairs of C&K are run by a Resolution Professional (RP) appointed by a Committee of Creditors.

Borita's investment in Holidaybreak Ltd has preference and minority protection rights. The defaults at C&K have triggered a right for AresSSG to control the Holidaybreak Limited board including on all aspects of liquidity events. Given this, the Directors believe that the Group will remain unaffected by the insolvency process for Cox & Kings Ltd in India.