

**GH BRIGHTON LIMITED**

**AUDITED**

**DIRECTORS' REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 MAY 2020**

**GH BRIGHTON LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	Mr R J Austin Mr N D Taeë
<b>Company secretary</b>	Mr A T S Parry
<b>Registered number</b>	05505323
<b>Registered office</b>	4 Greengate Cardale Park Harrogate HG3 1GY
<b>Independent auditors</b>	Wellden Turnbull Limited 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 2020**

The directors present their report and the financial statements for the year ended 31 May 2020.

#### **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 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;
- 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 principal activity of the Company in the year under review continued to be that of a holding company.

#### **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.

**GH BRIGHTON LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MAY 2020**

**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 May 2021

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GH BRIGHTON LIMITED  
UNDER SECTION 449 OF THE COMPANIES ACT 2006**

**Opinion**

We have audited the financial statements of GH Brighton Limited (the 'Company') for the year ended 31 May 2020, 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 2020 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GH BRIGHTON LIMITED (CONTINUED)  
UNDER SECTION 449 OF THE COMPANIES ACT 2006**

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Director's Report, other than the financial statements and our auditors' 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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)  
UNDER SECTION 449 OF THE COMPANIES ACT 2006

**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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our 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 Limited**

Chartered Accountants

Statutory Auditors

Albany House

Claremont Lane

Esher

Surrey

KT10 9FQ

Date: 28 May 2021



**GH BRIGHTON LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MAY 2020**

	Note	2020 £	2019 £
Turnover		530,357	790,309
Cost of sales		(514,331)	(772,819)
<b>Gross profit</b>		<u>16,026</u>	<u>17,490</u>
Administrative expenses		(7,250)	(7,200)
Other operating charges		(243,699)	(316,602)
<b>Operating loss</b>		<u>(234,923)</u>	<u>(306,312)</u>
Swap interest receivable		2,971,391	2,933,782
Swap interest payable		(2,436,998)	(2,367,956)
<b>Profit before tax</b>		<u>299,470</u>	<u>259,514</u>
Tax on profit	5	<u>-</u>	<u>-</u>
<b>Profit for the financial year</b>		<u><u>299,470</u></u>	<u><u>259,514</u></u>

The notes on pages 10 to 17 form part of these financial statements.

**GH BRIGHTON LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MAY 2020**

	Note	2020 £	2019 £
Profit for the financial year		299,470	259,514
<b>Other comprehensive income</b>			
Fair value gain/(loss) on swaps		1,616,502	(650,651)
Deferred tax arising on fair value adjustments	10	(307,135)	123,618
<b>Other comprehensive income for the year</b>		1,309,367	(527,033)
<b>Total comprehensive income for the year</b>		<u>1,608,837</u>	<u>(267,519)</u>

The notes on pages 10 to 17 form part of these financial statements.

**GH BRIGHTON LIMITED**  
**REGISTERED NUMBER: 05505323**

**BALANCE SHEET**  
**AS AT 31 MAY 2020**

	Note	2020 £	2019 £
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	6	76,996,341	75,723,829
Debtors: amounts falling due within one year		8,665,469	7,488,298
Deferred tax		3,369,966	3,346,761
Bank & cash balances	10		8
		<u>89,031,786</u>	<u>86,558,896</u>
Creditors: amounts falling due within one year	7	(3,634,522)	(2,718,316)
<b>Net current assets</b>		<u>85,397,264</u>	<u>83,840,580</u>
<b>Total assets less current liabilities</b>		<u>85,397,264</u>	<u>83,840,580</u>
Creditors: amounts falling due after more than one year	8	(56,696,453)	(57,078,946)
<b>Provisions for liabilities</b>			
Deferred tax		(7,902,904)	(7,572,564)
		<u>(7,902,904)</u>	<u>(7,572,564)</u>
<b>Net assets</b>		<u><u>20,797,907</u></u>	<u><u>19,189,070</u></u>
<b>Capital and reserves</b>			
Called up share capital	11	2	2
Other reserves	12	(82,106)	(82,106)
Fair value reserve	12	19,324,603	18,015,236
Profit and loss account	12	1,555,408	1,255,938
		<u><u>20,797,907</u></u>	<u><u>19,189,070</u></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 have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

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 May 2021

The notes on pages 10 to 17 form part of these financial statements.

**GH BRIGHTON LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MAY 2020**

	Called up share capital £	Other reserves £	Fair value reserve £	Profit and loss account £	Total equity £
<b>At 1 June 2018</b>	2	(82,106)	18,542,269	996,424	19,456,589
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	259,514	259,514
Fair value loss on swaps	-	-	(650,651)	-	(650,651)
Deferred tax arising on fair value adjustments	-	-	123,618	-	123,618
<b>At 1 June 2019</b>	2	(82,106)	18,015,236	1,255,938	19,189,070
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	299,470	299,470
Fair value loss on swaps	-	-	1,616,502	-	1,616,502
Deferred tax arising on the fair value adjustments	-	-	(307,135)	-	(307,135)
<b>At 31 May 2020</b>	<u>2</u>	<u>(82,106)</u>	<u>19,324,603</u>	<u>1,555,408</u>	<u>20,797,907</u>

The notes on pages 10 to 17 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2020**

**1. General information**

GH Brighton Limited is a private company, limited by shares, 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 judgment 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, including the uncertainty in relation to the impact of COVID-19. In doing so the directors 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 directly attributable to the interest receivable in revenue.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2020

**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 the profit and loss account, 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 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 value 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.

**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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2020

2. Accounting policies (continued)

2.10 Financial instruments

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 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 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2020

**2. Accounting policies (continued)**

**2.12 Hedge accounting**

The Company uses variable to fixed interest rate swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. 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.

**3. Judgments 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:

An estimation is required on future LIBOR 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 valuation of the interest rate swaps held requires estimation of the cost of capital associated with the loan facility and future LIBOR 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 (2019 - 2).



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2020**

**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**

The Company has tax losses available for the offset against relevant future taxable profits.

**6. Debtors**

	2020 £	2019 £
<b>Due after more than one year</b>		
Other debtors	38,436,485	38,623,578
Financial instruments (swaps)	38,559,856	37,100,251
	<u>76,996,341</u>	<u>75,723,829</u>
	2020 £	2019 £
<b>Due within one year</b>		
Amounts owed by group undertakings	4,327,134	4,317,120
Other debtors	179,008	-
Prepayments and accrued income	1,124,947	415,826
Financial instruments (swaps)	3,034,381	2,755,352
	<u>8,665,470</u>	<u>7,488,298</u>

**7. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Bank loans	1,272,155	759,922
Other creditors	192,543	191,468
Accruals and deferred income	691,546	272,812
Financial instruments	1,478,278	1,494,114
	<u>3,634,522</u>	<u>2,718,316</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2020**

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

	2020 £	2019 £
Bank loans	33,218,498	34,269,428
Other loans	5,352,398	4,636,585
Other creditors	1,867,140	2,052,482
Financial instruments (after 1 yr)	16,258,417	16,120,451
	<u>56,696,453</u>	<u>57,078,946</u>

Bank loans comprises a loan accounted for at amortised cost and repayable in instalments with a final bullet payment due on maturity.

The loan is secured by a mortgage debenture over all assets of the Company.

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

	2020 £	2019 £
Repayable by instalments	18,897,905	20,701,188
Repayable other than by instalments	16,013,901	15,298,089
	<u>34,911,806</u>	<u>35,999,277</u>

**9. Complex financial instruments**

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

	Principal 2020 £	Principal 2019 £	Fair value 2020 £	Fair value 2019 £
Swap assets	40,000,000	40,000,000	41,594,236	39,855,603
Swap liabilities	(36,178,437)	(36,953,260)	(17,736,695)	(17,614,565)
	<u>3,821,563</u>	<u>3,046,740</u>	<u>23,857,541</u>	<u>22,241,038</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 3 Month GBP LIBOR 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 2020**

**10. Deferred taxation**

	2020 £	2019 £
At beginning of year	(4,225,803)	(4,349,421)
Charged to other comprehensive income	(307,135)	123,618
<b>At end of year</b>	<u><u>(4,532,938)</u></u>	<u><u>(4,225,803)</u></u>

The deferred tax balance is made up as follows:

	2020 £	2019 £
Timing differences arising from fair value adjustments	<u><u>(4,532,938)</u></u>	<u><u>(4,225,803)</u></u>
<b>Comprising:</b>		
Asset - due after one year	3,369,966	3,346,761
Liability	<u><u>(7,902,904)</u></u>	<u><u>(7,572,564)</u></u>
	<u><u>(4,532,938)</u></u>	<u><u>(4,225,803)</u></u>

**11. Share capital**

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
2 (2019 - 2) ordinary shares of £1.00 each	<u><u>2</u></u>	<u><u>2</u></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 & loss account**

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2020

**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.

**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.

**15. Subsequent events**

Subsequent to the year end global economies have been impacted as a result of the COVID-19 virus epidemic. The resolution and impact on the business and wide economy at this stage is uncertain, but the directors having assessed the impact and risk of the current market conditions on the Company do believe these will not have any material impact on the Company. Details of the directors going concern

assessment is set out in note 2.3.

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.