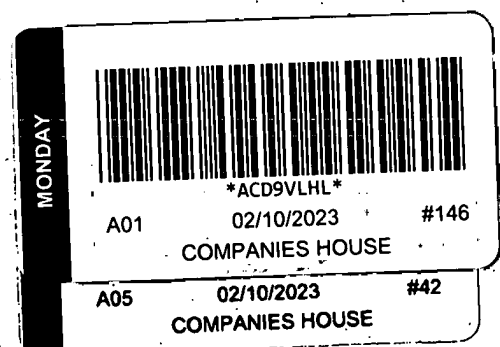


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ARCHER PICCADILLY LIMITED

(REGISTERED NUMBER: SC074783)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022



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ARCHER PICCADILLY LIMITED
REGISTERED NUMBER: SC074783
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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ARCHER PICCADILLY LIMITED
REGISTERED NUMBER: SC074783
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FOR THE YEAR ENDED 31 DECEMBER 2022

COMPANY INFORMATION

DIRECTORS:

DARREN GUY
RONEN NISSENBAUM

SECRETARY:

MICHELLE MULLINS

REGISTERED OFFICE:

1 MORRISON STREET LINK
EDINBURGH
EH3 8DN
SCOTLAND

REGISTERED NUMBER:

SC074783 (SCOTLAND)

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ARCHER PICCADILLY LIMITED
REGISTERED NUMBER: SC074783
ANNUAL REPORT AND FINANCIAL STATEMENTS
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STRATEGIC REPORT

PRINCIPAL ACTIVITIES

Archer Piccadilly Limited ("the Company") operates the prestigious The Dilly hotel in London. The Directors do not anticipate any change to the Company's principal activity.

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

2022 proved to be the year that company emerged from the COVID-19 pandemic with trading recovering, albeit under restricted occupancy conditions due to remedial works. The hotel has traded through these works at a heavily reduced occupancy which ended in December 2022. The company made a pre-tax loss of nearly £3.6 million compared to a loss of £7.6 million in 2021. The loss is mainly attributable to restricted availability impeding sales, while staff costs and rent had to be covered. The loss for 2022 was diminished as the amount of rent to be paid was based off 2021 activity. The business has continued to renegotiate some its contracts with suppliers and has continued to maintain a staff structure aligned to current levels of turnover. The Company's performance is normally considered in terms of its RevPar (Revenue per Available Room), Gross Operating Margin and NOI (Net Operating Income), however, given the impact of the remedial works the hotel further assessment of the Company's performance under these KPIs is not considered useful or reflective of the performance of the hotel.

In December 2022, the Company was acquired from the Archer Group by a subsidiary of Fattal European Partnership II L.P. a partnership managed by Fattal Hotels (1998) Limited. The Directors believe the Company will see significant benefits as a result of being part of an international Hotel Group.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is directly exposed to the risks associated with the hotel industry; entering into the current financial year, there was still great uncertainty surrounding the future of the hospitality industry and how quickly the market would recover from this period; however it was clear that the lifting of travel restrictions allowed for a high level of leisure customers to travel and stay in hotels. The Company remains vigilant to the possibility of future unforeseen global events.

The Company's exposure to credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful debts. The Company seeks to mitigate credit risk through central and hotel level credit checking and, where customers pay on departure, Company policy is to obtain a preauthorised credit card for payment. In certain circumstances customers pay all or part of their stay in advance.

The Company's exposure to liquidity and cash flow risk is mitigated by the trade receivables procedures described above and by negotiating commercial payment terms with suppliers. The Company aims to mitigate liquidity risk by managing cash generation and its use through its operations.

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FOR THE YEAR ENDED 31 DECEMBER 2022

STRATEGIC REPORT (CONTINUED)


PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Cash flows are monitored closely; cash flow forecasts are prepared and presented to the management team to determine future cash flow requirements and sources. Whilst during 2022 there were increases in interest rates and general cost inflation, due to management and monitoring of significant cost items this risk has been mitigated but remains on the radar for management and consideration going forward.

In 2022, the war in Ukraine began – whilst as of yet has had no direct impact upon the Company or the industry in the UK, the Company closely monitors these events and strives to help in all possible ways to assist those affected.

From a political perspective, whilst the UK left the EU on the 31 December 2020, due to the occurrence of the Covid pandemic since then, it is still not yet clear the impact Brexit has had on the performance of the hotels or the Company.

Approved by the Board and signed on its behalf by:

DocuSigned by:

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Darren Guy
Director

26 May 2023

1 Morrison Street Link
Edinburgh
EH3 8DN
Scotland

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ARCHER PICCADILLY LIMITED
REGISTERED NUMBER: SC074783
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FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTORS' REPORT

The Directors present their annual report and audited financial statements for Archer Piccadilly Limited ("the Company") for the year ended 31 December 2022.

RESULTS AND DIVIDENDS

The net loss for the year was £4.7 million (2021: loss of £4.9 million). The Directors did not pay a dividend during the year nor recommend the payment of a dividend at the end of the year (2021: £ nil).

DIRECTORS

The Directors who held office during the year, and subsequently, are as follows:

Guy J. Pasley-Tyler (resigned 20 December 2022)
Dominic L. Seyrling (resigned 20 December 2022)
Matthew C. Tanner (resigned 20 December 2022)
Darren Guy (appointed 20 December 2022)
Ronen Nissenbaum (appointed 20 December 2022)

FUTURE DEVELOPMENTS

The directors expect to see improved results for 2023 and throughout future years as the Company and wider hospitality industry continue to recover from the impact of the pandemic.

GOING CONCERN

The Company has net assets of £24.8 million at 31 December 2022 (net liabilities of £36.0m at 31 December 2021) and net current assets of £0.6 million (net current liabilities of £13.6 million at 31 December 2021).

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for 12 months subsequent to the date of these financial statements.

These forecasts show strong trading activity which contributes to profitability.

The Company's cash flows show positive trading results allowing cash flow to be monitored and managed accordingly.

Upon the change of ownership in December 2022, the external loan was repaid in full and replaced with related party debt. During mid-2023, this related party debt will be again replaced with external bank debt which is interest-bearing. Cashflow forecasts suggest sufficient cash reserves within the Company to service the debt-related costs going forward along with operational expenses.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have prepared the financial statements on a going concern basis.

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ARCHER PICCADILLY LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTORS' REPORT (CONTINUED)

FINANCIAL RISK MANAGEMENT

The Company's operations expose it to a variety of financial risks, including exchange and interest rate fluctuations, liquidity risk and cash flow risk. The Company maintains a comprehensive financial risk management program including, among others, market risk analysis, regular monitoring of receivables, and liquidity and cash flow analysis. The Company does not have significant foreign currency transactions and does not undertake any exchange rate hedging.

EVENTS AFTER THE BALANCE SHEET DATE

There were no events after the balance sheet date which have an impact on the financial statements.

POLITICAL AND CHARITABLE CONTRIBUTIONS.

The Company made no charitable or political contributions during the year (2021: nil).

CREDITOR PAYMENT POLICY

The Company's policy and practice regarding the payment of creditors is to pay in accordance with the agreed supplier terms, provided that the relevant invoice is presented in a timely fashion and is complete. It is the Company's ongoing policy to settle the terms of payments with those suppliers when agreeing the terms of each transaction.

AUDITOR AND DISCLOSURE OF INFORMATION TO AUDITOR

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

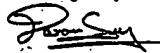
Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditor.

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ARCHER PICCADILLY LIMITED
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ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTORS' REPORT (CONTINUED)

Approved by the Board and signed on its behalf by:

DocuSigned by:

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Darren Guy
Director

26 May 2023

1 Morrison Street Link
Edinburgh
EH3 8DN
Scotland

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ARCHER PICCADILLY LIMITED
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ANNUAL REPORT AND FINANCIAL STATEMENTS
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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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ARCHER PICCADILLY LIMITED
REGISTERED NUMBER: SC074783
ANNUAL REPORT AND FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARCHER PICCADILLY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Archer Piccadilly Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account and statement of other comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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.

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ARCHER PICCADILLY LIMITED
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ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Other information

The other information comprises the information included in the strategic report and directors' 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.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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ARCHER PICCADILLY LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2022

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- Accruals (Accuracy of Accruals). We performed the following procedures in response to this risk:
 - performed a test of detail on a sample of accruals to invoices and subsequent bank statements; and
 - tested the design and implementation of the associated internal controls surrounding the accruals process.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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ARCHER PICCADILLY LIMITED
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Report on other legal and regulatory requirements

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.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report nor the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

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.

DocuSigned by:

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Matthew Hall FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
26 May 2023

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ARCHER PICCADILLY LIMITED
 REGISTERED NUMBER: SC074783
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2022

**PROFIT AND LOSS ACCOUNT AND STATEMENT OF OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2022**

	NOTE	YEAR ENDED 31 DECEMBER 2022 £'000	YEAR ENDED 31 DECEMBER 2021 £'000
Turnover	2	14,155	4,746
Cost of sales		(5,018)	(3,213)
GROSS PROFIT		9,137	1,533
Other income			502
Administrative expenses		(8,639)	(6,884)
Selling and distribution costs		(671)	(448)
OPERATING PROFIT/(LOSS)	3	(173)	(5,297)
Interest receivable and similar income	4	-	92
Interest payable and similar expenses	5	(3,841)	(2,415)
LOSS BEFORE TAX		(4,014)	(7,619)
Tax on loss	7	(636)	2,677
LOSS FOR THE YEAR		(4,650)	(4,942)
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Effective portion of changes in fair value of cash flow hedges		(60)	200
Income tax on items that are or may be reclassified subsequently to profit or loss		-	(93)
OTHER COMPREHENSIVE (LOSS)/INCOME		(60)	107
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(4,710)	(4,835)

The notes on pages 15 to 33 form part of the annual financial statements.

The results for the current and prior year arise from continuing activities.

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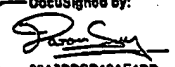
ARCHER PICCADILLY LIMITED
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 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2022

BALANCE SHEET
AS AT 31 DECEMBER 2022

	NOTE	31 DECEMBER 2022 £'000	31 DECEMBER 2021 £'000
FIXED ASSETS			
Deferred tax asset	7	2,694	3,413
Tangible assets	8	124,686	46,119
		<u>127,380</u>	<u>49,532</u>
CURRENT ASSETS			
Stocks	9	49	41
Debtors	10	1,802	3,972
Cash		4,140	605
		<u>5,991</u>	<u>4,618</u>
CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR	11	<u>(5,343)</u>	<u>(18,175)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>648</u>	<u>(13,557)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>128,028</u>	<u>35,975</u>
CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12	<u>(103,192)</u>	<u>(71,932)</u>
NET ASSETS/(LIABILITIES)		<u>24,836</u>	<u>(35,957)</u>
CAPITAL AND RESERVES			
Called up share capital	13	9,189	9,189
Other reserves	13	-	60
Share premium	13	4,197	-
Revaluation reserve		61,306	-
Profit and loss account		<u>(49,856)</u>	<u>(45,206)</u>
TOTAL SHAREHOLDERS' FUNDS/(DEFICIT)		<u>24,836</u>	<u>(35,957)</u>

The notes on pages 15 to 33 form part of these financial statements.

These financial statements were approved by the Board of Directors on 26 May 2023 and signed on their behalf by:

DocuSigned by:

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Darren Guy
Director

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ARCHER PICCADILLY LIMITED
REGISTERED NUMBER: SC074783
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED AT 31 DECEMBER 2022

	CALLED UP SHARE CAPITAL AND SHARE PREMIUM £'000	PROFIT AND LOSS £'000	REVALUATION RESERVE £'000	CASH FLOW HEDGING RESERVE £'000	TOTAL EQUITY £'000
Balance at 1 January 2021	9,189	(40,264)	-	(47)	(31,122)
Loss for the year	-	(4,942)	-	-	(4,942)
Other comprehensive income	-	-	-	107	107
Balance at 31 December 2021	9,189	(45,206)	-	60	(35,957)
Loss for the year	-	(4,650)	-	-	(4,650)
Shareholder contribution	4,197	-	-	-	4,197
Revaluation reserve	-	-	61,306	-	61,306
Other comprehensive expense	-	-	-	(60)	(60)
Total comprehensive income for the period	4,197	(4,650)	61,306	(60)	60,793
Balance at 31 December 2022	13,386	(49,856)	61,306	-	24,836

The notes on pages 15 to 33 form part of these financial statements.

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ARCHER PICCADILLY LIMITED
REGISTERED NUMBER: SC074783
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Archer Piccadilly Limited (the "Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The registered number is SC074783 and the registered address is 1 Morrison Street Link, Edinburgh, Scotland, EH3 8DN. The principal activity of the Company is the ownership and operation of The Dilly Hotel on Piccadilly, London. The financial statements are presented in Sterling, the Company's functional currency.

STATEMENT OF ACCOUNTING POLICIES

BASIS OF PREPARATION

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but it makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements are prepared on the historical cost basis except that the derivatives assets and liabilities are stated at their fair value. Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell.

The ultimate controlling party is David Fattal, via the investment vehicle Fattal European Partnership II L.P., a company incorporated and registered in Israel. The Company is owned directly by Irish entity, Fattal Properties (Ireland) Limited and consolidated financial statements are prepared and available at the registered office at 146 Pembroke Road, Ballsbridge, Dublin 4, Ireland. Copies of the financial statements can be obtained from this address. This is also the smallest group under which these accounts are consolidated.

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

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned group companies;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of key management personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company and other related party transactions.

As the consolidated financial statements of Fattal European Partnership II L.P include the equivalent disclosures, the Company also has taken the exemptions under FRS 101 that are available in respect of the following disclosures; certain disclosures required by IFRS 13 Fair Value Measurement, IFRS 7 Financial Instrument Disclosure, IFRS 15 Revenue, IAS 7 Cashflows and IFRS 16 Leases.

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ARCHER PICCADILLY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

ADOPTION OF NEW AND REVISED STANDARDS

At the date of authorisation of these consolidated financial statements, the following new and revised Standards and Interpretations have been adopted and have not had any significant impact on the amounts reported in these consolidated financial statements.

Standards affecting presentation and disclosure:

- Amendments to IFRS 3; Reference to the Conceptual Framework
- Amendments to IAS 16; Property, Plant and Equipment — Proceeds before Intended Use
- Amendments to IAS 37; Onerous Contracts — Cost of Fulfilling a Contract; and
- Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

New and revised IFRSs adopted by the United Kingdom that are not mandatorily effective for the year ending 31 December 2022

The following standards and amendments have been adopted by the United Kingdom but are not yet mandatorily effective for the year ending 31 December 2022. Accordingly, they have not been applied in preparing these consolidated financial statements:

- IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17) - Insurance Contracts
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendment to IFRS 16 – Lease Liability in a Sale and Leaseback

The Group is continuing to assess the impact of the new standards above and at present is confident that none will have a material impact on the consolidated financial statements of the Group.

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GOING CONCERN

The Company has net assets of £24.8 million at 31 December 2022 (net liabilities of £36.0m at 31 December 2021) and net current assets of £0.6 million (net current liabilities of £13.6 million at 31 December 2021).

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for 12 months subsequent to the date of these financial statements.

These forecasts show strong trading activity which support profitability.

The Company's cash flows show positive trading results allowing cash flow to be monitored and managed accordingly.

Upon the change of ownership in December 2022, the external loan was repaid in full and replaced with related party debt. During 2023, this related party debt will be again replaced with external bank debt which is interest-bearing. Cashflow forecasts suggest sufficient cash reserves within the Company to service the debt related costs going forward along with operational expenses.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and have prepared the financial statements on a going concern basis.

FOREIGN CURRENCY

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

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NON-DERIVATIVE FINANCIAL INSTRUMENTS

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised at transaction price less attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at present value of future payments discounted at market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the profit and loss account.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss, i.e. when interest income or expense is recognised. For cash flow hedges, other than those covered by the preceding two policy statements, the associated cumulative gain or loss is removed from equity and recognised in the profit and loss account in the same period

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DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction still is expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer is expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the profit and loss account immediately.

TANGIBLE FIXED ASSETS

During the year a change of accounting policy occurred, and the Company now utilises the revaluation model as permitted under IAS 16 for its tangible fixed assets. In prior years fixed assets were stated at cost less accumulated depreciation and any provision for impairment.

Assets are carried at a revalued amounts, being the fair value at the date of revaluation less subsequent depreciation and impairment, as fair value can be measured reliably.

As dictated under IAS 16, revaluations are carried out regularly, so that the carrying amount of the asset does not differ materially from its fair value at the balance sheet date.

Revalued assets are depreciated in the same way as under the cost model.

For all depreciable assets, depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets.

The estimated useful lives are as follows:

Leasehold improvements	Equal annual instalments over 40 years
Plant and machinery	6-20% per annum
Furniture, fixtures and equipment	10-33% per annum

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. Repairs and maintenance are charged to the profit and loss account during the year in which they are incurred.

STOCKS

Stocks are valued at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditures incurred in acquiring the stocks and other costs in bringing them to their existing location and condition.

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IMPAIRMENT EXCLUDING STOCKS AND DEFERRED TAX ASSETS

Financial assets (including trade and other debtors)

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine if there is objective evidence that its impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after initial recognition, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that largely are independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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

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EMPLOYEE BENEFITS

Defined contribution plans

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

Short-term benefits

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

Termination benefits

Termination benefits are recognised as an expense when the Company demonstrably is committed, without realistic possibility of withdrawal, to a formal detailed plan either to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, if it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

PROVISIONS

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

TURNOVER

Turnover represents sales to customers at invoiced amount less VAT. The revenue from the rental of rooms and conference facilities is recognised when rooms are occupied and services have been rendered. Cash received for services occurring in the future is included in other payables. The revenue from the sale of food and beverages is recognised at the time of sale.

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EXPENSES

Interest receivable and interest payable

Interest payable and similar expenses include interest payable and finance expense on lease liabilities recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains and is recognised using the effective interest method. Foreign currency gains and losses are reported on a net basis.

TAXATION

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

GOVERNMENT GRANTS

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants given to support the Company through COVID-19 are classed as other income in the income statement. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

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LEASES

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Company as lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and recorded amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. The directors have reviewed the estimates and assumptions used in the preparation of the financial statements.

LEASE TERM

The Management makes a judgment as to whether it is reasonably certain that the option to extend the lease will be taken. The lease has an initial lease period of 99 years, with an option to extend for a further 26 years. The Management has assessed the option to extend to be reasonably certain and the lease liability has been computed on this basis. The judgement is reassessed at each reporting period. A reassessment of the remaining life of the lease could result in a recalculation of the lease liability and a material adjustment to the balances.

There are no key sources of estimation uncertainty.

2 TURNOVER

The Company has a single class of business (hotel operations) and operates in a single geographical region, the United Kingdom.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**3 OPERATING LOSS**

	YEAR ENDED 31 DECEMBER 2022 £'000	YEAR ENDED 31 DECEMBER 2021 £'000
Operating loss is stated after charging / (crediting):		
Staff costs (note 6)	4,349	2,811
Furlough income ¹	-	(410)
Depreciation (note 8)	2,283	2,128
Auditor's remuneration		
- audit services APL audit	82	76
- audit services APL turnover report	5	5
- audit services Selkirk audit	13	12
- audit services Archer/Fattal	10	-
- audit services AHML audit	-	6
Operating lease rentals		
- property rent payable	1,535	2,464
- equipment	-	(3)

¹ In 2021, government grants of £410k were received as part of a government initiative to provide immediate financial support as a result of the COVID-19 pandemic. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year with the scheme ending during 2021.

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	YEAR ENDED 31 DECEMBER 2022 £'000	YEAR ENDED 31 DECEMBER 2021 £'000
Foreign exchange gain	-	92

5 INTEREST PAYABLE AND SIMILAR EXPENSE

	YEAR ENDED 31 DECEMBER 2022 £'000	YEAR ENDED 31 DECEMBER 2021 £'000
Interest expense on financial liabilities measured at amortised cost	2,098	1,052
Interest expense on lease	1,358	1,362
Foreign exchange loss	385	-
Derivative expenses	-	1
	3,841	2,415

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**6 STAFF NUMBERS AND COSTS**

The average number of employees during the year, analysed by category, was as follows:

	YEAR ENDED 31 DECEMBER 2022	YEAR ENDED 31 DECEMBER 2021
Office and management	9	10
Hotel operating staff	66	67
	<u>75</u>	<u>77</u>

The aggregate payroll costs of these employees were as follows:

	YEAR ENDED 31 DECEMBER 2022 £'000	YEAR ENDED 31 DECEMBER 2021 £'000
Wages and salaries	4,009	2,564
Social security costs	275	193
Contributions to defined contribution plan (note 15)	65	54
	<u>4,349</u>	<u>2,811</u>

DIRECTORS' REMUNERATION

The Directors are not employees of the Company and did not receive any remuneration from the Company during 2022 (2021: £nil).

7 TAXATION

	YEAR ENDED 31 DECEMBER 2022 £'000	YEAR ENDED 31 DECEMBER 2021 £'000
Analysis of tax charge/(credit) in year		
Current tax:		
UK corporation tax at 19% (2021: 19%)	-	-
Adjustment with respect to prior years	-	(384)
Total current tax expense (note 7(b))	-	<u>(384)</u>
Deferred tax:		
Origination and reversal of timing differences	-	114
Adjustments to tax rates	-	(356)
Origination and reversal of net operating losses	636	(1,994)
Adjustments with respect to prior years	-	(57)
Total deferred tax charge/(credit)	636	<u>(2,293)</u>
Total tax charge/(credit)	<u>636</u>	<u>(2,677)</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**TAXATION (CONTINUED)****b) Factors affecting current tax charge**

The prevailing rate for 2022 was 19%, and this will increase to 25% from 1 April 2023.
 The deferred tax asset at 31 December 2022 has been calculated based on a rate of 25%.

	YEAR ENDED 31 DECEMBER 2022 £'000	YEAR ENDED 31 DECEMBER 2021 £'000
Loss on ordinary activities before taxation	(4,014)	(7,618)
Tax on ordinary activities at the standard rate of Corporation tax in the UK of 19% (2021: 19%)	(763)	(1,447)
Effects of:		
Depreciation more than capital allowances	-	82
Adjustment in respect to prior years	763	(384)
Expenses not deductible for tax purposes	-	-
Losses carried forward	-	1,447
Tax deduction due to usage of 2021 losses	-	(82)
Total Current tax expense	-	(384)

c) Deferred tax asset

The movements in deferred tax assets were as follows:

	YEAR ENDED 31 DECEMBER 2022 £'000	YEAR ENDED 31 DECEMBER 2021 £'000
At the beginning of the year	3,413	1,644
Reversal of timing differences	(637)	(114)
Increase in operating losses	-	1,994
Adjustments with respect to prior years	-	(1,032)
Adjustments to tax rates	-	518
Reclassification to DTA	(82)	414
Adjustments with respect to cash flow hedges	-	(11)
At the end of the year	2,694	3,413

Based on the forecasted increased profitability of the asset the directors are confident that the carried forward tax losses will be recovered through offsetting future trading profits and it is appropriate to recognise a deferred tax asset. Unrecognised deferred tax asset on losses exists at 31 December 2022 totalling £0.3 million (31 December 2021: £nil).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**TAXATION (CONTINUED)****(d) Deferred tax liabilities**

The movements in deferred tax liabilities were as follows:

	YEAR ENDED 31 DECEMBER 2022 £'000	YEAR ENDED 31 DECEMBER 2021 £'000
At the beginning of the year	(82)	(512)
Recognition of timing difference on revalued fixed assets	(16,125)	-
Adjustments with respect to prior years	-	1,088
Adjustments with respect to cash flow hedges	-	(82)
Reclassification to DTA	82	(414)
Adjustments to tax rates	-	(162)
At the end of the year	(16,125)	(82)

The elements of deferred tax assets and liabilities are as follows:

	YEAR ENDED 31 DECEMBER 2022 £'000	YEAR ENDED 31 DECEMBER 2021 £'000
Net operating losses	2,500	3,113
Capital allowances less than depreciation	194	300
Capital gains tax on revalued fixed assets	(16,125)	-
Cash flow hedges	-	(82)
Net deferred tax (liability)/asset	(13,431)	3,331

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**8. TANGIBLE ASSETS**

	LEASEHOLD IMPROVEMENTS AND BUILDINGS £'000	PLANT AND MACHINERY £'000	FURNITURE, FITTINGS AND EQUIPMENT £'000	TOTAL £'000
COST				
As at 1 January 2022	12,206	41,596	8,007	61,809
Additions	-	-	3,419	3,419
Revaluation	70,946	-	-	70,946
Reclassification	750	(750)	-	-
As at 31 December 2022	83,902	40,846	11,426	136,174
ACCUMULATED DEPRECIATION				
As at 1 January 2022	6,236	5,243	4,211	15,690
Charge for the year	249	417	1,617	2,283
Depreciation on revaluation	(6,485)	-	-	(6,485)
As at 31 December 2022	-	5,660	5,828	11,488
NET BOOK VALUE				
At 31 December 2021	5,970	36,353	3,796	46,119
At 31 December 2022	83,902	35,186	5,598	124,686

In 2022 a change of accounting policy meant that fixed assets were revalued, whilst previously being held at cost.

The right of use asset as prescribed by IFRS 16 continues to be classified as plant and machinery, with the remaining assets being held at fair value equating to £89.5 million.

RIGHT-OF-USE ASSETS

At 31 December 2022, right-of-use assets within plant and machinery are as follows:

	PLANT AND MACHINERY £000	TOTAL £000
RIGHT-OF-USE ASSET		
At 31 December 2021	35,600	35,600
At 31 December 2022	35,186	35,186

Further information on the Right-of-use asset can be found within note 16.

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9. STOCKS

	31 DECEMBER 2022 £'000	31 DECEMBER 2021 £'000
Consumable items in store	49	41

10. DEBTORS

	31 DECEMBER 2022 £'000	31 DECEMBER 2021 £'000
Prepayments	816	632
Trade debtors	986	238
Other debtors and accrued income	-	533
Amounts owed by other group undertakings	-	1,959
Other taxation and social security	-	287
Other receivable	-	323
	<u>1,802</u>	<u>3,972</u>

11. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 DECEMBER 2022 £'000	31 DECEMBER 2021 £'000
Amounts owed to other group undertakings	1,446	14,675
Interest owed to related parties	131	-
Accruals and deferred income	926	1,200
Deferred tax liability	-	82
Other taxation and social security	633	-
Lease liability	1,404	1,404
Trade creditors	803	814
	<u>5,343</u>	<u>18,175</u>

The amounts owed to other group undertakings are unsecured, interest free and have no fixed terms of repayment.

12. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 DECEMBER 2022 £'000	31 DECEMBER 2021 £'000
Secured bank loan	-	39,510
Deferred tax liability	16,125	-
Long term loan due to related parties	54,694	-
Lease liability	32,373	32,422
	<u>103,192</u>	<u>71,932</u>

The secured bank loan was repaid in full on the change of ownership on 20 December 2022. As at the balance sheet date, all amounts were owed to related parties.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)**

Amounts owed to related parties are unsecured, interest bearing and long term in nature.

13. CAPITAL AND RESERVES**Share capital and share premium**

	31 DECEMBER 2022	31 DECEMBER 2021
ALLOTTED, CALLED UP AND FULLY PAID	£'000	£'000
9,177 ordinary shares of £1 each	9	9
9,180,000 deferred shares of £1 each	9,180	9,180
	9,189	9,189

Only ordinary shareholders hold the right to dividends and the right to vote in general meetings. On a winding up, ordinary shareholders take preference over deferred shareholders. This is the full number of shares authorised.

During the year, prior to the change of ownership, share premium was injected by the shareholders totalling £4.2 million contribution. No additional shares were issued.

Other reserves

A Revaluation reserve exists at 31 December 2022 in order to account for the revaluation of the property held within the Company.

There are no other reserves as at balance sheet date.

In the prior year, other reserves comprised the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that had not yet occurred.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. FINANCIAL INSTRUMENTS

In the prior year, the Company had an interest rate swap agreement in place. As at 31 December 2021 the cash flow hedge was fully effective.

Upon the ownership change which occurred in December 2022, this interest rate swap was cancelled and the balance is £nil as at 31 December 2022.

15. EMPLOYEE BENEFITS

The Company operates a defined contribution pension plan scheme. The pension cost represents contributions payable by the Company to the plan and amounted to £65,000 (2021: £54,000).

16. LEASE ARRANGEMENTS

As at 31 December 2022, the Company is subject to a ground lease with one renewal option, which is accounted for under IFRS 16 Leases. The property is held under a 99-year lease agreement with St. Martins Property Corporation Limited, who themselves entered into a ground lease agreement with the Crown Estate Commissioners on behalf of Her Most Excellent Majesty the Queen as freeholder in October 1983 for 125 years. The ground rent is passed on to the Company within the underlease, the terms of which are detailed below:

- Ground Rent – this amount is the greater of £40,000 or 1% of the previous year's total revenue.
- Base Rent – this amount decreases £620 every quarter until the end of the lease in 2082.
- Variable Rent – this amount is the greatest of 60% of adjusted net operating income or £1,234,000 less base rent.

This ground lease contains extension options exercisable by the Company before the end of the non-cancellable contract period. It has been assumed that all renewal options have been taken into account when considering the potential lease payment.

The Company has also entered into leases for various types of equipment. These leases have a life of two years, with renewal options included in the contracts, and have also been capitalised as Right of Use Assets. Right of Use Assets has been disclosed in the balance sheet as part of Property, Plant and Equipment.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**Right-of-use assets**

Right-of-use assets related to leased assets are presented as part of plant and machinery on the balance sheet as a right of use asset. Reclassification from prepayments relates to the straight-line rental adjustment previously disclosed under prepayments being moved to right-of-use-assets in line with the accounting standards. This is not considered an error under IAS 8 as there is no change to the balance sheet as a result of this adjustment.

	Plant and Machinery (in £000's)
Balance as at 1 January 2022	35,600
Adjustment	3
Depreciation	(417)
Balance as at 31 December 2022	35,186

	(in £000's)
Amounts recognised in profit or loss	
Interest on lease liabilities	
2022 - Leases under IFRS 16	1,358
2021 - Leases under IFRS 16	1,362

17. Ultimate Holding Company

The ultimate controlling party is David Fattal, via the investment vehicle Fattal European Partnership II L.P., a company incorporated and registered in Israel. The Company is owned directly by Irish entity, Fattal Properties (Ireland) Limited and consolidated financial statements are prepared and available at the registered office at 146 Pembroke Road, Ballsbridge, Dublin 4, Ireland. Copies of the financial statements can be obtained from this address. This is also the smallest group under which these accounts are consolidated.

18. Post Balance Sheet Events

There are no post balance sheet events to be disclosed.