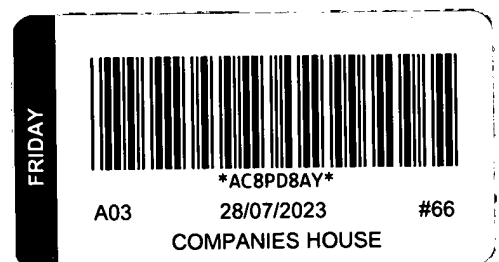


Company Registration No. 04509841 (England and Wales)

Serena Investments Limited

**Annual report and financial statements
for the year ended 31 December 2022**



Serena Investments Limited

Company information

Directors	Mr Alykhan Kassam Mr Azaan Kassam	(Appointed 2 January 2023)
Secretary	Mr Alykhan Kassam	
Company number	04509841	
Registered office	144-146 Kings Cross Road London WC1X 9DU	
Independent auditor	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE	
Bankers	Barclays Bank plc 1 North End Croydon CR9 1RN Clydesdale Bank plc 15th Floor The Leadenhall Building 122 Leadenhall Street London EC2V 4AB	

Serena Investments Limited

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Serena Investments Limited

Strategic report

For the year ended 31 December 2022

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

Principal activity

The company owns and operates the Holiday Inn Express Hotel based near Heathrow Terminal 5. The hotel boasts 300 bedrooms with conference rooms and restaurant facilities. It has attracted corporate, leisure and airline clientele and in view of its close proximity to the London Heathrow airport it has also benefited from airport trade.

Trading results

The company's turnover for the year was £6,482,621 (2021: £3,858,542) which showed an increase of 68% over the previous year. It also posted a profit before tax, pre adjustment for change in fair value of interest rate derivative, of £1,409,800 (2021: £190,567).

Principal risks and uncertainties

The company possesses the necessary management expertise to monitor and manage its business risks. The risks faced by the company are economic risks, price risks, financial risks and credit risks. The hotel's brand is a world recognised premier brand and therefore commands premier price. In addition, the company has an efficient marketing department which constantly monitors price fluctuations in the market to remain competitive. The company's credit risk is minimised by ensuring that credit terms are only granted to customers who meet the company's stringent credit checks and have an established business track record with the company.

The company has secured financial facilities from its bankers which provides future stability for its operations and therefore does not have major concerns about the financial risks to the company.

Future developments

The directors will continue their efforts to integrate additional revenue streams and cost savings measures in its operations to maximise profitability.

On behalf of the board



Mr Alykhan Kassam

Director

29 June 2023

Serena Investments Limited

Directors' report

For the year ended 31 December 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

Mr Alykhan Kassam

Mr Karim Kassam

(Resigned 2 January 2023)

Mr Azaan Kassam

(Appointed 2 January 2023)

Auditor

Saffery Champness LLP have expressed their willingness to continue in office.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr Alykhan Kassam

Director

29 June 2023

Serena Investments Limited

Directors' responsibilities statement For the year ended 31 December 2022

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).

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 judgements and accounting estimates that are reasonable and prudent;
- 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.

Serena Investments Limited

Independent auditor's report

To the members of Serena Investments Limited

Opinion

We have audited the financial statements of Serena Investments Limited (the 'company') for the year ended 31 December 2022 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Independent auditor's report (continued)
To the members of Serena Investments Limited

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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.

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.

Independent auditor's report (continued)
To the members of Serena Investments Limited

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.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the Company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the Company by discussions with directors and by updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the Company include The Companies Act 2006, UK Tax legislation, health and safety, employee related and licensing laws.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the Company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the Company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

Serena Investments Limited

Independent auditor's report (continued)

To the members of Serena Investments Limited

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting to an error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the 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.



Roger Wareham (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

29 June 2023

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

Serena Investments Limited

Income statement

For the year ended 31 December 2022

		2022	2021
	Notes	£	£
Turnover	3	6,482,621	3,858,542
Cost of sales		(3,108,587)	(2,062,229)
Gross profit		3,374,034	1,796,313
Administrative expenses		(1,269,381)	(1,388,313)
Other operating income		318,004	549,988
Operating profit	4	2,422,657	957,988
Interest payable and similar expenses	7	(1,012,857)	(767,421)
Other gains and losses	8	421,586	514,702
Profit before taxation		1,831,386	705,269
Tax on profit	9	(359,601)	(250,330)
Profit for the financial year	21	1,471,785	454,939

The income statement has been prepared on the basis that all operations are continuing operations.

Serena Investments Limited

**Statement of comprehensive income
For the year ended 31 December 2022**

	2022	2021
	£	£
Profit for the year	1,471,785	454,939
Other comprehensive income		
Tax relating to other comprehensive income	46,463	(535,015)
Total comprehensive income for the year	<u>1,518,248</u>	<u>(80,076)</u>

Serena Investments Limited

**Statement of financial position
As at 31 December 2022**

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		33,428,430		33,499,667
Current assets					
Stocks	12	21,100		15,995	
Debtors	13	17,954,234		16,771,874	
Cash at bank and in hand		111,670		86,425	
		<u>18,087,004</u>		<u>16,874,294</u>	
Creditors: amounts falling due within one year	14	<u>(32,380,504)</u>		<u>(11,057,269)</u>	
Net current (liabilities)/assets			<u>(14,293,500)</u>		<u>5,817,025</u>
Total assets less current liabilities			<u>19,134,930</u>		<u>39,316,692</u>
Creditors: amounts falling due after more than one year	15		-		(22,013,148)
Provisions for liabilities					
Deferred tax liability	18	<u>3,453,838</u>		<u>3,140,700</u>	
			<u>(3,453,838)</u>		<u>(3,140,700)</u>
Net assets			<u>15,681,092</u>		<u>14,162,844</u>
Capital and reserves					
Called up share capital	20		100		100
Revaluation reserve	21		9,668,106		9,692,413
Profit and loss reserves	21		<u>6,012,886</u>		<u>4,470,331</u>
Total equity			<u>15,681,092</u>		<u>14,162,844</u>

The financial statements were approved by the board of directors and authorised for issue on 29 June 2023 and are signed on its behalf by:



Mr Alykhan Kassam
Director

Company Registration No. 04509841 (England and Wales)

Serena Investments Limited

**Statement of changes in equity
For the year ended 31 December 2022**

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2021	100	10,298,198	3,944,622	14,242,920
Year ended 31 December 2021:				
Profit for the year	-	-	454,939	454,939
Other comprehensive income:				
Tax relating to other comprehensive income	-	(535,015)	-	(535,015)
Total comprehensive income for the year	-	(535,015)	454,939	(80,076)
Transfers	-	(70,770)	70,770	-
Balance at 31 December 2021	100	9,692,413	4,470,331	14,162,844
Year ended 31 December 2022:				
Profit for the year	-	-	1,471,785	1,471,785
Other comprehensive income:				
Tax relating to other comprehensive income	-	46,463	-	46,463
Total comprehensive income for the year	-	46,463	1,471,785	1,518,248
Transfers	-	(70,770)	70,770	-
Balance at 31 December 2022	100	9,668,106	6,012,886	15,681,092

1 Accounting policies

Company information

Serena Investments Limited is a private company limited by shares incorporated in England and Wales. The registered office is 144-146 Kings Cross Road, London, WC1X 9DU.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

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

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of KAS No. 1 Limited, the ultimate parent company. These consolidated financial statements are available from its registered office, 144-146 Kings Cross Road, London, WC1X 9DU.

Notes to the financial statements (continued)
For the year ended 31 December 2022

1 Accounting policies (continued)

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources and the continued financial support of its ultimate shareholder to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Hotel and restaurant revenue is recognised when the rooms are occupied and services performed. Deferred revenue consisting of deposits paid in advance are recognised on the day that services are performed.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

In accordance with section 35.10 para (c)(i) of FRS 102, the company has elected to measure its freehold property at the deemed cost as at 1 January 2014, the date of transition to FRS 102.

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

Freehold land and buildings	Over a period of 50 years
Plant and equipment	Over a period of 3 years
Fixtures and fittings	Over a period of 4 to 10 years
Computers	Over a period of 3 years
Motor vehicles	Over a period of 3 to 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to the financial statements (continued)
For the year ended 31 December 2022

1 Accounting policies (continued)

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

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

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

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Notes to the financial statements (continued)
For the year ended 31 December 2022

1 Accounting policies (continued)

Other financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

Notes to the financial statements (continued)
For the year ended 31 December 2022

1 Accounting policies (continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments (see 1.9).

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

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

1.9 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.10 Taxation

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

Notes to the financial statements (continued)
For the year ended 31 December 2022

1 Accounting policies (continued)

Current tax

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

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

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

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Notes to the financial statements (continued)
For the year ended 31 December 2022

1 Accounting policies (continued)

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Government grants

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

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

Notes to the financial statements (continued)
For the year ended 31 December 2022

2 Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Depreciation of freehold property

Freehold property represents the company's most significant asset and is assessed to have a useful life of 50 years and is depreciated at deemed cost less residual value on a straight line basis. The useful life and residual value of the company's property are determined by management and reviewed annually for appropriateness.

Interest rate risk

The company borrows from its bankers using either overdrafts or term loans whose tenure depends on the nature of the asset and management's view of the future direction of the interest rate. The company enters into interest rate swaps in order to manage its exposure to interest rate volatility.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2022	2021
	£	£
Turnover		
Accommodation and room hire	5,499,727	3,176,865
Food and beverage	636,684	457,400
Other	346,210	224,277
	<u>6,482,621</u>	<u>3,858,542</u>

Serena Investments Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2022**3 Turnover and other revenue (continued)****Other operating income**

Coronavirus Job Retention Scheme grants	-	228,690
Other income	250,000	290,713
Rental income	68,004	30,585
	<u> </u>	<u> </u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

4 Operating profit

	2022	2021
Operating profit for the year is stated after charging/(crediting):	£	£
Coronavirus Job Retention Scheme grants	-	(228,690)
Depreciation of owned tangible fixed assets	283,268	330,413
Depreciation of tangible fixed assets held under finance leases	3,016	7,260
Operating lease charges	8,104	5,641
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2022	2021
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	6,150	5,750
	<u> </u>	<u> </u>
For other services		
Taxation compliance services	5,975	5,650
	<u> </u>	<u> </u>

Notes to the financial statements (continued)
For the year ended 31 December 2022

6 Employees

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

	2022	2021
	Number	Number
Administrative staff	3	3
Maintenance staff	2	2
Service and other staff	62	48
	<u>67</u>	<u>53</u>

Their aggregate remuneration comprised:

	2022	2021
	£	£
Wages and salaries	1,745,695	1,309,933
Social security costs	173,730	121,382
Pension costs	36,969	43,823
	<u>1,956,394</u>	<u>1,475,138</u>

Employees on the company's payroll may perform services for other connected hotels. These services are recharged on a cost basis. Employee costs may also be recharged to the company from related parties under a reciprocal arrangement. All such recharges are excluded for disclosure purposes.

7 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	944,009	698,573
Interest on finance leases and hire purchase contracts	420	420
Other finance costs	68,428	68,428
	<u>1,012,857</u>	<u>767,421</u>

Serena Investments Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

8 Other gains and losses

	2022	2021
	£	£
Fair value gains/(losses) on financial instruments		
Change in value of financial derivatives held at fair value through profit or loss	421,586	514,702

9 Taxation

	2022	2021
	£	£
Deferred tax		
Origination and reversal of timing differences	359,601	81,049
Changes in tax rates	-	163,992
Adjustment in respect of prior periods	-	5,289
Total deferred tax	359,601	250,330

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Profit before taxation	1,831,386	705,269
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	347,963	134,001
Tax effect of expenses that are not deductible in determining taxable profit	-	768
Tax effect of utilisation of tax losses not previously recognised	(205,743)	(40,646)
Permanent capital allowances in excess of depreciation	(33,529)	(73,924)
Depreciation on assets not qualifying for tax allowances	-	64,158
Deferred tax adjustments in respect of prior years	-	5,289
Relief re transitional FRS 102 adjustment re swap	(1,388)	(1,388)
Transfer pricing adjustments	(107,030)	(82,969)
Origination and reversal of timing differences	359,601	81,049
Remeasurement of deferred tax for changes in tax rates	-	163,992
Other tax adjustments	(273)	-
Taxation charge for the year	359,601	250,330

Serena Investments Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

9 Taxation (continued)

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2022	2021
	£	£
Deferred tax arising on:		
Revaluation of property	(46,463)	535,015

10 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2022	37,170,676	30,242	184,157	38,324	37,423,399
Additions	-	38,943	176,104	-	215,047
Disposals	-	(10,900)	(2,221)	-	(13,121)
At 31 December 2022	37,170,676	58,285	358,040	38,324	37,625,325
Depreciation and impairment					
At 1 January 2022	3,783,264	9,753	95,407	35,308	3,923,732
Depreciation charged in the year	185,853	12,094	85,321	3,016	286,284
Eliminated in respect of disposals	-	(10,900)	(2,221)	-	(13,121)
At 31 December 2022	3,969,117	10,947	178,507	38,324	4,196,895
Carrying amount					
At 31 December 2022	33,201,559	47,338	179,533	-	33,428,430
At 31 December 2021	33,387,412	20,489	88,750	3,016	33,499,667

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022	2021
	£	£
Motor vehicles	-	3,016

Serena Investments Limited**Notes to the financial statements (continued)**
For the year ended 31 December 2022**10 Tangible fixed assets (continued)**

Tangible fixed assets with a carrying value of £33.43m (2021: £33.50m) are pledged as security for the company's bank loans

11 Financial instruments

	2022	2021
	£	£
Carrying amount of financial assets		
Instruments measured at fair value through profit or loss	363,403	-
Carrying amount of financial liabilities		
Measured at fair value through profit or loss		
- Other financial liabilities	-	58,183

12 Stocks

	2022	2021
	£	£
Finished goods and goods for resale	21,100	15,995

13 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	466,910	258,187
Amounts owed by group undertakings	10,909,742	10,905,675
Derivative financial instruments	363,403	-
Other debtors	6,107,494	5,348,681
Prepayments and accrued income	106,685	259,331
	17,954,234	16,771,874

Serena Investments Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

14 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans	17	21,759,927	381,572
Obligations under finance leases	16	3,285	5,631
Trade creditors		393,426	255,109
Taxation and social security		383,394	223,955
Derivative financial instruments		-	33,247
Other creditors		9,319,390	9,685,028
Accruals and deferred income		521,082	472,727
		<u>32,380,504</u>	<u>11,057,269</u>

15 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	17	-	21,984,927
Obligations under finance leases	16	-	3,285
Derivative financial instruments		-	24,936
		<u>-</u>	<u>22,013,148</u>

16 Finance lease obligations

	2022 £	2021 £
Future minimum lease payments due under finance leases:		
Within one year	4,223	5,631
In two to five years	-	4,223
	<u>4,223</u>	<u>9,854</u>
Less: future finance charges	(938)	(938)
	<u>3,285</u>	<u>8,916</u>

Finance lease payments represent rentals payable by the company for a motor vehicle. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

Serena Investments Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

17 Loans and overdrafts

	2022	2021
	£	£
Bank loans	21,825,000	22,500,000
Finance costs to be amortised in equal annual instalments	(65,073)	(133,501)
	<u>21,759,927</u>	<u>22,366,499</u>
Payable within one year	21,759,927	381,572
Payable between two and five years	-	21,984,927
	<u>21,759,927</u>	<u>21,984,927</u>

The bank loan is secured by a legal charge over the freehold property, issued shares of the company and the life insurance of the director. Repayment is by instalments and interest is payable on the variable rates linked to SONIA plus bank's margin. The loan termination date is in October 2023.

Post year end an extension of the loan for an additional 5 years was credit approved by the bank and as at the date of approving these financial statements, the loan documents were being finalised.

The company has in place an interest rate hedging product to cover a proportion of its bank funding. This was entered into at a fixed rate and is due to expire in September 2023. The interest rate swap settles on a quarterly basis. The floating rate on the interest rate swap is three months' SONIA. The company will settle the difference between the fixed and floating rates on a net basis. Interest rate swaps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

18 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities	Liabilities
	2022	2021
	£	£
Balances:		
Accelerated capital allowances	1,584,923	1,497,863
Tax losses	(457,323)	(728,034)
Historical revaluation of freehold property	2,329,889	2,376,352
Derivative financial instruments	(3,651)	(5,481)
	<u>3,453,838</u>	<u>3,140,700</u>

Serena Investments Limited

Notes to the financial statements (continued)
For the year ended 31 December 2022

18 Deferred taxation (continued)

	2022
Movements in the year:	£
Liability at 1 January 2022	3,140,700
Charge to profit or loss	359,601
Credit to other comprehensive income	(46,463)
Liability at 31 December 2022	<u>3,453,838</u>

19 Retirement benefit schemes

	2022	2021
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	<u>36,969</u>	<u>43,823</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2022	2021	2022	2021
Ordinary share capital	Number	Number	£	£
Issued and fully paid				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

21 Reserves

Revaluation reserve

This includes all fixed asset revaluation arising prior to transition to FRS 102.

Profit and loss reserves

This includes all current and prior period retained profit and losses.

Notes to the financial statements (continued)

For the year ended 31 December 2022

22 Operating lease commitments

Lessor

During the prior year the company entered into an operating lease with a third party in connection with restaurant space at the Holiday Inn Express Hotel. The lease term is 20 years, with a break clause exercisable by the company after seven years.

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2022	2021
	£	£
Within one year	54,000	54,000
Between two and five years	240,705	230,850
In over five years	16,335	65,340
	<u>311,040</u>	<u>350,190</u>

23 Related party transactions

Transactions with related parties

During the year the company made sales of £119,450 (2021: £Nil) to a company which is a related party but not controlled by Mr Alykhan Kassam.

During the year management and cross charges totalling £1,329,580 (2021: £1,258,030) were receivable from companies controlled by Mr Alykhan Kassam, a director of the company.

During the year rent of £18,000 (2021: £18,000) was payable to companies controlled by Mr Alykhan Kassam.

As at the year end, included in other debtors are amounts totalling £5,798,970 (2021: £5,159,608) owed from companies controlled by Mr Alykhan Kassam.

As at the year end, included in other creditors are amounts totalling £9,310,222 (2021: £9,679,636) due to companies controlled by Mr Alykhan Kassam.

As at the year end, included in other debtors are amounts totalling £308,524 (2021: £189,074) due from companies which are related parties but not controlled by Mr Alykhan Kassam.

As at the year end, £2,014 (2021: £2,600) was owed to one of the directors.

Serena Investments Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

24 Ultimate controlling party

The immediate parent company is Keenoak Limited, a company registered in England and Wales. The ultimate parent company, for which group accounts are prepared, is KAS No.1 Limited whose registered office is 144-146 Kings Cross Road, London, WC1X 9DU.

The ultimate controlling party is Mr Alykhan Kassam by virtue of his 100% shareholding in KAS No. 1 Limited.