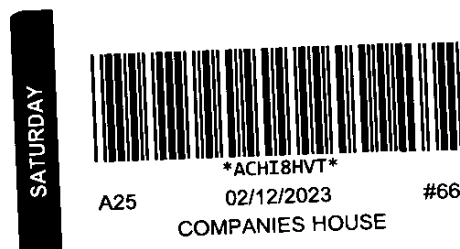


Company Registration No: 11168616

NEW GEM HOLDINGS LIMITED
GROUP REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022



NEW GEM HOLDINGS LIMITED

COMPANY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2022

DIRECTORS

R S Matharu
H S Matharu

SECRETARY

H S Matharu

COMPANY NUMBER

11168616

REGISTERED OFFICE

Lion House
72-75 Red Lion Street
London
WC1R 4NA

AUDITOR

RSM UK Audit LLP
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

BANKER

Barclays Bank plc
Business Services
Level 27
1 Churchill Place
Canary Wharf
London
E14 5HP

SOLICITOR

Howard Kennedy LLP
1 London Bridge
London
SE1 9BG

NEW GEM HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their Strategic Report for New Gem Holdings Limited ('the Company') and its subsidiaries ('the Group') for the year ended 31 March 2022.

Principal activity

The principal activity of the Company during the year was that of a holding company. The principal activity of the Group during the year was that of trading as hoteliers and property investors, developers and contractors.

Review of the Business

The upturn in demand seen towards the end of the previous financial year has continued into the year ended 31 March 2022, as Covid restrictions continued to ease with strong occupancies and average daily rates growing later to levels close to 2019 levels and sometimes beyond. This was despite the corporate travel sector only beginning to partially recover later in 2021 with significant incoming foreign travel only returning in 2022.

A rise in demand for conference and banqueting events in hotels, along with the lucrative Christmas function market contributed to an 81% increase in turnover to £14.7m (2021: £8.1m).

The Group's Statement of Financial Position as detailed on page 14 shows a satisfactory position, with shareholders' funds amounting to £695.4m (2021: £698.2m).

The Group continued to face further market competition from supply increases in new build hotel bedstock in London. Some additional large hotels came on stream during 2021 despite the pandemic, with a supply pipeline of 6,814 bedrooms expected for 2022, including some postponed or delayed, and 3,073 currently scheduled to open in 2023. Some bedstock is however expected to leave the marketplace as a result of the economic impact of the pandemic.

The Group continues to experience significant pressure with wages pressure in a very tight labour market and above average inflationary increases in food, energy and laundry costs. Agent Commissions remain above the longer term average with the continuing distortion in the business channel mix of accommodation sources to the hotels in the year.

The overall bedstock and conference space for the Group has increased in the year due to the significant acquisitions of the Winchester Hotel and Spa and Wardrobe Court properties, the completion of the Gem Fitzrovia hotel refurbishment, and the continued upgrades of other property and technology assets to maintain them to a high standard. The other principal focus in the year for the Group's capital expenditure was the costs of the development of its St Martins property. The Group also committed significant capital expenditure into acquiring the London Wall Office investment property and the Sherbourne St Peters property held for resale in the year.

Future Developments

The Group has continued its programme of improvements at the Langham Court and Strathmore properties following the completion of the full Fitzrovia refurbishment.

The Group has continued to progress its St Martins development plans following securing planning consent in 2020 for a mixed hotel, conference and housing development. Site preparations for this continued with a contract awarded and now complete for partial demolition in 2023 of part of the buildings on the existing site.

The Bedfont Lakes development site has had further design work and consents for its approved hotel development, with some site preparation work in September 2021. Full planning consent for an additional warehouse scheme to the north of the site was also obtained. This having been completed the Directors decided upon a sale of the site for funding alternative projects which was completed in May 2023. The site was sold in June 2023 for £19.4m.

NEW GEM HOLDINGS LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Future Developments (continued)

The directors continue to seek investment and development opportunities for Group funds and to this end further property opportunities have been pursued: -

- A long lease of the historic Custom House building on the Thames in the City of London had been agreed subject to planning consent for change of use and development as a hotel. This consent was the subject of an appeal which was ultimately refused and the purchase contract was therefore not concluded. Later in 2023 however the same property was purchased unconditionally by a Group company.
- In August 2021 the Group purchased the freehold site encompassing a complex of 92 apartments situated in Wardrobe Court in The City of London. It is currently being upgraded and improved to be rebranded and trade as a boutique Aparthotel property.
- In February 2022 the Group acquired the freehold interest in an office property on London Wall as an investment with a view to enhancing rental yield and pursuing further site refurbishment which commenced in autumn 2023 and will be ongoing.
- A loan Facility has been agreed for an investment in the Sherbourne Group and its St Peters site in Marlborough, which facility has recently been increased to cover additional costs in particular

The directors will monitor any future opportunities, whilst retaining funds to commence full development of its existing properties, as they arise in particular the large Central St Martins site in Holborn.

Key performance indicators

Whilst the Group does not place significant value or weight on the KPIs used widely throughout the Hotel Operating and Leisure Industry, it does monitor the Group performance against some published data on some KPIs to indicate its relative performance against its competitors. In addition, such data is used in the management of costs and working capital to improve operating profit. The major KPIs which it uses for these purposes are:

- Occupancy rate - rooms occupied by hotel guests, expressed as a percentage of rooms that are available.
- Average room rate - room revenue divided by the number of room nights sold.
- RevPAR - This is the revenue per available room whereby total income received during a period is expressed as a multiple of rooms available to be sold during the same period.

The directors have due regard to these ratios and figures for each and every unit traded by the Group and aim to improve them on a continuing basis. With the very significant disruption to trade in the prior year, the Directors consider that it is not relevant or meaningful to make any analysis or comparisons year on year.

Principal risks and uncertainties

Price risk

This relates to the risk of the Group failing to maintain the book value of the hotel assets. The Group planned to use appropriately qualified surveyors to value the hotel assets for these financial statements and mitigate the risk of losses being incurred on the sale of such Assets, however, this was not achieved during 2022.

Liquidity risk

See the going concern accounting policy disclosed on page 20.

Financial instruments and borrowings

The Group has borrowings of £1,554,000 but is not reliant on this borrowing facility to finance its business and developments.

NEW GEM HOLDINGS LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Principal risks and uncertainties (continued)

Inflation

Along with others in the sector since the year end the Group is experiencing significant inflationary pressures arising from the post Covid recovery effects on the supply and labour markets alongside the war in Europe. These are currently being most keenly felt in food, energy and laundry price increases as well as pay awards to facilitate the retention and recruitment of staff.

The Group is actively managing the supply chain and to obtain operational staff efficiencies to help mitigate some of these effects but ultimately some will have to be absorbed. The Directors consider the pricing and demand for its product to be strong enough, based on current market price performance and predictions, to be able to increase revenue to sufficient levels to ultimately still yield satisfactory results.

Labour Supply

The hotel and hospitality industry, alongside other sectors, is still experiencing challenges in retaining and recruiting staff and is currently experiencing acute staff shortages. The Directors have managed the properties thus far to fully utilise the bedroom and conference capacity available, including more flexible work patterns and tasks to match most of the demand received but further deterioration may hamper the Group's ability to maintain full accommodation and event activity. The Group is exploring every avenue available to recruit more staff alongside active measures to retain existing staff whenever practical.

Pandemic

The directors have considered the impact of any future pandemic outbreak on the going concern status of the Group and the Company and have set out in note 1.4 on page 20 any material uncertainties that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. There are sufficient liquid funds to fund working capital requirements and take advantage of future developments and investment opportunities.

Section 172 statement

The directors are aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

The directors of the Company have sought to balance the needs of its members with their duties under s.172 throughout the year.

The directors of the Company have a duty to promote the success of the Company, and it relies on smooth operations and the support and joint efforts of stakeholders. Thus, effective communication and interaction are indispensable in the Company's business operations.

The Company is aware of the importance of stakeholder opinions and understands and responds to relevant stakeholders and their concerns. We identified the most important stakeholders and have evaluated the extent of each stakeholder's relationship with our Company. We are in continuous contact with these stakeholders. More information on our relationships with these stakeholders is detailed within the directors' report.

NEW GEM HOLDINGS LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Section 172 statement (continued)

Employees

Employees, our "colleagues" are the most valuable assets of the Company. We engage with the employees through email, regular meetings both in person and online.

We continue to implement strict selection procedures and standards to ensure non-discrimination in our employment policy. We provide employees with comprehensive training and career development and flexible working opportunities. We conduct departmental and external professional training where necessary.

Shareholders

The Board seeks to understand the respective interests of our shareholder groups so that these are properly considered in the Board's decisions. Reports and updates are received from members of management who engage with such groups.

In the year, regular communications were supplied to our stakeholders to ensure they were updated with relevant information from the hotels and head office during the restricted period of business. Cashflow was reviewed weekly to assist promoting the success of the business for the benefit of its members as a whole and in the best economic, strategic and financial interests.

Suppliers

The Group continues to negotiate with suppliers to ensure that the quality of procured goods remained at a high level with minimal effect on price, delivery and settlement terms.

Guests

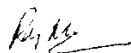
The Group is audited by a number of external accreditation bodies to ensure the hotels provide exemplary boutique services to our guests and maintains the 4-star rating. In addition, a number of external online review portals, along with the press regularly review the hotels which are available to our guests. We continue to invest in the hotels to ensure those highest standards continue to be exceeded.

Others

We engage with the relevant government authorities through telephone, letter and email for issues such as taxation and other compliance topics.

The building of a sound governance system and ethical corporate culture are important business policies for the Group. The Board receives regular updates on these matters from the management teams on these matters.

By order of the Board:



R S Matharu
Director

Date: 01/12/23

NEW GEM HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors submit their report and the financial statements of the Group for the year ended 31 March 2022.

Directors

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

R S Matharu
H S Matharu

Results and dividends

The Group's loss for the year after taxation was £1,827,000 (2021: £1,802,000).

For the Company, ordinary dividends totalling £Nil were declared during the year (2021: £Nil), with £Nil (2021: £Nil) payable at the year end.

For the Group, ordinary dividends totalling £980,000 were declared during the year and payable to non-controlling interests (2021: £Nil), with £Nil (2021: £Nil) payable at the year end.

Going concern

The directors have reviewed the current financial position of the Group, making reasonable assumptions about the future performance and cash flow. The Group had £297.0m of cash at bank and in hand at the balance sheet date and at the time these financial statements were approved the Group still had *substantial levels of cash available, which the directors' forecasts indicate will be sufficient to meet all liabilities of the Group as they fall due for a period of at least 12 months from the date of approval of these financial statements.* Accordingly, the going concern basis has been adopted in preparing the Group's and Company's financial statements.

Employee involvement

Employees of the Group are regularly consulted by the management and kept informed of matters affecting them and the overall development of the Group.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. The directors endeavour to ensure that as far as possible the training, career development and promotion of disabled persons is the same as for other employees. Should employees become disabled, every effort is made to ensure that their employment continues and appropriate retraining is received.

The Group recognises the high standards required to ensure the health, safety and welfare of employees, its customers and the general public. These policies are regularly reviewed with the objective of ensuring that standards are maintained.

Stakeholder engagement

Refer to Strategic Report on pages 4 to 5 for details of stakeholder engagement.

Auditor

The auditor, RSM UK Audit LLP, Chartered Accountants, have indicated their willingness to continue in office and a resolution concerning their reappointment will be passed at the Annual General Meeting.

NEW GEM HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Statement as to disclosure of information to auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Information contained within the strategic report

In accordance with section 414C(11) of the Companies Act 2006, information in relation to the fair review of the business, future developments and risk management policies of the Company, as required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, have been included in the separate Strategic Report.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

In preparing those 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Energy and Carbon Reporting

As a large, unquoted organisation, New Gem Holdings Limited is required to report its energy use and carbon emissions in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 because it meets the thresholds for reporting. Other subsidiaries in the Group do not meet the thresholds for reporting and are not required to report.

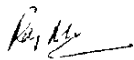
We have followed the HM Government Environmental Guidelines and the 2020 UK Conversion Factors for Company Reporting in compiling the Energy and Carbon footprint.

NEW GEM HOLDINGS LIMITED**DIRECTORS' REPORT (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2022****Energy and Carbon Reporting (continued)**

The Primary source for Energy Consumption is the Supplier Invoices. Where the Invoices are estimated and fall into another financial year, a pro-rata calculation has been used to calculate the Emissions. The transportation usage has been based on 2019 ESOS report taking into account re-structure of the business. The total gross emissions from combustion of gas, combustion of fuel, purchased electricity and losses from generation of electricity not controlled by the Company was 1,978.469 tonnes of carbon dioxide and equivalent gases (tCO₂e) with an intensity ratio of 0.02377668 per sleeper.

	Units	2022	2021
Emissions from Combustion Gases	tCO ₂ e	1,745.908	487.9055
Emissions from combustion of fuel for transport purposes (scope 1)	tCO ₂ e	18.33	2.4
Emissions from purchased Electricity	tCO ₂ e	202.101	361.0926
Emissions from generation of electricity that is consumed in transmission and distribution (losses)	tCO ₂ e	12.13	21.66556
Total gross emissions	tCO ₂ e	1,978.469	873.0637
Energy consumption used to calculate above emissions	kWh	11,213,802	4,110,604
Number of sleepers		50,331	13,320
Intensity measurement ratio		0.03930915	0.065545

By order of the Board:

**R S Matharu**
Director

Date: 01/12/23

NEW GEM HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW GEM HOLDINGS LIMITED

Qualified opinion

We have audited the financial statements of New Gem Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement 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 their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion section of our report, the accompanying 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 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

With respect to the transactions shown in the group statement of comprehensive income for the year ended 31 March 2022, the audit evidence available to us was limited because following the acquisition by the group of Winchester Hotel & Spa Limited that subsidiary's accounting system was changed in January 2022 and a number of its sales records for the period up to that date were lost. Due to the nature of those records, we were unable to obtain sufficient appropriate audit evidence regarding the loss for the year of £252k of Winchester Hotel & Spa included in the group statement of comprehensive income by using other audit procedures. Consequently, we were unable to determine whether any adjustments to the group statement of comprehensive income were necessary.

Additionally, the directors have not performed an impairment review of the group's land and buildings of £303.6m included in the financial statements at 31 March 2022 and because of this we were unable to obtain sufficient appropriate audit evidence regarding the valuation of the group's properties by using other audit procedures. Consequently, we were unable to determine whether any adjustments to the group's land and buildings included in the balance sheet were necessary.

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 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 qualified opinion.

Conclusions relating to going concern

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.

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's or the parent company's ability to continue as a going concern for a period of at least twelve months from 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.

NEW GEM HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW GEM HOLDINGS LIMITED (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

In respect solely of the limitation of our work relating to sales and land and buildings, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been kept.

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:

- 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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.

NEW GEM HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW GEM HOLDINGS LIMITED (CONTINUED)

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and evaluating advice received from external tax advisors.

The group audit engagement team identified the risk of management override of controls and property valuation as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

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

NEW GEM HOLDINGS LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW GEM HOLDINGS LIMITED
(CONTINUED)**

Use of our report

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

Euan Banks

Euan Banks (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

Date: 01/12/23

NEW GEM HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Turnover	2	14,650	8,091
Cost of sales		(11,559)	(10,294)
Gross profit/(loss)		<u>3,091</u>	<u>(2,203)</u>
Administrative expenses		(8,900)	(6,443)
Other operating income	4	542	1,786
Other operating expenses	5	-	(734)
Impairment loss reversal	6	3,645	-
Aborted acquisition costs	7	(1,605)	-
Operating loss	8	<u>(3,227)</u>	<u>(7,594)</u>
Interest receivable and similar income	9	2,753	5,568
Interest payable and similar expenses	10	(95)	(33)
Fair value gains on current asset investments		379	-
Loss before taxation		<u>(190)</u>	<u>(2,059)</u>
Taxation	11	(1,637)	257
Loss and total comprehensive income for the year		<u>(1,827)</u>	<u>(1,802)</u>
Loss and total comprehensive income for the year is attributable to:			
Owners of the parent company		(3,100)	(2,088)
Non-controlling interests		1,273	286
		<u>(1,827)</u>	<u>(1,802)</u>

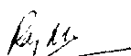
The result for the year ended 31 March 2022 derives wholly from continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	13	5	6
Tangible assets	14	305,518	200,133
Investments	15	718	120
		<u>306,241</u>	<u>200,259</u>
Current assets			
Stocks	16	7,574	61
Debtors due within one year	17	78,947	89,969
Current asset investments	18	14,767	9,345
Cash at bank and in hand		296,983	416,159
		<u>398,271</u>	<u>515,534</u>
Creditors: amounts falling due within one year	19	(8,380)	(17,104)
Net current assets		<u>389,891</u>	<u>498,430</u>
Total assets less current liabilities		<u>696,132</u>	<u>698,689</u>
Provisions for liabilities	20	(727)	(477)
Net assets		<u>695,405</u>	<u>698,212</u>
Capital and reserves			
Called up share capital	22	1	1
Share premium	22	-	-
Revaluation reserve	22	132,797	132,797
Merger reserve	22	148	148
Profit and loss reserves	22	561,921	565,021
Equity attributable to the owners of the parent company		<u>694,867</u>	<u>697,967</u>
Non-controlling interests	22	538	245
Total equity		<u>695,405</u>	<u>698,212</u>

The financial statements on pages 13 to 38 were approved by the board of directors and authorised for issue on 01/12/23 and are signed on its behalf by:



R S MATHARU
Director

NEW GEM HOLDINGS LIMITED

(Company Registration Number: 11168616)

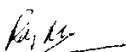
COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	2022	2021
		£'000	£'000
Fixed assets			
Investments	15	5,004	5,004
Current assets			
Debtors due within one year	17	41,678	26,202
Cash at bank and in hand		4,397	7,337
		<u>46,075</u>	<u>33,539</u>
Creditors: amounts falling due within one year	19	(49,467)	(36,569)
Net current liabilities		(3,392)	(3,030)
Total assets less current liabilities		<u>1,612</u>	<u>1,974</u>
Net assets		<u>1,612</u>	<u>1,974</u>
Capital and reserves			
Called up share capital	22	1	1
Share premium	22	-	-
Profit and loss reserves	22	1,611	1,973
Total equity		<u>1,612</u>	<u>1,974</u>

As permitted by section 408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes as it prepares group accounts. The Company's loss and total comprehensive income for the financial year was £362,000 (2021: £1,023,000).

The financial statements on pages 13 to 38 were approved by the board of directors and authorised for issue on 01/12/23 and are signed on its behalf by:



R S MATHARU
Director

NEW GEM HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Merger reserve £'000	Profit and loss reserves £'000	Total attributable to owners of the parent £'000	Non- controlling interest £'000	Total equity £'000
Balance at 1 April 2020	1	-	132,797	148	567,109	700,055	(25)	700,030
(Loss)/profit for the year	-	-	-	-	(2,088)	(2,088)	286	(1,802)
Total comprehensive income for the year	-	-	-	-	(2,088)	(2,088)	286	(1,802)
Transactions with non-controlling interest:								
Non-controlling interest on acquisition of subsidiaries	-	-	-	-	-	-	(16)	(16)
Total transactions with non-controlling interest	-	-	-	-	-	-	(16)	(16)
Balance at 31 March 2021	1	-	132,797	148	565,021	697,967	245	698,212
(Loss)/profit for the year	-	-	-	-	(3,100)	(3,100)	1,273	(1,827)
Total comprehensive income for the year	-	-	-	-	(3,100)	(3,100)	1,273	(1,827)
Dividends paid	-	-	-	-	-	-	(980)	(980)
Balance at 31 March 2022	1	-	132,797	148	561,921	694,867	538	695,405

NEW GEM HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Share capital £'000	Share premium £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 April 2020	1	-	2,996	2,997
Loss for the year	-	-	(1,023)	(1,023)
Total comprehensive income for the year	-	-	(1,023)	(1,023)
Balance at 31 March 2021	1	-	1,973	1,974
Loss for the year	-	-	(362)	(362)
Total comprehensive income for the year	-	-	(362)	(362)
Balance at 31 March 2022	1	-	1,611	1,612

NEW GEM HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Operating activities			
Cash absorbed by operations	23	(8,680)	(19,303)
Interest paid		(63)	(33)
Income taxes paid		(289)	(6,922)
Net cash used in operating activities		(9,032)	(26,258)
Investing activities			
Purchase of tangible fixed assets		(111,088)	(8,803)
Proceeds on disposal of tangible assets		3,299	189
Purchase of other investments		(5,641)	(9,345)
Interest received		2,753	5,568
Net cash used in investing activities		(110,677)	(12,391)
Financing activities			
Proceeds from bank loans		1,513	-
Repayment of bank loans		-	(891)
Dividends paid to non-controlling interests		(980)	-
Net cash generated from/(used in) financing activities		533	(891)
Net decrease in cash and cash equivalents		(119,176)	(39,540)
Cash and cash equivalents at beginning of year		416,159	455,699
Cash and cash equivalents at end of year		296,983	416,159

NEW GEM HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1. Accounting policies

Company information

New Gem Holdings Limited ('the Company') is a private company limited by shares and is registered, domiciled and incorporated in England. The address of the Company's registered office and principal place of business is Lion House, 72-75 Red Lion Street, London, WC1R 4NA. The group consists of New Gem Holdings Limited and all of its subsidiaries ('the Group').

The principal activity of the Company during the year was that of a holding company. The principal activity of the Group during the year was that of trading as hoteliers and property investors, developers and contractors.

1.1 Basis of accounting

The Company and Group financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include the revaluation of land and buildings.

The financial statements are prepared in Sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £1,000, except where otherwise indicated.

1.2 Reduced disclosure

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

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the Company are consolidated within these financial statements which are publicly available from Companies House.

1.3 Basis of consolidation

The consolidated financial statements incorporate those of New Gem Holdings Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2022 except Sherbourne High Breck Limited and Sherbourne St Peter's Ltd whose financial year ends are on 31 May, and Sherbourne Hurstbourne Manor Limited whose financial year end is on 30 September. The consolidated financial statements incorporate the results of Sherbourne High Breck Limited and Sherbourne St Peter's Ltd based on management accounts prepared to 31 March 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

NEW GEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1.3 Basis of consolidation (continued)

All intra-Group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued, and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.4 Going concern

The directors have reviewed the current financial position of the Group, making reasonable assumptions about the future performance and cash flow. The Group had £297.0m of cash at bank and in hand at the balance sheet date and at the time these financial statements were approved the Group still had substantial levels of cash available, which the directors' forecasts indicate will be sufficient to meet all liabilities of the Group as they fall due for a period of at least 12 months from the date of approval of these financial statements. Accordingly, the going concern basis has been adopted in preparing the Group's and Company's financial statements.

1.5 Turnover

Turnover represents the amount derived from the provision of accommodation, conference facilities, meals and rental income. Income is recognised on the date of occupation for accommodation and meals, and on the date of the event for conference facilities. Rental income is recognised in accordance with the terms of the lease. Turnover excludes value added tax, and relates solely to the United Kingdom.

Income from property sales is recognised on the date of exchange of contracts for sales, providing completion has taken place subsequently.

1.6 Other income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate. Rental income on assets leased under operating leases is recognised on a straight line basis over the lease term and is presented within other operating income.

NEW GEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1.7 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 25 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.8 Intangible fixed assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Trademarks	10 years
------------	----------

1.9 Tangible fixed assets

Tangible fixed assets, other than investment property, are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight line basis over its expected useful life, as follows:

Freehold buildings	1%-2% straight line
Long leasehold buildings	over the term of the lease
Fixtures, fittings and equipment	4%-20% straight line
Motor vehicles	25% straight line

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Land and buildings are accounted for separately even when acquired together.

Properties in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation commences when the properties are ready for their intended use.

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

NEW GEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1.9 Tangible fixed assets (continued)

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity, such gains and loss are recognised in profit or loss.

1.10 Impairment of fixed assets

At each reporting end date, the Group reviews the carrying amounts 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 (if any).

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 immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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 that 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 immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.11 Investment properties

Investment properties (including properties held under an operating lease) are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The directors consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified, because depreciation is only one of many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

NEW GEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1.12 Fixed asset investments

In the separate accounts of the Company, interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Business combinations

The Group acquires subsidiaries that own investment properties. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the investment properties. Where such acquisitions are not judged to be the acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based upon their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

1.13 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost of goods for resale is computed on a first in first out basis. Cost of properties for redevelopment comprises the cost to the Group of acquiring properties, construction and other development costs. Net realisable value is based on estimated selling price less the estimated cost of disposal.

At each reporting date, the Group assesses whether stocks are impaired or if an impairment loss recognised in prior years has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell, is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.14 Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.15 Financial instruments

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

Financial instruments are recognised when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

NEW GEM HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

1.15 Financial instruments (continued)

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow Group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the Group are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Group.

NEW GEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1.16 Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different years from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries that will be assessed to or allow for tax in a future years except where the Group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Group to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.17 Provisions

Provisions are recognised when the Group has a legal or constructive present obligation 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 reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.18 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the year in which the employee's services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

NEW GEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1.19 Retirement benefits

Contributions are made for the majority of the staff to the workplace pension scheme established under the automatic enrolment legislation. All eligible staff are entitled to join the pension scheme. For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

1.20 Leases

The Group as a Lessee – Operating Leases

Annual rentals are charged to profit or loss on a straight line basis over the lease term. Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and recognised, on a straight-line basis over the lease term.

The Group as a Lessor – Operating Leases

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

1.21 Government grants

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

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

1.22 Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

1.23 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

NEW GEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1.23 Critical accounting estimates and areas of judgement (continued)

Depreciation and useful economic life

The depreciation, in respect of tangible fixed assets, is based upon estimates of the useful economic lives of the assets involved. Useful economic life is assessed initially upon acquisition of the asset and thereafter reviewed annually taking into account any revisions of future use of those assets. The judgements involved are informed by historical experience in relation to similar assets.

Valuation of tangible fixed assets

The directors obtain professional valuations of freehold land and buildings to inform them of the valuation of the Group's properties. At each year end, in the absence of a professional valuation, the directors use their experience and professional judgement to assess whether there has been a material change in the carrying value of the land and buildings. There is an element of judgement in this assessment of carrying value.

Provisioning against other debtors

Other debtors are regularly considered for indicators of impairment, which require the Group to make best estimates for these losses. Such estimates involve considering: the historical experience of bad debts; the effects of present economic conditions; the financial health of debtors; and present and expect future levels of interest rates.

Acquisition of subsidiaries – as a group of assets and liabilities

During the period, the Group acquired two property owning special purpose vehicles. The Directors considered whether these acquisitions meet the definition of the acquisition of a business or the acquisition of a group of assets and liabilities. Applying the concentration test, it was concluded that the acquisitions did not meet the criteria for the acquisition of a business as outlined in Section 19 of FRS 102, as substantially all of the fair value of the gross asset acquired was concentrated in a single identifiable asset.

2. Turnover

The turnover for the year was derived from the Group's principal activity. The whole of the turnover is attributable to the United Kingdom market. The Group's hotel and property-related activity is the only business segment.

3. Employees and directors

The average monthly number of persons (including directors) employed by the Group and Company during the year was:

	Group		Company	
	2022 No.	2021 No.	2022 No.	2021 No.
Hotel operating and sales	157	231	-	-
Administration and management	97	34	-	-
	<u>254</u>	<u>265</u>	<u>-</u>	<u>-</u>

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Staff costs for the above persons, including recharges:				
Wages and salaries	5,449	3,975	-	-
Social security costs	475	283	-	-
Other pension costs	98	81	-	-
	<u>6,022</u>	<u>4,339</u>	<u>-</u>	<u>-</u>

NEW GEM HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2022****3. Employees and directors (continued)****Directors' remuneration**

The remuneration costs for the directors were borne by a related party in relation to their work for New Gem Holdings Limited, although it is not practicable to determine the amounts which are attributable to this Company.

No directors accrued retirement benefits under money purchase pension schemes (2021: none).

4. Other operating income

	2022	2021
	£'000	£'000
Management fees receivable	192	15
Government grant income	300	1,736
Other income	50	35
	<u>542</u>	<u>1,786</u>

5. Other operating expenses

	2022	2021
	£'000	£'000
Release of related party balances	-	734
	<u>-</u>	<u>734</u>

The release of related party balances in the prior year relates to amounts arising as part of the group demerger in 2020.

6. Impairment loss reversal

Impairment tests have been carried out where appropriate and the following impairment loss reversals have been recognised on the face of the statement of comprehensive income:

	2022	2021
	£'000	£'000
Related party balances	3,645	-
	<u>3,645</u>	<u>-</u>

The recoverable amount of amounts due from related parties is linked to the fair value of the properties held by the related companies. During a previous year, an impairment provision was recognised against these related party debtors. The directors have reassessed the recoverability of these balances on the basis of currently available information and determined that £3.645m of the provision is no longer required and should be written back to the statement of comprehensive income.

7. Aborted acquisition costs

	2022	2021
	£'000	£'000
Aborted acquisition costs	1,605	-
	<u>1,605</u>	<u>-</u>

During the year, the Group incurred costs in relation to a potential asset purchase. However, this transaction was aborted during the year.

NEW GEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

8. Operating loss

	2022	2021
	£'000	£'000
The operating loss is stated after charging:		
Depreciation of tangible assets	1,297	1,011
Amortisation of intangible assets	1	-
(Profit)/loss on disposal of tangible assets	(1,739)	11

Fees payable in respect of both audit and non-audit services are as follows:

	2022	2021
	£'000	£'000
- Statutory audit of parent company and consolidated accounts	331	110
- Audit of subsidiaries	39	8
- Taxation compliance services	87	65
- All other non-audit services	84	63

9. Interest receivable and similar income

	2022	2021
	£'000	£'000
Interest income		
Bank interest	1,194	3,776
Other interest	1,559	1,777
Total interest income	2,753	5,553
Other income from investments		
Dividends received	-	6
Other investment income	-	9
Total income	2,753	5,568

10. Interest payable and similar expenses

	2022	2021
	£'000	£'000
Interest on bank overdrafts and loans	81	-
Other interest	-	2
Interest payable to related parties	14	31
	95	33

NEW GEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

11. Taxation

	2022 £'000	2021 £'000
Current tax:		
UK corporation tax	-	409
Adjustments in respect of previous years	(7)	(405)
Total current tax	<u>(7)</u>	<u>4</u>
Deferred tax:		
Origination and reversal of timing differences	1,897	(261)
Changes in tax rates	(457)	-
Adjustments in respect of prior periods	204	-
Total deferred tax	<u>1,644</u>	<u>(261)</u>
Total tax on profit	<u>1,637</u>	<u>(257)</u>

Factors affecting the tax charge for the year:

The tax assessed for the year is higher (2021: higher) than the standard rate of corporation tax in the UK 19%. The differences are explained below:

	2022 £'000	2021 £'000
Group loss before tax	(190)	(2,059)
Group loss multiplied by the standard rate of corporation tax in the UK of 19% (2021: 19%)	<u>(36)</u>	<u>(391)</u>
Effects of:		
Expenses that are not deductible in determining taxable profit	760	31
Income not taxable	(1,092)	-
Depreciation in excess of capital allowances	317	128
Group relief claimed	-	(1)
Changes in tax rates	137	(2)
Tax losses not recognised as deferred tax assets	2,216	383
Adjustments in respect of previous years	196	(405)
Other tax adjustments	(404)	-
Adjustment in respect of change in tax rate	(457)	-
Tax charge/(credit)	<u>1,637</u>	<u>(257)</u>

Changes to UK corporation tax rates were substantively enacted by the Finance Bill 2021 on 24 May 2021. These included an increase of the corporation tax rate to 25% from 1 April 2023. As this change was substantively enacted at the balance sheet date, where deferred tax is recognised, it is at a rate of 25% in the current year (2021: 19%).

12. Dividends

	2022 £'000	2021 £'000
Group		
Dividends of £100 (2021: £Nil) per share	<u>980</u>	<u>-</u>

During the year, dividends totalling £980,000 (2021: £Nil) were paid by subsidiary entities to non-controlling interests.

The Company did not declare any dividends in the year (2021: £Nil).

NEW GEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

13. Intangible fixed assets

Group	Trademarks £'000	Goodwill £'000	Total £'000
Cost:			
At 1 April 2021 and at 31 March 2022	4	1,486	1,490
Amortisation and impairment:			
At 1 April 2021	-	1,484	1,484
Amortisation charged	1	-	1
At 31 March 2022	1	1,484	1,485
Net book value:			
At 31 March 2022	3	2	5
At 31 March 2021	4	2	6

The amortisation charge for the year, the impairment losses and reversals of past impairment losses are recognised within administrative expenses.

14. Tangible fixed assets

Group	Land and buildings £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation:				
At 1 April 2021	222,232	1,772	124	224,128
Additions	109,885	1,132	72	111,089
Transfer to inventories	(2,846)	-	-	(2,846)
Disposals	(1,558)	(3)	-	(1,561)
At 31 March 2022	327,713	2,901	196	330,810
Depreciation and impairment:				
At 1 April 2021	23,350	638	7	23,995
Depreciation charge for the year	745	489	63	1,297
At 31 March 2022	24,095	1,127	70	25,292
Net book value:				
At 31 March 2022	303,618	1,774	126	305,518
At 31 March 2021	198,882	1,134	117	200,133

The depreciation charge for the year is recognised within administrative expenses.

The historical cost of land and buildings at 31 March 2022 is £175.2 million (2021: £69.7 million).

NEW GEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

14. Tangible fixed assets (continued)

The analysis of net book value of land and buildings is as follows:

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Freehold	155,905	60,892	-	-
Long leasehold	27,331	102,619	-	-
Assets under construction - freehold	99,785	35,371	-	-
Investment property	20,597	-	-	-
	<u>303,618</u>	<u>198,882</u>	<u>-</u>	<u>-</u>

15. Fixed asset investments

Group	Unlisted investment	Other investment	Total
	£'000	£'000	£'000
Cost:			
At 1 April 2021	91	29	120
Additions	-	598	598
At 31 March 2022	<u>91</u>	<u>627</u>	<u>718</u>
Provisions for impairment:			
At 1 April 2021 and 31 March 2022	-	-	-
Carrying amount:			
At 31 March 2022	<u>91</u>	<u>627</u>	<u>718</u>
At 31 March 2021	<u>91</u>	<u>29</u>	<u>120</u>

Company	Shares in subsidiary undertakings
	£'000
Cost:	
At 1 April 2021 and 31 March 2022	<u>5,004</u>
Provisions for impairment:	
At 1 April 2021 and 31 March 2022	<u>-</u>
Carrying amount:	
At 31 March 2022	<u>5,004</u>
At 31 March 2021	<u>5,004</u>

NEW GEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

15. Fixed asset investments (continued)

At 31 March 2022, the Company held more than 20% of the share capital of the following companies:

Company	% Ordinary shares held		Activities	Registered office key
	Directly	Indirectly		
Globalgem Hotels Limited	100%		Intermediate holding company	1
Harkmore Limited	100%		Dormant	1
Sherbourne Bourne Court Limited*	51%		Development property	2
Sherbourne Hurstbourne Manor Limited*	51%		Development property	2
Jastar Capital Limited*	100%		Intermediate holding company	1
Richmond & Hampshire Limited*		100%	Intermediate holding company	3
Elvetham Hall (Property) Limited*		100%	Hoteliers	3
Sherbourne High Breck Limited*		51%	Development property	2
Gem 1 Limited		100%	Intermediate holding company	1
Gem Fitzrovia Limited		100%	Hoteliers	1
Gem Langham Court Limited		100%	Hoteliers	1
Gem Strathmore Limited		100%	Hoteliers	1
Gem 4 Limited		100%	Intermediate holding company	1
Gem St. Martins Limited		100%	Development property	1
Gem Lion House Limited		100%	Development property	1
Gem Bedford Lakes Limited		100%	Development property	1
Winchester Hotel and Spa Limited*		100%	Development property	4
Sherbourne St Peter's Ltd		100%	Development property	2
London Wall Office Limited		100%	Development property	1
Wardrobe Court Limited		100%	Development property	1
Wardrobe Place Limited		100%	Development property	1

Registered office

1 Lion House, 72-75 Red Lion Street, London, WC1R 4NA.

2 15 Hertford Court, Hertford Road, Marlborough, SN8 4AW.

3 The Elvetham Hotel, Fleet Road, Hartley Witney, Hook, RG27 8AS.

4 Winchester Hotel and Spa, Worthy Lane, Winchester, SO23 7AB.

Country of incorporation

United Kingdom

United Kingdom

United Kingdom

United Kingdom

All subsidiaries, except for those with an asterisk (*), are exempt from the requirements of the Companies Act 2006 relating to the audit of the individual accounts under section 479A of the Companies Act 2006. The Company has provided a guarantee under section 479C of the Companies Act 2006 in respect of the liabilities arising in those subsidiaries so those companies can take the s479A exemption from audit for the year ended 31 March 2022.

On 3 July 2020, the Group acquired 2 Ordinary shares of £1 each in Sherbourne High Breck Limited for consideration totalling £2.

On 24 July 2020, the Group acquired 5,100 Ordinary A shares of £0.10 each in Sherbourne Hurstbourne Manor Limited for consideration totalling £2,200,038.

On 14 June 2021, the Group acquired 1 Ordinary shares of £1 each in Winchester Hotel and Spa Limited for consideration totalling £1.

On 22 July 2021, the Group acquired 1,498 ordinary A shares and 8,502 ordinary B shares of £0.1 each in Sherbourne St Peters Limited for consideration totalling £887,526.

On 26 November 2021, the Group acquired 100 Ordinary shares of £1 each in London Wall Office Limited for consideration totalling £100.

NEW GEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

15. Fixed asset investments (continued)

On 31 August 2021, the Group acquired 10,000 Ordinary shares of £1 each in Wardrobe Court Limited. The total cost of the investment was £68,993,271. The Group also acquired 100 Ordinary shares of £1 each in Wardrobe Place Limited. The total cost of the investment was £843,447.

The acquisitions during the year were all acquired by one of the Group's subsidiaries, Globalgem Hotels Limited.

16. Stocks

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Goods for resale	85	43	-	-
Properties held for resale	7,489	18	-	-
	<u>7,574</u>	<u>61</u>	<u>-</u>	<u>-</u>

Cost of stock recognised as an expense is included within cost of sales in the statement of comprehensive income.

17. Debtors

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
<i>Amounts falling due within one year:</i>				
Trade debtors	343	397	-	-
Corporation tax recoverable	419	-	470	-
Amounts owed by group undertakings	-	-	34,545	18,886
Amounts owed by related parties	36,855	45,835	200	434
Other debtors	36,514	36,743	5,950	4,939
Prepayments and accrued income	4,396	5,193	513	1,943
Deferred tax asset	420	1,801	-	-
	<u>78,947</u>	<u>89,969</u>	<u>41,678</u>	<u>26,202</u>

18. Current asset investments

Group	2022	2021
	£'000	£'000
Listed investments – carrying amount	<u>14,767</u>	<u>9,345</u>

The Directors have diversified the risk of the Group and used some of the Group's excess funds to open an investment portfolio.

NEW GEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

19. Creditors: Amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	1,554	-	-	-
Trade creditors	3,143	1,162	-	-
Amounts owed to group undertakings	-	-	49,036	25,014
Amounts owed to related parties	135	11,306	-	9,480
Corporation tax payable	-	293	-	-
Other taxation and social security	102	169	-	-
Other creditors	1,216	88	-	-
Accruals and deferred income	2,230	4,086	431	2,075
	<u>8,380</u>	<u>17,104</u>	<u>49,467</u>	<u>36,569</u>

Amounts owed to related parties are repayable on demand and incur interest at 3.25% (2021: 3.25%).

20. Provisions for liabilities

Group	Deferred taxation £'000
At 1 April 2021 – net deferred tax asset	(1,324)
Charge to profit or loss	1,644
Other movements	(13)
Balance at 31 March 2022 – net deferred tax liability	<u><u>307</u></u>

The deferred tax liability/(asset) is made up as follows:

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Accelerated capital allowances	283	477	-	-
Decelerated capital allowances	(168)	(718)	-	-
Fixed asset timing differences	444	-	-	-
Tax losses	(244)	-	-	-
Other short term timing differences	(8)	(1,083)	-	-
Total deferred tax liability/(asset)	<u><u>307</u></u>	<u><u>(1,324)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

NEW GEM HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2022****21. Financial instruments**

The carrying amount of the Group's financial instruments measured at fair value through profit or loss at 31 March were:

	2022 £'000	2021 £'000
<i>Financial assets measured at fair value through profit or loss:</i>		
Current asset investments	14,767	9,345

The Group has no financial liabilities measured at fair value through profit or loss.

The Company has no financial instruments measured at fair value through profit or loss at 31 March 2022 (2021: none)

22. Share capital and reserves

	2022 £	2021 £
Group and Company share capital		
Allotted, issued and fully paid:		
50,050 (2021: 50,050) A Ordinary shares of £0.005 (2021: £0.005) each	251	251
50,050 (2021: 50,050) B Ordinary shares of £0.005 (2021: £0.005) each	250	250
	<u>501</u>	<u>501</u>

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

Reserves

Reserves of the Group and Company represent the following:

Share premium

Consideration received for shares issued above their nominal value, net of transaction costs.

Revaluation reserve

The cumulative revaluation gains and losses in respect of land and buildings, except revaluation gains and losses recognised in profit or loss.

Merger reserve

The merger reserve represents the difference between the cost of the investment in a subsidiary undertaking and the equity of that subsidiary acquired, on consolidation.

Profit and loss reserves

Cumulative profit and loss attributable to the owners of the parent company, net of distributions.

Non-controlling interests

Cumulative profit and loss attributable to non-controlling interests, net of distributions

NEW GEM HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

23. Reconciliation of profit after tax to net cash generated from operations

	Group	
	2022	2021
	£'000	£'000
Loss after tax	(1,827)	(1,802)
<i>Adjustments for:</i>		
Amortisation of intangible fixed assets	1	-
Depreciation of tangible fixed assets	1,297	1,011
(Profit)/loss on disposal of tangible fixed assets	(1,739)	11
Interest receivable	(2,753)	(5,568)
Interest payable	95	33
Fair value gains on current asset investments	(379)	-
Taxation	1,637	(257)
Operating cash flows before movements in working capital	(3,668)	(6,572)
(Increase)/decrease in stock	(4,667)	3,893
Decrease/(increase) in debtors	9,631	(5,358)
Decrease in creditors	(9,976)	(11,266)
Cash absorbed by operations	(8,680)	(19,303)

24. Analysis of changes in net debt – Group

	1 April 2021 £'000	Cash flows £'000	Non-cash movements £'000	31 March 2022 £'000
Cash at bank and in hand	416,159	(119,176)	-	296,983
Bank loans	-	(1,513)	(41)	(1,554)
	<u>416,159</u>	<u>(120,689)</u>	<u>(41)</u>	<u>295,429</u>

25. Capital commitments

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Contracted for but not provided in the financial statements	1,781	4,425	-	-

These are in respect of developing existing properties.

26. Financial commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

Land and buildings	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Payments due:				
Within one year	5	5	-	-
Between one and five years	20	20	-	-
In over five years	1,820	1,825	-	-
	<u>1,845</u>	<u>1,850</u>	<u>-</u>	<u>-</u>

NEW GEM HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 MARCH 2022****28. Financial guarantees and contingent liabilities**

The Group has provided certain bank accounts and investments as security for liabilities owed to the bank by the Group and its shareholders via a fixed and floating charge over the assets and undertakings of the Group.

The Group has also provided certain freehold land as security for a bank loan owed by the Group via a fixed and floating charge over the assets and undertakings of the Group.

28. Retirement benefits

The Group operates a defined contribution pension scheme for all qualifying employees in the United Kingdom. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions payable by the Group charged to profit or loss amounted to:

	2022 £'000	2021 £'000
Contributions payable by the Group for the year	98	81

No contributions (2021: £Nil) were payable to the fund at the year end.

29. Related party transactions

The Company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

During the year, remuneration of £168,332 (2021: £180,300) was paid to the directors of subsidiary companies within the Group, who are the immediate family of the directors of the Company.

At the balance sheet date, the Group held the following balances with companies under common control:

	2022 £'000	2021 £'000
Amounts due from related parties	36,855	45,835
Amounts due from directors	4,204	3,965
Amounts due from directors' immediate family	30	-
	<u>41,089</u>	<u>49,800</u>
	2022 £'000	2021 £'000
Amounts due to related parties	(135)	(11,306)

During the year, the Group was recharged staff costs of £178,000 (2021: £113,000) by entities under common control.

30. Ultimate controlling party

The Company is ultimately owned and controlled by the directors currently in office.