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BVI company registered number: 666652
UK foreign company registered number: FC026290

Gold Diamond D Bristol City Centre 2005 Ltd

**Annual report and financial statements
for the year ended 31 December 2020**



Gold Diamond D Bristol City Centre 2005 Ltd

Company information

Directors

S. Al Dhaheri - alternate
S. Al Darmaki
K. Al Khajeh
M. Al Mansoori
J. Anand
D. Ayyar - alternate
M. Foxon

Registered number FC026290

Registered office

Ritter House
Wickhams Cay II
Road Town
Tortola
British Virgin Islands

UK Establishment office

400 Capability Green
Luton
Bedfordshire
LU1 3LU
United Kingdom

Gold Diamond D Bristol City Centre 2005 Ltd

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Gold Diamond D Bristol City Centre 2005 Ltd

Strategic report for the year ended 31 December 2020

The directors present their strategic report and the unaudited financial statements of the company for the year ended 31 December 2020.

Business review

The principal activity of the company continued to be the operation of a hotel in the United Kingdom. This hotel is operated by Marriott.

The company has reported a gross profit of £821,820 (2019: £6,081,835). The loss for the underlying business before adjusting for exceptional items was £1,941,786 (2019: profit £1,466,478). Exceptional items relate to the impairment charge of £3,976,477 (2019: £Nil). The loss for the financial year, after taxation, amounted to £5,658,571 (2019: profit £942,801).

Following a valuation by CBRE Hotels Ltd dated 31 December 2020, the directors have revalued the company's hotel asset to £17,800,000 (2019: £24,400,000). The valuation was carried out in accordance with the RICS Valuation - Professional Standards effective from January 2017.

The directors consider the key financial indicators to be:

	2020	2019
Gross profit margin	38.60%	55.81%
Operating (loss)/profit margin before impairment	(91.19)%	13.46%
(Loss)/profit after tax	£(5,658,571)	£942,801
Valuation of hotel asset	£17,800,000	£24,400,000

Principal risks and uncertainties

The company is subject to a variety of risks, which may have an adverse impact on the business, its operating results, turnover, profit, assets and reserves.

Listed below are the main risks which, in the opinion of the directors, could significantly affect the company's business.

- *Competitive risks*

The directors review the hotel against a self selected group of competitor hotels. These reports allow the company to compare accommodation occupancy percentage, average rate, revenue per available room (RevPAR) and its competitive position in market penetration, average rate and revenue generation against the competitive group.

- *Currency risk*

The hotel business is affected by the strength of sterling, with strong sterling adversely impacting the effective room rates to international guests.

- *Legislative risks*

Health and safety regulations are constantly reviewed and to this effect the hotel has an appointed Health and Safety Manager to carry out all legally required training and to ensure all health and safety policies are communicated and adhered to.

Gold Diamond D Bristol City Centre 2005 Ltd

Strategic report for the year ended 31 December 2020

Principal risks and uncertainties (continued)

- *Economic environment*

The company operates in a competitive environment influenced by the UK economy. Adverse economic and financial market developments, including recession and currency fluctuations could lead to lower revenues and reduced income. Experience shows a recession lessens both leisure and business travel and negatively affects rooms' rates and/or occupancy levels and other income-generating activities such as food and beverage sales. This may result in worsening of operating results and potentially reduce the value of properties.

- *Events that impact domestic and international travel*

Room rates and occupancy levels of the hotel could be negatively affected by events that reduce domestic and/or international travel. These include events such as acts of terrorism, epidemics, pandemics including COVID-19, travel-related industrial action and increased fuel costs all of which could result in a fall in both domestic and worldwide travel. Such events may lead to a fall in demand for hotel rooms that would have a subsequent impact on the company's operations and financial results.

- *Technology and systems*

The company is reliant upon certain IT systems for the smooth and efficient running of its business and any disruption to those IT systems could have a detrimental effect on the running of the business. If the company does not keep up-to-date with new IT developments it runs the risk of becoming less competitive, which could result in a loss of customers and a failure to attract new customers.

Future developments

During 2020, the hotel's operator significantly reduced staff levels to align the work force to the lower occupancy levels expected on re-opening. This, together with the extension of the support available from the government in form of the Coronavirus Job Retention Scheme and Business Rates relief for the hospitality sector, will allow the hotel to gradually return to profitability, assuming no further lockdowns or other restrictions are imposed post the re-opening of UK hospitality.

Further consideration

The UK left the EU on 31 January 2020 and the transition period ended on 31 December 2020, in which time the UK and EU negotiated additional arrangements and concluded the "Trade and Cooperation Agreement".

The directors have assessed the potential impact that Brexit could have on the company. The key risks identified relate to the operator's ability to recruit and retain staff. The COVID-19 crisis saw a lot of EU based nationals return to their countries of origin. To date the impact of Brexit on the company has been difficult to quantify given the hotel has been non-operational or operating at a lower capacity on and off since March 2020 as a result of COVID-19. Furthermore, it is expected that the continued relatively low value of pound sterling vs the euro, newly introduced visa regulations and the vulnerable nature of jobs in the hotel sector, as evidenced by the recent pandemic, will make it harder for the operator to recruit from overseas, especially for food and beverage and housekeeping positions. This may lead to inflationary pressure on salaries.

This report was approved by the board on

01 June

2021 and signed on its behalf by:

Marten Foxon

Marten Foxon (Jul 5, 2021 13:20 GMT+4)

M. Foxon
Director



Majed Al Mansoori (Jul 5, 2021 15:49 GMT+4)

M. Al Mansoori
Director

Gold Diamond D Bristol City Centre 2005 Ltd

Directors' report for the year ended 31 December 2020

The directors present their report and the unaudited financial statements of the company for the year ended 31 December 2020.

Results and dividends

The loss for the year, after taxation, amounted to £5,658,571 (2019: profit £942,801).

The directors do not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: £6,204,018).

The operations and business activities of the company have been impacted by the COVID-19 outbreak. A hotel in the United Kingdom is operated under this entity. This hotel has been non-operational or operating at a lower capacity, catering only to essential business on and off since March 2020 to comply with government regulations of lockdown to prevent the spread of COVID-19.

Whilst the operator has benefited from government support such as the Coronavirus Job Retention Scheme and the Business Rates relief for Retail, Hospitality & Leisure which have helped to mitigate the operational losses, working capital funding in the form of equity injections of £1,807,334 have been required in 2020. In addition, the result has been impacted by actual and accrued severance payments related to the restructuring of the workforce.

Going concern

The operations and business activities of the company have been impacted by the COVID-19 outbreak. The balance sheet of the company shows a net current liabilities position and the parent undertaking, Tamweelview European Holdings SA has given a written undertaking that it has the capacity and intention to continue supporting the company to allow it to meet its liabilities as they fall due for 12 months from the approval of these financial statements. Therefore, the directors believe that the company has sufficient financial resources to meet its trading obligations as and when they fall due and accordingly these financial statements have been prepared on a going concern basis.

Future developments

An indication of the likely future developments of the company is provided in the strategic report.

Financial risk management objectives and policies

The activities of the company expose it to a number of financial risks, which it seeks to mitigate, including credit risk and liquidity risk.

- Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables. The company's credit risk is primarily attributable to its trade receivables which are stated net of allowances for doubtful receivables and where there is an identified loss event they are impaired.

Credit risk is spread over a large number of counterparties and customers.

- Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses short term debt from its immediate parent undertaking.

Gold Diamond D Bristol City Centre 2005 Ltd

Directors' report for the year ended 31 December 2020

Directors

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

S. Al Dhaheri - alternate
S. Al Darmaki
K. Al Khajeh
M. Al Mansoori
J. Anand
D. Ayyar - alternate
M. Foxon
A. Garrod - alternate (resigned 10 March 2021)
C. Scragg - alternate (resigned 1 January 2020)

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

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

This report was approved by the board on 01 June 2021 and signed on its behalf by:

Marten Foxon

Marten Foxon (Jul 5, 2021 13:20 GMT+4)

M. Foxon
Director

M. Al Mansoori

Majed Al Mansoori (Jul 5, 2021 15:49 GMT+4)

M. Al Mansoori
Director

Gold Diamond D Bristol City Centre 2005 Ltd

Profit and loss account for the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	5	2,129,284	10,897,638
Cost of sales		(1,307,464)	(4,815,803)
Gross profit		821,820	6,081,835
Administrative expenses		(2,763,606)	(4,615,357)
Impairment charge - tangible assets	6	(3,976,477)	-
Operating (loss)/profit	7	(5,918,263)	1,466,478
Interest receivable	9	491	1,660
Interest payable and similar charges	10	(355,327)	(413,118)
(Loss)/profit before taxation		(6,273,099)	1,055,020
Taxation on (loss)/profit for the financial year	11	614,528	(112,219)
(Loss)/profit for the financial year		(5,658,571)	942,801

The notes on pages 10 to 24 form part of these financial statements.

Gold Diamond D Bristol City Centre 2005 Ltd

Statement of other comprehensive income for the year ended 31 December 2020

	Note	2020 £	2019 £
(Loss)/profit for the financial year.		<u>(5,658,571)</u>	<u>942,801</u>
Other comprehensive expense			
Revaluation of tangible assets	14	(2,807,348)	(277,021)
Deferred tax credit	19	<u>236,032</u>	<u>20,452</u>
Other comprehensive expense for the financial year, net of tax		<u>(2,571,316)</u>	<u>(256,569)</u>
Total comprehensive (expense)/income for the financial year		<u><u>(8,229,887)</u></u>	<u><u>686,232</u></u>

The notes on pages 10 to 24 form part of these financial statements.

Gold Diamond D Bristol City Centre 2005 Ltd

Registered number: FC026290

Balance sheet as at 31 December 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	13		-		-
Tangible assets	14		17,800,000		24,400,000
			<u>17,800,000</u>		<u>24,400,000</u>
Current assets					
Stocks	15	12,716		48,015	
Debtors	16	998,431		1,403,674	
Cash at bank and in hand		5,142		114,488	
		<u>1,016,289</u>		<u>1,566,177</u>	
Creditors: Amounts falling due within one year	17	(1,157,685)		(1,251,621)	
Net current (liabilities)/assets			<u>(141,396)</u>		<u>314,556</u>
Total assets less current liabilities			<u>17,658,604</u>		<u>24,714,556</u>
Creditors: Amounts falling due after more than one year	18		(13,035,831)		(13,012,239)
Provisions for liabilities					
Deferred tax liability	19		(1,198,712)		(1,855,703)
Net assets			<u>3,424,061</u>		<u>9,846,614</u>
Capital and reserves					
Called up share capital	20		5,569,366		3,762,032
Revaluation reserve			-		2,637,970
Retained earnings			(2,145,305)		3,446,612
Total equity			<u>3,424,061</u>		<u>9,846,614</u>

The financial statements on pages 5 to 24 were approved and authorised for issue by the board on 01 June 2021 and signed on its behalf by:

Marten Foxon

Marten Foxon (Jul 5, 2021 13:20 GMT+4)

M. Foxon
Director

M. Al Mansoori

Majed AlMansoori (Jul 5, 2021 15:49 GMT+4)

M. Al Mansoori
Director

The notes on pages 10 to 24 form part of these financial statements.

Gold Diamond D Bristol City Centre 2005 Ltd

Statement of changes in equity for the year ended 31 December 2020

	Called up share capital £	Revaluation reserve £	Retained earnings £	Total equity £
At 1 January 2020	3,762,032	2,637,970	3,446,612	9,846,614
Comprehensive expense for the year				
Loss for the financial year	-	-	(5,658,571)	(5,658,571)
Revaluation of tangible assets	-	(2,807,348)	-	(2,807,348)
Deferred tax credit	-	236,032	-	236,032
Contributions by and distributions to owners				
Issue of share capital	1,807,334	-	-	1,807,334
Transfer of depreciation upon revaluation	-	(89,150)	89,150	-
Transfer of prior period deferred tax	-	22,496	-	22,496
Transfer of prior period deferred tax	-	-	(22,496)	(22,496)
At 31 December 2020	5,569,366	-	(2,145,305)	3,424,061

Statement of changes in equity for the year ended 31 December 2019

	Called up share capital £	Revaluation reserve £	Retained earnings £	Total equity £
At 1 January 2019	3,762,032	2,983,372	8,618,996	15,364,400
Comprehensive income for the year				
Profit for the financial year	-	-	942,801	942,801
Revaluation of tangible assets	-	(277,021)	-	(277,021)
Deferred tax credit	-	20,452	-	20,452
Contributions by and distributions to owners				
Transfer of depreciation upon revaluation	-	(88,785)	88,785	-
Dividend paid	-	-	(6,204,018)	(6,204,018)
Transfer of prior period deferred tax	-	(48)	-	(48)
Transfer of prior period deferred tax	-	-	48	48
At 31 December 2019	3,762,032	2,637,970	3,446,612	9,846,614

The notes on pages 10 to 24 form part of these financial statements.

Gold Diamond D Bristol City Centre 2005 Ltd

Statement of cash flows for the year ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
(Loss)/profit for the financial year		(5,658,571)	942,801
Adjustments for:			
Depreciation of tangible assets	14	667,599	702,956
Impairment charge - tangible assets	6,14	3,976,477	-
Decrease in stocks		35,299	1,501
Decrease/(increase) in debtors		455,104	(86,000)
Decrease in amounts owed by group undertakings		245,832	4,873,862
(Decrease)/increase in creditors		(720,462)	44,304
Increase in amounts owed to group undertakings		635,576	-
Taxation on (loss)/profit on ordinary activities	11	(614,528)	112,219
Interest payable and similar charges	10	355,327	413,118
Interest receivable	9	(491)	(1,660)
Tax paid		(110,772)	(217,736)
Net cash (used in)/generated from operating activities		(733,610)	6,785,365
Cash flows from investing activities			
Purchase of tangible assets	14	(851,424)	(379,977)
Interest received		491	1,660
Net cash used in investing activities		(850,933)	(378,317)
Cash flows from financing activities			
Issue of share capital	20	1,807,334	-
Dividend paid	12	-	(6,204,018)
Interest paid		(332,485)	(387,063)
Net cash generated from/(used in) financing activities		1,474,849	(6,591,081)
Net decrease in cash and cash equivalents		(109,694)	(184,033)
Cash and cash equivalents at beginning of year		114,488	298,521
Cash and cash equivalents at the end of year		4,794	114,488
Cash and cash equivalents at the end of year comprise:			
Cash at bank and in hand		5,142	114,488
Bank overdrafts		(348)	-
		4,794	114,488

The notes on pages 10 to 24 form part of these financial statements.

Gold Diamond D Bristol City Centre 2005 Ltd

Notes to the financial statements for the year ended 31 December 2020

1. General information

Gold Diamond D Bristol City Centre 2005 Ltd ('the company') operates a hotel in the United Kingdom. This hotel is operated by Marriott.

The company is a private company limited by shares and is incorporated in the British Virgin Islands. The address of its registered office is Ritter House, Wickhams Cay II, Road Town, Tortola, British Virgin Islands.

2. Statement of compliance

The individual financial statements of Gold Diamond D Bristol City Centre 2005 Ltd have been prepared in compliance with United Kingdom Accounting Standards, comprising Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland', ('FRS 102') and in accordance with the Companies Act 2006.

3. Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention as modified by the revaluation of land and buildings. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The operations and business activities of the company have been impacted by the COVID-19 outbreak. A hotel in the United Kingdom is operated under this entity. This hotel has been non-operational or operating at a lower capacity, catering only to essential business on and off since March 2020 to comply with government regulations of lockdown to prevent the spread of COVID-19.

The company is part of a cross-collateralised pool of assets that secures a £466m debt facility with Credit Agricole Corporate and Investment Bank for which £13.1 million is allocated to the company.

This cross-guaranteed debt facility is combined with other group entities operating hotels under the Silver Diamond portfolio, the outstanding amount totalling £466 million. The financial covenants are loan to value, debt to EBITDA and interest cover ratio, and these are required to be obliged on a quarterly basis and are assessed by the bank on a combined portfolio basis. A covenant waiver was provided by the bank from 26 March 2020 to and including 31 December 2020 subject to certain conditions. A new waiver letter has been signed on 18 March 2021 extending the waiver period to March 2022 and for which Tamweelview European Holdings SA has provided a 12 months interest shortfall guarantee. The waiver avoids any breach of the debt to EBITDA and interest cover ratio covenants until the first quarter of 2022, preventing any event of default.

The hotel continued to be non-operational or operate at a lower capacity for the first months of 2021 and fully reopened in May 2021.

The parent undertaking, Tamweelview European Holdings SA, has given a written undertaking that it has the capacity and intention to continue supporting the company to allow it to meet its liabilities as they fall due for 12 months from the approval of these financial statements.

Gold Diamond D Bristol City Centre 2005 Ltd

Notes to the financial statements for the year ended 31 December 2020

3. Accounting policies (continued)

3.1 Basis of preparation of financial statements (continued)

Tamweelview European Holdings SA has current liabilities owed to Silver Holdings SA and Silver Holdings SA is an immediate parent entity of Tamweelview European Holdings SA. Tamweelview European Holdings SA is considered a going concern and has sufficient resources and reserves to continue the operations and provide support to the company. Without considering the payables towards Silver Holdings SA, there would be an excess of current assets over current liabilities which is sufficient to provide support to the company, including the repayment of the portfolio debt if required.

Silver Holdings SA has confirmed it will not request its subsidiary for repayment of the above-mentioned intercompany payables if it would prevent its subsidiary to continue to carry on its business and to continue its operations.

The company is ultimately controlled by Abu Dhabi Investment Authority, a sovereign wealth fund, registered in United Arab Emirates. The directors have no reason to believe that the Abu Dhabi Investment Authority would not continue to support the group.

Therefore the directors believe that the company has access to sufficient financial resources to support the business to meet its trading obligations as and when they fall due for at least 12 months from the date of approval of the financial statements and accordingly these financial statements have been prepared on a going concern basis.

As with any company 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.

3.2 Turnover

Turnover is the value of services and goods sold, within the United Kingdom, as part of the company's continuing ordinary activities after deducting value added taxes.

(i) Sale of services

Turnover is recognised on room sales and guest services when rooms are occupied and services have been rendered.

(ii) Sale of goods - retail

Sales of goods are recognised on sale to the customer which is considered the point of delivery. Retail sales are usually by cash, credit or payment card.

3.3 Exceptional items

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

Gains or losses which are recognised in the profit and loss account on the impairment or reversal of impairment of land and buildings are treated as exceptional items.

3.4 Interest receivable

Interest receivable is recognised in the profit and loss account using the effective interest method.

Gold Diamond D Bristol City Centre 2005 Ltd

Notes to the financial statements for the year ended 31 December 2020

3. Accounting policies (continued)

3.5 Interest payable and similar charges

Interest payable is charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3.6 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

3.7 Dividends

Dividends and other distributions to the company's shareholders are recognised as a liability in the period in which the dividends and other distributions are approved by the company's shareholders. The amounts are recognised in the statement of changes in equity.

The company makes dividend distributions to its shareholders as permissible under the regularities set at within Division 4 of the BVI Business Companies Act, 2004.

3.8 Intangible assets

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities and amortised to the profit and loss account over its estimated economic life.

Gold Diamond D Bristol City Centre 2005 Ltd

Notes to the financial statements for the year ended 31 December 2020

3. Accounting policies (continued)

3.9 Tangible assets

Tangible assets include leasehold hotels. Land and hotel buildings are stated at fair value, and hotel fixtures and fittings are stated at cost. Hotel refurbishment costs are capitalised in the period in which they are incurred. Repairs and maintenance costs are expensed as incurred.

A full valuation is carried out by a qualified external valuer every year. Revaluation gains are taken to the statement of other comprehensive income unless reversing a previously recognised impairment, when they are recognised in the profit and loss account. Revaluation losses are recognised in the statement of other comprehensive income to the extent that they offset previous revaluation gains. All other losses, including those incurred by a clear consumption of economic benefit, are charged to the profit and loss account. On revaluation of assets carried at fair value, accumulated depreciation at the date of valuation is taken to the statement of other comprehensive income.

Leasehold land is not depreciated. Depreciation on hotel buildings, fixtures and fittings is provided at rates calculated to write off the value/cost less estimated residual value of each asset over its expected useful life.

Major refurbishments would be classified as construction in progress and stated at cost. They would be reclassified and depreciated when the related assets are made available for use.

Depreciation is provided on the following basis:

Leasehold buildings	- Lesser of unexpired term of lease, estimated useful life and 50 years on building element
Fixtures and fittings	- Between 3 and 25 years

The carrying value of fixtures and fittings is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable as well as at the end of each reporting period. Any impairment in the value of assets below depreciated cost is charged to the profit and loss account.

3.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to sell.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the profit and loss account.

3.11 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Gold Diamond D Bristol City Centre 2005 Ltd

Notes to the financial statements for the year ended 31 December 2020

3. Accounting policies (continued)

3.12 Financial instruments

(i) Financial assets

Basic financial assets, including trade and other debtors, amounts owed by group undertakings and cash and bank balances are initially recognised at transaction price. Such assets are subsequently measured at amortised cost using the effective interest method.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

(ii) Financial liabilities

Basic financial instruments, including trade and other creditors, amounts owed to group undertakings, loans from fellow group companies and bank loans are initially recognised at transaction price.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

(iii) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

3.13 Foreign currency translation

The company's functional and presentational currency is pound sterling.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

3.14 Operating leases: lessee

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

3.15 Management fees

Management fees are paid to the hotel's operator and include a base fee, based upon a percentage of hotel revenue and recognised in the year in which the revenue is incurred.

Gold Diamond D Bristol City Centre 2005 Ltd

Notes to the financial statements for the year ended 31 December 2020

4. Critical accounting judgements and estimation uncertainty

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.

(i) Tangible assets

Tangible assets are revalued annually by independent valuers to assess the fair value of the hotel assets.

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of tangible assets.

(ii) Impairment of trade debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 16 for the net carrying amount of the debtors and associated impairment provision.

(iii) Taxes

Determining income tax provisions involves judgements on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used on temporary differences where it is probable that there will be taxable income against which these can be offset. See note 19 for details of deferred tax recognised.

(iv) Contingent liabilities

The company considers the potential obligations which may be incurred as a result of past events and the uncertainty of the impact on the company. Where the company identifies a present obligation for which payment is probable and the amount can be reliably estimated a provision is recognised. See note 23 for details.

5. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Room revenue	1,369,855	7,550,037
Food and beverages	620,368	2,830,943
Other income	139,061	516,658
	<u>2,129,284</u>	<u>10,897,638</u>

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Notes to the financial statements for the year ended 31 December 2020

6. Exceptional items

	2020 £	2019 £
Impairment charge - tangible assets (note 14)	(3,976,477)	-

Impairment charge - tangible assets

The directors have considered the carrying value of the company's hotel asset following a valuation by CBRE Hotels Ltd dated 31 December 2020 carried out in accordance with the RICS valuation - Professional Standards effective from January 2017. This resulted in an impairment charge of £3,976,477 (2019: £Nil).

7. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2020 £	2019 £
Depreciation of tangible assets (note 14)	667,599	702,956
Operating lease rentals	539,110	538,898

8. Staff costs

The company had no employees other than the directors during the year ended 31 December 2020 or the previous financial year.

The directors did not receive or waive any emoluments in respect of their services to the company during the year ended 31 December 2020 or the previous financial year.

9. Interest receivable

	2020 £	2019 £
Bank interest receivable	491	1,660

10. Interest payable and similar charges

	2020 £	2019 £
Interest payable on bank loans	330,261	387,849
Loan arrangement fees	23,591	23,558
Write off of loan arrangement fees	1,475	1,711
	355,327	413,118

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Notes to the financial statements for the year ended 31 December 2020

11. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on (loss)/profit for the period	(193,569)	193,569
Adjustments in respect of previous periods	-	(57,458)
Total current tax	(193,569)	136,111
Deferred tax		
Origination and reversal of timing differences	(600,676)	(24,084)
Impact of change in tax rate	188,500	2,535
Adjustments in respect of prior periods	(8,783)	(2,343)
Total deferred tax	(420,959)	(23,892)
Taxation on (loss)/profit on ordinary activities	(614,528)	112,219

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is higher than (2019: lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
(Loss)/profit on ordinary activities before tax	(6,273,099)	1,055,020
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(1,191,889)	200,453
Effects of:		
Expenses not deductible for tax purposes	61	182
Adjustments in respect of prior periods	(8,783)	(59,801)
Impairment - tangible assets	397,583	-
Unrecognised deferred tax	-	29,359
Impact of change in tax rate	188,500	2,535
Group relief	-	(60,509)
Total tax (credit)/charge for the year	(614,528)	112,219

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Notes to the financial statements for the year ended 31 December 2020

11. Taxation (continued)

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to decrease the tax credit for the period by £378,541 and to increase the deferred tax liability by £378,541.

12. Dividends

	2020 £	2019 £
Dividend paid	-	6,204,018

13. Intangible assets

	Goodwill £
Cost	
At 1 January 2020 and 31 December 2020	1,117,673
Amortisation	
At 1 January 2020 and 31 December 2020	1,117,673
Net book value	
At 31 December 2020	-
At 31 December 2019	-

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Notes to the financial statements for the year ended 31 December 2020

14. Tangible assets

	Leasehold land and buildings (At valuation) £	Fixtures and fittings (At cost) £	Construction in progress (At cost) £	Total £
Valuation/cost				
At 1 January 2020	21,978,010	11,593,034	86,315	33,657,359
Additions	377,389	432,128	41,907	851,424
Revaluation	(6,783,825)	-	-	(6,783,825)
Reversal of depreciation on revaluation	(316,661)	-	-	(316,661)
At 31 December 2020	15,254,913	12,025,162	128,222	27,408,297
Accumulated depreciation				
At 1 January 2020	-	9,257,359	-	9,257,359
Depreciation charge for the year	316,661	350,938	-	667,599
Reversal on revaluation	(316,661)	-	-	(316,661)
At 31 December 2020	-	9,608,297	-	9,608,297
Net book value				
At 31 December 2020	15,254,913	2,416,865	128,222	17,800,000
At 31 December 2019	21,978,010	2,335,675	86,315	24,400,000

Following a valuation by CBRE Hotels Ltd dated 31 December 2020, the directors have revalued the company's hotel asset to £17,800,000 (2019: £24,400,000). The valuation was carried out in accordance with the RICS Valuation - Professional Standards effective from January 2017. As at the valuation date, there continues to be an unprecedented set of circumstances caused by COVID-19 and an absence of relevant market evidence on which to base our judgements. The valuation is therefore reported as being subject to 'material valuation uncertainty', as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

The valuation has been incorporated into the financial statements, the resulting revaluation adjustment has been taken to the statement of other comprehensive income to the extent that any previous revaluation gains have been offset; the remaining balance has been taken to the profit and loss account as an impairment. The revaluation during the year ended 31 December 2020 resulted in a revaluation deficit of £2,807,348 and an impairment charge of £3,976,477.

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Notes to the financial statements for the year ended 31 December 2020

14. Tangible assets (continued)

If land and buildings had not been revalued they would have been included at the following amounts:

	2020 £	2019 £
Cost	22,490,784	22,113,395
Accumulated depreciation/ impairment	(7,235,871)	(3,848,932)
Net book value based on historical cost	15,254,913	18,264,463

15. Stocks

	2020 £	2019 £
Finished goods and goods for resale	12,716	48,015

16. Debtors

	2020 £	2019 £
Trade debtors	8,263	453,512
Amounts owed by group undertakings	319,480	565,312
Prepayments and accrued income	132,123	356,639
Other debtors	242,872	28,211
Tax recoverable	295,693	-
	998,431	1,403,674

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Trade debtors, other debtors and amounts owed by group undertakings are financial assets measured at amortised cost.

Trade debtors are stated after provisions for impairment of £109 (2019: £4,448).

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Notes to the financial statements for the year ended 31 December 2020

17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank overdrafts	348	-
Trade creditors	234,263	388,912
Amounts owed to group undertakings	635,576	-
Corporation tax	-	8,648
Other creditors	46,512	9,953
Accruals and deferred income	240,986	844,108
	<u>1,157,685</u>	<u>1,251,621</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Trade creditors, amounts owed to group undertakings, other creditors and accruals are financial liabilities measured at amortised cost.

18. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Bank loans (net of issue costs)	<u>13,035,831</u>	<u>13,012,239</u>

The bank loan is repayable on 3 August 2022. Interest is payable quarterly at LIBOR 3mGBP plus 2.15% and included within accruals in creditors due within one year. Loan arrangement fees of £123,569 were capitalised and are being amortised over the loan term. The loan is shown net of these deferred fees. At 31 December 2020, the unamortised arrangement fees were £35,452 (2019: £59,044).

During the year, an amount of £Nil (2019: £Nil) was repaid on the principal amount of the bank loan.

As a result of the changing economic and business circumstances due to the COVID-19 outbreak the directors of the company have considered the impact on the company's ability to meet its loan covenants as well as its obligations as they fall due.

A covenant waiver was provided by the bank from 26 March 2020 to and including 31 December 2020 subject to certain conditions. A new waiver letter has been signed on 18 March 2021 extending the waiver period to March 2022 and for which Tamweelview European Holdings SA has provided a 12 months interest shortfall guarantee. The waiver avoids any breach of the debt to EBITDA and interest cover ratio covenants until the first quarter of 2022, preventing any event of default.

The parent undertaking, Tamweelview European Holdings SA, has given a written undertaking that it has the capacity and intention to continue supporting the company to allow it to meet its liabilities as they fall due for 12 months from the approval of these financial statements (see note 3.1 for further details).

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Notes to the financial statements for the year ended 31 December 2020

19. Deferred taxation

	2020 £	2019 £
At 1 January	(1,855,703)	(1,900,047)
Credited to the profit and loss account	420,959	23,892
Credited to other comprehensive income	236,032	20,452
At 31 December	(1,198,712)	(1,855,703)

The deferred taxation liability is made up as follows:

	2020 £	2019 £
Fixed asset timing differences	19,308	3,227
Tax losses carried forward	189,062	-
Revaluations	(1,407,082)	(1,858,930)
	(1,198,712)	(1,855,703)

A deferred tax asset of £1,158,844 (2019: £475,375) arising from capital losses has not been recognised as there is insufficient evidence of future taxable profits to confirm recoverability in the foreseeable future.

20. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
5,569,366 (2019: 3,762,032) ordinary shares of £1 each	5,569,366	3,762,032

On 17 December 2020, the company issued 1,807,334 ordinary shares of £1 each, for a total consideration of £1,807,334.

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.

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Notes to the financial statements for the year ended 31 December 2020

21. Capital commitments

At 31 December the company had capital commitments as follows:

	2020 £	2019 £
Contracts placed for future capital expenditure not provided in the financial statements	<u>200,989</u>	<u>467,002</u>

22. Commitments under operating leases

At 31 December the company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	519,183	529,876
Later than 1 year and not later than 5 years	2,058,633	2,065,354
Later than 5 years	1,280,365	1,792,865
	<u>3,858,181</u>	<u>4,388,095</u>

23. Contingent liabilities

The company and several fellow group undertakings entered into a facility agreement with a number of third parties, in respect of a bank loan.

This loan is secured by way of a fixed and floating charge over the present and future property and assets of this company and the property and assets of the fellow group undertakings.

The directors do not anticipate the security being called in.

24. Related party transactions

The company is exempt from disclosing related party transactions with companies that are wholly owned within the Tamweelview European Holdings SA group.

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Notes to the financial statements for the year ended 31 December 2020

25. Immediate and ultimate parent undertakings and controlling party

The immediate parent undertaking is Silver Diamond TEHC24 Sàrl, a company registered in Luxembourg. Silver Diamond TEHC24 Sàrl is the parent undertaking of the smallest group to consolidate these financial statements.

Tamweelview European Holdings SA, a company registered in Luxembourg is the parent undertaking of the largest group to consolidate these financial statements, copies of which are available from 2C rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg.

The ultimate parent undertaking is Silver Holdings SA, a company registered in Luxembourg.

The ultimate controlling entity is the Abu Dhabi Investment Authority, registered in United Arab Emirates.

26. Analysis of net debt

	At 1 January 2020 £	Cash flows £	Non-cash changes £	At 31 December 2020 £
Cash at bank and in hand	114,488	(109,346)	-	5,142
Bank overdrafts	-	(348)	-	(348)
Debt due after one year	(13,012,239)	-	(23,592)	(13,035,831)
	<u>(12,897,751)</u>	<u>(109,694)</u>	<u>(23,592)</u>	<u>(13,031,037)</u>

Non-cash changes on debt represent the amortisation of prepaid loan arrangement fees.

27. Post balance sheet events

As a result of the UK nationwide lockdown the hotel operated under this entity was non-operational or operating at a lower capacity for the first months of 2021. The hotel fully reopened in May 2021.

The UK Government's vaccine programme provides confidence that the end of the pandemic is in sight and that the hotels will gradually recover to previous levels of occupancy.

In the Government's Budget statement of 3 March 2021, the extension of Business Rates relief for Retail, Hospitality & Leisure and Coronavirus Job Retention Scheme was announced.