

GH BRIGHTON LIMITED

AUDITED

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 MAY 2022**

GH BRIGHTON LIMITED

COMPANY INFORMATION

Directors	Mr R J Austin Mr N D Tae
Company secretary	Mr A T S Parry
Registered number	05505323
Registered office	4 Greengate Cardale Park Harrogate HG3 1GY
Independent auditors	Wellden Turnbull Chartered Accountants & Statutory Auditors Albany House Claremont Lane Esher Surrey KT10 9FQ

GH BRIGHTON LIMITED

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GH BRIGHTON LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2022

The Directors present their report and the financial statements for the year ended 31 May 2022.

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

Principal activity

The Company's principal activity during the year continued to be the provision of intermediate finance.

Directors

The Directors who served during the year were:

Mr R J Austin
Mr N D Taee

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

Subsequent to the year end date, economies and financial markets have continued to be affected by the global uncertainties. The Directors have assessed the impact and risk of the current market conditions on the Company and do not believe these to be material in nature. Details of the Directors' going concern assessment are included in note 2.3.

GH BRIGHTON LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MAY 2022**

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Mr R J Austin

Director

Date: 27 March 2023

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GH BRIGHTON LIMITED

Opinion

We have audited the financial statements of GH Brighton Limited (the 'Company') for the year ended 31 May 2022, which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 May 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

Emphasis of matter

We draw attention to note 2.12 of the financial statements, which describes the accounting treatment for fair value gains and losses on financial instrument swaps held by the Company. Our opinion is not modified in this respect.

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 AUDITORS' REPORT TO THE MEMBERS OF GH BRIGHTON LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Director's Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information contained within the Director's 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.

Opinion 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 1, 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 AUDITORS' REPORT TO THE MEMBERS OF GH BRIGHTON LIMITED (CONTINUED)

Auditors' 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 auditors' 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. We have identified the greatest risk of a material impact on the financial statements from irregularities, including fraud, to relate to the timing and recognition of revenue, recognition of swaps at fair value, valuation of loans held at amortised cost and said recoverability of such loans, and the override of controls by management. We have obtained an understanding of the legal and regulatory frameworks that the Company operates within including both those that directly have an impact on the financial statements and more widely those for which non-compliance could have a significant impact on the Company's operations and reputation. The Companies Act 2006, and UK tax legislation are those we have identified in this regard. Auditing standards limit the required procedures as to non-compliance with laws and regulations to enquiries of those charged with governance and review of any applicable correspondence.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance as to actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business, and reviewing accounting estimates for bias;
- Assessing the reasonableness of revenue recognised in the period based on contractual terms and obligations and the requirement of accounting standards;
- Reviewing and challenging the underlying assumptions and valuation methodology used for the fair valuation of the Company's swap instruments including assessing the reasonableness of valuation inputs and assumptions in the context of market available data to assess for indicators of management bias;
- Reviewing and challenging the underlying assumptions and valuation methodology used for the valuation of the Company's loans including assessing the reasonableness of valuation inputs and assumptions in the context of market available data to assess for indicators of management bias;
- Reviewing the tax provisions of the Company with the assistance of our independent tax specialists; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GH BRIGHTON LIMITED (CONTINUED)

auditors' 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 auditors' 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.

Mark Nelligan FCA (senior statutory auditor)

for and on behalf of

Wellden Turnbull

Chartered Accountants & Statutory Auditors

Albany House
Claremont Lane
Esher
Surrey
KT10 9FQ

27 March 2023

GH BRIGHTON LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MAY 2022**

Note	2022 £	2021 £
Turnover	1,478,777	881,967
Cost of sales	(1,234,930)	(820,021)
Gross profit	<u>243,847</u>	<u>61,946</u>
Administrative expenses	(1,800)	(7,800)
Other operating charges	(257,894)	(417,042)
Operating loss	<u>(15,847)</u>	<u>(362,896)</u>
Swap Interest receivable	3,405,967	3,255,277
Swap Interest payable	(2,774,152)	(2,685,034)
Profit before tax	<u>615,968</u>	<u>207,347</u>
Tax on profit	-	-
Profit for the financial year	<u><u>615,968</u></u>	<u><u>207,347</u></u>

The notes on pages 12 to 19 form part of these financial statements.

GH BRIGHTON LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MAY 2022

	2022 £	2021 £
Profit for the financial year	615,968	207,347
Other comprehensive income		
Deferred tax arising on fair value adjustments	(1,271,338)	679,071
Fair value gains/(loss) on swaps	217,317	(3,574,057)
Other comprehensive income for the year	(1,054,021)	(2,894,986)
Total comprehensive income for the year	<u>(438,053)</u>	<u>(2,687,639)</u>

The notes on pages 12 to 19 form part of these financial statements.

GH BRIGHTON LIMITED
REGISTERED NUMBER: 05505323

BALANCE SHEET
AS AT 31 MAY 2022

Note		2022 £	2021 £
Current assets			
Debtors due after more than 1 year	6	67,893,565	70,521,469
Deferred tax asset	10	2,593,361	2,740,991
Debtors due within 1 year	6	7,601,427	7,786,683
Cash at bank and in hand		87,202	429
		<u>78,175,555</u>	<u>81,049,572</u>
Creditors: amounts falling due within one year	7	<u>(2,798,522)</u>	<u>(2,979,712)</u>
Net current assets		75,377,033	78,069,860
Total assets less current liabilities		75,377,033	78,069,860
Creditors: amounts falling due after more than one year	8	(49,986,250)	(53,364,734)
Provisions for liabilities			
Deferred tax liability	10	(7,718,567)	(6,594,858)
		<u>(7,718,567)</u>	<u>(6,594,858)</u>
Net assets		<u>17,672,216</u>	<u>18,110,268</u>
Capital and reserves			
Called up share capital	11	2	2
Other reserves	12	(82,106)	(82,106)
Fair value reserve	12	15,375,597	16,429,617
Profit and loss account	12	2,378,723	1,762,755
		<u>17,672,216</u>	<u>18,110,268</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Mr R J Austin
Director

Date: 27 March 2023

The notes on pages 12 to 19 form part of these financial statements.

GH BRIGHTON LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2022**

	Called up share capital £	Other reserves £	Fair value reserve £	Profit and loss account £	Total equity £
At 1 June 2021	2	(82,106)	16,429,617	1,762,755	18,110,268
Comprehensive income for the year					
Profit for the year	-	-	-	615,968	615,968
Fair value movement on swaps	-	-	217,318	-	217,318
Deferred tax arising on fair value adjustments	-	-	(1,271,338)	-	(1,271,338)
Other comprehensive income for the year	-	-	(1,054,020)	-	(1,054,020)
Total comprehensive income for the year	-	-	(1,054,020)	615,968	(438,052)
Total transactions with owners	-	-	-	-	-
At 31 May 2022	<u>2</u>	<u>(82,106)</u>	<u>15,375,597</u>	<u>2,378,723</u>	<u>17,672,216</u>

The notes on pages 12 to 19 form part of these financial statements.

GH BRIGHTON LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MAY 2021**

	Called up share capital £	Other reserves £	Fair value reserve £	Profit and loss account £	Total equity £
At 1 June 2020	2	(82,106)	19,324,603	1,555,408	20,797,907
Comprehensive income for the year					
Profit for the year	-	-	-	207,347	207,347
Fair value loss on swaps	-	-	(3,574,057)	-	(3,574,057)
Deferred tax arising on fair value adjustments	-	-	679,071	-	679,071
Other comprehensive income for the year	-	-	(2,894,986)	-	(2,894,986)
Total comprehensive income for the year	-	-	(2,894,986)	207,347	(2,687,639)
Total transactions with owners	-	-	-	-	-
At 31 May 2021	<u>2</u>	<u>(82,106)</u>	<u>16,429,617</u>	<u>1,762,755</u>	<u>18,110,268</u>

The notes on pages 12 to 19 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022**

1. General information

GH Brighton Limited is a private company, limited by shares and incorporated in England and Wales, registered number 05505323. The registered office is 4 Greengate, Cardale Park, Harrogate, North Yorkshire, HG3 1GY.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements are presented in sterling which is the functional currency of the Company and rounded to the nearest £.

The following principal accounting policies have been applied:

2.2 Compliance with accounting standards

The financial statements have been prepared using FRS102 The Financial Reporting Standard applicable in the UK and the Republic of Ireland, including the disclosure and presentation requirements of Section 1A applicable to small companies, with the exception of the matters set out within note 2.12.

2.3 Going concern

The financial statements have been prepared on a going concern basis. The Company is profitable, in a net asset position at the year end and has generated sufficient cash from its operations to meet its liabilities as they fall due. In assessing the appropriateness of the going concern basis of preparation the directors have taken into account the key risks of the business, and have considered the Company's business model and availability of cash resources. The Company is part of a financing structure, has pre-arranged finance and is projected to trade profitably over the structure term. The Company is projected to have sufficient cash flows to meet its debts as they fall due and further has the support of fellow group companies if required. Having undertaken this assessment the Directors consider it appropriate to prepare the financial statements on a going concern basis.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue is derived from interest which is recognised using the effective interest method, which takes into account related fees and transaction costs.

2.5 Interest payable

Interest payable is recognised using the effective interest method, which takes into account related fees and transaction costs. Interest payable is included within cost of sales as it is lending directly attributable to the interest receivable recognised as revenue.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022

2. Accounting policies (continued)

2.6 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.7 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Financial instruments

The Company has entered into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022

2. Accounting policies (continued)

2.10 Financial instruments (continued)

out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Derivatives, including interest rate swaps and inflation swaps, are not basic financial instruments.

2.11 Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value at each reporting date. Fair value gains and losses are recognised in the statement of other comprehensive income unless hedge accounting is applied and the hedge is a cash flow hedge.

To qualify for hedge accounting, the Company documents the hedged item, the hedging instrument and the hedging relationship between them and the causes of hedge ineffectiveness.

The Company elects to adopt hedge accounting for interest rate swaps and inflation rate swaps (the 'swaps') where:

- The swaps are a qualifying hedging instrument with an external party that hedges rate risk on a loan, part of the nominal amount of a loan, or a group of loans managed together that share the same risk and that qualify as a hedged item;
- The hedging relationship between the swaps and the interest rate risk on the loan is consistent with the risk management objectives for undertaking hedges (i.e. to manage the risk that fixed interest rates become unfavourable in comparison to current market rates or the variability in cash flows arising from variable interest rates);
- The change in the fair value of the swaps is expected to move inversely to the change in the fair value of the interest rate risk on the loan.

2.12 Hedge accounting

The Company uses interest rate swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each balance sheet date. The Company also uses RPI swaps to manage its exposure to changes in inflation. These derivatives are measured at fair value at each balance sheet date.

To better reflect the nature of the long term financing structure in operation and in a modification to accounting standards, all cumulative hedging gains or losses on the hedged item are recognised as an asset or liability with a corresponding gain or loss recognised in the statement of comprehensive income. The treatment better reflects the financing profile in operation across the life of the structure.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements in conformity with FRS requires management to make judgements estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from estimates.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the actual results.

Critical areas of judgement

The Company makes judgements in applying its accounting policies as described below:

In the UK the FCA, LIBOR regulator, announced that it will cease to compel banks to publish LIBOR, and any sterling inter-bank rate published will be deemed to be 'not representative' after 31 December 2021. In the UK Market, the new risk free rate will be SONIA, administered by the Bank of England.

Estimation is required as to future SONIA rates when accounting for loan facilities held at amortised cost, based on current market data. Actual rates will vary from forecast over the loan lifetime, rendering the effective interest rate calculated as an estimate subject to these variations.

The entity is in the process of transitioning from LIBOR rates to SONIA. The Company is part of a financing structure such that the directors do not expect this transition to have any financial impacts in the accounts.

The valuation of the interest rate swaps held requires estimation of the cost of capital to determine an appropriate discount rate and future SONIA rates over the lifetime of the swap which is based on current market data.

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 if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

4. Employees

The average monthly number of employees, including directors, during the year was 2 (2021 - 2).

5. Taxation

Factors affecting tax charge for the year

There is no corporation tax liability in the current period due to the losses available in the group to offset the Company's taxable profit.

Factors that may affect future tax charges

There are group tax losses available for the offset against Company's future taxable profits. There will be a future corporation tax rate rise from 19% to 25% with effect from 1 April 2023.

GH BRIGHTON LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022**

6. Debtors

	2022 £	2021 £
Due after more than one year		
Other debtors	39,843,330	38,835,326
Financial instruments	28,050,235	31,686,142
	<hr/> 67,893,565	<hr/> 70,521,468
Due within one year		
Amounts owed by group undertakings	4,343,787	4,347,672
Prepayments and accrued income	433,604	415,372
Financial instruments (swaps)	2,824,035	3,023,640
	<hr/> <u>75,494,991</u>	<hr/> <u>78,308,152</u>

Other debtors comprise loan receivables held at amortised cost, maturing in 2032 with interest rate margin over SONIA is 1%.

7. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank loans	1,225,242	846,059
Other creditors	186,092	193,318
Accruals and deferred income	290,003	285,969
Financial instruments	1,097,185	1,654,366
	<hr/> <u>2,798,522</u>	<hr/> <u>2,979,712</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022**

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

	2022 £	2021 £
Bank loans	32,096,121	32,737,803
Interest roll up bond	7,118,925	6,173,976
Other creditors	1,494,920	1,681,023
Financial instruments (swaps)	9,276,284	12,771,932
	<u>49,986,250</u>	<u>53,364,734</u>

Bank loans comprises a loan held at amortised cost, maturing in 2032 with interest rate margin over SONIA is 1%. The loan is secured by a mortgage debenture over all assets of the Company.

The interest roll up bond is accounted for at amortised cost accruing interest at 14.2362%, with a final bullet repayment due on maturity in 2032. The interest roll up bond is subordinated to the bank loan.

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	2022 £	2021 £
Repayable by instalments	15,301,476	17,621,457
Repayable other than by instalments	17,780,428	16,835,479
	<u>33,081,904</u>	<u>34,456,936</u>

9. Complex financial instruments

Financial instruments measured at fair value through the statement of comprehensive income comprise:

	Notional 2022 £	Notional 2021 £	Fair value 2022 £	Fair value 2021 £
Swap assets	40,000,000	40,000,000	30,874,270	34,709,782
Swap liabilities	(34,151,740)	(35,534,715)	(10,373,409)	(14,426,298)
	<u>5,848,260</u>	<u>4,465,285</u>	<u>20,500,861</u>	<u>20,283,484</u>

Swap assets and liabilities comprise derivatives used to manage the Company's interest rate and inflation exposures and variability in cashflows required to service its loan obligations. Fair values are calculated using valuation techniques, the inputs for which are based on market data at the balance sheet date.

The fair value of the swaps is determined using the forward curve for GBP SONIA and the UK Retail Price Index.

All swaps meet the conditions for hedge accounting as set out in the accounting policies.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022**

10. Deferred taxation

	2022 £	2021 £
At beginning of year	(3,853,867)	(4,532,938)
Charged to other comprehensive income	(1,271,338)	679,071
At end of year	<u>(5,125,205)</u>	<u>(3,853,867)</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Asset	2,593,367	2,740,991
Liability	(7,718,573)	(6,594,858)
	<u>(5,125,206)</u>	<u>(3,853,867)</u>

11. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
2 (2021 - 2) Ordinary shares of £1.00 each	<u>2</u>	<u>2</u>

12. Reserves**Other reserves**

The other reserve represents the impact from transition to FRS 102 in the current period from previous UK GAAP. This is an undistributable reserve.

Fair value reserve

The fair value reserve represents unrealised gains from fair value movements on swap positions held to manage the Company's exposure to interest rate and inflation risk. This is an undistributable reserve

Profit and loss account

The profit and loss account represents cumulative profits and losses net of all adjustments.

13. Related party transactions

The Company has taken advantage of the disclosure exemption under FRS 102 section 33 paragraph 1A not to disclose transactions between members of a group which are wholly owned.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2022**

14. Parent company

GH Finance Limited holds 100% of the issued share capital of the Company and is its ultimate parent undertaking. The registered office is 4 Greengate, Cardale Park, Harrogate, HG3 1GY.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.