Company Registration No. 05523006 (England and Wales)

ARORA HOTELS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

Arora

GROUP

ARORA HOTELS LIMITED

COMPANY INFORMATION

Directors	Surinder Arora	
	Sunita Arora	
	Carlton Brown	
	Sanjay Arora	(Appointed 26 October 2021)
	Sanjeev Roda	(Appointed 26 October 2021)
Company number	05523006	
Registered office	World Business Centre 3 Newall Road London Heathrow Airport Hounslow England TW6 2TA	
Auditor	BDO LLP 55 Baker Street London W1U 7EU	

ARORA HOTELS LIMITED

CONTENTS

Introduction
Arora Hotels Limited and its subsidiaries "the group" forms part of the Arora Group, a successful UK- focused private group of companies, which leverages synergies across its specialist property, construction and hotel divisions to its strategic advantage. Since 1999, the Arora Group has built its standing through meticulously managing projects from inception to delivery and beyond. Today, it owns and manages a diverse portfolio of flagship assets across the nation's key business locations, partnering with some of the world's most recognised brands to deliver consistently high service levels and sustainable growth.

The group strategy is to deliver portfolio diversification, growth in asset value and profitability. Our strategy for delivering these objectives are:

- Delivering sound long-term value to our stakeholders
- Continuing to expand, develop and consolidate a diversified property asset portfolio in targeted UK locations
- Sustaining our reputation for quality, integrity and social responsibility

More information about the group can be found on www.thearoragroup.com.

Section 172 statement
Section 172 of the Companies Act 2006 requires directors to describe how they have had regard to various stakeholders associated with the group.

We have set out below information about how our directors have had regard for our employees; business relationships with suppliers and customers; the impact of the group's operations on the community and environment; and the desirability of the group maintaining a reputation for high standards of business conduct.

Any likely consequences of decisions taken by the group in the long term are covered within the Review of Business section in the Strategic Report

Employee Engagement
We address employee engagement as a holistic process which begins with the recruitment experience and continues throughout the employees' journey with us.

The Talent and Culture Team strive to create positive employee experiences by handling all the touch points of the recruitment process to ensure that the on-boarding truly engages new employees.

Engagement is an ongoing process throughout the year with regular reviews, employee events and several activities such as welcome to work, wellbeing week and family fun day. Employee wellbeing is critical so we have a number of measures in place to support our team, including a confidential wellbeing helpline. At the Arora Group, our employees are like our family so we work hard to ensure they feel valued, appreciated and happy.

Customer Engagement
Our Commercial and Hotel Customer Engagement Team primarily engages with corporate customers and hotel guests.

<u>Corporate Customers</u>
Engagement is predominantly managed by our Commercial Team who assess overall business growth opportunities in line with market conditions, market share gain opportunities and expectations from the Board and wider investment community. They then determine the appropriate mix and source of business required to achieve agreed revenue and profitability expectations which allows them to develop suitable plans to acquire and animate potential business opportunities.

Our Commercial Team engage with our corporate customers on a business to business level in several ways including through our Customer Engagement Team and Planning and Sales Team who help customers navigate their event needs and ensure all the contracted items and services are delivered successfully.

Customer Engagement (continued)
Hotel Guests and Transient Market
The Arora Group is a customer centric hotel group operating franchises through four eminent brand companies and using a total of 10 different brands. We closely monitor our guest feedback and quality matrix.

We are very proud of the achievements the hotels make in customer care and the relentless focus of our teams. We embrace brand initiatives such as 'Heartiest' for the Accor Brands or 'Delighted to Serve' for the Renaissance brand. We also supplement this with our own universal training conducted by external consultants with whom we have developed various courses over the years.

In addition, the hotel bonus structure for all hotel General Managers includes an element that reflects on guest service. The General Managers are also measured on a Balanced Scorecard system with guest care being a significant portion of measuring hotel achievements..

Suppliers Engagement Team
Our Purchasing Team have developed strong and enduring relationships with our suppliers. In order to ensure continued growth of these business relationships, our Supplier Engagement Team conduct regular review meetings. These take place either quarterly, every six months or annually depending on the particulars of each supplier relationship. During these meetings we assess changes in our business demand and where necessary begin the process of negotiating amendments or renewals of our formal contracts. We take counsel from our Operations Team to ensure that the goods and/or services provided are fit for purpose for our day to day business requirements. As such, we may include members of our Operations Team during review meetings where we or our suppliers deem it necessary.

We use a renegotiation calendar to help us monitor contract expiry dates so that we can ensure early engagement with suppliers to review and renew relationships. Our pro-active approach to managing supplier relationships has enabled us to create a long-standing business network which delivers innovative and competitive contracts across our business.

Environmental Sustainability
Climate change and resource scarcity are amongst society's greatest challenges. As a responsible business we are fully committed to minimising our operational impact on the environment when and wherever possible. This is core to ensuring we do business in the right way.

To see ways in which the Arora Group aims to minimise its impact on the environment, visit:

https://thearoragroup.com/about/policy-position/environmentalsustainability.

Maintaining a reputation for high standards of business conduct
To see more information on how the Arora Group maintains a reputation for high standards of business conduct, visit www.thearoragroup.com/about/strategy.

Review of Business
Despite the COVID 19 impact on trading throughout the financial year, the hotel division benefited from fixed term contracted revenue for the majority of the year.

The hotels continued to operate with reduced teams and cluster roles were created to give both commercial and operational benefits. Productivity and efficiencies achieved due to the pandemic were developed and improved to effectively manage costs and profit conversion.

Recruitment has become the biggest priority across all departments. The over reliance on agency staff, particularly in housekeeping has led to higher payroll costs. The impact of these rises has been minimised through leaner management structures and better efficiencies put in place during COVID.

Holiday Inn T5 – Delivered a positive EBITDA for the year despite being shuttered for parts of the year.

Renaissance London Heathrow – Trading performance in the year was higher than in FY21 due to fixed term contracts.

Arora Gatwick Crawley – the hotel operated efficiently with good EBITDA conversion.

Novotel London Stansted – Trading performance was higher than in FY21 due to fixed term contracts.

Sofitel Heathrow T5 – following relaxation of COVID 19 restrictions, demand in the transient and MICE segments started to rebound strongly in the later part of the year.

Hilton London Gatwick – the hotel remained open and operated throughout the year accommodating aircrew, training, and transient guests. Gatwick Airport has seen a significant drop in passenger numbers compared to 2020 which has adversely affected occupancy levels at the hotel.

Buckinghamshire Golf Club – The golf club had an uplift in business, following the lifting of COVID restrictions.

Hilton Garden Inn T2 – This was the first full trading year for the hotel and outperformed the competitive set.

Sofitel London Gatwick – Trading performance in the year was higher than in FY21 due to fixed term contracts.

Intercontinental O2 – The hotel delivered a positive EBITDA mainly due to fixed term contracts, but also due to the re-opening of the O2 Arena.

Fairmont Windsor Park – The hotel officially opened in January 2022 after a challenging construction period due to the complexities of COVID 19, construction material costs and a poor labour market.

Luton Hoo Park – The hotel reopened in April 2021 with good demand for outdoor activities such as golf. Travel restrictions facilitated the rise of the staycation market which the hotel benefited from over the summer months.

Key Performance Indicators
The group uses a range of performance measures to monitor and manage the business effectively. These are both financial and non-financial and the most significant of these are the key performance indicators.

The key performance indicators are turnover and trading EBITDA. These indicators are set out below:

	2022 £'000	2021 £'000
Turnover	148,085	46,279
Trading EBITDA	31,858	(19,818)

Trading EBITDA is widely used as a standard measure of operational performance, debt servicing capability and business value added. It stands for "Earnings before interest, taxes, depreciation and amortisation" and below is reconciliation to income statement:

	2022 £'000	2021 £'000
Loss before tax	(3,541)	(112,189)
Adjustment:		
Interest receivable and similar income	(1,442)	(48)
Interest payable and similar expenses	13,386	11,930
Amounts written off investments	-	69
Depreciation of owned tangible fixed assets	28,493	28,427
Impairment of owned tangible fixed assets	1,900	52,000
Reversal of past impairment of tangible fixed assets	(6,939)	-
Profit on disposal of fixed assets	-	(7)
Trading EBITDA	31,857	(19,818)

Balanced Scorecard

This sets out to measure guest satisfaction, labour turnover, cash management, internal financial controls, Health, Safety and Environmental audits and profit achievement as the 7 key indicators of the health of the business. The hotel has performed satisfactorily in all categories despite the economic climate.

Principal risks and uncertainties

The main financial risks arising from the group's activities are credit risk, interest rate risk and liquidity risk. These are monitored by the board of directors and were not considered to be significant at the balance sheet date.

The group's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made.

The group's policy in respect of interest rate risk and liquidity risk is to maintain a mixture of medium and short term debt finance and readily accessible bank deposit accounts to ensure the company has sufficient funds for operations. The cash deposits are held in current accounts which earn interest at a floating rate. Debt is maintained at floating interest rates.

In addition, the group's policy is to hedge debt facilities at an appropriate level, in order to manage interest rate fluctuations.

Policy for Employment of Disabled Persons

The group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retaining of employees who become disabled whilst employed by the group. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the group.

Political and Charitable Donations

Arora Charitable Foundation was established in 2010 to create a structure for Arora group's social responsibilities initiatives.

For more information go to https://aroracharitablefoundation.com/.

During the year, the group did not make charitable donations or any political contributions.

Employee Involvement Policy
The group is committed to communicating the progress and developments of its business to its employers. This includes 'Way Ahead Meetings', 'Staff Consultative Committee Meetings', the quarterly and annual 'Arora Stars' employee recognition scheme and the group internal newsletter.

Future Developments
Information on likely future developments in the business of the group has been included within this report.

Going Concern
The directors assessment on going concern can be found in note 1.4 of this report.

On behalf of the board

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Carlton Brown
Director

07/03/2023

ARORA HOTELS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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

Principal activities
The principal activity of the company and group continued to be that of the operation of hotels.

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

Surinder Arora	
Sunita Arora	
Carlton Brown	
Athos Yiannis	(Resigned 18 February 2022)
Sanjay Arora	(Appointed 26 October 2021)
Sanjeev Roda	(Appointed 26 October 2021)

Results and dividends
The results for the year are set out on page 12.

No ordinary dividends were paid.

Statement of Directors' Responsibilities
The directors are responsible for preparing the Strategic Report, 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 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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statement; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume at 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.

Qualifying third party indemnity provisions
The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Streamlined Energy and Carbon Reporting ("SECR")
Requirements for SECR have been introduced under the Companies Act 2006 and are detailed in HM Government's "Environmental Reporting Guidelines" dated March 2019. SECR came into force on 1st April 2019 and applies to large group reporting years starting on or after 1st April 2019. The below reports on energy use, greenhouse gas emissions and provide a narrative on actions undertaken to reduce such energy use and emissions by the company. To see more information about the energy efficiency action taken by the group, please visit https://thearoragroup.com/about/policy-position/environmentalsustainability.

	2022	**2021**
Energy consumption used to calculate emissions: /kWh (optional to provide separate figures for gas, electricity, transport fuel and other energy sources)	55,746,688	38,705,274
Emissions from combustion of gas tCO2e (Scope 1)	4,646	4,254
Emissions from purchased electricity (Scope 2, location-based)	6,408	5,054
Total gross CO2e based on above	**11,054**	**9,308**
Methodology	GHG Protocol Corporate Standard	GHG Protocol Corporate Standard
Total gross Scope 3 emissions / tCO2e	728	466
Total gross Scope 1, Scope 2 location & Scope 3 emissions / tCO2e	**11,782**	**9,774**
Total annual net emissions / tCO2e	**11,782**	**9,774**
Third Party verification	Report independently prepared	Report independently prepared

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 auditor of the company 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 auditor of the company is aware of that information.

Auditor
The auditors BDO LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the board

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Carlton Brown
Director

Date: 07/03/2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARORA HOTELS LIMITED

Opinion on the financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Arora Hotels Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2022 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Company Statement of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity and notes to the financial statements, 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent 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.

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 group's and parent 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.

Emphasis of matter – provision for liabilities

We draw attention to note 21 which discloses the judgement made by management in determining the provision recognised of £1,875,000 and the uncertainty relating to the future outcome of that issue. Our opinion is not modified in respect of this matter.

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.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Group and the Parent 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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, 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

- We obtained an understanding of the procedures and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures were designed to provide reasonable assurance that the financial statements were free of fraud or error.

- Based on the understanding obtained we designed audit procedures to identify non-compliance with the laws and regulations, as noted above. This included enquiries of local and group Management, review of Board minutes, and reviews of relevant correspondence.

- We tested journal entries, focusing on journal entries containing characteristics of audit interest such as manual journals and journals relating to revenue

- We tested and challenged the key estimates and judgements made by management in preparing the financial statements for indications of bias or management override when presenting the results and financial position of the Group.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
David Campbell
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David Campbell (Senior Statutory Auditor)
For and on behalf of
Statutory Auditor
London, UK
07 March 2023
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

ARORA HOTELS LIMITED

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Turnover		148,084	46,279
Cost of sales		(12,948)	(22,083)
Gross profit		135,136	24,196
Administrative expenses		(129,700)	(142,733)
Other operating income		2,967	18,299
Operating profit/(loss)	3	8,403	(100,238)
Interest receivable and similar income	7	1,442	48
Interest payable and similar expenses	8	(13,386)	(11,930)
Amounts written off investments	9	-	(69)
Loss before taxation		(3,541)	(112,189)
Tax on loss	10	(4,178)	14,972
Loss for the financial year		(7,719)	(97,217)

Loss for the financial year is all attributable to the owners of the parent company.

ARORA HOTELS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	2022 £'000	2021 £'000
Loss for the year	(7,719)	(97,217)
Other comprehensive income/(loss)		
Revaluation of tangible fixed assets	34,371	(11,760)
Tax relating to other comprehensive income/(loss)	(20,541)	3,835
Other comprehensive income/(loss) for the year	13,830	(7,925)
Total comprehensive income/(loss) for the year	6,111	(105,142)

Total comprehensive income for the year is all attributable to the owners of the parent company.

ARORA HOTELS LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

		2022		2021	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12		1,212,857		996,170
Investment properties	13		360		360
			1,213,217		996,530
Current assets					
Stocks	16	1,015		2,684	
Debtors	17	29,095		46,596	
Cash at bank and in hand		29,379		7,341	
		59,489		56,621	
Creditors: amounts falling due within one year	18	(234,247)		(230,320)	
Net current liabilities			(174,758)		(173,699)
Total assets less current liabilities			1,038,459		822,831
Creditors: amounts falling due after more than one year	19		(327,121)		(181,122)
Provisions for liabilities	21		(82,085)		(55,922)
Net assets			629,253		585,787
Capital and reserves					
Called up share capital	24		161,969		161,969
Share premium account			339,221		301,866
Revaluation reserve			327,602		317,913
Profit and loss reserves	26		(199,539)		(195,961)
Total equity			629,253		585,787

The financial statements were approved by the board of directors and authorised for issue on 07/03/2023 and are signed on its behalf by:

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Carlton Brown
Director

ARORA HOTELS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	2022 £'000	2022 £'000	2021 £'000	2021 as restated £'000
Fixed assets					
Investments	14		499,986		436,216
Current assets					
Debtors	17	168,133		123,976	
Creditors: amounts falling due within one year	18	(103,547)		(93,149)	
Net current assets			64,586		30,827
Net assets			564,572		467,043
Capital and reserves					
Called up share capital	24		161,969		161,969
Share premium account			339,221		301,866
Profit and loss reserves	26		63,382		3,208
Total equity			564,572		467,043

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £60,174,691 (2021 restated: loss of £29,361,386).

The financial statements were approved by the board of directors and authorised for issue on 07/03/2023 and are signed on its behalf by:

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Carlton Brown
Director

Company Registration No. 05523006

ARORA HOTELS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 April 2020		161,969	99	331,746	(104,652)	389,162
Year ended 31 March 2021:						
Loss for the year		-	-	-	(97,217)	(97,217)
Other comprehensive income:						
Revaluation of tangible fixed assets		-	-	(11,760)	-	(11,760)
Tax relating to other comprehensive income		-	-	3,835	-	3,835
Total comprehensive (loss)/income for the year		-	-	(7,925)	(97,217)	(105,142)
Issue of share capital		-	301,767	-	-	301,767
Transfer of difference between depreciation based on historical and revalued amount		-	-	(5,908)	5,908	-
Balance at 31 March 2021		161,969	301,866	317,913	(195,961)	585,787
Year ended 31 March 2022:						
Loss for the year		-	-	-	(7,719)	(7,719)
Other comprehensive income:						
Revaluation of tangible fixed assets		-	-	34,371	-	34,371
Tax relating to other comprehensive loss	10	-	-	(20,541)	-	(20,541)
Total comprehensive (loss)/income for the year		-	-	13,830	(7,719)	6,111
Issue of share capital	25	-	37,355	-	-	37,355
Transfer of difference between depreciation based on historical and revalued amount		-	-	(4,141)	4,141	-
Balance at 31 March 2022		161,969	339,221	327,602	(199,539)	629,253

ARORA HOTELS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	Share capital	Share premium account	Profit and loss reserves	Total
	£'000	£'000	£'000	£'000
			Restated	Restated
Balance at 1 April 2020	161,969	99	32,569	194,637
Year ended 31 March 2021:				
Loss and total comprehensive income for the year	-	-	(29,361)	(29,361)
Issue of share capital	-	301,767	-	301,767
Balance at 31 March 2021	161,969	301,866	3,208	467,043
Year ended 31 March 2022:				
Profit and total comprehensive income for the year	-	-	60,174	60,174
Issue of share capital	-	37,355	-	37,355
Balance at 31 March 2022	161,969	339,221	63,382	564,572

1 Accounting policies

Company information

Arora Hotels Limited ("the company") is a private limited company limited by shares and incorporated in England and Wales. The registered office is World Business Centre 3, Newall Road, Hounslow, Middlesex, TW6 2TA.

The group consists of Arora Hotels Limited and all of its subsidiaries.

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 £'000.

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

The 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 for parent company information presented within the consolidated financial statements:

- 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': 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; and
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The parent company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The financial statements of the company are consolidated in the financial statements of Arora Holdings Limited. These consolidated financial statements are available from its registered office, World Business Centre 3, Newall Road, London Heathrow Airport, TW6 2TA.

1.2 Prior period error

In the parent company financial statements, the Directors have reconsidered the valuation of Investments in subsidiaries at prior year end and determined that their carrying amount had been overstated by £50,000,000. As a result, the Directors have decided to restate prior year financial statements to recognise an impairment in valuation of investments at £50,000,000. This restatement has resulted in net loss for prior year at £29,361,386 from a profit of £20,638,614 whereas the carrying amount of Investments in subsidiaries have decreased from £486,216,000 to £436,216,000 at prior year end.

1 Accounting policies **(Continued)**

1.3 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated group financial statements consist of the financial statements of the parent company Arora Hotels Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.4 Going concern

The Company is impacted by ongoing economic conditions that include supply chain constraints, price inflation, increases in the cost of living and wider uncertainties deriving from the impacts of Brexit and hostilities in Europe. The directors continue to monitor all of these matters and take actions, where possible, to mitigate their impacts.

The directors have modelled cash flow forecasts for a period of 15 months from the date of the approval of these accounts which include the ramp up of hotel trade over the coming year. These forecasts, however, include a level of judgement specifically around occupancy levels and achievable rates and improvements in tourist travel, however, the directors are confident the group will be cash generative, hence the financial statements are drawn up on a going concern basis.

Therefore, the expectation of the directors is that they will be able to meet liabilities as they fall due over a period of at least 12 months from the date of approval of these financial statements and therefore they have continued to prepare the financial statements on a going concern basis.

1.5 Turnover

Except in the case of sales of apartments, turnover represents amounts receivable in respect of the provision of hotel accommodation, conference facilities, and food and beverage during the year, excluding VAT and trade discounts.

Turnover is measured at fair value of the consideration received or receivable.

1 Accounting policies **(Continued)**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover from services is recognised when the service is provided.

Sales of apartments
Turnover represents sales of apartments to external customers at invoiced amounts less value added tax on sales. Turnover is recognised upon completion of the sale, when the titles of the apartments are transferred to the customer. Invoiced amounts that are received prior to the completion of the sale are deferred to the balance sheet and are released in the period where the sales are completed.

1.6 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.

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 buildings	50 years
Long-term leasehold property	50 years
Short-term leasehold property	over the length of the lease
Plant and equipment	7 years
Fixtures and fittings	2-10 years
Motor vehicles	5 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 recognised in the income statement.

Assets Under Construction

<u>Development of Fixed Assets</u>
The group undertakes a variety of fixed asset developments that are treated according to the project's progression.

<u>Pre-Planning Project costs</u>
Before planning permission is received to commence on a project, all costs are expensed to the income statement.

<u>Work in Progress Project Costs</u>
Costs will only be classified as assets under construction on the balance sheet when the directors are satisfied all the following conditions are met:

- Planning permission (or equivalent) has been granted on the project
- The project is anticipated to generate a profitable return
- The project is deemed likely to proceed

If any of these three conditions are not met, any costs incurred will be recognised in the income statement.

<u>Completion</u>
Once completed, assets under construction is transferred to fixed assets and depreciated in line with the group's accounting policy.

1 Accounting policies **(Continued)**

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the income statement.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting period end date, the group 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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 the income statement, 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 the income statement, 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 Accounting policies **(Continued)**

1.10 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, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

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 the income statement. Reversals of impairment losses are also recognised in the income statement.

1.11 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 Financial instruments

The group 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 group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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 and cash and bank balances, 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.

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.

1 Accounting policies **(Continued)**

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 the income statement.

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 the income statement.

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 group 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 group after deducting all of its 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
Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the income statement in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Where the value of a derivative is an asset value, this is recognised within debtors.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

1 Accounting policies **(Continued)**

Derecognition of financial liabilities

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

1.13 Equity instruments

Equity instruments issued by the group 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 group.

1.14 Taxation

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

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 group'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. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is 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.

1.15 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1 Accounting policies **(Continued)**

1.16 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.

1.17 Retirement benefits

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

1.18 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to the income statement 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 lease asset are consumed.

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.

1.19 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.

1.20 Cash flow statement exemption

The company has chosen to take the exemption from producing a cash flow statement in accordance with Financial Reporting Standard 102 on the grounds that the company is a wholly owned subsidiary of Arora Holdings Limited and the company is included in the consolidated financial statements.

1.21 Borrowing costs

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

1.22 Capitalised Finance costs

Finance costs relating to the loan facility are charged to the income statement, spread over the term of the loan. The bank loan is disclosed net of unamortised finance cost.

2 Judgements and key sources of estimation uncertainty

Some of the significant accounting policies require management to make difficult, subjective or complex judgments or estimates. The following is a summary of those policies which management consider critical because of the level of complexity, judgment or estimation involved in their application and their impact on the financial statements.

Property portfolio valuation

The Hotel properties are stated at fair value, as accounted for by the directors. The valuation is on the basis of Market Value ("MV"), which is defined in the RICS Valuation Standards as:
"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The Hotel properties are revalued at each year end at MV by the directors with the surplus being taken to the statement of comprehensive income.

The valuation considers a range of assumptions including future EBITDA which is dependent on occupancy rates and ultimately on the level of passenger numbers travelling through the airport hubs, investment yields, anticipated outgoings and maintenance costs, future development expenditure and appropriate discount rates. As domestic and international travel continues to recover, occupancy rates and consequently expected future EBITDA has the most impact on valuations resulting in significant estimation uncertainty.

Provisions

The Group has made specific provisions against operational issues in line with accounting policy explained in note 1.15. The matters covered by the provisions involve significant level of uncertainty in timing and amount and the likely outcome. The Directors have used their professional judgment to assess the appropriate level of provisions.

3 Operating profit/(loss)

	2022 £'000	2021 £'000
Operating profit/(loss) for the year is stated after (crediting)/charging:		
Government grants - Coronavirus job retention scheme	(1,136)	(17,465)
Depreciation of owned tangible fixed assets	28,493	28,427
Impairment of owned tangible fixed assets	1,900	52,000
Reversal of past impairment of tangible fixed assets	(6,939)	-
Profit on disposal of tangible fixed assets	-	(7)
Operating lease charges	15,836	9,556

4 Auditor's remuneration

Fees payable to the company's auditor and associates:	2022 £'000	2021 £'000
For audit services		
Auditors' remuneration	285	176

5 Employees

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

	Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
	1,606	1,467	-	-

Their aggregate remuneration comprised:

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Wages and salaries	28,327	27,000	-	-
Social security costs	2,562	2,027	-	-
Pension costs	563	652	-	-
	31,452	29,679	-	-

6 Directors' remuneration

None of the directors of the group were paid emoluments for their services to the group during the year. It is not considered practicable to allocate their remuneration between the companies which they are directors. Their remuneration is disclosed in the financial statements of the parent company, Grove Acquisitions Limited. No directors accrued benefits under defined contribution schemes during the year.

7 Interest receivable and similar income

	2022 £'000	2021 £'000
Interest income		
Interest on bank deposits	3	1
Interest receivable from group companies	6	-
Other interest income	2	-
Total interest	11	1
Other income from investments		
Gains on financial instruments measured at fair value through profit or loss	1,431	47
Total income	1,442	48

8 Interest payable and similar expenses

	2022 £'000	2021 £'000
Interest on bank overdrafts and loans	10,975	11,170
Interest payable to group undertakings	1,788	-
Finance costs	551	760
Other interest	72	-
	13,386	11,930

9 Amounts written off investments

	2022 £'000	2021 £'000
Amounts written off investments	-	(69)

10 Taxation

	2022 £'000	2021 £'000
Current tax		
UK corporation tax on profits for the current period	331	-
Adjustments in respect of prior periods	300	-
Total current tax	631	-

10 Taxation (Continued)

	2022 £'000	2021 £'000
Deferred tax		
Origination and reversal of timing differences	(493)	(19,656)
Changes in tax rates	2,509	4,699
Adjustment in respect of prior periods	1,531	(15)
Total deferred tax	3,547	(14,972)
Total tax charge/(credit)	4,178	(14,972)

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

	2022 £'000	2021 £'000
Loss before taxation	(3,541)	(112,189)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(673)	(21,316)
Tax effect of expenses that are not deductible in determining taxable loss	4,144	801
Tax effect of income not taxable in determining taxable loss	(1,232)	16
Tax effect of utilisation of tax losses not previously recognised	(1,550)	-
Effect of change in corporation tax rate	2,509	-
Group relief	894	5,648
Permanent capital allowances in excess of depreciation	(1,404)	-
Depreciation on assets not qualifying for tax allowances	-	2,295
Under provided in prior years	300	-
Deferred tax adjustments in respect of prior years	1,529	(2,426)
Differences in tax rate deferred tax and corporation tax	(61)	-
Pre trading expenses	(117)	10
Capital allowance super deductions	(161)	-
Taxation charge/(credit)	4,178	(14,972)

10 Taxation (Continued)

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

	2022 £'000	2021 £'000
Deferred tax arising on:		
Revaluation of property	20,541	(3,835)

11 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses recognised in the income statement:

	Notes	2022 £'000	2021 £'000
In respect of:			
Property, plant and equipment	12	1,900	52,000
Recognised in:			
Administrative expenses		1,900	52,000

Reversals of previous impairment losses recognised in the income statement is as follows:

	Notes	2022 £'000	2021 £'000
In respect of:			
Property, plant and equipment	12	6,939	-
Recognised in:			
Administrative expenses		6,939	-

12 Tangible fixed assets

Group	Freehold Land and Building	Long-term leasehold property	Short-term leasehold property	Assets under construction	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation								
At 1 April 2021	-	947,032	210,083	4,499	5,580	25,967	26	1,193,187
Additions	114,273	1,959	-	1,123	427	37,988	-	155,770
Revaluation	718	50,360	(16,707)	-	-	-	-	34,371
Acquired under business combination	42,635	-	-	-	18,540	1,055	220	62,450
At 31 March 2022	157,627	999,351	193,376	5,622	24,547	65,008	246	1,445,778
Depreciation and impairment								
At 1 April 2021	-	153,212	30,117	-	3,563	10,099	26	197,017
Depreciation charged in the year	-	17,022	8,178	-	1,209	2,077	7	28,493
Impairment	-	1,900	-	-	-	-	-	1,900
Reversal of past impairment	-	(6,939)	-	-	-	-	-	(6,939)
Acquired in period	-	-	-	-	11,728	529	193	12,450
At 31 March 2022	-	165,195	38,295	-	16,500	12,705	226	232,921
Carrying amount								
At 31 March 2022	157,627	834,156	155,081	5,622	8,047	52,303	20	1,212,857
At 31 March 2021	-	793,820	179,966	4,499	2,017	15,868	-	996,170

12 Tangible fixed assets (Continued)

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Cost	1,111,631	893,416	-	-
Accumulated depreciation	(108,307)	(71,503)	-	-
Carrying value	1,003,324	821,913	-	-

The group's properties were revalued on 31 March 2022 by the Directors at open market value. Where the surplus related to fixed fixed asset valuation, it was taken to the revaluation reserve. The valuation was made taking into account the Directors' experience, desktop valuations, market transactions, factors and age, location and condition of the property. Further details of the judgement made are given in note 2.

13 Investment property

	Group £'000	Company £'000
Fair value		
At 1 April 2021 and 31 March 2022	360	-

Investment properties are held at open market valuation as assessed by the directors at the year end.

14 Fixed asset investments

	Notes	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Investments in subsidiaries	15	-	-	499,986	436,216

14 Fixed asset investments **(Continued)**

Movements in fixed asset investments
Company

	Shares in group undertakings £'000
Cost or valuation	
At 1 April 2021 (restated)	436,216
Additions	93,770
Disposals	(30,000)
At 31 March 2022	499,986
Carrying amount	
At 31 March 2022	499,986
At 31 March 2021	436,216

15 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	Indirect
AFT2 Property Investments Limited	Jersey	Dormant	Ordinary	100.00	
Arora Developments Limited	UK	Dormant	Ordinary	100.00	
Arora Gatwick Ltd	UK	Property investment	Ordinary	100.00	
Arora Investments JPUT Limited	UK	Dormant	Ordinary	100.00	
Arora Leased Hotels Limited	UK	Dormant	Ordinary	100.00	
Arora Gatwick Property Limited	UK	Dormant	Ordinary	100.00	
Arora T5 Holdings Limited	UK	Holding company	Ordinary	100.00	
Excel Hospitality Limited	UK	Hoteliers	Ordinary	100.00	
Grove F&B Limited	UK	Hoteliers	Ordinary	100.00	
Grove HR Limited	UK	Hoteliers	Ordinary	100.00	
Grove T5 Limited	UK	Hoteliers	Ordinary		100.00
Grove WP Limited	UK	Hoteliers	Ordinary	100.00	
Heathrow T2 Hotel Limited	UK	Hoteliers	Ordinary	100.00	
Heathrow T5 Hotel Limited	UK	Property investment	Ordinary		100.00
London Airport Hotels Limited	UK	Dormant	Ordinary	100.00	
Meridian Pier Limited	UK	Property investment	Ordinary	100.00	
Buckinghamshire Golf Company Limited	UK	Golf club	Ordinary		100.00
Buckinghamshire Park Resort (Holdings) Limited	UK	Holding company	Ordinary	100.00	
Grove WP Property Limited	UK	Property investment	Ordinary		100.00
AH2 Limited	Jersey	Property investment	Ordinary		100.00
Greenwich Holdings Limited	Jersey	Holding company	Ordinary		100.00
Arora SLG Limited	UK	Hoteliers	Ordinary	100.00	
Meridian Hotel Holdings Limited	UK	Holding company	Ordinary	100.00	
Meridian Hotel Operations Limited	UK	Hoteliers	Ordinary		100.00
Meridian Residential Development Limited	UK	Property development	Ordinary	100.00	
Arora Dublin T2 Limited	UK	Hoteliers	Ordinary	100.00	
Arora Waterfront Holdings Limited	UK	Holding company	Ordinary	100.00	
Arora Waterfront Limited	UK	Hoteliers	Ordinary		100.00
Arora Waterfront Developments Limited	UK	Property development	Ordinary		100.00
Luton Hoo Park Limited	UK	Hoteliers	Ordinary	100.00	

15 Subsidiaries **(Continued)**

The registered office for all the UK subsidiaries is: World Business Centre 3, Newall Road, Hounslow, Middlesex, TW6 2TA.

The registered office for the Jersey companies is:12 Castle Street, St Helier, Jersey, JE2 3RT.

16 Stocks

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Finished stock - apartments	-	2,188	-	-
Finished goods and goods for resale	1,015	496	-	-
	1,015	2,684	-	-

Stocks recognised in cost of sales during the period as an expense was £11,651,188 (2021: £21,197,863).

No impairment of stock was recognised in the year (2021: £nil).

17 Debtors

Amounts falling due within one year:	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Trade debtors	5,482	841	-	-
Corporation tax recoverable	640	1,361	-	-
Amounts owed by group undertakings	15,667	35,580	168,096	123,976
Derivative financial instruments	1,092	-	-	-
Other debtors	1,676	6,050	36	-
Prepayments and accrued income	4,538	2,764	-	-
	29,095	46,596	168,132	123,976

At the year end amounts owed by group undertakings are repayable on demand at the option of both the lender and borrower.

18 Creditors: amounts falling due within one year

	Notes	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Bank loans and overdrafts	20	56,896	167,891	-	-
Trade creditors		10,320	6,172	-	-
Amounts due to group undertakings		128,022	29,216	103,516	93,149
Amounts due to related parties		1,600	1,600	-	-
Corporation tax payable		157	88	31	-
Other taxation and social security		3,041	1,843	-	-
Derivative financial instruments		-	338	-	-
Other creditors		18,955	9,696	-	-
Accruals and deferred income		15,256	13,476	-	-
		234,247	230,320	103,547	93,149

At the year end amounts owed to group undertakings and related parties are repayable on demand at the option of both the lender and borrower.

19 Creditors: amounts falling due after more than one year

	Notes	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Bank loans and overdrafts	20	327,121	181,122	-	-

20 Loans and overdrafts

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Bank loans	384,017	349,013	-	-

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Loan payable within 1 year				
Bank loan	57,142	168,290	-	-
Finance charges	(246)	(399)	-	-
Loan payable between 1 to 2 years				
Bank loan	44,923	4,923	-	-
Finance charges	(403)	(159)	-	-
Loan payable between 2 and 5 years				
Bank loan	146,730	37,474	-	-
Finance charges	(366)	(320)	-	-
Loan payable more than 5 years				
Bank loan	136,661	139,702	-	-
Finance charges	(425)	(497)	-	-

20 Loans and overdrafts **(Continued)**

The Heathrow T5 Hotel Limited loan amounts to £155,777,137 (2021: £159,476,432) and is secured by a fixed and floating charge over its assets and is supported by guarantees provided by certain group companies.

The facility is repayable or must be refinanced on or before 20 October 2031. The interest rate is fixed for the term of the loan based on a commercial margin. The facility requires compliance with a number of financial covenants which are tested annually.

The Grove HR Limited bank loan amounts to £12,219,483 (2021: £12,405,566) and is secured by fixed and floating charges over its assets and is supported by guarantees provided by certain group companies.

The key terms of the loan are a maturity date of 17 August 2022 with interest charged at SONIA plus a commercial margin. Following the year end, the facility was repaid on 26 May 2022.

The Excel Hospitality Limited bank loan amounts to £40,000,000 (2021: £40,000,000) and is secured by fixed and floating charges over the assets of the company. The key terms of the loan are a maturity date of 31 March 2023 with interest charged at SONIA plus a commercial margin.

The loan provided to Heathrow T2 Hotel Limited which amounts to £26,331,250 (2021: £27,328,145). The loan is secured by fixed and floating charges over its assets.

The facility is to be repaid on 20 December 2023. The interest rate is based on a margin at a commercial rate. Following the year end, the facility was refinanced for a new 3 year term and the loan facility was increased.

The AH2 Limited bank loan amounts to £111,130,551 (2021: £111,187,176). The loan facility is secured by fixed and floating charges over the assets of the company and is supported by guarantees provided by certain group companies.

The facility was refinanced on 17 August 2021 with a maturity date of 17 August 2024.

The Grove WP Property Limited bank loan amounts to £40,000,000 (2021: nil). The loan facility is secured by fixed and floating charges over the assets of the company and is supported by guarantees provided by certain group companies.

The loan has been refinanced on 28 November 2022 for a new 3 year term and the facility amount increased to £70,000,000.

21 Provisions for liabilities

		Group		Company	
		2022	2021	2022	2021
		£'000	£'000	£'000	£'000
Provisions		2,075	-	-	-
Deferred tax liabilities	22	80,010	55,922	-	-
		82,085	55,922	-	-

21 Provisions for liabilities **(Continued)**

Movements on provisions:

Group	**£'000**
Additional provisions in the year	2,075

The Group has provided against hotel related operational issues during the year, including £1,875,000 relating to one set of operational disputes. The Group is contesting these issues robustly and is confident of a successful outcome, but as required by FRS102 we note that the potential liability relating to these issues ranges from £0 to £9,000,000. The Directors anticipate that these issues will be resolved through alternative dispute resolution procedures within 12 months of the date of approval of these financial statements

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and movements thereon:

Group	**Liabilities 2022 £'000**	**Liabilities 2021 £'000**
Accelerated capital allowances	1,317	656
Tax (losses)/gains	(6,113)	(9,460)
Retirement benefit obligations	(62)	(26)
Corporate interest restrictions	(2,392)	-
Deferred tax on fixed asset revaluations	87,261	64,794
Deferred tax on swap fair values	-	(42)
	80,011	55,922

The company has no deferred tax assets or liabilities.

Movements in the year:	**Group £'000**	**Company £'000**
Liability at 1 April 2021	55,922	-
Charge to income statement	3,547	-
Charge to other comprehensive income	20,541	-
Liability at 31 March 2022	80,010	-

During the year ending 31 March 2023 the deferred tax liability is expected to reverse by £200,000 due to the reversal of accelerated capital allowances.

23 Retirement benefit schemes

Defined contribution schemes	**2022 £'000**	**2021 £'000**
Charge to income statement in respect of defined contribution schemes	563	652

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Defined contribution scheme payment accrual recognised as a liability at the year end was £296,741 (2021: £132,500).

24 Share capital

Group and company	**2022**	**2021**	**2022**	**2021**
Ordinary share capital	**Number**	**Number**	**£'000**	**£'000**
Issued and fully paid				
Ordinary shares of £1 each	161,968,850	161,968,850	161,969	161,969

25 Share premium account

During the year, the Company issued 1 ordinary share of £1 for a total consideration of £37,354,974 giving rise to a share premium of £37,354,973.

26 Profit and loss reserves

The profit and loss account represents cumulative profit or losses, net dividends paid and other adjustments.

Called up share capital
Called up share capital represents the nominal value and shares issued.

Revaluation reserve
Represents the cumulative unrealised valuation movement on investment properties, which is transferred from profit and loss reserves, net of any deferred tax.

27 Acquisitions

On 15th December 2021 the group acquired 100% share capital of Luton Hoo Park Limited, a UK company which owns and operates the Luton Hoo Hotel, Golf and Spa.

	Book Value £'000	Adjustments £'000	Fair Value £'000
Property, plant and equipment	48,204	1,796	50,000
Inventories	127	-	127
Trade and other receivables	237	-	237
Cash and cash equivalents	1,090	-	1,090
Borrowings	(24,375)	-	(24,375)
Trade and other payables	(2,437)	-	(2,437)
Total identifiable net assets	22,846	1,796	24,642

Total consideration	24,642

	£'000
The consideration was satisfied by:	
Cash	24,642

Contribution by the acquired business for the reporting period included in the consolidated statement of comprehensive income since acquisition:	£'000
Turnover	2,527
Loss after tax	(2,213)

28 Operating lease commitments

Lessee

At the reporting end date the group and company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 £'000	2021 £'000	Company 2022 £'000	2021 £'000
Within one year	7,756	7,756	-	-
Between two and five years	30,856	30,913	-	-
In over five years	225,410	233,110	-	-
	264,022	271,779	-	-

28 Operating lease commitments (Continued)

Lessor

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

	Group		Company	
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Within one year	70	222	-	-
Between two and five years	70	140	-	-
In over five years	-	-	-	-
	140	362	-	-

29 Events after the reporting date

Grove HR Limited
On 26 May 2022, the loan facility was refinanced for a new 4 year term and is repayable by 27 April 2026.

Heathrow T2 Hotel Limited
On 19 July 2022, the loan facility was refinanced for new 3 year term and the loan facility was increased.

Grove WP Property Limited
On 28th November 2022, the loan facility was refinanced for new 3 year term and the loan facility was increased.

30 Related party disclosures

The company is a wholly-owned subsidiary of the Arora Family Trust No.2 and utilises the exemption contained in Financial Reporting Standards 102 'Related Party Disclosures' not to disclose any transactions with wholly-owned entities that part of the Group.

At the year end, the group owed £1,600,000 (2021: £1,600,000) to Arora Family Trust and its subsidiaries.

31 Contingent liabilities

Certain loans, provided to the wider Arora Group, are secured by fixed and floating charges over the assets of certain companies within Arora Hotels Limited and its subsidiaries. As at 31 March 2022, the loans in the wider Arora Group amounted to £58,631,140 (2021: £59,524,000).

32 Controlling Party

The immediate parent of Arora Hotels Limited is AMSL Investments Limited, a company registered in Jersey.

The ultimate parent entity of Arora Hotels Limited is Arora Family Trust No.2, a trust registered in Jersey, and the parent of the largest group for which accounts are drawn up and of which the company is a member.

The ultimate controlling entity of the company is Apex Financial Services (Trustees) Limited, a regulated trust company administered in Jersey.