



Felbridge Holdings Limited

Annual report and consolidated financial
statements

Year ended 31 March 2022

Registered number: 09917446

Felbridge Holdings Limited

Annual report and consolidated financial statements

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Felbridge Holdings Limited

Directors and other information

Directors

Jonathan Braidley
Bhriz Holloway
Christopher Kula

Secretary

Intertrust (UK) Limited

Registered office

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

Independent auditor

KPMG
The Soloist Building
1 Lanyon Place
Belfast
BT1 3LP

Registered number

09917446

Felbridge Holdings Limited

Strategic report

The directors present their strategic report for the year ended 31 March 2022.

Principal activity

The principal activity of the Company is that of an investment holding company and the principal activities of the Group include the ownership and management of a hotel.

Business review

The results for the year are set out in the consolidated statement of profit and loss and other comprehensive income on page 12 and in the related notes.

Revenue for the year totalled £3,344,000 (2021: £806,000) and the operating loss for the year totalled £3,878,000 (2021: £2,239,000) which includes an impairment loss on land and buildings of £3,161,000 (2021: £962,000). The directors note whilst the continually changing operating environment has had a negative impact on trading results of the hotel operated by the Group for the year, when compared to those in respect of a stabilised financial year, operating results for the year ended 31 March 2022 have improved significantly on those reported in the prior year.

The hotel was valued by CBRE at £5,200,000 for the purposes of these financial statements, resulting in a fall in value of £3,161,000.

Felbridge Holdings Limited was acquired by Bryant Park Hospitality SARL (part of the Marathon Group) in late May 2021 and the new owners have appointed Valor Hospitality Europe Limited to manage the business on their behalf, with a focus on maximizing revenue and cost control to help drive profitability. In addition, the strategic deployment of capital by the new owners is expected to lead to improved market share and return on investment.

The business has benefitted significantly from the support of the shareholders and the Group's external lenders post acquisition. This, coupled with the significant improvement in trade and operating results since the easing of restrictions in Summer 2021, support the directors' view that the business is well placed to recover and return to profitability.

Key financial and performance indicators

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

Average rate: £67.52 (2021: £48.74)
Occupancy: 65.9% (2021: 28.5%)
RevPAR: £44.51 (2021: £13.90)
Hotel valuation: £5,200,000 (2021: £8,519,000)
Turnover (continuing operations): £3,344,000 (2021: £806,000)
Loss for the financial year: £4,227,000 (2021: £2,771,000)

Principal risks and uncertainties

The Group is part of the group of companies headed by HIN JB Limited and Felbridge Holdings Limited (the "wider Group"), and as such, the principal risks and uncertainties of the Group are the same as those facing the wider Group.

Management of the Group's business and execution of the Group's strategy are subject to a number of risks. The key risks and uncertainties currently judged to have the greatest impact on the Group's performance include:

- Cost inflation and the effect on consumer spending power;
- Further COVID-19 variants and the potential for government restrictions;
- Employee retention;
- Competition from other hotels;
- Fluctuations in property valuations;
- Other market risks – hotels may be adversely impacted by changes in or failure to comply with regulations. The hotels operate under franchise agreements which require adherence to quality standards and criteria.

Felbridge Holdings Limited

Strategic report *(continued)*

Financial risk management

The Group's operations expose it to a variety of financial risks which include liquidity and credit risk. Working capital requirements are financed with borrowings from other Group companies. Credit risk is managed via a formal credit policy.

Liquidity strategy, capital management and treasury activities are co-ordinated centrally across the Group. Funding includes external cross-collateralised borrowings held in the name of HICP Holdings Limited, a fellow group company, on behalf of, and secured by way of fixed charge over the assets of, the consolidated Group.

Given the size of the Group and wider Group, the directors have not delegated responsibility for monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Group's finance department.

Future outlook

The Group is part of the group of companies headed by HIN JB Limited and Felbridge Holdings Limited (the "wider Group").

During the year, the new owners, Bryant Park Hospitality SARL, acquired the wider Group with the intention of investing in the portfolio, including up-branding several of the hotels and ensuring the hotels are in the prime condition to maximise returns from the economic recovery post COVID-19.

The ownership change allowed the wider Group to be refinanced with the overall financial position significantly improved. The wider Group now benefits post acquisition from a 5-year facility with its external lenders. As part of these arrangements, the wider Group's external lenders have agreed to not test the covenants for the initial years through to August 2024.

On behalf of the board



C. A. Kula
Director

29 March 2023

Felbridge Holdings Limited

Directors' report

The directors present their annual report and the audited financial statements of the Group and Company for the year ended 31 March 2022.

Directors

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

Jonathan Braidley	Appointed on 25 May 2021
Bhriz Holloway	Appointed on 25 May 2021
Christopher Kula	Appointed on 25 May 2021
Christopher David Elkins	Resigned on 25 May 2021
Neil Jonathan Robson	Resigned on 25 May 2021
Raoul René Hofland	Resigned on 25 May 2021
Gerardus Johannes Schipper	Resigned on 25 May 2021

Dividend

No dividends were paid in the year (2021: £Nil).

Financial instruments

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

Political contributions

The Group made no political donations nor incurred any political expenditure during the year (2021: £Nil).

Going concern

The ability of the Group to continue as a going concern is based on the ability of the wider Group to continue as a going concern and to generate sufficient cash flows to repay its external loans and other liabilities, driven by the cross-collateralisation of the wider Groups external facility.

The directors have noted a significant improvement in trade since the easing of restrictions in Summer 2021, initially driven by the UK domestic market and more recently, the return of corporate demand, group bookings, major city events, meetings, and social banqueting.

The directors have prepared cashflow forecasts reflecting their best estimate of trading activity for the cross-collateralised wider Group for the period up to March 2024, which indicate that the wider Group is expected to have sufficient funds available to meet all operating and debt service commitments over that period. The directors acknowledge that their forecasts and the related funding requirements include several critical assumptions and are, in particular, highly sensitive to assumptions about market demand.

The wider Group operates within a 5-year facility with its external lenders totalling £170,225,000. As part of these arrangements, the Group's external lenders have agreed to not test the covenants for the initial three years up to 15 August 2024. The ultimate shareholder, Marathon ECO IV SCA SICAV-RAIF has committed under the facility agreement to provide additional funding to support an agreed capital expenditure refurbishment programme.

The wider Group has received a letter of support from Bryant Park Hospitality SARL, its parent company, confirming it will continue to make available such funds as required by the wider Group to discharge its liabilities as they fall due in the normal course of business for a period of no less than 12 months from the date of signing the accounts and that they will not recall any amounts due to the extent to which such call for payment would put any company in the wider Group into such financial position that they are no longer able to discharge their liabilities as they fall due in the normal course of business.

Felbridge Holdings Limited

Directors' report *(continued)*

Going concern *(continued)*

As with any Group placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

Having assessed these matters, the directors continue to have a reasonable expectation that the Group will have adequate liquidity to continue its activities for the foreseeable future and ensure all debts can be discharged as they fall due. Accordingly, they continue to adopt the going concern basis in preparing the Group financial statements.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

KMPG were appointed auditor during the year.

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

On behalf of the board



C. A. Kula
Director

29 March 2023

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

Felbridge Holdings Limited

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

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

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with UK adopted international accounting standards and the Company financial statements in accordance with FRS 101 *Reduced Disclosure Framework* and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

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

On behalf of the board



C. A. Kula
Director

29 March 2023



KPMG
Audit
The Soloist Building
1, Lanyon Place
Belfast BT1 3LP
Northern Ireland

Independent auditor's report to the members of Felbridge Holdings Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Felbridge Holdings Limited ("the Company") and its consolidated undertakings ("the Group") for the year ended 31 March 2022, which comprise the consolidated statement of profit and loss and other comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement, the company balance sheet, the company statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in the preparation of the Group financial statements is UK Law, UK adopted international accounting standards and, as regards the Company financial statements, UK Law and FRS 101 *Reduced Disclosure Framework*.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Company financial statements have been properly prepared in accordance with FRS 101 *Reduced Disclosure Framework* issued by the UK's Financial Reporting Council; 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 in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.



Independent auditor's report to the members of Felbridge Holdings Limited (continued)

Report on the audit of the financial statements (continued)

Conclusions relating to going concern (continued)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Company will continue in operation.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Group's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Group's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Group is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

The Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety and employment law.

Auditing standards limit the required audit procedures to identify non-compliance with these non-direct laws and regulations to inquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. We identified a fraud risk in relation to the valuation of property, plant and equipment. On this audit we do not believe there is a fraud risk related to revenue recognition.



Independent auditor's report to the members of Felbridge Holdings Limited
(continued)

Report on the audit of the financial statements *(continued)*

Detecting irregularities including fraud *(continued)*

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

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

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

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic report and the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information undertaken during the course of the audit, we report that:

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



Independent auditor's report to the members of Felbridge Holdings Limited (continued)

Report on the audit of the financial statements (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in these respects.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group and 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, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.



Independent auditor's report to the members of Felbridge Holdings Limited
(continued)

Respective responsibilities and restrictions on use *(continued)*

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

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

29 March 2023

Colm O'Sé (Senior Statutory Auditor)
for and on behalf of KPMG, Statutory Auditor
The Soloist Building
1 Lanyon Place
Belfast
BT1 3LP

Felbridge Holdings Limited.

Consolidated statement of profit and loss and other comprehensive income for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Revenue	4	3,344	806
Cost of sales		(557)	(998)
		<hr/>	<hr/>
Gross profit/(loss)		2,787	(192)
Administrative expenses		(2,625)	(81)
Other income	6	51	595
Other operating expenses		(930)	(1,599)
Revaluation of property, plant and equipment	5	(3,161)	(962)
		<hr/>	<hr/>
Operating loss		(3,878)	(2,239)
Financial expenses	7	(349)	(532)
		<hr/>	<hr/>
Loss before tax		(4,227)	(2,771)
Taxation	8	-	-
		<hr/>	<hr/>
Loss for the year		(4,227)	(2,771)
		<hr/>	<hr/>
Other comprehensive income			
Revaluation of property, plant and equipment		-	-
		<hr/>	<hr/>
Total comprehensive loss for the year		(4,227)	(2,771)
		<hr/>	<hr/>

All items relate to continuing operations.

The accompanying notes on pages 16 to 33 form an integral part of these financial statements.

Felbridge Holdings Limited

Consolidated balance sheet as at 31 March 2022

	Note	2022 £'000	2021 £'000
Non-current assets			
Property, plant, and equipment	9	5,200	8,519
		<u>5,200</u>	<u>8,519</u>
Current assets			
Inventories	10	50	21
Trade and other receivables	11	228	101
Cash and cash equivalents	12	237	104
		<u>515</u>	<u>226</u>
Total assets		<u>5,715</u>	<u>8,745</u>
Current liabilities			
Trade and other payables	13	(3,101)	(1,939)
Interest bearing loans and borrowings	14	(8,535)	(10,944)
		<u>(11,636)</u>	<u>(12,883)</u>
Total liabilities		<u>(11,636)</u>	<u>(12,883)</u>
Net liabilities		<u>(5,921)</u>	<u>(4,138)</u>
Equity			
Share capital	15	-	-
Capital contribution reserves	15	12,444	10,000
Retained earnings		(18,365)	(14,138)
		<u>(5,921)</u>	<u>(4,138)</u>
Total equity		<u>(5,921)</u>	<u>(4,138)</u>

These financial statements were approved by the board of directors on 29 March 2023 and were signed on its behalf by:



C. A. Kula
Director

Company registered number: 09917446

The accompanying notes on pages 16 to 33 form an integral part of these financial statements.

Felbridge Holdings Limited

Consolidated statement of changes in equity for the year ended 31 March 2022

	Share capital £'000	Capital contribution reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2020	-	10,000	(11,367)	(1,367)
Total comprehensive loss for the year	-	-	(2,771)	(2,771)
Total comprehensive loss for the year	-	-	(2,771)	(2,771)
Balance at 31 March 2021	-	10,000	(14,138)	(4,138)
Balance at 1 April 2021	-	10,000	(14,138)	(4,138)
Total comprehensive loss for the year	-	-	(4,227)	(4,227)
Total comprehensive loss for the year	-	-	(4,227)	(4,227)
Transactions with owners, recorded directly in equity				
Capital contribution	-	2,444	-	2,444
Total transactions with owners	-	2,444	-	2,444
Balance at 31 March 2022	-	12,444	(18,365)	(5,921)

The accompanying notes on pages 16 to 33 form an integral part of these financial statements.

Felbridge Holdings Limited

Consolidated cash flow statement for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Loss before tax		(4,227)	(2,771)
<i>Adjustments for:</i>			
(Increase)/decrease in trade and other receivables	11	(119)	124
Depreciation	9	430	526
Revaluation of PPE	9	3,161	962
Increase/(decrease) in trade and other payables	13	840	(187)
(Increase)/decrease of inventory	10	(29)	15
Interest expense	7	349	532
Net cash from operating activities		405	(799)
Cash flows from investing activities			
Additions of property plant and equipment	9	(272)	(9)
Net cash from investing activities		(272)	(9)
Cash flows from financing activities			
Proceeds from parent	14	-	214
Proceeds from loan associated company		-	60
Interest paid		-	(214)
Net cash from financing activities		-	60
Net increase/(decrease) in cash and cash equivalents		133	(748)
Cash and cash equivalents at beginning of year		104	852
Cash and cash equivalents at end of year		237	104

The accompanying notes on pages 16 to 33 form an integral part of these financial statements.

Felbridge Holdings Limited

Notes

forming part of the financial statements

1 Significant accounting policies

Statement of compliance

Felbridge Holdings Limited ("the Company") is a company private company limited by shares which is incorporated, domiciled and registered in England, United Kingdom. The registered number is 09917446 and the registered address is Queens Court, 9-17 Eastern Road, Romford, Essex, England, RM1 3NG.

The group financial statements consolidate those of the Company and its subsidiary (together referred to as "the Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

The Group financial statements have been prepared and approved by the directors in accordance with international accounting standards in accordance with UK-adopted international accounting standards ("UK-adopted IFRS"). The Company has elected to prepare its parent company financial statements in accordance with FRS 101; these are presented on pages 34 to 40.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these group financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

Measurement convention

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

Going concern

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

The ability of the Group to continue as a going concern is based on the ability of the wider Group to continue as a going concern and to generate sufficient cash flows to repay its external loans and other liabilities, driven by the cross-collateralisation of the wider Groups external facility.

The directors have noted a significant improvement in trade since the easing of restrictions in Summer 2021, initially driven by the UK domestic market and more recently, the return of corporate demand, group bookings, major city events, meetings, and social banqueting.

The directors have prepared cashflow forecasts reflecting their best estimate of trading activity for the cross-collateralised wider Group for the period up to March 2024, which indicate that the wider Group is expected to have sufficient funds available to meet all operating and debt service commitments over that period. The directors acknowledge that their forecasts and the related funding requirements include several critical assumptions and are, in particular, highly sensitive to assumptions about market demand.

The wider Group is being operated within a 5-year facility with its external lenders totalling £170,225,000. As part of these arrangements, the Group's external lenders have agreed to not test the covenants for the initial three years up to 15 August 2024. The ultimate shareholder, Marathon ECO IV SCA SICAV-RAIF has committed under the facility agreement to provide additional funding to support an agreed capital expenditure refurbishment programme.

Felbridge Holdings Limited

Notes (continued)

1 Significant accounting policies (continued)

Going concern (continued)

The wider Group has received a letter of support from Bryant Park Hospitality SARL, its parent company, confirming it will continue to make available such funds as required by the wider Group to discharge its liabilities as they fall due in the normal course of business for a period of no less than 12 months from the date of signing the accounts and that they will not recall any amounts due to the extent to which such call for payment would put any company in the wider Group into such financial position that they are no longer able to discharge their liabilities as they fall due in the normal course of business.

As with any Group placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

Having assessed these matters, the directors continue to have a reasonable expectation that the Group will have adequate liquidity to continue its activities for the foreseeable future and ensure all debts can be discharged as they fall due. Accordingly, they continue to adopt the going concern basis in preparing the Group financial statements.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Felbridge Holdings Limited

Notes (continued)

1 Significant accounting policies (continued)

Financial instruments (continued)

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: (i) amortised cost; (ii) FVOCI – debt investment; (iii) FVOCI – equity investment; or (iv) FVTPL.

Financial assets are not reclassified subsequent to initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Felbridge Holdings Limited

Notes (continued)

1 Significant accounting policies (continued)

Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

(b) Subsequent measurement and gains and losses (continued)

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities and equity

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group's own shares, amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is held-for-trading, is a derivative or is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value with net gains and losses, including any interest expense, recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Intra-group financial instruments

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Group considers these to be insurance arrangements and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such times as it becomes probable that the Group will be required to make a payment under the guarantee.

(iii) Impairment

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

Felbridge Holdings Limited

Notes (continued)

1 Significant accounting policies (continued)

Financial instruments (continued)

(iii) Impairment (continued)

The Group measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECLs.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Property, plant, and equipment

Property, plant, and equipment are initially recognised at cost.

Fixtures and fittings are subsequently measured using the cost model and land and buildings are subsequently measured using the revaluation model under IAS 16.

Felbridge Holdings Limited

Notes (continued)

1 Significant accounting policies (continued)

Property, plant, and equipment (continued)

Under the revaluation model, valuations are kept sufficiently up to date such that the carrying amount of the asset does not differ materially from its fair value at the reporting date.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Buildings 35 - 60 years
- Fixtures and fittings 3 - 15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Impairment of non-financial assets excluding inventories and deferred tax assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

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

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Felbridge Holdings Limited

Notes *(continued)*

1 Significant accounting policies *(continued)*

Revenue

Revenue comprises room sales, food and beverages sales, club and spa and other sales to external customers (excluding VAT and other sales taxes). Consideration received from customers is only recorded as revenue to the extent that the Group has performed its contractual obligations in respect of that consideration.

Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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.

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

Cash dividend and non-cash distribution to equity holders of the parent

The Group recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised, and the distribution is no longer at the discretion of the Group. As per the corporate laws in the United Kingdom, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Expenses

Financing income and expenses

Financing expenses comprise interest payable. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Felbridge Holdings Limited

Notes (continued)

1 Accounting policies (continued)

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Government grants

Government grants are included within deferred government grants in the balance sheet and credited to the profit and loss account on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

The Group has elected to present grants related to income separately under the heading "Other income".

2 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is the valuation of land and buildings. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

3 Investments in subsidiaries

The Group and Company has the following investments in subsidiaries:

Company	Registered office address	Type of shares	Ownership 2022	Ownership 2021
New Century (East Grinstead) Ltd	Queens Court, 9-17 Eastern Road, Romford, Essex, England, RM1 3NG	Ordinary	100%	100%

4 Revenue

Revenue, which is stated in the profit and loss account net of value added tax, represents revenue earned by the subsidiary, New Century (East Grinstead) Limited. The revenue is attributable to rooms, food and beverage, club and spa and other hotel income within the United Kingdom.

Felbridge Holdings Limited

Notes (continued)

4 Revenue (continued)

	2022 £'000	2021 £'000
Room sales	1,984	588
Food and beverages	984	203
Club and spa	151	9
Other	225	6
	<u>3,344</u>	<u>806</u>

5 Expenses and auditor's remuneration

Included in the profit and loss account are the following:	2022 £'000	2021 £'000
Asset management fees	105	8
Depreciation	430	526
Impairment loss on property, plant and equipment	3,161	962
<i>Auditor's remuneration:</i>		
Audit of these financial statements	13	6
Audit of financial statements of subsidiaries of the company	23	30
Taxation compliance services	7	7
All other services	6	-
	<u> </u>	<u> </u>

Auditor's remuneration in relation to tax compliance services and all other services are borne by fellow group company HICP Holdings Limited.

6 Wages and salaries

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	2022	2021
Administrative staff	14	8
Operations staff	52	68
	<u>66</u>	<u>76</u>

The aggregate payroll costs of these persons were as follows:

	2022 £'000	2021 £'000
Wages and salaries	1,802	1,128
Social security costs	111	92
Contributions to defined contribution plans	19	17
	<u>1,932</u>	<u>1,237</u>

Felbridge Holdings Limited

Notes (continued)

6 Wages and salaries (continued)

In the UK, the Government has provided funding towards the salary costs of employees who have been 'furloughed' through the Coronavirus Job Retention Scheme. The scheme rules remain complex to interpret and apply to the claims. This funding meets the definition of a government grant, and a total of £50,703 (2021: £594,599) has been recorded within other income.

The directors did not receive any emoluments for services provided to the Company during the year (2021: £Nil).

7 Financial expenses	2022 £'000	2021 £'000
Interest expense on loan from shareholder	35	219
Interest expense on loan from a fellow group company	314	313
	<u>349</u>	<u>532</u>
8 Taxation		
Recognised in the statement of profit and loss	2022 £'000	2021 £'000
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
Total tax charge	-	-
Reconciliation of effective tax rate	2022 £'000	2021 £'000
Loss for the year	(4,227)	(2,771)
Total tax charge	-	-
	<u>(4,227)</u>	<u>(2,771)</u>
Loss excluding taxation	(4,227)	(2,771)
Tax using the UK corporation tax rate of 19% (2021: 19%)	(803)	(527)
Deferred tax not recognised	(32)	281
Non-deductible expenses	627	246
Group relief surrendered not paid for	208	-
	<u>-</u>	<u>-</u>
Total tax charge	-	-

Following Finance Act 2021, the corporation tax rate will increase from 19% to 25% with effect from 1 April 2023 and this will have a consequential effect on the Company's future tax charge. Accordingly, deferred tax has been calculated at 25%, the corporation tax rate enacted at the balance sheet date. A deferred tax asset of £372k (2021: £576k) has not been recognised due to uncertainty of recoverability in the future.

Felbridge Holdings Limited

Notes (continued)

9 Property, plant, and equipment	Freehold land and buildings £'000	Fixtures and fittings £'000	Total £'000
2022			
<i>Cost or revaluation</i>			
Balance at 1 April 2021	8,649	8,720	17,369
Additions	-	272	272
Revaluation	(3,250)	-	(3,250)
Balance at 31 March 2022	5,399	8,992	14,391
<i>Depreciation</i>			
Balance at 1 April 2021	749	8,101	8,850
Charge for the year	89	341	430
Elimination of depreciation on revaluation	(89)	-	(89)
Balance at 31 March 2022	749	8,442	9,191
<i>Net book value</i>			
At 1 April 2021	7,900	619	8,519
At 31 March 2022	4,650	550	5,200
2021	Freehold land and buildings £'000	Fixtures and fittings £'000	Total £'000
<i>Cost or revaluation</i>			
Balance at 1 April 2020	9,611	8,711	18,322
Additions	-	9	9
Revaluation	(962)	-	(962)
Balance at 31 March 2021	8,649	8,720	17,369
<i>Depreciation</i>			
Balance at 1 April 2020	640	7,684	8,324
Charge for the year	109	417	526
Balance at 31 March 2021	749	8,101	8,850
<i>Net book value</i>			
At 1 April 2020	8,971	1,027	9,998
At 31 March 2021	7,900	619	8,519

Felbridge Holdings Limited

Notes (continued)

9 Property, plant, and equipment (continued)

Measurement of fair values

The fair value of land and buildings at 31 March 2022 reflects the results of a valuation exercise carried out by an independent external valuer, CBRE, whom the directors regard as having a recognised professional qualification and recent experience in the location and type of property being valued. The external valuation was performed in accordance with the Royal Institute of Chartered Surveyors (RICS) valuation standards. The valuation report was issued on 22 July 2022, with valuation date 30 June 2022. The directors have considered market movements between the valuation date and the reporting date and determined that there was no material movement in that three-month period. Consequently, they regard the valuation as being appropriate. which were classified as investment property.

The valuation technique adopted is discounted cash flow, which reflects the operating cashflows of the hotel as a fully equipped operating business. Under this model, the present value of cash flows expected to be generated by the property over a 10-year period is calculated, taking into account projected net operating income and capital expenditure over that period, together with an assumed terminal value and associated disposal costs at the end of the period. The expected cash flows are discounted using a risk adjusted discount rate, reflective of the property, its quality and location. A discount rate of 9.25% (2021: 8.75%) was used for this purpose.

The directors consider the property to fall within the Level 3 fair value category under IFRS 13 based on the unobservable inputs to the valuation model. Significant unobservable inputs include forecast net operating income, terminal value and costs, discount and capitalisation rates.

There is a positive relationship between net operating income and fair value, such that an increase in net operating income increases the property valuation. However, the relationship between discount/capitalisation rate and property values is inverse such that an increase in discount/capitalisation rate reduces the property valuation.

10 Inventories	2022	2021
	£'000	£'000
Consumables	50	21
	<hr/>	<hr/>
11 Trade and other receivables	2022	2021
	£'000	£'000
Trade receivables	137	-
Other receivables	49	29
Receivables from fellow group company	8	16
Prepayments	34	56
	<hr/>	<hr/>
	228	101
	<hr/>	<hr/>
All amounts included in trade and other receivables are due within one year		
12 Cash and cash equivalents	2022	2021
	£'000	£'000
Cash and cash equivalents per cash flow statement	237	104
	<hr/>	<hr/>

Felbridge Holdings Limited

Notes (continued)

13 Trade and other payables

	2022 £'000	2021 £'000
Trade payables	244	249
Accruals	485	425
Payable to fellow group company	2,359	1,250
Other payables	13	1
VAT payable	-	14
	<u>3,101</u>	<u>1,939</u>

No amounts included within trade and other payables are expected to be settled in more than 12 months. The Group's exposure to liquidity risk related to trade and other payables is disclosed in the note on financial instruments (note 16). The estimated fair values of payables are the discounted amount of the estimated future cash outflows and approximate their carrying amounts. Expected cash flows are discounted at current market rates to determine fair values.

14 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings falling due within one year, which are measured at amortised cost.

	2022 £'000	2021 £'000
Current liabilities		
Loans	<u>8,535</u>	<u>10,944</u>

On the 1 June 2016 a loan was provided from fellow group company, HICP Holdings Limited. The loan was provided for working capital purposes. The loan carries a 3.1% Margin + 3 month Libor and is repayable on demand. The above balance represents the principal only, interest of £1,360,000 (2021: £1,047,000) has been accrued and is included in the 'Payable to fellow group company' balance in note 13.

On 8 December 2016 a loan was provided from the then parent company, Promontoria Holding 132 B.V. The loan was provided for working capital purposes. The loan carried a 10% nominal interest rate. Prior to the acquisition of the Group by Marathon the loan was fully waived by Promontoria Holding 132 B.V.

Felbridge Holdings Limited

Notes (continued)

14 Interest-bearing loans and borrowings (continued)

	Loans 2022 £'000	Loans 2021 £'000
Changes in liabilities from financing activities		
Balance at 1 April	10,944	10,665
<i>Changes from financing cash flows</i>		
Proceeds from loans and borrowings	-	274
Total changes from financing cash flows	-	274
<i>Other changes</i>		
Interest expense	35	219
Interest paid	-	(214)
Capitalised borrowing costs	-	-
Loan waived	(2,444)	-
Total other changes	(2,409)	5
Balance at 31 March	8,535	10,944

15 Capital and reserves

	2022 £	2021 £
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1	1

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

Other reserves	2022 £'000	2021 £'000
Capital contribution reserve	12,444	10,000

On 25 May 2021 the loan due to Promontoria Holding 132 B.V. was fully waived resulting in an increase in the capital contribution reserve of £2,444,000.

Felbridge Holdings Limited

Notes (continued)

16 Financial instruments

Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The board of directors reviews and agrees policies for managing each of these risks, which are summarised below.

Overview

The Group has exposure to the following risks arising from financial instruments which are being monitored on a continuous basis:

- Credit risk;
- Liquidity risk;
- Interest rate risk; and
- Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and deposits with banks and financial institutions.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2022 £'000	2021 £'000
Trade receivables	137	-
Other receivables	49	29
Cash and cash equivalents	237	104
	<hr/>	<hr/>
	423	133
	<hr/>	<hr/>

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

Felbridge Holdings Limited

Notes (continued)

16 Financial instruments (continued)

Trade receivables

Revenue is attributable to transactions, in the ordinary course of business, with hotel guests and other clients. Credit risk is managed by reviews at monthly asset management meetings of KPIs such as days credit sales outstanding and percentage receivables over 60 days outstanding. No impairment loss has been recognised.

Cash and cash equivalents

The Group held cash and cash equivalents of £237,000 at 31 March 2022 (2021: £104,000), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with reputable bank and financial institution counterparties located in the United Kingdom. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. There is permanent monitoring and planning by the cash management department to ensure the Group has sufficient funds to pay its liabilities for a certain period.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

2022	Carrying amount £'000	Contractual cash flows £'000	6 months or less £'000	6 - 12 months £'000	1 - 2 years £'000	2 - 5 years £'000
Non-derivative financial liabilities						
Loan from fellow group company	8,535	8,535	-	8,535	-	-
Trade payables and accruals	3,101	3,101	3,101	-	-	-
	11,636	11,636	3,101	8,535	-	-

Felbridge Holdings Limited

Notes (continued)

16 Financial instruments (continued)

Liquidity risk (continued)

2021	Carrying amount £'000	Contractual cash flows £'000	6 months or less £'000	6 - 12 months £'000	1 - 2 years £'000	2 - 5 years £'000
Non-derivative financial liabilities						
Loan from parent	2,409	2,409	-	2,409	-	-
Loan from fellow group company	8,535	8,535	-	8,535	-	-
Trade payables and accruals	1,925	1,925	1,925	-	-	-
	<u>12,869</u>	<u>12,869</u>	<u>1,925</u>	<u>10,944</u>	<u>-</u>	<u>-</u>

Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments are generally of a short-term nature and fair values are usually not significantly different from the carrying values.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Capital management

Capital consists of ordinary shares and retained earnings of the Group. The Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

17 Related parties

Under IAS 24 Related Party Disclosures, the Group and Company have a related party relationships with shareholders and key management personnel, including directors of the Company.

Related party transactions

The following transactions were conducted with related parties during the year:

	2022 £'000	2021 £'000
Management fees payable to asset manager	(105)	(8)
<i>Promontoria Holding 132 B.V.</i>		
Interest payable	(35)	(219)
Loan waived	2,444	-
Interest payable to HICP Holdings Limited	(314)	(313)

Felbridge Holdings Limited

Notes (continued)

17 Related parties (continued)

Related party transactions (continued)

The following balances remain outstanding at year end:

	2022 £'000	2021 £'000
<i>Receivables</i>		
Amounts owed by HICP Holdings Limited	8	16
<i>Payables</i>		
Amounts owed to HICP Holdings Limited (including interest)	(9,895)	(9,582)
Amounts owed to HICP Limited	(999)	(203)
Amounts owed to Promontoria Holding 132 B.V.	-	(2,409)

Valor Hospitality Europe Limited is the appointed asset manager of the Company and has been deemed a related party by virtue of its influence over the management and strategic operations of the Company.

HICP Holdings Limited and HICP Limited are related parties under common control.

The Group was a subsidiary undertaking of Promontoria Holding 132 B.V. until May 2021 when it was acquired by Bryant Park Hospitality SARL.

Remuneration of key management

Key management is defined as the directors of the Company. Details of remuneration paid are outlined in note 6 above.

18 Ultimate parent company of larger group

Felbridge Holdings Limited is a consolidated group owning 100% of New Century (East Grinstead) Limited. Ultimately the Company is now owned by investment funds affiliated with the Marathon Group. The Group is a subsidiary undertaking of Bryant Park Hospitality Sarl which is the parent company incorporated in the Luxembourg.

19 Subsequent events

There are no significant subsequent events requiring adjustment to, or disclosure in, the financial statements for the year ended 31 March 2022.

Felbridge Holdings Limited

Company balance sheet as at 31 March 2022

	Note	2022 £'000	2021 £'000
Current assets			
Debtors	4	3,736	3,575
Cash at bank and in hand		-	41
		<u>3,736</u>	<u>3,616</u>
Creditors: amounts falling due within one year	5	<u>(17)</u>	<u>(2,509)</u>
Net current assets		3,719	1,107
Total assets less current liabilities		<u>3,719</u>	<u>1,107</u>
Net assets		<u>3,719</u>	<u>1,107</u>
Capital and reserves			
Called up share capital		-	-
Capital contribution reserve	6	3,444	1,000
Profit and loss account		275	107
		<u>3,719</u>	<u>1,107</u>
Shareholders' funds		<u>3,719</u>	<u>1,107</u>

These financial statements were approved by the board of directors on 29 March 2023 and were signed on its behalf by:



C.A. Kula
Director

Company registered number: 09917446

The accompanying notes on pages 36 to 40 form an integral part of these financial statements.

Felbridge Holdings Limited

Company statement of changes in equity for the year ended 31 March 2022

	Called up share capital £'000	Profit and loss account £'000	Capital contribution account £'000	Total equity £'000
Balance at 1 April 2020	-	199	1,000	1,199
Loss for the year	-	(92)	-	(92)
Total comprehensive loss for the year	-	(92)	-	(92)
Balance at 31 March 2021	-	107	1,000	1,107
Profit for the year	-	168	-	168
Total comprehensive income for the year	-	168	-	168
Transactions with owners, recorded directly in equity				
Capital contribution	-	-	2,444	2,444
Total contributions by and distributions to owners	-	-	2,444	2,444
Balance at 31 March 2022	-	275	3,444	3,719

The accompanying notes on pages 36 to 40 form an integral part of these financial statements.

Felbridge Holdings Limited

Notes

forming part of the company financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

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

These financial statements are presented in sterling, which is the groups functional currency. All amounts have been rounded to the nearest thousand, unless otherwise stated.

Under Section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

The Company is preparing its financial statements in accordance with FRS 101 for the first time. In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. The transition to FRS 101 has had no effect on the reported financial position and financial performance of the company.

IFRS 1 grants certain exemptions from the full requirements of UK-adopted IFRSs in the transition period. No exemptions have been taken in these financial statements.

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

- Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

Management have assessed that there are no estimates or judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognised in the financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis.

Felbridge Holdings Limited

Notes (continued)

1 Accounting policies (continued)

Financial instruments

Trade and other debtors

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

Trade and other creditors

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

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECLs.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Felbridge Holdings Limited

Notes (continued)

1 Accounting policies (continued)

Financial instruments (continued)

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

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.

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

Cash dividend and non-cash distribution to equity holders of the parent

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in the United Kingdom, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Impairment of non-financial assets excluding inventories and deferred tax assets

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

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

2 Directors' remuneration

No amounts were paid by the Company for directors' remuneration during the year and the services received were not material (2021: £Nil).

Felbridge Holdings Limited

Notes (continued)

3 Investment subsidiary

The value of the investment in the subsidiary New Century (East Grinstead) Ltd is £1 (2021: £1).

The Company has the following investments in subsidiaries:

Company	Registered office address	Type of shares	Ownership 2022	Ownership 2021
New Century (East Grinstead) Ltd	Queens Court, 9-17 Eastern Road, Romford, Essex, England, RM1 3NG	Ordinary	100%	100%

4 Debtors

	2022 £'000	2021 £'000
Other debtors	7	5
Amounts owed by subsidiary	3,711	3,570
Amounts owed by fellow group companies	18	-
	<u>3,736</u>	<u>3,575</u>

All amounts included in trade and other receivables are due within one year

On 29 December 2015 a loan was provided to the subsidiary company, New Century (East Grinstead) Limited. The loan was provided for working capital purposes. The loan carries a 3.1% + 3 month Libor nominal interest rate. The maturity date for the loan was 15 December 2020, however, as at 31 March 2022, the loan has not yet been fulfilled and is still in place.

5 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Creditors	-	86
Accruals	17	14
Loan from parent company	-	2,409
	<u>17</u>	<u>2,509</u>

On 8 December 2016 a loan was provided from the then parent company, Promontoria Holding 132 B.V. The loan was provided for working capital purposes. The loan carried a 10% nominal interest rate. The maturity date for the loan was December 2020. Prior to the acquisition of the Group by Marathon the loan was fully waived by Promontoria Holding 132 B.V.

No amounts included within trade and other payables are expected to be settled in more than 12 months.

6 Capital and reserves

	2022 £	2021 £
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

Felbridge Holdings Limited

Notes (continued)

6 Capital and reserves (continued)

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

Other reserves	2022 £'000	2021 £'000
Capital contribution	3,444	1,000

On 25 May 2021 the loan due to Promontoria Holding 132 B.V. was fully waived resulting in an increase in the capital contribution reserve of £2,444,000.

7 Related party disclosures

The following transactions were conducted with related parties during the year:

	2022 £'000	2021 £'000
<i>Promontoria Holding 132 B.V.</i>		
Interest payable	(35)	(219)
Loan waived	2,444	-

The following balances remain outstanding at year end:

	2022 £'000	2021 £'000
<i>Receivables</i>		
Amounts owed by HICP Limited	18	-
<i>Payables</i>		
Amounts owed to Promontoria Holding 132 B.V.	-	(2,409)

HICP Limited is a related party under common control.

The Company was a subsidiary undertaking of Promontoria Holding 132 B.V. until May 2021 when it was acquired by Bryant Park Hospitality SARL.

8 Subsequent events

There are no significant subsequent events requiring adjustment to, or disclosure in, the financial statements for the year ended 31 March 2022.