

**HOTEL MANAGEMENT INTERNATIONAL (HOLDINGS) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2021**

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**HOTEL MANAGEMENT INTERNATIONAL (HOLDINGS) LIMITED**

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**COMPANY INFORMATION**

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**Directors**

P N Salussolia  
C Salussolia  
G J Ramsay, FCA  
A Salussolia  
L Salussolia  
F Boorman  
N Salussolia

**Company secretary**

G J Ramsay FCA

**Registered number**

04324021

**Registered office**

364 High Street  
Harlington Heathrow  
Hayes  
UB3 5LF

**Independent auditors**

Elman Wall Limited  
Chartered Accountants & Statutory Auditor  
36 Old Jewry  
London  
EC2R 8DD

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**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2021**

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**Introduction**

The principal activities of Hotel Management International (Holdings) Limited (the "company") and its subsidiaries (together the "group") continued to be the operation of hotels and the provision of consultancy and management services to the hotel and leisure industry.

**Business review**

The results of the group are shown on pages 10 -11 of the financial statements.

The business of the group is to provide high quality hotel and ancillary services in The Netherlands, the United Kingdom and Belgium.

The group's main objectives over the last few years have been to maintain room rates, improve the quality of services and standards, maintain the quality of the product and to focus on efficiencies and innovation. These have been achieved and remain the key objectives going forward.

The group has been significantly impacted by Covid-19, which reduced its earnings for the year ended 31 March 2021 and is having longer term impacts. The emergence of the Covid-19 virus and its development into pandemic has led to an unprecedented level of disruption to the hospitality industry. At year end, the UK government had in place temporary trading restrictions which will have a significant reduction in revenue in the subsequent financial year. The Board and management are taking steps to protect the business from the impact of this crisis, including significantly reducing costs and applying for government support through the furlough scheme, Covid business support loans and controlling its working capital. Nonetheless, the impact of Covid-19 on the operations has been significant.

**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 MARCH 2021**

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**Principal risks and uncertainties**

**Credit, Interest rate, and Liquidity Risk**

The group manages a variety of financial risks including interest rate, liquidity and credit risk. Fluctuation in interest rates affect the group's reported results. It is the group's goal to mitigate the effects of interest rate movements on profit, equity and cash flow. Whenever possible the group tries to establish this by creating natural hedges and by matching assets and liabilities. When natural hedges are not available the group seeks to use financial instruments. For this purpose, hedging ranges have been identified and strict policies and governance are in place covering the program, including authorisation procedures.

Approximately 50% of the total interest portfolio was fixed by long term hedging instruments. Assuming all other factors remain the same, a 1% change in interest rates would increase the interest costs by £98,000.

The group receives income in foreign currency.

Long term strategies and annual business plans are formulated to ensure that the financial covenants can be met and monitored on a regular basis. Working capital requirements are also regularly reviewed and closely managed to ensure there are sufficient cash flows available for the group.

The group maintains significant cash balances and operates with net current liabilities in order to mitigate any potential liquidity risk. It also has unutilised group borrowing facilities.

The group has a large number of customers and maintains tight credit control at each of its operations in order to mitigate its credit risk.

**Trading and Economic Risk**

The level of economic activity in Belgium, The Netherlands and the UK continue to have a significant influence on the profitability of the group. The outcome of Brexit increases the risk of economic uncertainty, whilst no clear plan has been set. The board continues to monitor negotiations surrounding Brexit and the potential impact it could have on the business. Controls in the form of budgets, forecasting and competitor analysis are regularly analysed to ensure that the group are taking a pro-active stance in combatting any issues that should arise.

The group is also exposed to pressures arising from increasing costs from suppliers, increases in alcohol duty, and changes to government policies affecting the minimum wage, VAT and corporation tax.

**Financial key performance indicators**

The group's key performance indicators can be reviewed as follows;

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**HOTEL MANAGEMENT INTERNATIONAL (HOLDINGS) LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 MARCH 2021**

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	2021 £000	2020 £000s	Movement £000	%
<b>£000s</b>				
Turnover	18,088	41,920	(23,832)	(56)
Operating (loss)/profit	(5,157)	4,951	(10,108)	(204)
(Loss)/Profit before taxation	(5,786)	4,466	(10,252)	(229)
EBITDA	(2,254)	9,271	(11,525)	(124)
Net Debt: EBITDA	<u>(14)</u>	<u>3</u>	<u>-</u>	<u>-</u>

The group has separate financing for its UK and mainland European businesses and has a number of banking covenants. It has complied with all of its bank covenants in the UK. The group refinanced the business with a new loan and additional group facilities of £6,000,000 which is all fully repayable in 1 to 2 years after the balance sheet date. The group refinanced in May 2021 to terminate all of the loans in July 2023 and increased the CLBILS from £6,000,000 to £8,000,000.

The mainland European businesses are financed by a six-year loan which runs until December 2023. During the year one of the covenants was breached for which it received a waiver from its bank.

**Directors' statement of compliance with duty to promote the success of the Group**

The directors have sought to put the group on a financially stable position coming out of the pandemic and believes it is well positioned to take further opportunities in the future.

This report was approved by the board on 30 December 2021 and signed on its behalf.

**G J Ramsay, FCA**  
**Director**

**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 31 MARCH 2021**

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The directors present their report and the financial statements for the period ended 31 March 2021.

**Directors' responsibilities statement**

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group'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 Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Results and dividends**

The loss for the period, after taxation, amounted to £5,159,000 (2020: £3,285,000 profit).

The directors paid and declared a final dividend for the year ended 31 March 2021 of £nil (2020: £150,000).

**Directors**

The directors who served during the period were:

P N Salussolia  
C Salussolia  
G J Ramsay, FCA  
A Salussolia  
L Salussolia  
F Boorman  
N Salussolia

**Principal risks and uncertainties**

To reduce the risk to the group from interest rate fluctuation, interest rate swap arrangements are entered into, see Strategic report.

**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 31 MARCH 2021**

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**Disabled persons**

The group's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Consideration is given to appropriate training and career development prospects for those who are or become disabled.

**Employee involvement**

Regular meetings are held between senior management and employees to discuss the performance of the group, and to encourage employees' further development. Information is also passed to employees via

regular newsletters.input

**Greenhouse gas emissions, energy consumption and energy efficiency action**

The group has not disclosed information in respect of greenhouse gas emissions, energy consumption and energy efficiency action as its energy consumption in the United Kingdom for the period is 40,000kWh or lower.

**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 and the group'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 and the group's auditors are aware of that information.

**Post balance sheet events**

As a result of the coronavirus, future revenues and profit are likely to be affected by the restrictions on the hospitality sector though the directors cannot determine at present the extent to which the company is likely to be affected (See note 2.3)

**Auditors**

The auditors, Elman Wall Limited, will be proposed for reappointment in accordance with section 487 of the Companies Act 2006.

This report was approved by the board on 30 December 2021 and signed on its behalf.

G J Ramsay, FCA  
Director



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOTEL MANAGEMENT INTERNATIONAL (HOLDINGS) LIMITED**

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**Opinion**

We have audited the financial statements of Hotel Management International (Holdings) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 31 March 2021, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Statement of Cash Flows, the Group and Company 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 Group's and of the parent Company's affairs as at 31 March 2021 and of the Group's loss for the period 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 Group 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.

**Conclusions relating to going concern**

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the Group's or the parent Company's ability to continue as a going concern. Whilst the Group and parent Company reported a loss for the year ended 31 March 2021, as of that date, the Group and parent Company's current assets exceeded its current liabilities. We draw your attention to Note 2.3.

The financial statements do not include any adjustments that would result from a failure to continue as a going concern.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, except for the comments made in Note 2.3 and the uncertainty created by the coronavirus pandemic, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOTEL MANAGEMENT INTERNATIONAL (HOLDINGS) LIMITED  
(CONTINUED)**

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**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**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 Group Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group 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 Statement set out on page 4, 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOTEL MANAGEMENT INTERNATIONAL (HOLDINGS) LIMITED  
(CONTINUED)**

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**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 Group financial statements

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Owing to the inherent limitations of an audit there is unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. In addition as with any audit there remained a higher risk of nondetection of irregularities as these may involve collusion, forgery, intentional omissions, misrepresentation or the overrode of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.

**Other matters**

The financial statements of Hotel Management International (Holdings) Limited for the year ended 31 March 2020, were audited by another auditor who expressed an unqualified audit opinion on those statements on 16th December 2020.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOTEL MANAGEMENT INTERNATIONAL (HOLDINGS) LIMITED  
(CONTINUED)**

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**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.

Karanjit Gill (Senior Statutory Auditor)

for and on behalf of  
**Elman Wall Limited**

Chartered Accountants  
Statutory Auditor

36 Old Jewry  
London  
EC2R 8DD

30 December 2021

HOTEL MANAGEMENT INTERNATIONAL (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2021

	Note	2021 £000	2020 £000
Turnover	4	18,088	41,920
Cost of sales		(1,912)	(4,371)
<b>Gross profit</b>		<b>16,176</b>	<b>37,549</b>
Administrative expenses		(21,933)	(33,384)
Other operating income	5	566	786
<b>Operating (loss)/profit</b>	6	<b>(5,191)</b>	<b>4,951</b>
Interest receivable and similar income	10	2	1
Interest payable and similar expenses	11	(599)	(486)
<b>(Loss)/profit before taxation</b>		<b>(5,788)</b>	<b>4,466</b>
Tax on (loss)/profit	12	629	(1,180)
<b>(Loss)/profit for the financial period</b>		<b>(5,159)</b>	<b>3,286</b>
Currency translation differences		(2,435)	1,770
Effective portion of changes in fair value of cash flow hedges		-	7
Deferred tax on comprehensive income		39	1
<b>Other comprehensive income for the period</b>		<b>(2,396)</b>	<b>1,778</b>
<b>Total comprehensive income for the period</b>		<b>(7,555)</b>	<b>5,064</b>
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the parent Company		(5,159)	3,286
		<b>(5,159)</b>	<b>3,286</b>
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the parent Company		(7,555)	5,064
		<b>(7,555)</b>	<b>5,064</b>

The notes on pages 19 to 45 form part of these financial statements.

CONSOLIDATED BALANCE SHEET  
AS AT 31 MARCH 2021

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Tangible assets	14	100,214	107,368
		<u>100,214</u>	<u>107,368</u>
<b>Current assets</b>			
Stocks	16	236	266
Debtors: amounts falling due within one year	17	9,331	6,167
Cash at bank and in hand	18	4,371	9,279
		<u>13,938</u>	<u>15,712</u>
Creditors: amounts falling due within one year	19	(6,740)	(18,537)
<b>Net current assets/(liabilities)</b>		<u>7,198</u>	<u>(2,825)</u>
<b>Total assets less current liabilities</b>		<u>107,412</u>	<u>104,543</u>
Creditors: amounts falling due after more than one year	20	(29,882)	(21,786)
<b>Provisions for liabilities</b>			
Deferred taxation	23	(2,765)	(398)
		<u>(2,765)</u>	<u>(398)</u>
<b>Net assets</b>		<u><u>74,765</u></u>	<u><u>82,359</u></u>

CONSOLIDATED BALANCE SHEET (CONTINUED)  
AS AT 31 MARCH 2021

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	Note	2021 £000	2020 £000
<b>Capital and reserves</b>			
Called up share capital	24	146	146
Revaluation reserve	25	422	461
Merger reserve	25	(232)	(232)
Profit and loss account	25	74,429	81,984
		<u>74,765</u>	<u>82,359</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 December 2021.

**G J Ramsay, FCA**  
Director

The notes on pages 19 to 45 form part of these financial statements.

COMPANY BALANCE SHEET  
AS AT 31 MARCH 2021

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Investments	15	75,743	82,141
		<u>75,743</u>	<u>82,141</u>
<b>Total assets less current liabilities</b>		<b>75,743</b>	<b>82,141</b>
		<u>75,743</u>	<u>82,141</u>
<b>Net assets</b>		<b>75,743</b>	<b>82,141</b>
<b>Capital and reserves</b>			
Called up share capital	24	146	146
Revaluation reserve	25	73,686	80,084
Profit and loss account	25	1,911	1,911
		<u>75,743</u>	<u>82,141</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 December 2021.

**G J Ramsay, FCA**  
Director

The notes on pages 19 to 45 form part of these financial statements.



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**HOTEL MANAGEMENT INTERNATIONAL (HOLDINGS) LIMITED**

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2021**

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	Called up share capital £000	Revaluation reserve £000	Merger reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2020	146	461	(232)	81,984	82,359
<b>Comprehensive income for the period</b>					
Loss for the period	-	-	-	(5,159)	(5,159)
Currency translation differences	-	-	-	(2,435)	(2,435)
Difference between historical cost depreciation charge and actual	-	(39)	-	39	-
<b>Total comprehensive income for the period</b>	-	(39)	-	(7,555)	(7,594)
<b>Total transactions with owners</b>	-	-	-	-	-
<b>At 31 March 2021</b>	<b>146</b>	<b>422</b>	<b>(232)</b>	<b>74,429</b>	<b>74,765</b>

The notes on pages 19 to 45 form part of these financial statements.

HOTEL MANAGEMENT INTERNATIONAL (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2020

	Called up share capital £000	Revaluation reserve £000	Other reserves £000	Merger reserve £000	Profit and loss account £000	Total equity £000
At 1 March 2019	146	500	(7)	(232)	77,038	77,445
<b>Comprehensive income for the period</b>						
Profit for the period	-	-	-	-	3,286	3,286
Foreign exchange differences on translation of subsidiary undertakings	-	-	-	-	1,770	1,770
Movement on deferred taxation	-	-	-	-	1	1
Difference between historical cost depreciation charge and actual	-	(39)	-	-	39	-
Effective portion of changes in fair value of cash flow hedges	-	-	7	-	-	7
<b>Other comprehensive income for the period</b>	-	(39)	7	-	1,810	1,778
<b>Total comprehensive income for the period</b>	-	(39)	7	-	5,096	5,064
Dividends: Equity capital	-	-	-	-	(150)	(150)
<b>Total transactions with owners</b>	-	-	-	-	(150)	(150)
<b>At 31 March 2020</b>	<b>146</b>	<b>461</b>	<b>-</b>	<b>(232)</b>	<b>81,984</b>	<b>82,359</b>

The notes on pages 19 to 45 form part of these financial statements.

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**HOTEL MANAGEMENT INTERNATIONAL (HOLDINGS) LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2021**

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	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
<b>At 1 April 2019</b>	146	75,145	2,061	77,352
Revaluation of investments	-	4,939	-	4,939
Dividends: Equity capital	-	-	(150)	(150)
<b>Total transactions with owners</b>	-	-	(150)	(150)
<b>At 1 April 2020</b>	146	80,084	1,911	82,141
Revaluation of investments	-	(6,398)	-	(6,398)
<b>Total comprehensive income for the period</b>	-	(6,398)	-	(6,398)
<b>At 31 March 2021</b>	<u>146</u>	<u>73,686</u>	<u>1,911</u>	<u>75,743</u>

The notes on pages 19 to 45 form part of these financial statements.

HOTEL MANAGEMENT INTERNATIONAL (HOLDINGS) LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 MARCH 2021

	2021 £000	2020 £000
<b>Cash flows from operating activities</b>		
(Loss)/profit for the financial period	(5,159)	3,286
<b>Adjustments for:</b>		
Depreciation of tangible assets	4,489	4,320
Government grants	(465)	(8)
Interest paid	599	486
Interest received	(2)	(1)
Taxation charge	(629)	1,180
Decrease/(increase) in stocks	22	(2)
(Increase)/decrease in debtors	(683)	14
(Increase)/decrease in amounts owed by participating ints	(216)	982
(Decrease)/increase in creditors	(1,524)	356
Corporation tax (paid)	(163)	(888)
Foreign exchange movements	328	177
<b>Net cash generated from operating activities</b>	<b>(3,403)</b>	<b>9,902</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(426)	(7,761)
Government grants received	465	8
Interest received	2	1
<b>Net cash from investing activities</b>	<b>41</b>	<b>(7,752)</b>
<b>Cash flows from financing activities</b>		
New secured loans	-	2,000
Repayment of loans	(947)	(1,131)
Dividends paid	-	(150)
Interest paid	(599)	(486)
<b>Net cash used in financing activities</b>	<b>(1,546)</b>	<b>233</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(4,908)</b>	<b>2,383</b>
Cash and cash equivalents at beginning of period	9,279	6,896
<b>Cash and cash equivalents at the end of period</b>	<b>4,371</b>	<b>9,279</b>
<b>Cash and cash equivalents at the end of period comprise:</b>		
Cash at bank and in hand	4,371	9,279

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HOTEL MANAGEMENT INTERNATIONAL (HOLDINGS) LIMITED

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CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE PERIOD ENDED 31 MARCH 2021

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2021	2020
£000	£000
<u>4,371</u>	<u>9,279</u>

The notes on pages 19 to 45 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021**

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**1. General information**

Hotel Management International (Holdings) Limited (the "Company") is a company limited by shares and incorporated and domiciled in England & Wales in the UK. The presentation currency of these financial statements is sterling.

The principal activities of Hotel Management International (Holdings) Limited (the "company") and its subsidiaries (together the "group") continued to be the operation of hotels and the provision of consultancy and management services to the hotel and leisure industry.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time; and,
- The disclosures required by FRS I 02.11 Basic Financial Instruments and FRS I 02.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 3.6(4) of Schedule I.

**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 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 Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The 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 following principal accounting policies have been applied:

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021

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2. Accounting policies (continued)

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021

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2. Accounting policies (continued)

2.3 Going concern

Notwithstanding the net current assets of £5,676,000 (2020: net current liabilities of £2,825,000) the financial statements have been prepared on a going concern basis, which the Directors consider to be appropriate for the following reasons.

Funding for the group's UK entities is provided under facilities with Barclays, which expire in December 2021 and July 2023 and funding for the group's Dutch entities (Carlton Hotels Nederland BV and its subsidiaries ("CHN Group")) is provided under facilities with Deutsche Bank, which expire in December 2023. As of March 2020, the CHN Group has positive net current assets of £2,689,000, which under the terms of their facilities, as disclosed in Note 14, provide the group access to an additional £3,540,000 of borrowings in the form of additional overdrafts. The UK Group successfully arranged new facilities in July 2020, which expire in 31 December 2021 and 17 July 2023 and are disclosed in note 14. Both the UK and the Dutch facilities have certain financial covenant requirements that must be met in order to for the facilities to continue.

The emergence of the coronavirus (COVID-19) around the world, presents significant risks and uncertainties to the Group, not all of which the Group is able to fully foresee at the time of approval of these financial statements. The directors will continue to actively monitor the situation and may take further actions that alter the Group's business operations and performance. These actions may result from requirements mandated by the government or local authorities or that we determine to be in the best interests of our employees, customers, and other stakeholders. The situation surrounding COVID-19 remains fluid, and the potential for a material impact on the Group increases the longer the virus impacts the level of economic activity in the United Kingdom and globally.

Since the emergency of COVID-19, management have taken various actions and received government support to improve the financial position of the Group. The Directors undertook a review of each site's historic and forecast performance and brought forward the decision to exit some sites which were under-performing. Whilst the disposal of sites did not result in any significant sale proceeds flowing into the business, the disposals will improve the operating cashflows going forward due to the historic underperformance of these sites. The Group has already applied for the various government support available to them including the furlough scheme for employees, eat out to help out, business closure fund, hotel support programme, reduced business rates and delaying tax payments. Furthermore, the Group was able to agree reduced rent for part of the year ending March 2021.

The directors have considered the impact of the COVID-19 outbreak on the Group's results, its financial position and its longer-term viability. They have prepared forecasts for the UK and Dutch groups for the period to December 2022, including a severe but plausible downside scenario, which are based on the trading of the group throughout and after the previous lockdown. Both the base case and the severe but plausible downside scenarios show that both the UK and the Dutch groups have adequate cash resources throughout the forecast period. The Directors have also considered the impact of the lockdown measures which were initiated in November 2020 and do not consider that these will have a significant impact on the forecasts already prepared, due to the additional government support that has been announced and the actions that have already been taken by the group following the first lockdown to reduce costs.

In respect of both the base case and the severe but plausible downside case, the covenants attached to the UK banking facilities are expected to be met throughout the forecast period. However, the CHN Group expects and has identified the risk of breaching one or more of the financial covenants related to the long-term loan with Deutsche Bank on 31 March 2021. The CHN Group has identified that there is a risk that a waiver for a breach will not be granted however Deutsche Bank have verbally advised that this technical breach will be waived. The breach of one or more of the financial



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021

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2. Accounting policies (continued)

2.3 Going concern (continued)

covenants triggers contractual clauses related to the direct repayment of the Deutsche loan. As the CHN Group does not have sufficient cash at hand to redeem the loan in full (amounting to EUR 25,800,000 at 31 March 2020), the expected breach of financial covenants in 31 March 2021 indicates the existence of a material uncertainty, which may cast significant doubt about the CHN Group's ability to continue as a going concern as remediating actions have not yet been formalised with Deutsche Bank. It should be noted that the UK entities in the HMIH Group are not party to the Deutsche Bank facilities and as noted above are supportable exclusive of the CHN Group's operations and therefore the materiality uncertainty in the CHN Group does not lead to a material uncertainty for the whole of the HMIH Group. The Directors have therefore also considered the UK forecasts and UK loans as separate operations to the Dutch forecasts and the Dutch loans in the unlikely scenario that no waiver is obtained.

As part of the Dutch financing agreement, a valuation of the hotel assets was performed in November 2020. The fixed assets were valued at EUR 99,500,000 (excluding The Dominican Hotel which the directors believe has a value of EUR 25,900,000) against a loan amount of EUR 24,920,000.

The Directors continually evaluate opportunities to obtain, retire, or restructure the Group or financing arrangements for strategic reasons to further strengthen the Group's financial position. As of 30 November 2020, the UK Group had £7,010,000 of liquidity, consisting of cash on hand of £1,010,000 and undrawn facilities of £6,000,000 in the UK and cash on hand of £5,470,000 and undrawn facilities of £3,540,000 in the CHN Group.

The Directors have considered the information described herein and have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. Thus, the Group continues to adopt the going concern basis of accounting in preparing the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021

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2. Accounting policies (continued)

2.4 Foreign currency translation

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Revenue

Turnover comprises income from the ownership of hotels and is recognised, excluding VAT, as the service are provided.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021

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2. Accounting policies (continued)

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.11 Pensions

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021**

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**2. Accounting policies (continued)**

**2.12 Current and deferred taxation**

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

**2.13 Intangible assets**

**Goodwill**

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

**Negative goodwill**

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet immediately below any positive goodwill and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired shall be recognised in profit or loss in the periods expected to benefit.

**Amortisation**

Negative goodwill is amortised on a straight line basis over the useful life of the asset it relates to. Goodwill has no residual value.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021

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2. Accounting policies (continued)

2.14 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	-0.675% - 1.25%
Long-term leasehold property	- over the period of the lease or 50 years whichever is smaller
Motor vehicles	-25% per annum
Furniture, fixtures and fittings	- 10%- 15% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021

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2. Accounting policies (continued)

2.15 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

FRS 102.35 grants certain exemptions from the full requirements of FRS 102 in the transition period. The Group elected not to restate business combinations that took place prior to transition date. In respect of acquisitions prior to 1 April 2014, goodwill is included on the basis of its deemed cost, which represents the amount recorded under old UK GAAP. Intangible assets previously included in goodwill, are not recognised separately.

Group reconstructions are accounted for by using the merger accounting method provided the use of the merger accounting method is not prohibited by company law or other relevant legislation. Under merger accounting method the carrying values of the assets and liabilities of the parties to the combination are not adjusted to fair value.

2.16 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021

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2. Accounting policies (continued)

2.17 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.18 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

2.19 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.

2.20 Cash and cash equivalents

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

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.21 Creditors

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

2.22 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.23 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021

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2. Accounting policies (continued)

2.23 Financial instruments (continued)

financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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 Consolidated Statement of Comprehensive Income.

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.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

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 profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021

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2. Accounting policies (continued)

2.23 Financial instruments (continued)

are potentially unfavourable to the group; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non- derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

2.24 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

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

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

4. Turnover

The group is principally engaged in the operation and management of hotels and the provision of management services ancillary thereto. All turnover relates to the sale of goods.

Analysis of turnover by country of destination:

	2021 £000	2020 £000
United Kingdom	495	1,847
Rest of Europe	17,593	40,073
	<u>18,088</u>	<u>41,920</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021

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5. Other operating income

	2021 £000	2020 £000
Other operating income	51	766
Government grants receivable	465	8
Insurance claims receivable	50	-
Foreign exchange difference - gain	-	12
	<u>566</u>	<u>786</u>

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2021 £000	2020 £000
Depreciation	4,492	4,320
Exchange differences	20	9
Hire of other assets - operating leases	<u>483</u>	<u>531</u>

7. Auditors' remuneration

**Fees payable to the Group's auditor and its associates in respect of:**

Other services relating to taxation	38	38
Audit of financial statements subsidiaries pursuant to legislation	70	73
	<u>108</u>	<u>111</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021**


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**8. Employees**

	<b>Group</b>	<i>Group</i>	<b>Company</b>	<i>Company</i>
	<b>2021</b>	<i>2020</i>	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>	<b>£000</b>	<i>£000</i>
Wages and salaries	8,723	11,425	-	-
Social security costs	1,425	1,992	-	-
Cost of defined contribution scheme	528	654	-	-
	<u>10,676</u>	<u>14,071</u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the directors, during the period was as follows:

	<b>2021</b>	<i>2020</i>
	<b>No.</b>	<i>No.</i>
Management	23	20
Administration	10	11
Sales	21	27
Operational staff	262	368
	<u>316</u>	<u>426</u>

**9. Directors' remuneration**

Directors' remuneration was borne by related parties and was recharged to the group by the management fee. These fees are estimated at £10,000 (2020: £10,000).

**10. Interest receivable**

	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
Other interest receivable	2	1
	<u>2</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021

11. Interest payable and similar expenses

	2021 £000	2020 £000
On bank loans, overdrafts and hedging instruments	599	486
	<u>599</u>	<u>486</u>

12. Taxation

	2021 £000	2020 £000
<b>Corporation tax</b>		
Current tax on profits for the year	583	133
Adjustments in respect of previous periods	(706)	(163)
	<u>(123)</u>	<u>(30)</u>
<b>Foreign tax</b>		
Foreign tax on income for the year	42	794
Foreign tax in respect of prior periods	-	89
	<u>42</u>	<u>883</u>
<b>Total current tax</b>	<u>(81)</u>	<u>853</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(686)	119
Changes to tax rates	103	24
Adjustments for previous periods	-	184
Group relief	35	-
	<u>(548)</u>	<u>327</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(629)</u>	<u>1,180</u>

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021**


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**12. Taxation (continued)****Factors affecting tax charge for the period**

The tax assessed for the period is the same as (2020 - the same as) the standard rate of corporation tax in the UK of 19% (2020 - 19%) as set out below:

	<b>2021</b>	2020
	<b>£000</b>	£000
(Loss)/profit on ordinary activities before tax	<u>(5,787)</u>	<u>4,466</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	<b>(1,100)</b>	848
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>2</b>	-
Capital allowances for period in excess of depreciation	<b>43</b>	(31)
Adjustments to tax charge in respect of prior periods	<b>36</b>	(74)
Adjustments to tax charge in respect of prior periods – deferred tax	-	185
Non-taxable income	-	336
Overseas tax rate differences	<b>172</b>	(108)
Movement in deferred tax not recognised	<b>127</b>	-
Difference in tax rate	<b>91</b>	24
	<u>          </u>	<u>          </u>
<b>Total tax charge for the period</b>	<u><b>(629)</b></u>	<u>1,180</u>

**Factors that may affect future tax charges**

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax asset/liability at 27 March 2021 has been calculated at 19% (2020: 19%).

**13. Dividends**

	<b>2021</b>	2020
	<b>£000</b>	£000
Dividends	-	150
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>150</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2021

## 14. Tangible fixed assets

## Group

	Freehold property £000	Long-term leasehold property £000	Office equipment £000	Total £000
<b>Cost or valuation</b>				
At 1 April 2020	95,545	2,186	54,452	152,183
Additions	96	-	331	427
Exchange adjustments	(2,450)	-	(1,750)	(4,200)
At 31 March 2021	<u>93,191</u>	<u>2,186</u>	<u>53,033</u>	<u>148,410</u>
<b>Depreciation</b>				
At 1 April 2020	11,619	218	32,978	44,815
Charge for the period on owned assets	739	109	3,644	4,492
Exchange adjustments	-	-	(1,111)	(1,111)
At 31 March 2021	<u>12,358</u>	<u>327</u>	<u>35,511</u>	<u>48,196</u>
<b>Net book value</b>				
At 31 March 2021	<u>80,833</u>	<u>1,859</u>	<u>17,522</u>	<u>100,214</u>
<b>At 31 March 2020</b>	<u>83,926</u>	<u>1,968</u>	<u>21,474</u>	<u>107,368</u>

The above amounts for Freehold and long leasehold property are based on valuations prepared between 1989 and 1994 by Jones Lang Wootton, independent chartered surveyors, on an open market value for existing use basis with vacant possession. All subsequent additions are recognised at cost.

Historical cost of revalued freehold property (at current exchange rates) was £42,535,000 (2020:

£42,535,000).

NOTES TO THE FINANCIAL STATEMENTS  
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14. Tangible fixed assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2021 £000	2020 £000
Freehold	80,833	83,925
Long leasehold	1,859	1,967
	<u>82,692</u>	<u>85,892</u>

15. Fixed asset investments

Company

	Investments in subsidiary companies £000
<b>Cost or valuation</b>	
At 1 April 2020	82,141
Revaluations	(6,398)
	<u>75,743</u>
At 31 March 2021	<u>75,743</u>

	2021 £000	2020 £000
<b>Comprising</b>		
Cost	233	233
Valuation	75,510	81,908
	<u>75,743</u>	<u>82,141</u>

**HOTEL MANAGEMENT INTERNATIONAL (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Registered office</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Hotel Management International Limited	364 Harlington, Hayes, Middlesex, UB3 5LF	Hotel Management and Hoteliers	Ordinary	100 %
Carlton Hotels Nederland BV *	Floraweg 25, 3542 DX, Utrecht	Holding Company	Ordinary	100 %
Oostduinhaghe Hotel BV +	Gevers Deijnotweg 201, 2586 HZ Scheveningen	Hoteliers	Ordinary	100 %
Spijkenisse Hotel BV +	Curieweg 1, 3208 KJ, Spijkenisse	Hoteliers	Ordinary	100 %
Haarlem Hotel BV +	Baan 7, 2012 DB, Haarlem	Hoteliers	Ordinary	100 %
Hotel Exploitatie Mij Maarssenbroek BV +	Floraweg 25, 3542 DX, Utrecht	Hoteliers	Ordinary	100 %
Carlton Ambassador Hotel BV +	Sophialaan 2, 2514 JP, Den Haag	Hoteliers	Ordinary	100 %
De Brug BV +	Arkweg 3-17, 5732 PD, Mierlo	Hoteliers	Ordinary	100 %
Hotel Exploitatie Mij Anfra BV +	Heerengracht 519 - 525, 1017 BV, Amsterdam	Hoteliers	Ordinary	100 %
Carlton Hotels Brussel BV +	Floraweg 25, 3542 DX, Utrecht	Hoteliers	Ordinary	100 %
Hotel Exploitatie Mij Maarssenbroek Holdings BV +	Floraweg 25, 3542 DX, Utrecht	Hoteliers	Ordinary	100 %

\* The interest in this company is held indirectly via the shareholding in Hotel Management International Limited.

+ The interest in these companies is held indirectly via the shareholding in Carlton Hotels Nederland BV.

**16. Stocks**

	<b>Group 2021 £000</b>	<i>Group 2020 £000</i>
Goods for resale	<b>236</b>	266
	<b>236</b>	266



NOTES TO THE FINANCIAL STATEMENTS  
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17. Debtors

	<b>Group</b>	<i>Group</i>
	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
Trade debtors	175	605
Amounts owed by related parties	3,757	3,542
Other debtors	2,898	1,706
Prepayments and accrued income	51	87
Other taxes and social security	64	172
Deferred taxation (see note 23)	2,386	55
	<u>9,331</u>	<u>6,167</u>

Amounts owed by related parties are non-interest bearing and are repayable on demand.

18. Cash and cash equivalents

	<b>Group</b>	<i>Group</i>
	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
Cash at bank and in hand	4,371	9,279
	<u>4,371</u>	<u>9,279</u>

19. Creditors: Amounts falling due within one year

	<b>Group</b>	<i>Group</i>
	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
Bank loans	947	10,769
Trade creditors	1,496	2,799
Amounts owed to related parties	-	1
Corporation tax	205	449
Other taxation and social security	392	734
Other creditors	80	-
Accruals and deferred income	3,620	3,785
	<u>6,740</u>	<u>18,537</u>

Amounts owed to related parties are non-interest bearing and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS  
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20. Creditors: Amounts falling due after more than one year

	<b>Group 2021 £000</b>	<i>Group 2020 £000</i>
Bank loans	29,882	21,786
	<u>29,882</u>	<u>21,786</u>

21. Creditors: amounts due after more than one year

	<b>2021 £000</b>	<i>2020 £000</i>
<b>Group</b>		
Bank loans	29,882	21,786
	<u>29,882</u>	<u>21,786</u>

Analysis of bank loans:

	<b>2021 £000</b>	<i>2020 £000</i>
Fixed interest loans	20,095	22,767
Variable interest loans	9,788	9,788
	<u>29,883</u>	<u>32,555</u>

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Total secured borrowing, all repayable by installments:

	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
<b>Group</b>		
In 1 year or less on demand - bank	<b>947</b>	<i>10,769</i>
Between 1 - 2 years - bank loans	<b>29,882</b>	<i>980</i>
Between 2 - 5 years - bank loans	<b>-</b>	<i>20,806</i>
	<u><b>30,829</b></u>	<u><i>32,555</i></u>

Each loan is secured by fixed and floating charge over the freehold and leasehold properties and other assets of the individual trading subsidiaries, which have a net book value of £98,430,000 (2020: £107,368,000). Various interest rate swaps have been put in place on these loans. See note 22.

United Kingdom

The bank loan which is fully secured is repayable over 5 years at quarterly instalments of £20,000 in year 1, £30,000 in year 2 and £40,000 in years 3 to 5 with a bullet payment after 5 years, at a margin which is based upon performance ratios and was 1.25% over LIBOR at the year end. The bank loan was fully repayable by 31 July 2020. The group refinanced the business with a new loan and additional group facilities of £6,000,000 which is all fully repayable in 1 to 2 years after the balance sheet date

European

The main conditions regarding the long-term loans were as follows:

Interest rates on the loan facility is fixed at 1.6%, throughout the entire term; the redemption of loan facility is 4% per annum, EUR 280,000 per quarter;

The European loans have a termination date in January 2024.

NOTES TO THE FINANCIAL STATEMENTS  
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22. Financial instruments

	<b>Group 2021 £000</b>	<i>Group 2020 £000</i>
<b>Carrying amount of financial instruments</b>		
Assets measured at cost less impairment	<u>4,371</u>	<u>6,122</u>
<b>Financial liabilities</b>		
Liabilities measured at amortised cost	<u>-</u>	<u>(40,323)</u>
Derivative financial instruments		

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes

23. Deferred taxation

**Group**

	<b>2021 £000</b>	<i>2020 £000</i>
At beginning of year	(343)	(15)
Charged to profit or loss	(35)	(327)
Charged to other comprehensive income	-	(1)
<b>At end of year</b>	<u>(378)</u>	<u>(343)</u>

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NOTES TO THE FINANCIAL STATEMENTS  
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## 23. Deferred taxation (continued)

			Group 2021 £000	Group 2020 £000
Accelerated capital allowances			(994)	(398)
Tax losses carried forward			462	-
Other			154	55
			<u>(378)</u>	<u>(343)</u>
<b>Comprising:</b>				
Asset - due within one year	2,386	55	-	-
Liability	(2,765)	(398)	-	-
	<u>(379)</u>	<u>(343)</u>	<u>-</u>	<u>-</u>

## 24. Share capital

	2021 £	2020 £
<b>Authorised</b>		
11,880,510 (2020 - 10,000,000) ordinary shares of £0.10 each	<u>1,188,051</u>	<u>1,000,000</u>
<b>Allotted, called up and fully paid</b>		
1,222,956 (2020 - 1,222,956) Class A ordinary shares of £0.10 each	122,296	122,296
232,944 (2020 - 232,944) Class B ordinary shares of £0.10 each	23,294	23,294
	<u>145,590</u>	<u>145,590</u>

Holder of Ordinary A shares have full voting rights. Holders of 8 shares have restricted voting rights. In all other regards, the shares rank *pari passu*.

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**25. Reserves**

**Revaluation reserve**

Where tangible fixed assets are revalued or reclassified as investment property, the cumulative increase in the fair value of the property at the date of reclassification in excess of any previous impairment losses is included in the revaluation reserve.

**Cash flow hedging reserve**

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

**Merger Reserve**

The merger reserve comprises the differences between consideration and book value which arose on the restructuring of the group.

**Profit and loss account**

At the year end the reserves stand at £72,606,000 (2020 : £81,984,000)

**26. Contingent liabilities**

The company is a party to the bank overdraft and bank loans of other group and related party companies. At the balance sheet date these totalled £16,112,500 (2020: £14,912,500).

Hotel Management International Limited reached an agreement with the landlord of The Carlton Mitre hotel to vacate the hotel in September 2016. The landlord has made a dilapidations claim for £1,079,000 which the group believes is wholly excessive.

**27. Pension commitments**

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £528,000 (2020: £654,000) . Contributions totalling £nil (2020: £nil) were payable to the fund at the balance sheet date.

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**28. Commitments under operating leases**

At 31 March 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>Group</b>	<i>Group</i>
	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
Not later than 1 year	<b>549</b>	<i>567</i>
Later than 1 year and not later than 5 years	<b>2,216</b>	<i>2,286</i>
Later than 5 years	<b>41,148</b>	<i>43,181</i>
	<b>43,913</b>	<i>46,034</i>

**29. Related party transactions**

The group's trading transactions during the year with these related parties were as follows:

	<b>2021</b>	<i>2020</i>
	<b>£000</b>	<i>£000</i>
Carlton Hotels UK Limited	-	<i>76</i>
Saltire Taverns Limited	-	<i>24</i>
Glendola Leisure Holdings Limited	<b>4</b>	<i>-</i>
	<b>4</b>	<i>100</i>

NOTES TO THE FINANCIAL STATEMENTS  
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The group's aggregate balances with related parties were as follows:

	2021	2020
	£000	£000
<b>Amounts due from/(owed to) related undertakings</b>		
The Foundation Group of Companies Limited	2,920	1,529
Glendola Leisure (Holdings) Limited	826	1,851
Carlton Hotels UK Limited	-	44
Saltire Taverns Limited	-	118
Glendola Leisure 2 Limited	-	(1)
	<u>3,746</u>	<u>3,541</u>

Transactions with key management personnel

Total compensation of key management personnel (including the directors) in the year amounted to £2,350,000 (2020: £2,479,000).

**30. Post balance sheet events**

The effect of the Covid 19 pandemic continues to be felt after the year end. We have assessed its operational and financial impact on the Group in the strategic report and continue to take measures to monitor and mitigate the effect of Covid 19.

Depending on the duration of the Covid 19 crisis and continued negative impact on economic activity, the Group might experience further negative results. We also refer to note 3.3 on Going concern.

The directors have concluded that no other material events have occurred since the date of approval of these financial statements that would affect the financial statements of the Group.

**31. Controlling party**

The immediate and ultimate controlling party is PN Salussolia, being the major shareholder.



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