

Company Registration No. 08257284 (England and Wales)

ACRE HEATHROW LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022
PAGES FOR FILING WITH REGISTRAR

ACRE HEATHROW LIMITED

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ACRE HEATHROW LIMITED

BALANCE SHEET

AS AT 30 JUNE 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	4		12,495,983		11,176,956
Current assets					
Stocks		6,133		5,356	
Debtors	5	1,370,865		473,973	
Cash at bank and in hand		42,185		89,181	
		<u>1,419,183</u>		<u>568,510</u>	
Creditors: amounts falling due within one year	6	<u>(4,498,091)</u>		<u>(4,082,421)</u>	
Net current liabilities			<u>(3,078,908)</u>		<u>(3,513,911)</u>
Total assets less current liabilities			<u>9,417,075</u>		<u>7,663,045</u>
Creditors: amounts falling due after more than one year	7		<u>(9,367,200)</u>		<u>(9,681,262)</u>
Net assets/(liabilities)			<u><u>49,875</u></u>		<u><u>(2,018,217)</u></u>
Capital and reserves					
Called up share capital	8		4		4
Profit and loss reserves			<u>49,871</u>		<u>(2,018,221)</u>
Total equity			<u><u>49,875</u></u>		<u><u>(2,018,217)</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 16 February 2023 and are signed on its behalf by:

Kamal Pankhania
Director

Company Registration No. 08257284

ACRE HEATHROW LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

Company information

Acre Heathrow Limited is a private company limited by shares incorporated in England and Wales. The registered office is Acre House, 11-15 William Road, London, NW1 3ER, United Kingdom.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The directors have considered the on-going effect of the Covid-19 pandemic. Despite the pandemic causing significant disruption to the company's business in the prior year, following the end of government restrictions placed on the leisure and hospitality sectors, the company has been profitable during the year and following the year end with occupancy levels increasing throughout the year.

The company is supported by a long-term loan from a company under common control who has confirmed that this debt will not be recalled unless sufficient funds are available for repayment. The company was granted a capital repayment holiday and waiver of financial covenants on bank debt to 31 December 2021.

The company continued to receive various government support including Business Rates relief and use of the Coronavirus Job Retention Scheme to September 2021 and a Bounce Back Loan, which was taken out in the prior year.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents amounts receivable during the period in respect of accommodation services provided, together with the associated sale of food and beverages.

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

1.4 Tangible fixed assets

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

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life.

Land and buildings	2% Straight Line on buildings
Fixtures, fittings & equipment	25% Reducing Balance
Freehold land is not depreciated.	

ACRE HEATHROW LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

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

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

1.6 Stocks

Stocks of food and beverages are stated at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, an assessment is made for impairment.

1.7 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks.

1.8 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors 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.

Classification of financial liabilities

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

ACRE HEATHROW LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans, 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 receipts 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.

1.9 Equity instruments

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

1.10 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 profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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

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

1.12 Retirement benefits

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

1.13 Government grants

Government grants, which include amounts received under the Coronavirus Job Retention Scheme, are recognised at the fair value of the grant received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. The income is recognised in other income on a systematic basis over the periods in which the associated costs are incurred, using the accrual model.

Government grants, which include the amounts received from the Bounce Back Loan Scheme that cover interest and fees payable to the lender, are recognised at the fair value of the grant received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. The income is recognised in other income on a systematic basis over the periods in which the associated costs are incurred, using the accrual model.

1.14 Rates Relief

Business rates holidays received are set off against the applicable rate expense for the period covered by the holiday.

ACRE HEATHROW LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

2 Judgements and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Review of property for impairment

The freehold land and buildings used by the business were impaired in previous financial statements, following an external valuation in June 2019 which valued the hotel at £11,300,000. The directors have considered the current market conditions and recovery of the hospitality and travel industry since Covid-19 travel restrictions were eased in 2021, on the recoverable amounts of the freehold land and buildings. Based on the directors' knowledge of the sector, as well as current trading/ forecasts, and utilising the same valuation methodology as the June 2019 valuation (being an estimated multiple of current EBITDA), the directors are of the opinion that the impairment to the freehold land and buildings of £1,555,042 should be reversed. Therefore the property has now been reinstated to its original historical cost less depreciation in these financial statements.

Recoverability of amounts due from companies under common control

The directors deem the amounts due from companies under common control to be recoverable on the basis that an offset letter has been obtained from another company under common control to whom monies are owed.

3 Employees

The average monthly number of persons employed by the company during the year was 28 (2021: 26)

ACRE HEATHROW LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

4 Tangible fixed assets

	Land and buildings	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 July 2021	13,625,399	369,670	13,995,069
Additions	144	965	1,109
	<u>13,625,543</u>	<u>370,635</u>	<u>13,996,178</u>
At 30 June 2022	13,625,543	370,635	13,996,178
Depreciation and impairment			
At 1 July 2021	2,558,394	259,719	2,818,113
Depreciation charged in the year	209,218	27,906	237,124
Reversal of past impairment	(1,555,042)	-	(1,555,042)
	<u>1,212,570</u>	<u>287,625</u>	<u>1,500,195</u>
At 30 June 2022	1,212,570	287,625	1,500,195
Carrying amount			
At 30 June 2022	12,412,973	83,010	12,495,983
	<u>11,067,005</u>	<u>109,951</u>	<u>11,176,956</u>
At 30 June 2021	11,067,005	109,951	11,176,956

As mentioned in note 2, the directors have reversed the historic impairment to the carrying value of the land and buildings in these financial statements.

5 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	63,368	24,328
Amounts due from companies under common control	1,221,717	391,574
Other debtors	56,281	19,441
Prepayments and accrued income	29,499	38,630
	<u>1,370,865</u>	<u>473,973</u>

ACRE HEATHROW LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

6 Creditors: amounts falling due within one year

	2022	2021
	£	£
Bank loan	378,971	189,500
Trade creditors	376,622	154,663
Amounts due to entities under common control	3,422,354	3,492,107
Other taxation and social security	167,094	69,275
Other creditors	28,628	35,883
Accruals and deferred income	124,422	140,993
	<u>4,498,091</u>	<u>4,082,421</u>

7 Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Bank loans	5,723,807	6,109,081
Other borrowings	3,643,393	3,572,181
	<u>9,367,200</u>	<u>9,681,262</u>

The following security is provided on the bank loan:

- A first legal charge over the land and buildings and an adjacent piece of land owned by the company;
- A debenture over the assets of the company;
- A guarantee for £600,000 from two of the directors;
- A Deed of subordination whereby Trellis Estates Limited, a company owned by a trust whose settlor is one of the directors of the company, also makes available a loan of £3,000,000 to the company. Other borrowings comprise of this loan from Trellis Estates Limited.

Amounts included above which fall due after five years are as follows:

Payable by instalments	-	8,130,428
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ACRE HEATHROW LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

8 Called up share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	4	4	4	4
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

9 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Darshna Choudhury.

The auditor was HW Fisher LLP.